सत्यमेव जयते

Government of India

ANNUAL REPORT 2013-14

Ministry of Finance

(Budget Division)

ANNUAL REPORT
2013-14

Ministry of Finance
(Budget Division)

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Introduction

The Ministry comprises of the five Departments namely:—

- ❖ Department of Economic Affairs
- ❖ Department of Expenditure
- ❖ Department of Revenue
- ❖ Department of Disinvestment and
- ❖ Department of Financial Services

1. Department of Economic Affairs

Economic Growth

As per the provisional estimates, released by the Central Statistics Office, the growth rate of Gross-Domestic Proudct (GDP) at factor cost at constant (2004-05) prices is estimated at 4.7 percent in 2013-2014, with agriculture & allied sectors, industry sector and services sector growing at 4.7 per cent, 0.4 per cent and 6.8 per cent respectively. The corresponding growth rate in GDP in 2012-2013 was 4.5 per cent, with agriculture & allied sectors, industry and services growing at 1.4 per cent, 1.0 per cent and at 7.0 per cent respectively.

The GDP growth rate for the first and second quarters of 2013-14 is estimated at 4.7 per cent and 5.2 per cent respectively, compared to 4.5 per cent and 4.6 per cent respectively during the corresponding quarters of previous year. The GDP growth rate for the third and fourth quarters of 2013-2014 is estimated at 4.6 per cent each, compared to 4.4 per cent each during the corresponding quarters of the previous year.

Information on saving and investment is available till the year 2012-2013. Gross domestic saving as proportion of GDP at current market prices is estimated at 30.1 per cent in 2012-13 as compared to 31.3 per cent in 2011-12.Gross capital formation is estimated to be 34.8 per cent of the GDP at current prices in 2012-2013 as compared to 35.5 per cent in 2011-2012.

Agriculture

During the South West monsoon season (June-September) of 2013, the country as a whole received rainfall of 106 per cent of its long period average (LPA). Seasonal rainfall was 109 per cent of its LPA over Northwest India, 123 per cent of its LPA over Central India, 115 per cent of its LPA over south Peninsula and 72 per cent of its LPA over Northeast (NE) India. South West monsoon (June to September 2013) rainfall for the country as a whole and the four broad geographical regions is given in the table below:-

Region	Actual (mm)	Long Period Average (LPA) (mm)	Actual % of LPA
All-India	936.7	886.9	106
Northwest India	671.8	615.0	109
Central India	1195.3	974.2	123
Peninsular India	1037.9	1437.8	72
Northeast India	825.6	715.7	115

During (June-Sept.) of 2013, out of the total 36 meteorological subdivisions, 14 subdivisions received excess season rainfall, 16 subdivisions received normal season rainfall and the remaining 6 subndivisions received dificient season rainfall.

As per the 2nd advance estimates released by Ministry of Agriculture on 14th February, 2014 production of foodgrains and other major crops is depicted below. These production estimates are at higher levels compared to last year primarily due to improvement in the area.

Crop	2012-13 (2nd Advance Estimates)	2013-14 (2nd Advance Estimates)	Change in Production
Rice	101.80	106.19	4.39
Wheat	92.30	95.60	3.30
Coarse Cereals	38.47	41.64	3.17
Total Pulses	18.34	19.77	1.43
Total Foodgrains	250.14	263.20	13.06
Oilseeds	29.46	32.98	3.52
Cotton	33.80	35.60	1.80
Sugarcane	334.54	345.92	11.38

The overall area coverage is 1247.02 lakh hectares under foodgrains during 2013-14 as compared to 1207.76 lakh hectares during 2012-13. This represents a significant increase of 39.27 lakh hectares in the area coverage as compared to the last year. During 2013-14, there has been an increase of 12.01 lakh hectares area coverage under rice, 5.85 lakh hectares in the area coverage under coarse cereals, pulses. The area coverage 17.99 lakh hectares under oilseeds estimated at 282.84 lakh hectares is also higher, sugarcane has marginally increased to 50.32 lakh hectares, and area coverage under cotton has slightly declined.

Price support policies for agricultural commodities are announced with a view to encourage higher investment and production, and to safeguard the interest of consumers by making available supplies at reasonable prices. Minimum Support Prices (MSPs) for major agricultural commodities have been raised by the Government in the last few years in order to ensure remunerative prices to the growers and thereby enhancing the production of agricultural crops.

Industry

The Index of Industrial Production (IIP) based industrial growth during 2013-2014 was (-) 0.1 per cent as compared to 1.1 per cent growth achieved during the previous year. Out of the three broad sectors, while electricity sector recorded the highest growth during 2013-14, the mining and the manufacturing sector recorded negative growth during this period. The electricity sector grew at 6.1 per cent as compared to 4.0 per cent achieved during the same period of the previous year. However, the mining and the manufacturing sectors declined by 0.6 per cent and 0.8 per cent during 2013-14 vis-a-vis (-)2.3 percent and 1.3 per cent growth recorded during the previous year respectively.

Growth of IIP in March, 2014 (per cent) Base 2004-05 =100

Industry Group	Weight	March 2013	March 2014	April-March 2012-13	April-March 2013-14
Mining	141.57	-2.1	0.3	-2.3	-0.6
Manufacturing	755.27	4.3	-1.3	1.3	-0.8
Electricity	103.16	3.5	5.4	4.0	6.1
Growth by use-based industrial group					
Basic Goods	456.82	3.2	4.4	2.4	2.1
Capital Goods	88.25	9.6	-11.6	-6.0	-3.6
Intermediate Goods	156.86	2.1	1.6	1.6	3.1
Consumer Goods	298.08	1.8	-2.1	2.4	-2.7
Durables	84.60	-4.9	-11.8	2.0	-12.2
Non-durables	213.47	7.3	5.0	2.8	5.0
General Index	1000.00	**3.5**	**-0.1**	**1.1**	**-0.1**

Among the use-based industry groups, while basic goods, intermediate goods and consumer non durables sector recorded positive grpwth during 2013-14, the capital goods and consumer goods including consumer durables exhibited negative growth over the same period. The capital goods sector recorded negative growth, both during 2013-14 (-3.6 per cent) as well as 2012-13 (-6.0 per cent). At the same time, the intermediate goods sector exhibited a growth of 3.1 per cent during 2013-14 as compared to the corresponding figure of 1.6 percent of the previous year. For the basic goods sector, the growth rate during 2013-14 was 2.1 per cent as against 2.4 per cent recorded in 2012-13. For the consumer goods sector, the corresponding growth rates were (-)2.7 per cent and 2.4 per cent respectively. Similarly, in the consumer durables sector, the growth rate was (-) 12.2 per cent during 2013-14 as compared to 2.0 per cent growth in 2012·13. In contrast, the corresponding growth rates for the consumer non-durables sector were 5.0 per cent and 2.8 per cent respectively.

In terms of industries, ten (10) out of the twenty two (22) industry groups (as per 2- digit NIC-2004) in the manufacturing sector have show negative growth during 2013-14 as compared to the corresponding period of the previous year. The industry group 'Radio, TV and communication equipment & apparatus' has shown the highest negative growth of (-} 27.3 per cent, followed by (-) 15.7 per cent in "Office, accounting and computing machinery" and (-) 13.8 per cent in 'Furniture Manufacturing" On the other hand, the industry group 'Wearing apparel, dressing and dyeing of fur' has shown the highest positive growth of 20.7 per cent followed by 14.5 per cent in 'Electrical Machinfry an Apparatus" and 9.0 per cent in 'Chemicals and Chemical Products".

Infrastructure

The index for eight core industries (comprising coal, crude oil, natural gas, petroleum refinery products, fertilizers, steel, cement and electricity with a combined weight of 37.90 per cent in the IIP) registered a growth of 2.7 per cent during 2013-14 as compared to growth rate of 6.5 per cent achieved during 2012-13. During the period, six out of the eight core sectors recorded positive growth namely electricity (5.6 per cent), steel (4.9 per cent), cement(3.0 per cent), refinery products(1.7 per cent) , fertilizers(1.5 per cent} and coal (0.7 per cent).The remaining two sectors, namely, crude oil and natural gas recorded negative growth of 0.2 per cent & 13.0 per cent respectively.

Prices and Inflation

The average headline inflation measured in terms of Wholesale Price Index (WPI), continued to decline in the financial year 2013-14 from 8.94 per cent in 2011-12 to 7.35 per cent in 2012-13 and further to 5.98 per cent in 2013-14. The decline in inflation was on account of fall in non-food inflation since the food-inflation continued to show uptrend during this period.

High food inflation in the financial year 2013-14 was on account of high inflation in the cereals, egg, meat and fish - particularly inland fish - and fruits and vegetables. Similar pattern is reflected in the data on combined Consumer Price Index published by the Central Statistics Office as seen from table below:

WPI inflation for selected groups/sub-groups (%)

	Weight(%)	2011-12	2012-13	2013-14
Headline inflation	**100.00**	**8.94**	**7.35**	**5.98**
Food	24.31	7.24	9.28	9.43
Cereals	3.37	3.86	13.42	12.84
Rice	1.79	3.05	12.69	16.51
Wheat	1.12	-1.84	15.51	9.20
Fruits & vegetables	3.84	6.45	8.33	23.11
Vegetables	1.74	-1.95	17.20	40.16
Onion	0.18	-28.09	24.56	107.40
Eggs, meat & fish	2.41	12.73	14.08	12.77
Fish-inland	0.57	29.67	21.07	26.18
Non-food	75.69	9.60	6.63	4.65

CPI (New Series) inflation for selected groups/sub-groups(%)

	Weight(%)	2012-13	2013-14
General inflation	**100.00**	**10.21**	**9.49**
Food	47.58	11.88	11.15
Cereal and Products	14.59	10.54	13.21
Meat, Fish, etc.	2.89	12.19	12.06
Milk and Milk Products	7.73	10.45	8.66
Vegetables	5.44	20.63	25.96
Fruits	1.89	7.45	11.23
Non-food	52.42	8.71	7.95

Though there has been decline in the headline inflation, Government has been constant vigil on the food inflation. The factors causing food inflation include both seasonal and structural factors. Certain conscious policies taken by the government particularly those aimed at protecting the interests of farmers such as high Minimum Support Prices also contributed to food inflation. Apart from such policies some seasonal factors contributed to food inflation, particularly in vegetables. Particularly there has been high volatility in the prices of onion due to seasonal factors. Highly inelastic demand and low shelf life of onion contributed to excessive volatility in its prices, thereby influencing food inflation disproportionate to its weight in the WPI.

The government has taken various fiscal and administrative measures to control food inflation and to protect vulnerable sections of society from inflation. Issue price for wheat and rice under targeted public distribution system has been kept unchanged since July, 2002. Government has also been absorbing a significant part of cost of diesel, kerosene and LPG by keeping the pass through to consumers to a reasonable level. Commodity specific fiscal and administrative measures have been taken to contain profiteering/ exploitation of consumers. Moderating inflation and containing inflationary expectation, remains the core of the monetary policy.

Monetary Trends and Developments during 2013-14

The gradual monetary easing started by the Reserve Bank of India with the dampening of inflationary pressures was halted with the large outflow of capital, particularly in debt segment and consequent steep depreciation of Rupee. Reversing its easy stance announced in its Annual Monetary Policy Statement made on May, 3, 2013, the RBI took a series of short-term measures after the indication from the USA to taper the quantitative easing triggered the capital outflow and exchange rate volatility.

* On July, 15, 2013, RBI raised Marginal Standing Facility (MSF) rate by 200 basis points to 10.25 percent.

* On July 24, 2013, the borrowing under the Liquidity Adjustment Facility (LAF) was capped to 0.5 percent of each bank's Net Demand and Time Liability (NDTL), thereby effectively making the MSF rate as the effective policy rate.

* Flexibility in the amount of daily maintenance of Cash Reserve Ratio (CRR) was removed. From the requirement of maintaining the CRR on a fortnightly average basis and 70 percent on daily basis, the banks were required to maintain the CRR at 99 percent of the requirement on a daily basis.

* Cash management bills (CMBs) were issued to further tighten liquidity.

These measures transmitted to the money market rates rather quickly and the impact of tight liquidity conditions was partly reflected in the lending and deposit rates. As a contingency measure and in anticipation of redemption pressures on mutual funds, RBI opened a dedicated Special Repo window for a notified amount of ` 250 billion for liquidity support to mutual funds.

As the capital outflow subsided and the exchange rate stabilised in a narrow band, the RBI began the process of calibrated withdrawal of the exceptional liquidity measures from the Mid-Quarter Review on September 20, 2013. The MSF rate was reduced by 75 basis points from 10.25 per cent to 9.5 per cent and the minimum daily maintenance of the CRR was reduced from 99 per cent of the requirement to 95 per cent effective from the fortnight beginning September 21, 2013. However, the rise in inflation and the need to provide a nominal anchor to help preserve the internal value of the rupee and to create a conducive environment for the revitalisation of sustainable growth, the repo rate was increased by 25 basis points to 7.5 per cent.

Considering the evolving liquidity conditions and in continuation of this calibrated unwinding on October 7, 2013, RBI reduced the MSF rate by a further 50 basis points from 9.5 per cent to 9.0 per cent. Provision of additional liquidity through term repos of 7-day and 14-day tenor for a notified amount equivalent to 0.25 per cent NDTL of the banking system through variable rate auctions on every Friday beginning October 11, 2013 was also announced.

RBI in its Second Quarter Review of October 29, 2013 carried forward the calibrated unwinding of exceptional measures with the reduction of the MSF rate further by 25 bps from 9.00 per cent to 8.75 per cent. The special repo window for mutual funds instituted in July 2013 to enable banks to meet the liquidity requirements of mutual funds was also wound up. With indications that both wholesale and consumer price inflation are likely to remain elevated in the months ahead, the key policy repo rate was increased by 25 basis points from 7.50 per cent to 7.75 per cent. Keeping in view the need to infuse liquidity into the system to normalise liquidity conditions, in addition to the reduction in MSF rate, the liquidity provided through term repos of 7-day and 14-day tenor was from 0.25 per cent of NDTL of the banking system to 0.5 per cent. These measures were intended to curb mounting inflationary pressures and manage inflation expectations in a situation of weak growth.

RBI in its Third Quarter Review of Monetary Policy of January 28, 2014, hiked the repo rate by 25 bps to 8 per cent on account of upside risks to inflation, to anchor inflation expectation and to contain second round effects. The move was intended to set the economy securely on the disinflationary path as recommended by the Urjit Patel Committee.

During 2013-14, the growth rate in Reserve Money (M0) has been 12.6 per cent (up to March 28, 2014), while broad money(M3) growth has been 13.5 per cent (up to March 21, 2014). Year-on-year, non-food credit growth increased by 17.8 per cent (up to March 21, 2014).

Balance of Payments (BoP) Development during 2013-14

After remaining at elevated levels in 2011-12 and 2012-13, current account deficit (CAD) declined significantly in 2013-14 mainly on account of the success of the measures to contain non-essential imports like gold.

During 2013-14, merchandise exports (on BoP basis) increased by 3.9 per cent to US$ 318.6 billion in 2013-14 as against US$ 306.6 billion in 2012-13. Imports declined by 7.2 per cent to US$ 466.2 billion in 2013-14 as against US$ 502.2 billion in 2012-13. The recovery in Exports and moderation in imports led to a sharp improvement in the trade deficit to US$ 147.6 billion (7.9 per cent of GDP) in 2013-14 from US$ 195.7 billion (10.5 per cent of GDP) in 2012-13. Net invisible receipts increased hr 7.2 percent to US$ 115.2 billion in 2013-14 from US$ 107.5 billion in 2012-13. Contraction in the trade deficit, coupled with a rise in net invisibles receipts, resulted in a reduction of t' he CAD to US$ 32.4 billion (1.7 per cent of GDP) in 2013-14 from US$ 88.2 billion (4.7 per cent of GDP) in 2012-13. Net capital inflows, however, declined to US$ 47.9 billion (2.6 per cent of GDP) in 2013-14 from US$ 92.0 billion (4.9 per cent of GDP) in corresponding period of 2012-13 owing to lower net portfolio inflows, and net repayment of short-term debt. On BoP basis, foreign exchange reserves increased by US$ 15.5 billion during 2013-14 as compared with increase of US$ 3.8 billion in 2012-13.

The salient features of BoP developments is summarised below in the table:

Table: Balance of Payments Summary (US$ billion)

Sl.	Items	2012-13 PR	2013-14 P
1	Exports	306581	318607
2	Imports	502237	466216
3	Trade Balance	-195656	-147609
4	Invisibles	107493	115212
5	Current Account Balance	-88163	-32397
6	Foreign Direct Investment	19819	21564
7	Portfolio Investment	26891	4822
8	External Assistance	982	1032
9	External Commercial Borrowings	8485	11777
10	Short-term Debt	21657	-5044
11	Banking Capital	16570	25449
12	Other Flows	-5105	-10813
13	Errors & Omissions	2689	-882
14	Capital Account Balance (including errors & omissions)	91989	47905
15	Overall Balance	3826	15508
16	Change in Reserves (- indicates increase, +indicates decrease)	-3826	-15508

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

Source: RBI

Foreign Exchange Reserves

India's foreign exchange reserves comprise Foreign Currency Assets (FCAs), Gold, SDRs and Reserve Tranche Position (RTP) in the IMF. In the fiscal 2013-14, the foreign exchange reserves remained in the range of US$ 275.5 billion to US$ 304.2 billion. At the end of March 2014, foreign exchange reserves stood at US$ 304.2 billion, indicating an increase of US$ 12.2 billion over the level of US$ 292.0 billion at end-March 2013.

Exchange Rate of Rupee

During fiscal 2013-14, the monthly average exchange rate of rupee (RBI's Reference Rate) was in the range of ₹ 54.38-63.75 per US dollar. The daily exchange rate of the rupee breached the level of ₹ 68 per US dollar in August 2013 (₹ 68.36 per US dollar on August 28, 2013).

However it recovered to ₹ 60.10 per US dollar on March 28, 2014 reflecting the impact of the steps taken by the Government and the RBI to moderate the current account deficit and boost capital flows, and greater clarity on US Federal Reserve taper. The rupee depreciated by 10.8 per cent to ₹ 61.01 per US dollar in March 2014 from ₹ 54.40 per US dollar in March 2013.

The month-wise exchange rate of the rupee against major international currencies during 2013-14 is given below in the table:

Table: Monthly Average Exchange Rate of Rupee per Foreign Currency*				
Month	US dollar	Pound sterling	Euro	Japanese yen**
March 2013	54.40	82.02	70.60	57.44
April 2013	54.38	83.20	70.77	55.71
May 2013	55.01	84.11	71.38	54.51
June 2013	58.40	90.47	77.07	59.99
July 2013	59.78	90.78	78.20	60.00
August 2013	63.21	97.87	84.18	64.57
September 2013	63.75	101.10	85.12	64.27
October 2013	61.62	99.20	84.10	63.00
November 2013	62.63	100.88	84.53	62.63
December 2013	61.91	101.40	84.82	59.83
January 2014	62.07	102.27	84.56	59.68
February 2014	62.25	102.97	84.97	61.02
March 2014	61.01	101.41	84.36	59.65
Source: Reserve Bank of India. *: RBI's reference rate. **: Per 100 Yen.				

External Debt

India's external debt stock stood at US$ 440.6 billion at end-March 2014 recording an increase of US$ 31.2 billion over the level at end-March 2013. The maturity profile of India's external debt indicates dominance of long-term borrowings. The rise in external debt during the period was due to long-term debt particularly NRI deposits. A sharp increase in NRI deposits reflected the impact of fresh FCNR(B) deposits mobilised under the swap scheme during September-November 2013. At end-March 2014, long-term external debt was US$ 351.4 billion, showing an increase of 12.4 per cent over the end-March 2013 level of US$ 312.7 billion. Long-term external debt accounted for 79.7 per cent of total external debt at end-March 2014 vis-à-vis 76.4 per cent at end-March 2013.

The share of US dollar denominated debt continued to be the highest in external debt stock at 61.8 per cent at end-March 2014, followed by Indian rupee (21.1 per cent), SDR (6.9 per cent), Japanese yen (5.1 per cent) and Euro (3.4 per cent). Government (Sovereign) external debt at end-March 2014 stood at US$ 81.5 billion. The share of Government external debt in India's total external debt declined from 20.0 per cent at end-March 2013 to 18.5 per cent at end-March 2014.

India's foreign exchange reserves provided a cover of 69.0 per cent to the external debt stock at end-March 2014 (71.3 per cent at end-March 2013). The ratio of short-term external debt to foreign exchange reserves was 29.3 per cent at end-March 2014, as compared to 33.1 per cent at end-March 2013. The ratio of concessional debt to total external debt declined to 10.5 per cent at end-March 2014 from 11.1 per cent at end-March 2013, reflecting the increasing share of non-Government debt.

The external debt management policy followed by the Government of India emphasizes monitoring of long and short-term debt, raising sovereign loans on concessional terms with longer maturities, regulating external commercial borrowings through end-use, all-in-cost and maturity restrictions and rationalizing interest rates on Non-Resident Indian (NRI) Deposits. As a result, external debt has remained within manageable limits.

Merchandise Trade

India's share in global trade has increased gradually over the period of time. India's share in global exports and imports was 0.7 per cent and 0.8 per cent respectively in 2000 and increased to 1.7 per cent and 2.5 per cent in 2013. Its ranking in the leading exporters and importers has also improved from 31 and 26 in 2000 to 19 and 10, respectively in 2012.

India's total merchandise trade as a percentage of the gross domestic product (GDP) has also increased from 29.5 per cent in 2004-05 to 43.8 per cent in 2013-14.

After a high export growth of 40.5 per cent in 2010-11, it decelerated to 21.8 per cent in 2011-12 and further to (-) 1.8 per cent in 2012-13, as a result of adverse global economic conditions. However, in 2013-14 value of India's exports was US $ 312.6 billion, registering a growth of 4.1 per cent over corresponding period of the previous year.

In 2013-14 imports at US$ 450.1 billion declined by 8.3 per cent compared to 2012-13. In 2013-14, POL imports at US$ 165.1 billion were 0.7 percent higher, while non-POL imports at US$ 284.9 billion were lower by 12.8 percent over the corresponding period of the previous year.

The value of imports of gold and silver increased from US$ 42.6 billion in 2010-11 to US $ 61.6 billion in 2011-12. In response to measures taken by the government, the value of imports of gold and silver declined to US$ 55.8 billion in 2012-13 and further to US$ 33.4 billion in 2013-14.

Trade deficit registered a sharp decline of 27.8 per cent to US $ 137.5 billion in 2013-14 from US $ 190.3 billion in 2012-13.

Services Trade

India's share in global exports and imports of commercial services increased to 3.4 per cent and 3.0 per cent in 2012 from 1.2 per cent and 1.4 per cent in 2000. Its ranking among the leading exporters and also importers in 2012 was 7th.

During 2013-14, services exports was US $ 151.5 billion with a growth of 4.0 per cent compared to the previous year. Imports of services were US $ 78.5 billion with a negative growth of 2.8 per cent compared to 2012-13. Net services was US $ 73.0 billion which was higher by 12.4 per cent compared to 2012-13.

Social Sector Development

The 2008 financial crisis and recent global financial crisis have affected all countries of the world including India. There is a need for inbuilt social safety nets to tackle such eventualities. The government's targeted policies for the poor, with fewer leakages, can help better translate outlays into outcomes. This would ensure broad-based improvement in the quality of life of the people, especially the poor, SCs/STs, OBCs, minorities and women who are most vulnerable. This is evident from the fact that the poverty ratio in the country, as per Tendulkar estimates, has come down from 37.2 per cent in 2004-05 to 21.9 per cent in 2011-12. In absolute terms, the number of poor has declined from 407.1 million in 2004-05 to 269.3 million in 2011-12. Between 2004-05 and 2011-12, the average annual decline in the poverty ratios was 2.2 percentage points per year which is around three times higher than the decline in the poverty ratio during the period 1993-94 to 2004-05. Since inclusive growth is high on Government's agenda, Government has adopted a multipronged approach by focusing on human development issues and other socio-economic upliftment measures in rural areas. Some of the important schemes being implemented by the Government to achieve inclusive growth are given below:

Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA):

This scheme has been provided a sum of ₹ 33,000 crore in the Budget 2013-14. During 2013-14 (As per MIS report as on 20.06.2014) the expenditure incurred by the States/UTs is ₹ 38632.06 crore, which accounts for 91.0 percent of available funds of ₹ 42345.22 crore (which include opening balance + Central release +State release and Misc. receipts) and 4.78 crore households have been provided employment of 219.86 crore persondays generated during the period. The share of SCs, STs and Women is 23 per cent, 17 percent and 53 percent respectively. The share of women in total persondays generated is well above the stipulation of 1/3 as per the act.

Pradhan Mantri Gram Sadak Yojana (PMGSY): During the current financial year, PMGSY has been allocated a sum of ₹ 21,700 crore for connecting 3,500 habitations and construction of 27,000 KM roads. Upto September, 2013 connectivity has been provided to 2069 habitations, 8,476.28 KM length road has been constructed and a total of ₹ 5,015.96 crore has been released. Since inception of PMGSY, a total length of 2,34,402 Km of roads have been constructed for new connectivity and 1,48,165 Km of roads have been upgraded by the states (till August 2013).

Indira Awaas Yojana (IAY): During the current financial year ₹ 15,184 crore has been allocated for rural housing, out of which ₹ 13,894.90 crore were earmarked for release to District Rural Development Agencies under IAY for construction of 24.81 lakh houses. Till September, 2013, an amount of ₹ 6,697.06 crore had been released and 1162 houses have been constructed.

National Rural Livelihoods Mission (NRLM): Swarnajayanti Gram Swarozgar Yojana (SGSY) has been restructured and implemented as the National Rural Livelihoods Mission (NRLM), since FY 2011-12. 24 States have transited to NRLM after establishing dedicated Mission architecture and related systems. The remaining four States are expected to transit to NRLM during the current financial year. The total budget provision for NRLM is ₹ 4000 crore for 2013-14 while the total release as on 30th September, 2013 is ₹ 858.41 crore. The total number of Self Help Groups (SHGs) under the NRLM fold is 13,15,437 of which 2,19,061 (or 17 per cent) have been mobilized in this financial year. 16,799 SHGs have received the Revolving Fund (RF) amounting to ₹ 34.16 crore. 1,704 Village Organizations (VOs, primary level federal structure of SHGs) have received ₹ 7.53

crore as Community Investment Fund (CIF) while 199 VOs have received Vulnerability Reduction Fund (VRF) to the tune of ₹ 6.20 crore.

Swarna Jayanti Shahari Rozgar Yojana (SJSRY): The SJSRY launched on 1 December 1997, aims at providing gainful employment to the urban unemployed and underemployed, by encouraging them to set up self-employment ventures or creating wage employment opportunities. The annual budgetary provision for the SJSRY for the year 2013-14 is ₹ 950.0 crore and of this ₹ 380.57 crore has been released up to 1st November, 2013. During 2013-14, as on 31st October, 2013, a total of ₹ 4,42,850 people have benefited from this scheme.

National Health Mission (NHM): The National Urban Health Mission (NUHM) was launched in 2013 as a Sub-mission of National Health Mission (NHM), with National Rural Health Mission (NRHM) being the other Sub-mission. Allocation of ₹ 20,999 crore has been made for National Health Mission for rural and urban during 2013-14. NRHM seeks to provide accessible, affordable and quality health care to the rural population, especially the vulnerable groups. So far, about ₹ 1,00,000 crore have been released to the states under NRHM since its inception. More than 8.89 lakh community health volunteers called Accredited Social Health Activists (ASHAs) have been engaged under NRHM for establishing a link between the community and the health system. NRHM has attempted to fill the gaps in human resources by providing nearly 1.56 lakh additional health human resources to States including 8,129 GDMOs, 2,007 Specialists, 70,608 ANMs, and 34,605 Staff Nurses etc. on contractual basis. Out of 640 districts, 427 districts have been provided with 2028 mobile medical units (MMUs) under NRHM in the country. NRHM also supports co-location of AYUSH services in Health facilities such as PHCs, CHCs and District Hospitals. A total of 11,925 AYUSH doctors have been deployed in the states with NRHM funding support. So far 13,373 and 16,452 PHCs, CHCs, SDHs and DHs have been constructed and upgraded.

Mid-Day Meal (MDM): Some important programmes in the education sector viz. the Sarva Shiksha Abhiyan (SSA) supported by the Mid-Day Meal Scheme (MDMS), intend to ensure provision of elementary education to all children in the 6-14 age group. Under the MDMS, in 2012-13, 10.68 crore children are provided hot cooked meal in 12.12 lakh schools in the country. During 2012-13, 12.13 lakh schools have been provided with kitchen devices and 25.48 lakh cook-cum-helpers have been appointed by the State to prepare and serve the mid-day meals to the school children. To ensure safety of foodgrains and provisioning of hygienic and nutritious meals to the children, 6.26 lakh kitchen-cum-stores have been constructed. Under MDM, ₹ 13215 crore has been allocated during 2013-14.

Rashtriya Swasthya Bima Yojana (RSBY): Under the Yojana, more than 3.71 crore BPL families are having the RSBY active smart card as on 30.04.2014. Apart from the BPL families, the coverage of RSBY has been extended to various other categories of unorganized workers and it is the endeavour of the Government to extend RSBY to all unorganized workers in a phased manner. The occupational groups such as sanitation workers, rickshaw pullers, rag pickers, mine workers and auto/taxi drivers has been covered in June, 2013.

Gender Budgeting: The role of women in economic development and growth cannot be isolated and ignored which have received focused attention of the policy planners. As a result there has been progressive increase in plan expenditure under various plan schemes. The allocation for Gender Budgeting as a percentage of total Budget has gone up from 2.79 per cent in 2005-06 to 5.91 per cent in 2012-13.

2. Department of Expenditure

The Department of Expenditure is the nodal Department for overseeing the public financial management system in the Central Government and matters connected with State finances. The principal activities of the Department include pre-sanction appraisal of major schemes/projects (both Plan and non-Plan expenditure), handling the bulk of the Central budgetary resources transferred to States, implementation of the recommendations of the Finance and Central Pay Commissions, overseeing the expenditure management in the Central Ministries/Departments through the interface with the Financial Advisors and the administration of the Financial Rules/Regulations/Orders through 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, assisting organizational re-engineering through review of staffing patterns and O&M studies and 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 of Expenditure is carried out through its Establishment Division, Plan Finance-I and II Divisions, Finance Commission Division, Staff Inspection Unit, O/o Chief Advisor Cost, Controller General of Accounts and the Central Pension Accounting office.

3. Department of Revenue

1. The Department of Revenue exercises control in respect of revenue matters relating to Direct and Indirect Union taxes. The Department is also entrusted with the administration and enforcement of regulatory measures provided in the enactments concerning Central Sales tax, Stamp duties and other relevant fiscal statutes. Control over production and disposal of opium and its products is also vested in this Department.

2. The Department is also facilitating taxation reforms in the indirect taxes sector for goods and services in coordination with the States. These cover an extended ambit, encompassing the switch-over from erstwhile State Sales tax to Value Added tax, phasing-out of Central Sales tax, rationalization of Additional Excise duties on goods of special importance and eventual evolution of a frame work for dual Goods and Service tax.

3. Tax policies are formulated in order to mobilize financial resources for the nation, achieve sustained growth of the economy, macro-economic stability and promote social welfare by providing fiscal incentives for investments in the social sector. The underlying theme of the tax proposal, both on the direct taxes side and on the indirect taxes side, for the Budget 2013-14 has been clarity in tax laws, a stable tax regime, a non- adversarial tax administration and a fair mechanism for dispute resolution. Therefore, changes in customs and excise duty rates were restricted to fiscal consolidation, protect domestic manufactures / farmers, encourage domestic value addition, export promotion, rationalization, conservation of natural resources, in addition to certain relief measures. The details of these changes are given in paragraphs 9.3 and 13.9.

4. In the financial year 2013-14, the drive against smuggling, tax evasion, etc., continued throughout the country in view of Government's firm resolve to take strict action against socio-economic offenders. The year also witnessed continued efforts at better coordination with the intelligence/enforcement agencies of other countries.

5. The Income Tax Offices throughout the country continued their drive against tax evaders. During the financial year 2013-14 (upto December, 2013), 3069 (provisional) search warrants were executed leading to the seizure of assets worth ₹ 559.04 Crore (provisional). During the financial year (upto December, 2013), 3263 surveys (provisional) were conducted which yielded a disclosure of undisclosed income of ₹ 6968.82 Crore (provisional). As regards assessees, the number of new assessees added during the F.Y. 2013-14 upto 28.2.2014 was 4,94,846.

6. The customs and Central Excise offices also continued their drive vigorously against duty evasion. During the financial year 2013-14 (upto December, 2013) 2654 cases of evasion of Central Excise duty involving ₹ 7486.16 crore were detected, in respect of Service Tax, during the same period, 10094 cases involving tax evasion amount of ₹ 19328.21 crore were detected and an amount of ₹ 2073.86 crore was recovered during investigations. Regarding evasion of Customs duty, 896 cases involving duty of ₹ 4656.96 crore were detected during same period. The drive against smuggling continued unabated. All Commissionerates along the coast, land borders and in charge of international airports remained fully alert to prevent smuggling of contraband, both into and out of the country. As a result, during April-December 2013, in 7561 outright smuggling cases, contraband goods worth ₹ 25535.71 crore were seized.

4. Department of Disinvestment

The Department of Disinvestment was set up as a separate Department on 10 December 1999 and later renamed as Ministry of Disinvestment from 6 September 2001. From 27 May 2004, the Department of Disinvestment is one of the Departments under the Ministry of Finance.

5. Department of Financial Services

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.

Department of Economic Affairs

1. Economic Division

1.1 The Economic Division tenders expert advice to the Government on important issues of economic policy. The Division monitors economic developments, domestic and external, and advises on policy measures relating to macro management of the economy.

1.2 As part of its regular activities, the Economic Division brings out the Economic Survey annually, which is placed in the Parliament prior to the presentation of the Central Government Budget. The Economic Survey provides a comprehensive overview of important developments in the economy. It also analyses recent economic trends and provides an in-depth appraisal of policies. Over the years, the Economic Survey has acquired the status of an authoritative source and a useful compendium of the annual performance of the Indian economy. Further, the Fiscal Responsibility and Budget Management (FRBM) Act, 2003 requires the Ministry of Finance to review every quarter the trends in Receipts and Expenditure in relation to the Budget and place it before both Houses of Parliament. As part of this exercise, the Economic Division prepares the Mid-Year Economic Analysis in the second quarter of each year for placing it before Parliament. In addition, at the end of first quarter and third quarter a Macro-Economic backdrop statement is prepared and provided to the Budget Division for incorporating in the review of quarterly receipts and expenditure.

1.3 The Division also brings out the Economic and the Functional Classification of the Central Government's Budget, which is circulated among the Hon'ble Members of Parliament. The publication presents an estimate of the savings of the Central Government and its departmental undertakings, gross capital formation and the magnitude of the development and consumption expenditure broken up under broad functional heads.

1.4 The Division's report on state of economy provides a synoptic view of the current economic situation and helps in monitoring the performance of the economy. This is circulated to the Cabinet and senior officers of the Government and Indian Missions abroad. The Division also brings out every month an abstract entitled "Monthly Economic Report", which gives the latest available data on the key sectors of the economy. The Division prepares, from time to time briefs on the performance of the infrastructure sector, agriculture and industrial production, trends in tax collection, the balance of payments and the monetary situation. It also monitors the price situation on a weekly basis. In addition, the Division undertakes short term forecasting of key economic variables.

1.5 As part of its advisory functions, the Economic Division prepares analytical notes and background papers on important policy issues and provides briefs for meetings of the Consultative Committees and Working Groups set up by the Government. The officers of the Economic Division participate in consultations with various missions from international institutions, such as International Monetary Fund (IMF), the World Bank and WTO etc. The Division works in close cooperation with the Reserve Bank of India, the Planning Commission, the Central Statistical Organisation, the Ministry of Commerce and Industry and the Economic and Statistical Wings of their Ministries. An international Seminar the 4th Delhi Economics Conclave-(2013) on "The Agenda for the next five years" was organized by Economic Division on 11th & 12th December 2013 wherein researchers, policy makers, industry leaders, bankers and economists & academicians from India and abroad participated.

1.6 The work of the Economic Division is organized under the following units:

- BoP, Global Financial Markets and Institutions
- Industry and Infrastructure
- Macro Indicators
- Agriculture and Food Management
- Money and Financial Intermediation
- Public Finance
- Prices
- Social Sector
- Trade and Services
- Climate Change Finance Unit
- Coordination Unit
- IES Division

1.7 The Unit is responsible for analysing external sector developments and offering policy, advice on related issues. The Unit monitors the developments on Bop indicators closely through an institutional set-up of a special monitoring group comprising stakeholders in Ministry of Finance, other Ministries concerned and the Reserve Bank of India. The Unit tracks movements in the exchange rate of the rupee, monitors India's foreign exchange reserves and external debt. The Unit also monitors and analyses issues related to global financial markets and institutions like IMF, World Bank. The Unit is involved in the collection, compilation, and publication of quarterly external debt statistics in compliance with Special Data Dissemination Standards (SDDS) of IMF and Quarterly External Debt Statistics (QEDS) of World Bank. The Unit also brings out an Annual Status Report on India's External Debt. The management information system on external debt management and coordination of Commonwealth Secretariat Debt Recording and Management System (CS-DRMS) with the Office of Controller of Aid, Audit and Accounts and the RBI is handled in the unit.

1.8 Industry and Infrastructure Unit advises the Government on policy issues relating to Industry at both macro and sectoral levels. The unit monitors and reviews on a continuous basis industrial growth and investment, developments in the industrial sector, investment / financing of public sector, industrial relations and sickness. The Unit is also responsible for monitoring trends in production of core infrastructure industries. It undertakes analysis of developments in infrastructure policy, investment and financing and renders advice on infrastructure sector policy issues.

1.9 The Macro Unit is responsible for analysis and monitoring of India's macroeconomic parameters, (viz. output, savings, investment, etc.) country coordination for SDDS of the IMF, preparation of Monthly Economic Report, Economic Survey, Mid-year Review, etc. The Macro Unit also prepares the "Macroeconomic Framework Statement" that forms part of the Union Budget, and provides forecast of GDP for the annual Budget exercise. The Unit also provides the Macroeconomic backdrop for quarterly FRBM Statements that are presented to Parliament every quarter. During 2013-14, the Unit along with few officers of other Units, handled the responsibility of preparing the Report of the Committee set up for Evolving a Composite Development Index of States, (formed under the Chairmanship of Dr. Raghuram G. Rajan). Macroeconomic modeling exercises have also been initiated in the Unit.

1.10 The Agriculture and Food Management Unit advises the Government on policy issues relating to Agriculture, Animal Husbandry and allied sectors, Food and Public Distribution and Food Processing. The Unit monitors and appraises on a continuous basis agricultural growth and investment, agricultural research, agricultural production, progress of monsoon and reservoir storage of water resources, pricing of major Rabi and Kharif crops, agricultural credit and insurance. The Unit examines issues pertaining to development of dairy, poultry and fisheries as well as food processing sector and recommends policies. It is also responsible for issues related to Public Distribution System and food security, public procurement, buffer stock norms, Central Issue Price, Open Market Sales Scheme, storage and warehousing. The Unit critically examines proposals related to the agricultural and allied sector, food management and food processing, analyses recent developments and suggests appropriate policy directions.

1.11 The Money Unit is responsible for monitoring of money market trends, developments in monetary policy of the Reserve Bank of India, and aggregate trends in credit flows. It analyses movements in monetary parameters and also of yields on G-Sec/ Treasury bills, call money rates and Liquidity Adjustment Facility (LAF) operations.

1.12 The Public Finance Unit deals with matters relating to public finance and budgetary operations of the Central Government. It is responsible for Economic and Functional Classification of Central Government Budget, Statistical Album on Public Finance (Indian Public Finance Statistics), including budgetary transactions of Centre, State and Union Territories. It monitors Central fiscal parameters, such as, fiscal deficit, revenue deficit, aggregate expenditure, policies relating to central plan outlays, resources and expenditures. It undertakes review of fiscal position and analysis of fiscal issues including those relating to tax measure direct and indirect tax proposals/reforms and monitoring and analysis of major central taxes.

1.13 The Price unit is responsible for monitoring and maintaining database on WPI, CPI & International Commodity prices and gives policy advice on price related matters.

1.14 The Social Sector Unit prepares analytical notes on poverty, employment, rural development and other topics concerning social sectors like health, education labour matters etc. The unit also advises the Government on specific policy issues in social sectors.

1.15 Trade and Services Unit is responsible for monitoring India's Foreign Trade, analysis of commodity composition and direction of trade, monitoring of foreign trade policy and multilateral and bilateral trade related issues and Services sector.

1.16 Climate change finance unit serves as the nodal point on all financing matters related to climate change in the Ministry of Finance. It helps shape the firming up of India's stand on financing issues related to climate change and sustainable development in fora like United Nations Framework Convention on Climate Change, G20, Rio+20 etc. It is vested with the task of preparing submissions on behalf of India as well as assessing submissions of other member countries in these fora. The unit provides inputs on an ongoing basis to Ministry of Environment and Forest on issues related to National Action Plan on Climate Change and in the capacity development efforts on emerging issues like green growth, innovative financing options for sustainable development by preparing positions papers and analysis of technical issues and policy options.

1.17 Coordination Unit is responsible for organizing the pre-budget consultations of Finance Minister with different stakeholder groups like Agriculture Sector, Social Sector related Group, Industry and Trade Sector, Trade Unions, Banking and Financial Institutions, and Economists. The Unit is also responsible for Organizing Delhi Economics Conclave (DEC). The Administrative and coordination work for production and submission of Economic Survey and Mid Year Economic Analysis to the Parliament are also done by this unit. Inputs/materal for Finance Minister's Speeches on different occasions and for Annual/Spring Meetings of the World Bank & IMF, ADB and Credit Rating Agencies; briefs for Economic

Editor's meet, Consultative Committee meetings and Parliamentary Standing Committee meetings are collected and put together by this unit. Apart from these the unit is involved in the all administrative and Parliament related matters.

IES Division

1.18 The Division is concerned with all aspects of Cadre management of the Indian Economic Service (IES) viz. recruitment, training, promotion, postings, transfers, seniority, deputation and foreign-service, study leave, vigilance and disciplinary cases of officers of the service, court cases relating to service matters of the IES, besides providing information under the RTI Act on these matters. The IES Cadre is advised on important policy matters by the high-level IES Board, headed by the Cabinet Secretary. The cadre is managed in accordance with the service rules and extant Government of India instructions in force. The total authorized strength of the cadre at various grades is 516, which includes 476 duty posts and 40 as reserves.

1.18.1 The successful candidates (27) of the IES Examination 2011 were given formal posting in various Ministries/Departments/organizations on 25.11.2013 upon completion of their inception-level probationary training. As a part of the training programme, courses were conducted at the "Dr. MCRHRD Institute of AP", Hyderabad (Foundation Course), "National Institute of Public Finance & Policy", Delhi; "National Centre for Agriculture Economics and Policy (NCAP)", New Delhi; "Institute of Economic Growth", Delhi; "Institute of Secretariat Training and Management", New Delhi; "National Institute of Financial Management", Faridabad; "Bhillai Steel Plant", Chhattisgarh; "Indian Institute of Capital Markets", Vashi, Mumbai; "National Law School of India University", Bangalore; "Civil Service College", Singapore; "Indian Institute of Management", Kolkata; "Reserve Bank Staff College", Chennai; "Indian Maritime University", Chennai; "Institute of Economic Growth", New Delhi (Phase II). The probationers of IES also underwent a two month long district attachment programme from 16.09.2013 to 8.11.2013 with State Governments in Maharashtra, Karnataka, Himachal Pradesh, Gujarat, Uttar Pradesh, Andhra Pradesh, and Odisha to gain an insight into the ground realities and to understand the functioning of the different layers of administration. In addition to this, special modules such as monitoring and evaluation, econometric modeling, country specialization were organized for the Probationers during the year. A two weeks training programme organized in IEG Delhi, in association with IMF Institute of Capacity Development Singapore was another new initiative taken during the year.

1.18.2 During the year, 31 candidates were declared successful in the IES examination 2012. However, offer of appointment at Junior Time Scale of IES was issued to 30 candidates. Out of these 30 candidates, 29 candidates finally joined the service in the year 2013-14. Out of these 29 candidates, 18 candidates joined the Service on 2.9.2013 with the Foundation Course which was conducted at Dr. MCR HRD, Hyderabad. The remaining 9 Probationers who had taken exemption from the Foundation Course also joined the training along with the rest of the batch on 16.12.2013. In addition to this 18 officers were inducted into IES from the Feeder Cadre. These officers were also provided 7 weeks induction training.

1.18.3 A Comprehensive Training Policy to augment the In-Service training of the IES is being implemented for the in-service officers. As per the policy, a compulsory mid-career training is being implemented for IES officers. Each Mid-Career training course is of six week's duration, comprising four weeks of domestic learning component and two weeks of overseas learning component. A mid-career training course for a batch of 20 officers of IES has been conducted in 2013-14 through the Indian Institute of Management, Lucknow.

1.18.4 In addition, regular training courses have been conducted for serving IES officers in several Institutes such as (i) "Bankers Institute of Rural Development (BIRD)", Lucknow for International Exposure and Training programme on Hi -Tech Agriculture Agro Processing etc. (ii) "Duke University", Durham, USA on Project Appraisal and Risk Management and (iii) "Indian Maritime University", Chennai on Infrastructure Regulations (iv) "Administrative Staff College of India (ASCI)", Hyderabad on Macro-Economic Policy (v) "National Law School of India University" Bangalore on Banking Law, Contract Law etc. The training program with Centre for Advanced Financial Research and Learning (CAFRAL) was a new initiative taken during the year.

1.18.5 During 2013-14, promotions have taken place in respect of different grades of the service. Six officers were promoted to the Higher Administrative Grade and Senior Administrative Grade each, Five officers were granted Non-Functional Selection Grade, twenty four officers have been given ad-hoc promotion to Junior Administrative Grade and twenty six Junior Time Scale officers were promoted to Senior Time Scale. A proposal for promotion to Apex Scale for vacancy year 2013-14 has been submitted to UPSC.

1.18.6 In line with recommendations of the Sixth Central Pay Commission and instructions issued by the Department of Personnel and Training (DOPT) thereof, up-gradation to HAG, on non-functional basis, has been granted to sixteen officers of the 1981 batch and up-gradation to SAG, on non-functional basis, has been granted to thirteen officers of 1992 and earlier batches.

1.18.7 Pursuant to the instructions issued by the DOPT regarding the need to have transparency and fairness in the performance appraisal system of officers, the Cadre Authority of the IES has taken effective steps to ensure that the performance appraisal in the Annual Performance

Assessment Report (APAR) of IES officers is disclosed to the officers by the concerned Ministry/Department. The APAR format for reporting of assessment in respect of IES officers has also been revised and appending the Health Certificate with the APAR (for those officers who are above 40) has been made compulsory.

1.18.8 The Civil List of the Indian Economic Service is being brought out every year since 2005, which provides basic information of the officers of the Service. The Civil List as on 1.4.2013, which is the seventh issue, has been published. It gives details of postings of the officers during the last 5 years along with their current postings and the e-mail addresses.

1.18.9 Recognizing the need for bringing in more transparency and following the instructions of DoP&T, the IES Cadre has initiated the process for developing a module for placing the Immovable Property Returns of the IES Officers on its website. This exercise will also facilitate cadre in giving vigilance clearance to the officers who apply for deputation, voluntary retirement etc.

1.18.10 The two websites, "Arthapedia" [the knowledge website - www.arthapedia.in], a portal for facilitating understanding of the Indian Economy and its governance by explaining the concepts used in the economic policy domain in India and the website of the Service [www.ies.gov.in] which were launched at the Golden Jubilee celebrations of the Service are being updated from time to time.

2. Budget Division

2.1 Budget Division is responsible for the preparation of and submission to Parliament the Annual Budget (Excluding Railways) as well as Supplementary and Excess Demands for Grants of the Central Government and of States under President's Rule. The Division is also responsible for dealing with issues relating to Public Debt, market loans of the Central Government and State Government's borrowing and lending, guarantees given by the Government of India and the Contingency Fund of India. The responsibility of the Division also extends to regulate the flow of expenditure by processing proposals from other Ministries/Departments for re-appropriation of savings in a Grant where prior approval of the Ministry of Finance is required. The Division also deals with National Savings Institute (NSI), Small Savings Schemes and National Defence Fund. The work relating to Treasurer Charitable Endowment is also handled in the Budget Division.

2.2 This Division also deals with matters relating to Duties, Powers and Conditions of Service of the Comptroller and Auditor General of India and submission of the Reports of the Comptroller and Auditor General of India relating to the accounts of the Union to the President for being laid before Parliament. From 1st January, 2013 to 31st March, 2014, 33 Reports of the C&AG of India were laid before the Parliament and 63 entrustments/re-entrustments of audit of various bodies to the C&AG of India were dealt by this Division.

2.3 The Budget Division is also responsible for administration of "Fiscal Responsibility and Budget Management Act, 2003" which was brought into force w.e.f. 5th July, 2004. The Rules made under the Act were also made effective from that date. Quarterly Reviews including Mid-term Review were presented in Parliament in accordance with the requirements of the FRBM Act.

2.4 Budget Division also oversees/facilitates the implementation of 'Gender Budgeting' in various Ministries/Departments.

2.5 The work relating to form of Accounts kept under Article 150 of the Constitution of India is handled in this Division. Advice on the classification of Government receipts and expenditure and on the accounting procedure drawn up for implementation of new schemes of the Government is also rendered

2.6 NATIONAL SMALL SAVINGS:

2.6.1. Small Savings Scheme:

The Small Savings Schemes currently in force are: Post Office Savings Account, Post Office Time Deposits (1,2,3 & 5 years), Post Office Recurring Deposits, Post Office Monthly Account, Senior Citizens Savings Scheme, National Savings Certificate (VIII-Issue), National Savings Certificate (IX-Issue) and Public Provident Fund.

2.6.2. Small Savings Collections:

The gross deposits under various small savings schemes during 2013-14 (upto January, 2014) were ₹184575.01 crore as against the deposit of ₹175719.38 crore during the same period last year. An amount of ₹19031.00 crore (BE 2014-15) is proposed to be transferred as share of net small savings collections to the States and Union Territories (with legislature) during the current fiscal, as against the sum of ₹25277.92 crore transferred last year.

2.6.3. National Small Savings Fund:

In order to account for all the monetary transactions under small savings schemes of the Central Government under one umbrella, "National Small Savings Fund" (NSSF) was set up in the Public Account of India w.e.f. 1st April, 1999. The net accretions under the small savings schemes are invested in the special securities of various States/Union Territories (with legislature)/ Central Governments. The minimum obligation of States to borrow from the National Small Savings Fund (NSSF) was brought down from 100 per cent to 50 percent of net collections w.e.f. 1st April, 2012.

2.6.4. Interest Rates on Small Savings Instruments

(i) The rate of interest on small savings schemes has been aligned with G-Sec rates of similar maturity, with a spread of 25 basis points (bps) with two exceptions. The spread on 10 year NSC (New instrument) will be 50 bps and on Senior Citizens Savings Scheme 100 bps. The interest rates for every financial year will be notified before 1st April of that year.

(ii) The rate of interest on various small savings schemes for current financial year on the basis of the interest compounding/payment built in the schemes, is shown in table below:-

Instrument	Rate of interest % Before 1.12.2011	Rate of interest % After 1.12.2011	Rate of interest % After 1.4.2012	Rate of interest % After 1.4.2013	Rate of interest % After 1.4.2014
Savings Deposit	3.50	4.0	4.0	4.0	4.0
1 year Time Deposit	6.25	7.7	8.2	8.2	8.4
2 year Time Deposit	6.50	7.8	8.3	8.2	8.4
3 year Time Deposit	7.25	8.0	8.4	8.3	8.4
5 year Time Deposit	7.50	8.3	8.5	8.4	8.5
5 year Recurring Deposit	7.50	8.0	8.4	8.3	8.4
5-year SCSS	9.00	9.0	9.3	9.2	9.2
5 year MIS	8.00 (6 year MIS)	8.2	8.5	8.4	8.4
5 year NSC	8.00 (6 year NSC)	8.4	8.6	8.5	8.5
10 year NSC	New Instrument	8.7	8.9	8.8	8.8
PPF	8.00	8.6	8.8	8.7	8.7

2.7 Government Borrowing

2.7.1 The Central Government's normal borrowing through issue of dated securities for financing the fiscal deficit was budgeted in BE 2013-14 at ₹5,79,000 crore (Gross) and ₹4,84,000 crore (net).

2.7.2 During the year, Government continued with the policy of announcement of half yearly indicative market borrowing calendar based on its core borrowing requirements.

2.7.3 The weighted average yield and maturity of dated securities issued during 2013-14 (April 2013 to March 2014) as a whole were 8.48% and 14.28 years respectively, as compared to 8.36% and 13.50 years in the corresponding period of the financial year 2012-13.

2.7.4 Detailed analysis of existing debt and liabilities of the government is brought out in the annual debt papers, published during 2010-11, 2011-12 and 2013-14, (These are available on www.finmin.nic.in).

2.8 **Fiscal Responsibility and Budget Management (FRBM) Cell:**

2.8.1 Administration of Fiscal Responsibility and Budget Management Act (FRBM), 2003 and the Rules framed thereunder is the prime function of the FRBM Cell. The FRBM Act entrust the Central Government to ensure inter-generational equity in fiscal management and long-term macro-economic stability by achieving sufficient revenue surplus and removing fiscal impediments in the effective conduct of monetary policy and prudential debt management consistent with fiscal sustainability through limits on the Central Government borrowings, debt and deficits, greater transparency in fiscal operations of the Central Government and conducting fiscal policy in a medium-term framework and for matters connected therewith or incidental thereto.

In compliance with the relevant provisions of the FRBM Act and Rules framed there under, FRBM Cell performs following important functions.

- Preparation of FRBM Report, which contains three policy statements, such as Medium Term Fiscal Policy Statement, Fiscal Policy Strategy Statement and Macroeconomic Framework

Statement. This report is presented in the Parliament along with the Annual Financial Statement and Demands for Grants.

- Preparation of Medium Term Expenditure Framework (MTEF) Statement as required under Amended FRBM Act, for presentation in both Houses of Parliament, immediately following the session of the Parliament in which the budget has been presented.
- Preparation of Statements on quarterly review of the trends in receipts and expenditure in relation to the budget.
- Preparation of Disclosure Statements such as Asset Register, Tax Revenue Raised but not Realised and Arrears of Non-Tax Revenue. These statements are meant for inclusion in Receipts Budget.

Accordingly, during the period from 1st January 2013 to 31st December 2013, in compliance with the provisions of the FRBM Act and Rules framed there under the following documents were prepared and presented in the Parliament.

i) Medium-Term Fiscal Policy Statement 2013-14

ii) Fiscal Policy Strategy Statement 2013-14

iii) Macro-Economic Framework Statement 2013-14

Presented along with the Budget 2013-14

iv) Disclosure statements such as-

a) The Revenue raised but not realised.

b) Arrears of Non-Tax Revenues.

c) Asset Register.

Included in the Budget 2013-14

v) Quarterly Statements on Review of the trends in receipts and expenditure in relation to the budget for

(a) Third Quarter of the Year 2012-13

(b) Fourth Quarter of the year 2012-13

(c) First Quarter of the year 2013-14

(d) Mid Year Review for the year 2013-14

vi) Medium Term Expenditure Framework Statement (MTEF) - presented in the Parliament in the Session following the Budget Session.

During the period from 1st January 2014 to 31st March 2014, FRBM Cell performed all necessary functions and prepared statements/documents from (i) to (iv) above in respect of the year 2014-15 and presented them in the Parliament along with an Interim Budget 2014-15.

2.8.2 Fiscal performance of the Government during 2013-14 and is as below.

Fiscal Indicator/Year	2013-14 (B.E.)	2013-14 (R.E.)
Fiscal Deficit (% of GDP)	4.8	4.6
Revenue Deficit (% of GDP)	3.3	3.3
Effective Revenue Deficit (% of GDP)	1.8	2.2
Total outstanding liabilities at the end of the year (% of GDP)	45.7	46.0

* Estimates are as included in an Interim Budget 2014-15

2.8.3 Fiscal consolidation over medium-term is prime objective of India's Fiscal Strategy and Government is committed to achieve the fiscal targets as required by FRBM Act/Rules.

2.8.4 During the above period, Fiscal Responsibility and Budget Management Rules were also amended and notified on 07-05-2013.

2.8.5 Section 3 of the FRBM Act, 2003 has been amended to require the Government to lay a statement viz. the Medium Term Expenditure Framework (MTEF) in both Houses of Parliament, immediately following the session of the Parliament in which the budget has been presented.

2.8.6 The MTEF is to set forth a three-year rolling target for the expenditure indicators with specification of underlying assumptions and risks involved. The objective of the MTEF is to provide a closer integration between budget and the FRBM statements and to further the Government's commitment towards fiscal consolidation."

2.8.7 Accordingly, the MTEF Statement was laid in both the Houses of the Parliament on 23rd August, 2013. The details of projections for next two year i.e. 2014-15 and 2015-16 is shown in table 1.3.

Table No.1.3
MEDIUM TERM EXPENDITURE FRAMEWORK
MEDIUM-TERM EXPENDITURE PROJECTIONS

₹ crore

	Revised Estimate 2012-13	Budget Estimates 2013-14	Projection for next Two years	
			2014-15	2015-2016
Revenue Expenditure				
1. Salary	72282	78873	86578	95107
2. Interest	316674	370684	414350	457648
3. Pension	63836	70726	77799	85578
4. Subsidy-				
a. Fertilizer	65975	65972	62274	63628
b. Food	85000	90000	120000	135000
c. Petroleum	96880	65000	35000	20000
5. Centralised provision for Grants to States	129900	154416	168731	187829
6. Defence	108925	116931	125116	133875
7. Postal Deficit	5838	6717	6247	5810
8. External Affairs	6846	8801	9475	10084
9. Home Affairs	12635	15681	16801	17808
10. Tax Administration	2253	11965	12922	13698
11. Finance	13748	15225	16360	17418
12. Education	57620	69688	81439	90212
13. Health	23256	29492	33575	39420
14. Social Welfare	27134	34280	37600	42051
15. Agriculture and Allied	22775	27612	30094	33569
16. Commerce and Industry	12770	13966	15748	17331
17. Urban Development	2052	2803	3016	3306
18. Rural Development	71978	102428	112008	124540
19. Development of North East	1557	1832	1979	2147
20. Planning and Statistics	5701	11677	7379	8005
21. Scientific Departments	7880	9650	10402	11243
22. Energy	5707	12411	12268	14462
23. Transport	18453	15315	16300	17527
24. IT and Telecom	2900	6137	6433	6749
25. UT	5541	6388	6823	7333
26. Others	16955	21499	22913	24589
Total ï Revenue Expenditure	1263072	1436169	1549629	1685966
Of which				
Grants for Creation of Capital Assets	*124275*	*174656*	*233345*	*304185*

Table 1.3

(₹ crore)

	Revised Estimate 2012-13	Budget Estimates 2013-14	Projection for next Two years	
			2014-15	2015-2016
Capital Expenditure				
1. Defence	69579	86741	94547	103057
2. Home Affairs	6741	9269	9870	10891
3. Finance	15424	38015	23649	26067
4. Education	0	0	0	0
5. Health	1501	2887	3318	3914
6. Commerce and Industry	1673	2217	2370	2633
7. Urban Development	5891	7531	8373	9550
8. Planning and Statistics	279	916	989	1118
9. Scietific Departments	2203	3973	4365	4932
10. Energy	8487	6709	7561	8610
11. Transport	36189	48902	52945	63554
12. IT and Telecom	1740	2690	2832	2997
13. Loans to States	11000	11000	11880	13306
14. UT	1238	1906	2102	2383
15. Others	5807	6373	6661	7169
Total- Capital Expenditure	167753	229129	231462	260180
Total Expenditure	1430825	1665297	1781091	1946146

2.9 Public Debt

2.9.1 With the objective to improve the Cash Management System in the Central Government, a modified cash management system, including exchequer control based expenditure management system is under implementation in forty six demands for Grants. The revised guidelines, which came into effect with effect from April 1, 2007, provide that the Monthly Expenditure Plans (MEP) may be drawn up to ensure greater evenness in expenditure and further reduce the problem of rush of expenditure at the end of the year or parking of funds. It has also been decided that all the Demands for Grants irrespective of whether they are covered under Cash Management System or not, are required to prepare and send their MEP and Quarterly Expenditure Allocations (QEA) to Cash Management Cell for better monitoring and compliance of the guidelines of the Ministry of Finance regarding expenditure management. The guidelines also provide that the expenditure in the last quarter of the financial year may not exceed 33 per cent of the budget estimate. It has also been provided that the expenditure in the month of March may not exceed 15 per cent of budget estimate within the overall quarterly ceiling

2.10 Debt Management Office

2.10.1 The Government set up a Middle Office (MO) in the Department of Economic Affairs consequent upon the announcement to establish an independent debt management office (Union Budget 2007-08). The major focus of Middle Office is on skill building and developing expertise required for a fully functional debt management office. The major functions of the Middle Office include works related to draft legislation of the Public Debt Management Agency of India, developing debt management strategy, issuance calendars for Government securities, forecasting cash and borrowing requirements, developing and disseminating debt related information, etc.

2.10.2. The Middle Office publishes regular debt statistics on Central Government Debt and a Quarterly Report on Public Debt Management. It also brings out the Status Paper on Government Debt. Starting 2013-14 (November, 2013), a Handbook of Statistics on Central Government Debt is also being published.

2.11 Constitution of the Fourteenth Finance Commission

2.11.1 In pursuance of clause (1) of Article 280 of the Constitution, read with the provisions of the Finance Commission (Miscellaneous Provisions) Act, 1951 (33 of 1951), the President constituted the Fourteenth Finance Commission under the Chairmanship of Dr. V.V. Reddy, former Governor Reserve Bank of India. The Notification, in this regard, has been published in the Gazette of India (Extraordinary) vide S.O. 31(E) dated 2nd January, 2013. The Commission has been asked to make its report available by the 31st day of October, 2014 covering the period of five years commencing on the 1st day of April, 2015.

2.11.2 In pursuance of the Andhra Pradesh Reorganisation Act, 2014 the existing State of Andhra

Pradesh will be reorganised into two states namely Andhra Pradesh and Telangana. Hon'ble Finance Minister has approved a Draft Note, seeking approval of the Cabinet for Additional Terms of Reference to the Fourteenth Finance Commission on 31.3.2014

2.12 Hindi Branch

2.12.1 All Budget documents are presented to Parliament in Hindi and English. Besides Budget documents, Hindi Branch has also prepared Hindi versions of Economic Classification Report and Status Report of External Debt, which were laid before the Parliament.

2.12.2 The translation of other documents as envisaged in the Official Language Act, 1963 and Rules made there under was also undertaken by the Hindi Branch during the year under report. These include agreements with Foreign Governments and International Agencies, Cabinet Notes, Parliament questions/assurances, notifications, Standing Committee papers, monthly summary for the Cabinet, External Assistance Report etc.

3. CAPITAL MARKET DIVISION

3.1 PRIMARY MARKETS

3.1.1 The Securities Laws (Amendment) Ordinance 2014

- The Securities Laws (Amendment) Ordinance, 2013 (No. 8 of 2013) was promulgated by the President on the 18th July, 2013. The Ordinance inter alia provided for enhancing the powers of SEBI to deter unscrupulous entities from taking advantage of perceived regulatory gaps in Collective Investment Schemes, to ensure recovery of monies, to conduct search and seizures and to send a clear message that the Government would step in to curb irregularities and frauds in securities markets.

- The Securities Laws (Amendment) Bill 2013 was introduced in Lok Sabha on the August 12, 2013 during the Monsoon session to replace Securities Laws (Amendment) Ordinance 2013. Since the Monsoon session of Parliament concluded without the consideration and passing of the aforesaid Bill, the Securities Laws (Amendment) Second Ordinance, 2013 was promulgated on 16th September 2013. The Securities Laws (Amendment) Second Ordinance, 2013 lapsed on 16th January 2014, after the expiry of six weeks from 5th December 2013, the date of commencement of the Winter session. The Securities Laws (Amendment) Bill 2013, would lapse on the end of the term of the 15th Lok Sabha.

- The Securities Laws (Amendment) Ordinance 2014 was promulgated on 28th March, 2014 in order to keep in force the amendments to the Securities and Exchange Board of India (SEBI) Act and related Acts that came into effect by the promulgation of the Securities Laws (Amendment) Ordinance, 2013 (No 8 of 2013) on July 18, 2013 and also to incorporate the observations of the Standing Committee of Finance and the additional proposals received from SEBI. The additional amendments introduced in the Securities Laws (Amendment) Ordinance 2014 are to provide that the Chairman shall record the reasons in writing while issuing an order for search and seizure, the authorized officer may requisition the services of a police officer or any officer of the Central Government to assist him in search and seizure and to empower the Board to recall and enhance the penalty imposed by the adjudicating officer.

- The Cabinet in its meeting held on 27.03.2014 had approved to introduce the Securities Laws (Amendment) Bill, 2014 replacing the Securities Laws (Amendment) Ordinance, 2014, subject to such changes of drafting or consequential nature, if any, in consultation with the Legislative Department. The said Bill needs to be introduced in the ensuing Parliament session as per the decision of the Cabinet. The Securities Law (Amendment) Ordinance would lapse within six months of the date of issue (28th Sept 2014) or 6 weeks from the date the first Parliament Session is convened, unless replaced by an Act.

3.1.2 Initiatives for Domestic Investors & Market Development

The Government has made concerted efforts to attract greater investments in Indian capital market from domestic sources. Some of the key steps taken to encourage wider participation of domestic investors, including the retail investor, include:

i. Increasing the flexibility and limits of expenses to be charged to Mutual Fund Schemes to enable AMCs to pay higher upfront commissions to distributors.

ii. Allowing higher Total Expense Ratio (TER) to MFs to increase reach to smaller towns.

iii. Simplifying distributor certification and registration process and reducing entry costs for MF distributors.

iv. Enhancing participation of retail investors in IPOs through the nationwide broker network of stock exchanges (Electronic IPO), enhancing the reach of Application Supported by Blocked Amount (ASBA) and ensuring minimum allotment of shares in IPO to every retail applicant.

v. Enhancing market integrity and Investor confidence by permitting only issuers with a minimum average pre-tax operating profit of ₹15 Crore to access the capital market through the "profitability route";

vi. Putting in a place a framework for rejection of poor quality draft offer documents, disallowing any withdrawal or lowering the size of bids for non-retail investors at any stage in the IPO process, and increasing transparency in capital raising by limiting "General Corporate Purposes" as an object of the issue to 25% of the issue size.

vii. Ensuring minimum allotment of shares in IPO to every retail applicant.

3.1.3 Steps to Develop Corporate Bond Market

Various Policy reform measures were implemented in consultation with RBI, SEBI, MCA and IRDA to improve the regulatory regime and to stimulate the growth of Corporate Bond Market. Policy reform measures that were actively pursued included:

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

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

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

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

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

3.2 Reform measures implemented recently

- **Amendment in definition of deposit in Companies (Acceptance of Deposits) Rules 1975.**

- MCA has also issued notification on 21st March 2013, amending the definition of public deposit to expand the categories of assets against which a charge could be created to secure the debentures:

  √ In the companies (Acceptance of Deposits) Rules, 1975, - Rule 2, clause (b)(x) any amount raised by the issue of bonds or debentures secured by the mortgage of any fixed assets referred to in Schedule VI of the Act excluding intangible assets of the company or with an option to convert them into shares in the company;

  √ Provided that in the case of such bonds or debentures secured by the mortgage of any fixed assets referred to in schedule VI of the Act excluding intangible assets the amount of such bonds or debentures shall not exceed the market value of such fixed assets.

- Prior to this change, any debenture/bond which is not secured by a 100% charge on immovable property would be regulated as a public deposit and not as a debenture/bond.

- **Development of securitized debt market by ensuring clarity in taxation policy for securitized debt.**

  √ As announced in the budget speech 2013-14 - In order to facilitate financial institutions to securitise their assets through a special purpose vehicle, the Securitisation Trust has been exempted from income tax. Tax shall be levied only at the time of distribution of income by the Securitisation Trust at the rate of 30 percent in the case of companies and at the rate of 25 percent in the case of an individual or HUF. No further tax will be levied on the income received by the investors from the Securitisation Trust. Necessary change in the Income Tax Act has been made to implement this announcement.

- **Rationalization of withholding tax (WHT) on FIIs for Government Securities and Corporate Bonds**

  √ A new section 194LD has been introduced in the Finance Act 2013, providing for with-holding tax at the reduced rate of 5% on interest paid to foreign investors for the investment made in a rupee-denominated bond of an Indian company and Government Securities.

- **Relaxation of Investment norms of Insurance/ Pension funds to encourage such funds to increase their participation in corporate bonds.**

  √ As per the previous regulations, Insurers were required to invest not less than 75% of debt instruments excluding Govt. and approved securities which should be ÔAAAÕ or equivalent rating. In the latest amendments made by IRDA (IRDA Investment (Fifth Amendment) Regulations, 2013 dated 16th February, 2013)), the investments in Government securities and approved securities are included while calculating the 75% limit. The amendment effectively permits life Insurers to invest 12.5% more funds in the ÔAAÕ rated corporate bonds.

- **Minimum tenure restrictions for investment in infrastructure bonds by insurance companies reduced to five years from ten years to increase the eligibility of bonds for investment.**

  √ In the latest amendments made by IRDA (IRDA Investment (Fifth Amendment) Regulations, 2013 dated 16th February, 2013) also provide that the outstanding tenure of debt instruments in an infrastructure investee company should not be less than 5 years at the time of investment.

- **Allow determination of investment criteria for investment by Insurance companies in bonds based on project cost of infrastructure company (SPV).**

  √ As per the amended regulations (IRDA Investment (Fifth Amendment) Regulations, 2013 dated 16th February, 2013), an insurer can, at the time of investing, while satisfying group / promoter exposure norms, invest a maximum of 20% of the project cost (as decided by a competent body) of a public limited Special Purpose Vehicle (SPV) engaged in infrastructure sector (or) amount under Regulation 9 (B)(i), whichever is lower, as a part of Approved Investments subject to certain conditions, as specified.

- **Encourage public issuance of corporate bonds for raising Tier II capital by banks, especially since banks are viewed as more reliable by public investors.**

  √ With a view to deepening the corporate bond market in India through enhanced retail participation, in terms of Reserve BankÕs circular in RBI No. 2012-13/392-DBOD.BP.BC. No.72/21.01.002/2012-13 dated January 24, 2013, RBI advised banks that while issuing subordinated debt for raising Tier II capital, they are encouraged to consider the option of raising such funds through public issue to retail investors.

- **Insurance companies may be allowed to participate in the repo market to increase liquidity.**

  √ Insurance and Insurance Regulatory and Development Authority (IRDA) vide circular/ guidelines on 4th December 2012 permitted participation in the repo market by Insurance Companies. Similar circular has been issued by SEBI on November 15th 2012 in the case of Mutual Funds.

- **Reduction in haircuts on REPOs on corporate bonds.**

  √ RBI has reduced the minimum haircut requirement in corporate debt repo from existing 10%/12%/15% to 7.5%/8.5%/10% for AAA/AA+/AA rated corporate bonds vide circular IDMD.PCD.09/14.03.02/2012-13 dated January 7, 2013.

  √ Repo in corporate debt shall also be permitted on Commercial Papers, Certificates of Deposit and Non Convertible Debentures of less than one year of original maturity.

- **Insurance companies and mutual funds allowed participating as market makers in CDS market to improve trading in this product.**

  √ Vide circular dated 15th Nov. 2012, Mutual Funds (MFs) were permitted by SEBI to participate in CDS, in corporate debt securities, as users. MFs can participate as users in CDS for the eligible securities as reference obligations, constituting from within the portfolio of only Fixed Maturity Plans (FMP) schemes having tenor exceeding one year.

  √ IRDA issued circular dated 27th Nov. 2012 permitting insurance companies as users of CDS.

  √ RBI has revised Guidelines on Credit Default Swaps (CDS) for Corporate Bonds vide circular dated 7th January 2013.

- **Re-look at FII auction process for Corporate Debt**

  √ In order to provide operational flexibility to those FIIs/ sub-accounts which did not hold any debt investment limits as on January 03, 2012 and purchased debt investment limits thereafter, SEBI issued a circular dated 1st January 2013 to allow a cumulative re-investment facility to the extent of 50% of the maximum debt holding at any point of time during the calendar year 2013.

  √ Further, SEBI has issued a circular on April 01, 2013 and auction system for Corporate Bond has been done away with effect from April 01, 2013 and the entire limit of Corporate Bond has been "on tap system"

- **Setting up of Central counter party (CCP) and creating trade guarantee fund for trading in corporate bonds in stock exchanges;**

- **Introduce DVP III mechanism for liquid bonds rated above AA to enable settlement on net cash basis to ensure convenience.**

  √ SEBI vide its circular dated January 24, 2013 issued Guidelines for introduction of dedicated debt segment on stock exchanges. The guidelines specify the framework for trading, clearing and settlement, risk management, market making, as well as membership requirements for debt segment.

  √ The guidelines specify that debt segment of a stock exchange shall provide separate platforms for institutional market and retail market. The clearing and settlement of trades for institutional market shall be T+1 rolling settlement on DVP-I basis using the RBI RTGS account of clearing corporation.

  √ Stock exchanges/Clearing Corporation may opt to provide clearing and settlement on DVP-II or DVP-III basis in future after putting in place appropriate risk management framework. Trades in retail market shall be settled on T+2 rolling settlement on DVP-III basis with settlement guarantee by the clearing corporation.

  √ SEBI has amended and notified Broker Regulations on April 5th 2013 to introduce debt segment on stock exchange and enabled specified institutions such as scheduled commercial banks, primary dealers, pension funds, provident funds, insurance companies, mutual funds etc to trade directly on debt segment as "proprietary trading member".

  √ Based on market feedback, the SEBI Board in its meeting held on 25th June 2013 considered and approved amendments in Securities and Exchange Board of India (Stock-Brokers and Sub-Brokers) Regulations, 1992 to reduce/rationalize the net-worth criteria for eligibility of members, the deposit and annual fees for membership with respect to debt segment on stock exchanges.

  √ In order to enable greater institutional participation in the debt segment and to develop corporate bond markets SEBI Board approved the amendment to the SEBI Mutual Fund Regulations to enable AMC appointed by a mutual fund to take membership of stock exchanges under "Proprietary Trading Member" (PTM) category on behalf of such mutual fund to undertake trades directly in the debt segment of stock exchanges for managing the schemes of such mutual fund only.

- **Introduce or expand Trading platforms (Order Matching System) on similar lines of the Negotiated Dealing System (NDS)-OM**

  √ To enable dedicated debt segment on stock exchanges and to enable direct membership of banks and other institutional participants (as specified by their sectoral regulators) in the debt segment, SEBI issued a circular on January 24, 2013. As per the said circular, the debt segment shall offer electronic, screen based trading providing for order matching, request for quote, negotiated trades etc. Further, institutions such as scheduled commercial banks, primary dealers, pension funds, provident funds, insurance companies, mutual funds, etc. can trade on the debt segment either as clients of registered trading members or directly as trading member on proprietary basis only.

  √ SEBI approved NSE application for introducing debt segment and NSE launched a dedicated debt segment on May 13, 2013. The applications of MCX and BSE for introducing dedicated debt segment are also being examined.

- **Introduce a market making scheme for providing two way quotes**

  √ SEBI vide Circular dated January 24, 2013 has provided Guidelines for setting up of dedicated Debt Segment on Stock Exchanges. In the circular, it is inter-alia stated that with the view to infuse liquidity in the market, market makers shall be permitted in the debt segment. Market making may be provided by merchant bankers, issuers through brokers or any other entity as may be specified. The rules for market making shall be specified by the stock exchanges with approval of SEBI.

- **Risk management framework for corporate bonds listed and traded in the cash market segment.**

√ Subsequent to introduction of Debt Segment on stock exchanges, market feedback has been received on various issues including need for DVP-3 settlement in corporate bond trades. For enabling settlement on DVP-3 basis in corporate bonds trades, implementation of appropriate risk management framework is necessary. Stock exchanges have submitted proposals for risk management framework and these were discussed in Secondary Market Advisory Committee. Based on discussions, it has been decided that the risk management framework for corporate bond trades shall be as specified herein.

√ In view of the above, SEBI has issued circular no. CIR/MRD/DP/27/2013 dated September 12th 2013 on risk management framework for dedicated debt segment on stock exchange.

- **Allowing banks to offer two-way quotes in the corporate bond market**

√ SEBI amended its SEBI (Stock-Brokers and Sub-Brokers) Regulations, 1992 on April 5, 2013 to enable direct membership of banks, pension funds, provident funds and other institutional participants (as specified by their sectoral regulators) in the debt segment of stock exchanges. These Regulations provide for registration of trading member/ proprietary trading member/ clearing member/ self-clearing member in debt segment.

√ SEBI has already issued guidelines for providing dedicated debt segment on stock exchanges vide its circular dated January 24, 2013. The guidelines inter-alia specify the trading, clearing and settlement, risk management framework and membership requirements for debt segment.

√ SEBI Circular and amended Regulations have been sent to RBI for necessary action.

- **Increased availability of credit enhancements by different institutions including banks to allow less than investment grade bonds to be eligible for investment by insurance companies, PF and Pension funds**

√ Second Quarter of Monetary Policy 2013-14 released by RBI dated 29th October 2013, it has been stated that the corporate bond market in India currently lacks sufficient depth and liquidity. As a result, corporate have significant dependence on bank financing. Therefore, it is proposed to allow banks to offer partial credit enhancements to corporate bonds by way of providing credit facilities and liquidity facilities to the corporate, and not by way of guarantee. Draft guidelines on partial credit enlacements to corporate bond by banks have been put on RBI website for public comments by 30th June 2014.

- **Encourage public issuance of bonds by reducing costs, promoting e-issuance and encouraging dematting of bonds**

√ SEBI vide circular dated July 27, 2012 has already enabled making online applications for public issue of debt securities.

√ As regards compulsory dematting of Bonds, in terms of SEBI (Issue and Listing of Debt Securities) Regulations, 2008, private placement of debt securities which are proposed to be listed should be in dematerialized form. In case of public issues, the issuer should enter into an arrangement with a depository for dematerialization of the debt securities that are proposed to be issued to the public. Considering the mandatory provisions of Section 8 of the Depositories Act, 1996, giving option to every person subscribing to securities offered by an issuer to have securities issued, either in physical or in dematted form, issuers provide an option for the investors to get their certificates in physical form Similar regime is applicable in case of public issue of equity under the ICDR Regulations of SEBI.

- **Centralized database in respect of corporate bonds on outstanding amount, settlement value and traded volume to eliminate fragmentation of information**

√ SEBI has issued a circular on 22nd October

2013, pursuant to consultation with various stakeholders, and create a centralized database regarding corporate bonds which are available in demat form for public dissemination. Both the depositories viz. NSDL and CDSL, jointly, shall be the repository of information pertaining to the corporate bonds/debentures.

- **Mandate use of Unified market conventions for standardization**

  √ With regard to the issue of Mandate use of Unified market conventions for standardization, it may be stated that taking into account the suggestions of market participants, SEBI has issued a circular on October 29, 2013, directing the issuer to disclose the cash flows emanating from coupon payment in the offer document/ disclosure document.

- **Allowing trading of Collateralized Corporate Bond Receipts (CCBRs) on Stock Exchange platform**

As regards allowing trading of Collateralized Corporate Bond Receipts (CCBRs) on stock exchange platforms, it was decided (Decision on 7th January 2013) to presently defer the proposal in view of the following:

√ Relative complexity of the instrument (however, CBLO was mentioned as a similar instrument which is successful in the Money Market in India);

√ Recent initiatives (like permitting insurance companies and mutual funds in the repo market for corporate bonds, reduction in haircut on repos) are expected to bring in liquidity to the repo market for corporate bonds

The data on corporate bond for private placement and public issuance is given below:

Private Placement of Corporate Bonds

	Listed only on NSE		Listed only on BSE		Listed Both on NSE and BSE		Total	
Year	No. of Issues	Amount (₹Crores)	No. of Issues	Amount (₹Crores)	No. of Issues	Amount (₹Crores)	No. of Issues	Amount (₹Crores)
2010-11	774	153370.26	591	5259053	39	12824.63	1404	218785.41
2011-12	1152	189803.32	783	56974.22	18	14505.11	1953	261282.65
2012-13	1295	206187.25	1094	72473.84	100	82800.91	2489	361462.00
2013-14	837	140713.04	997	78805.14	90	56536.00	1924	276054.18
2014-15*	94	9122.80	194	10651.75	12	3800	300	23574.55

* In April 2014

Year	Public Issue	
	No. of Issues	Amount Raised (In ₹Crore)
2010-11	10	9451.17
2011-12	20	35,610
2012-13	20	16,982
2013-14	35	42382.97
2014-15#	01	264.70#

Source: SEBI # -As per Initial Post Issue Report.

3.3 Increasing minimum public shareholding for listed companies:

i. The Securities Contracts (Regulation) Rules 1957 provide for non-promoter, public shareholding for all listed companies to be 25% (except for Government owned Public Sector Enterprises where the threshold is 10%). SEBI has introduced the following methods for achieving MPS requirement in terms of rules 19(2) (b) & 19A of SCRR.

a. Issuance of shares to public through prospectus;

b. Offer for sale of shares held by promoters to public through prospectus;

c. Sale of shares held by promoters through the secondary market i.e. OFS through Stock Exchange;

d. Institutional Placement Programme (IPP)

e. Rights Issues to public shareholders, with promoters/promoter group shareholders forgoing their rights entitlement.

f. Bonus Issues to public shareholders, with promoters/promoter group shareholders forgoing their bonus entitlement.

g. Any other method as may be approved by SEBI, on a case to case basis.

ii. For the 105 non-compliant private companies the following directions have been issued by Whole Time Member SEBI on 4th June 2013:

a. Direct freezing of voting rights and corporate benefits like dividend, rights, bonus shares, split, etc. with respect to the excess proportionate promoter/ promoters group in the above mentioned non-compliant companies, till such time these companies comply with the minimum public shareholding requirement;

b. Prohibit the promoters/promoter group and directors of these non-compliant companies from buying, selling or otherwise dealing in the securities of their respective companies, either directly or indirectly, in any manner whatsoever, except for the purpose of complying with minimum public shareholding requirement till such time these companies comply with the minimum public shareholding requirement;

c. Restrain the shareholders forming part of the promoter/promoter group in the non-compliant companies from holding any new position as a director in any listed company, till such time these companies comply with the minimum public shareholding requirement;

d. Restrain the directors of non-compliant companies from holding any new position as a director in any listed company, till such time these companies comply with the minimum public shareholding requirement

iii. The entities/persons against whom this order is being passed may file their replies, if any, within 21 days from the date of this order.

iv. The time for compliance of minimum public shareholding requirement for PSUs was also till 8th August 2013. Resources raised through minimum public shareholding from 2012 are given below:

	Total no of companies complied since June 30, 2012*	Total no of issues**	Amount (₹Crore) from June 30, 2012 to Sept 12, 2013***
Privately listed Companies	115	97	10457.67
PSUs listed Companies	15	9	8341.66
Total	130	106	18799.33

Source: SEBI

* There were 216 Companies non complying with MSP requirement in June 2012. Out of these 216 companies deadline for some of the companies was after June 3, 2013.

** Total No. of issues excluded - Delisting, special National Investment Fund (NIF) and where shareholding pattern was incorrectly disclosed.

*** Exclude- sale of shares in secondary market, ESPS and Special NIF.

3.4 Angel funds

3.4.1 Giving effect to the announcement in Budget for FY 2013-14 by Union Finance Minister on angel investor pools, the Board approved amendments to SEBI (Alternative Investment Funds) Regulations, 2012 (ñAIF Regulationsò) thereby providing a framework for registration and regulation of angel pools under a sub-category óAngel Fundsô under Category I- Venture Capital Funds. SEBI has issued a notification on 16th September 2013 in this regard.

3.5 Financial Literacy

3.5.1 With the objective of promoting financial education in a synergetic manner, under the aegis of the FSDC Sub-Committee, a draft National Strategy on Financial Education has been formulated and public consultation on the same has been undertaken. CBSE is currently preparing course content for integrating financial education into school curriculum from Classes VI to X.

3.5.2 Further, SEBI vide press release 23rd January 2014 informed that on the 11th and 12th January 2014, students of classes VIII to X, across the country appeared for the first ever National Financial Literacy Assessment Test (NFLAT). The response to the first initiative of National Centre for Financial Education (NCFE) had been overwhelming with around one lakh students and 2000 schools registering for the test from all over the country. NCFE has been set up under National Institute of Securities Markets (NISM) with the support of RBI, SEBI, IRDA, PFRDA and FMC.

3.6 SECONDARY MARKETS

3.6.1 Expansion of scope of Rajiv Gandhi Equity Savings Scheme (RGESS):

3.6.1.1 Pursuing the Union Budget announcement of 2012-13, Government on 23rd November 2012 notified a new tax saving scheme called "Rajiv Gandhi Equity Savings Scheme" (RGESS), exclusively for the first time retail investors in securities market. The Scheme was launched in February 2013 and is implemented through depositories. RGESS has been further liberalized in the Union Budget 2013-14 to enable the first time investor to invest in listed mutual funds and equity for three successive years, instead of the present provision of one year. The income limit applicable for RGESS beneficiaries has been raised from ₹10 Lakh to ₹12 Lakh. Notification in this regard has been issued by the Department of Revenue on 18th December 2013.

3.6.2 Reduction in Securities Transaction Tax (STT):

3.6.2.1 Following the Union Budget announcement of 2012-13 the rate of STT has been revised downwards by 20% to 0.1% from 0.125% for delivery based transactions in the cash market, with effect from 1st July 2012.

3.6.2.2 Union Budget 2013-14 further rationalised the Transaction Tax. With effect from June 2013, among others, STT has been reduced for equity futures from 0.017% to 0.01%.

3.6.3 Listing of specified securities of small and medium enterprises on the Institutional Trading Platform in a SME Exchange without making an initial public offer:

3.6.3.1 Separate trading platforms for small and medium scale enterprises (SMEs) were launched and became functional at BSE and NSE in March, 2012 and September 2012 respectively. A framework to permit Small and medium enterprises, including start-up companies, to list on the SME exchange without being required to make an initial public offer (IPO), was announced in the Union Budget 2013-14. The issue however will be restricted to informed investors. This will be in addition to the existing SME platform in which listing can be done through an IPO and with wider investor participation. SEBI has issued the SEBI (Listing of Specified Securities on Institutional Trading Platform) Regulations, 2013 on 8 October 2013 and issued circular to exchanges on 24th October 2013.

3.6.4 Investment Advisors Regulation:

3.6.4.1 In consultation with various sectoral regulators and Ministry, the SEBI (Investment Advisors) Regulations 2013 has been issued by SEBI on 21 January 2013, thereby providing a framework for registration and regulation of Investment Advisors. The regulation would result in better investor protection and seeks to enhance qualified investment advice for investors.

3.6.5 Revised framework of suspension of companies:

3.6.5.1 For non-compliance of listing conditions, exchanges have been suspending the trading of the shares of the listed companies, which affected the interest of non-promoters much more than the promoters as the exit route used to be closed for such investors after suspension of trading. A need was felt to devise a suitable framework to address the issue and protect the interest of minority/small/non-promoter shareholders.

3.6.5.2 SEBI, vide circular dated 30 September 2013, has directed that the exchange, in case of non-compliant companies, would resort to several other measures such as imposition of fines, freezing of shares of the promoter and promoter group, transferring the trading in the shares of the company to separate category, etc., before suspending the shares of the company. Accordingly, to maintain consistency and uniformity of approach by the stock exchanges for taking action against the listed entities for non-compliance with certain important listing conditions, such as Clause 35, Clause 41, Clause 49 of the listing agreement, SEBI has prescribed Standard Operating Procedure (SOP) for suspension and revocation of suspension of trading in the shares and imposed uniform fine structure across the exchanges.

3.6.6 Parity between securities and commodities markets:

3.6.6.1 Vide Union Budget 2013-14, a commodity transaction tax (CTT), similar to securities transaction tax (STT) has been imposed, with effect from 1 July 2013 on non-agricultural commodities futures contracts at the same rate as on equity futures.

3.6.7 Granted Income Tax Exemption to Investor protection Funds of Depositories:

3.6.7.1 Vide Union Budget 2013-14, Income tax exemption presently granted to the investor protection funds of stock / commodity exchanges, has been extended to the funds set up for the same purposes by Depositories. This would give a boost to the investor protection and awareness programmes.

3.7 INTERNATIONAL COOPERATION SECTION

3.7.1 *Sovereign Credit Rating Agencies*

1) India's sovereign debt is usually rated by six major Sovereign Credit Rating Agencies (SCRAs). These are Fitch Ratings, Moody's Investors Service, Standard and Poor's (S&P), Dominion Bond Rating Service (DBRS), Japanese Credit Rating Agency (JCRA) and Rating and Investment Information Inc., Tokyo (R&I). The latest rating Issued by these agencies are given below:

Rating Agency	Date of affirmation of ratings	Foreign Currency		Local Currency	
		Ratings	Outlook	Ratings	Outlook
Moody's	05.12.2013	Baa3	Stable	Baa3	Stable
Fitch	12.06.2013	BBB-(LT) F3 (ST)	Stable (changed from-ve)	BBB-	Stable
S&P	17.05.2013	BBB-(LT) A-3 (ST)	Negative	No ratings were given for local currency	
JCRA	13.12.2013	BBB+	Negative (revised from Stable)	BBB+	Negative (Revised from stable)
R&I	31.01.2014	BBB (LT) a-2 (ST)	Stable	No ratings were given for local currency	
DBRS	30.09.2013	BBB (low) (LT)R-2 M (ST)	Stable for both LT and ST	BBB (low) (LT)R-2 M (ST)	Stable for both LT and ST

LT-Long Term, ST-Short Term

2) S&P visited India on April 25, 2013 for their annual review of sovereign credit rating of India, and released its latest research update on 17th May 2013. In its report, S&P has affirmed its BBB (-) long term and A-3 short term sovereign rating on India and retained negative outlook.

3) Recently, FITCH Ratings have also issued a Press Release on 12 June 2013 affirming India's Foreign Currency Long Term rating as BBB- and FC Short term rating as F-3 with a revision in the Outlook to Stable from Negative.

4) On December 5, 2013, Moody's Investor Service confirmed their Stable outlook on India's Sovereign credit rating. They also confirmed the Foreign Currency and the Local Currency ratings at Baa3.

5) DBRS visited Ministry of Finance on 26th July 2013. Their report was issued on 30th September 2013, confirming India's long term foreign and local currency sovereign credit rating at BBB (low) with Stable outlook.

6) R&I visited the Ministry on 31st October 2013. Their report was issued on 31st January 2014, confirming India's long term foreign currency sovereign credit rating at BBB with Stable outlook.

7) JCRA recently released their report on 13th December 2013, affirming India's both Foreign Currency and Local Currency Long Term rating as BBB+ with an outlook revised to Negative from stable.

Steps taken by the Government towards improving India's sovereign credit rating

8) Various reform measures being taken by the Government are expected to strengthen the argument for improvement in India's sovereign credit rating. These include measures for bringing about fiscal consolidation, improving the efficiency of government spending, improving long-term growth prospects, and improving the investment climate.

9) In the past two years, Government has taken various initiatives to improve India's sovereign credit ratings. These include:

a) **Constitution of an Inter-departmental Committee** under the Chairmanship of AS to examine the methodology and approach for dealing with sovereign credit rating agencies (SCRAs).

b) **Introduction of structured interaction process** with the SCRAs to provide them with information they need. During the visit of SCRAs to DEA to conduct their annual review on Sovereign Rating of India, Secretary (EA) chairs the opening meeting. A series of interactive meetings with the senior officers are also held subsequently. During these meetings, Government presents its perspective to SCRAs about the strengths of the Indian economy and recent initiatives taken by it. We encourage SCRAs to also consider the long-term credit strengths of the Indian economy in a holistic manner, and, in view of such strengths, consider upgrading the rating of India's sovereign debt.

c) **Detailed cross-country Presentation** about the comparative position of India and other similarly rated economies on key economic indicators is also made before the SCRAs.

d) DEA has also begun interacting with SCRAs through **teleconferences and e-mails** on a more regular basis giving clarifications and updates.

10) These steps had helped us obtain revision of outlook from Fitch to stable from negative. In addition, we have also been able to convince the SCRAs to use a more positive language in describing the strengths of our economy, and to demonstrate a more nuanced understanding of the initiatives taken by the Government.

b) NIPFP-DEA Program

11) With a view generating and utilizing policy oriented research on various areas of interest the Department of Economic Affairs (DEA), had joined hands with the National Institute for Public Finance and Policy (NIPFP) in August 2007 to set up the NIPFP-DEA Research Program on Capital Flows and their Consequences. Subsequently, the Research Program has continued with the focus remaining rooted in obtaining new insights into various dimensions of financial and monetary policy.

12) On March 7, 2012 MoU was signed between DEA and NIPFP for the third Research Program for a period of two years. As per the MoU between NIPFP and DEA, NIPFP has submitted eleven study papers and thirty three policy notes (as on 31.3.2014). Twelve Monthly Conferences and Four International conferences have also been held under the Program.

13) On 3rd April 2014, a fresh MOU was signed between DEA and NIPFP for the Fourth Research Program for a period of three year. As per the MOU between NIPFP and DEA, NIPFP shall undertake major work relating to implementation of FSLRC recommendations besides the following:

i) At least three quantitative papers and three policy papers per year.

ii) At least two international Conferences per year.

iii) Policy analysis or policy implementation of various kinds s requested by DEA

iv) Capacity building for IES officers.

3.8 EXTERNAL MARKETS

3.8.1 Introduction

3.8.1.1 The government has been pursuing reforms in Indian capital market with the aim to improve efficiency in the operation of the system, introduction of new markets/ instruments, reduction in transactions costs, improvement in clearing, settlement and disclosure practices, greater participation of investor classes and strengthening of regulatory/ institutional framework. Keeping in view the evolving macro economic situation including high CAD and its financing, volatile market conditions, excessive volatility in USD-INR exchange rate, withdrawal of portfolio investments due to indications of US Fed QE tapering etc., over the last few months, Government in consultation with RBI & SEBI has made concerted efforts & instituted several measures to attract Off-shore Portfolio Investment & Improving Investors' appetite. These steps are set out below:

3.8.2 Enhancement of FII Debt Limits :

3.8.2.1 The Government in consultation with RBI has progressively enhanced the limits for FII investments in domestic debt (G-Sec as well as Corporate debt) market keeping in view India's evolving macroeconomic scenario, its increasing attractiveness as an investment destination and need for additional financial resources for India's growing private corporate sector while balancing its monetary policy. In addition, the limits for FIIs investments have also been enhanced in order to have wider participation of FIIs, ensure enough liquidity and to add adequate depth in the domestic debt market. **The FII debt limits have now been enhanced to 81 billion (Corp. Bond USD 51 bn & G-Secs USD 30 bn) from the earlier 66 billion (Corp. Bond USD 46 bn & G-Secs USD 20 bn).**

3.8.3 Integration and simplification of FII Debt Limit Framework:

3.8.3.1 In order to encourage greater foreign investment in INR denominated debt instrument and to help develop rupee debt markets, framework of FII debt limits has been simplified/rationalized by inter-alia unifying various sub-limits into two broad categories namely G-Secs and Corporate Bonds; opening the entire limit for all class of foreign portfolio investors and adopting On-Tap System for allocation of limits. The salient features of integrated debt framework are as under:

i. The debt limits has been merged into following two broad categories:

   a. **Government securities of US$ 30 billion** (by merging Government Securities old and Government Securities long term) and,

   b. **Corporate bonds of US $ 51 billion** dollars (by merging US $ one billion for QFIs, US 25 billion dollars for FIIs and US $ 25 billion for FIIs in long term infra bonds).

ii. Out of USD 30 billion limit for Government Securities, investment in short term papers such as treasury bills shall be limited to a sub limit of US $ 5.5 billion. On a review, to encourage longer term flows, it has now been decided that foreign investment by all eligible investors including RFPIs shall henceforth be permitted only in Government dated securities having residual maturity of one year and above and existing investment in T-Bills and Government dated securities of less than one year residual maturity shall be allowed to taper off on maturity/ sale.

iii. Similarly in case of USD 51 billion limit for corporate bonds, investment in short term paper such as commercial papers was limited to a sub limit of US $ 3.5 billion. On a review, to encourage long term investors, it has now been decided to reduce with effect from Feb 14, 2014 the existing Commecial Paper sub-limit of USD 3.5 billion to USD 2 billion. The balance US$ 1.5 billion shall, however, continue to be part of the total corporate debt limit of US$ 51 billion and will be available to elgible foreign investors for investment in corporate bonds.

iv. Entire limit (G-Secs & Corporate Bonds) has been opened for all class of foreign portfolio investors

v. On-Tap System has been adopted for entire limit of G-Secs as well as corporate bonds.

3.8.4 Simplification of KYC for foreign Investors & adoption of Risk based KYC:

3.8.4.1 SEBI vide its circular dated September 12, 2013 has detailed KYC requirements of Eligible Foreign Investors investing through PIS route. The requirements are based on the recommendations of "Committee on Rationalization of Investment Routes and Monitoring of Foreign Portfolio Investments" under the Chairmanship of Shri K. M. Chandrasekhar. The key feature of risk based KYC approach is as under:

i. The Eligible Foreign Investors have been divided into three categories. Category I includes government or government related entities. Category II entities are regulated entities in other jurisdictions. Category III are non regulated entities.

ii. The circular provides for minimum documentation requirements.

iii. The requirements for obtaining photo identities, address proofs or any other documentary requirements of the beneficial owner, senior management personnel, authorized signatories have been done away with for the Category I and II eligible foreign investors.

iv. The new KYC approach also provides that a reporting entity may rely on third party client due diligence subject to conditions mentioned therein.

3.8.4.2 The simplification in the rules should lead to smoother on-boarding of eligible foreign investors and result in higher inflows into the country.

3.8.5 Implementation of K.M. Chandrasekhar Committee Recommendations:

3.8.5.1 K.M. Chandrasekhar Committee set up by SEBI to harmonize various routes of portfolio investment and convergence of different KYC norms and adoption of a risk-based approach to KYC submitted its report on June 12, 2013. Subsequently the draft Foreign Portfolio Investors Regulation 2013 was prepared based on the KMC recommendations and the same has been approved by SEBI Board on October 5-2013. The new Regulations have been notified w.e.f. 1st June, 2014. Salient features of new FPI Regulations are as under:

i. FPI shall be required to seek registration in any one of the following categories:

   (a) **"Category I Foreign Portfolio Investor"** which shall include Government and Government related foreign investors etc;

   (b) **"Category II Foreign Portfolio Investor"** which shall include appropriately regulated broad based funds, appropriately regulated entities, broad based funds whose investment manager is appropriately regulated, university funds, university related endowments, pension funds etc;

   (c) **"Category III Foreign Portfolio Investor"** which shall include all others not eligible under Category I and II foreign portfolio investors.

ii. All existing FIIs and Sub Accounts may continue to buy, sell or otherwise deal in securities under the FPI regime.

iii. All existing Qualified Foreign Investors (QFIs) may continue to buy, sell or otherwise deal in securities till the period of one year from the date of notification of this regulation. In the meantime, they may obtain FPI registration through DDPs.

iv. The registration granted to FPIs by the DDPs on behalf of SEBI shall be permanent unless suspended or cancelled by SEBI.

v. FPIs shall be allowed to invest in all those securities, wherein Foreign Institutional Investors (FIIs) are allowed to invest.

vi. Category I and Category II FPIs shall be allowed to issue, or otherwise deal in offshore derivative instruments (ODIs), directly or indirectly. However, the FPI needs to be satisfied that such ODIs are issued only to persons who are regulated by an appropriate foreign regulatory authority after ensuring compliance with ‘know your client’ norms.

3.8.6 Role & Responsibility of Designated Depository Participants (DDPs):

i. DDP shall be an Authorized Dealer Category-1 bank authorized by Reserve Bank of India, Depository Participant and Custodian of Securities registered with SEBI.

ii. Depository shall forward the application of DDP along with its recommendation to SEBI for grant of approval.

iii. SEBI registered Custodian of Securities shall be deemed to be DDP subject to payment of fees as prescribed in the regulations.

iv. SEBI approved Qualified Depository Participant not meeting the DDP eligibility criteria may operate as DDP for a period of one year.

v. DDPs shall carry out necessary due diligence and obtain appropriate declarations and undertakings before registering FPIs.

3.8.7 Allowing unlisted Indian companies to get listed abroad without the condition of prior or simultaneous domestic listing:

i. Unlisted companies are allowed to raise capital abroad without the requirement of prior or subsequent listing in India.

ii. This scheme will be implemented on a pilot basis, for a period of two years from the date of notification of the scheme. After the initial two year period, the impact of this arrangement will be reviewed. The approval to list abroad is subject to the following conditions:

a. Unlisted companies may be allowed to list abroad only on exchanges in IOSCO/FATF compliant jurisdictions or those jurisdictions with which SEBI has signed bilateral agreements;

b. The Companies shall file a copy of the return which they submit to the proposed exchange/regulators also to SEBI for the purpose of PMLA. They shall comply with SEBI’s disclosure requirements in addition to that of the primary exchange prior to the listing abroad;

c. While raising resources abroad, the listing company shall be fully compliant with the FDI Policy in force;

d. The capital raised abroad may be utilised for retiring outstanding overseas debt or for operations abroad including for acquisitions;

e. In case the funds raised are not utilised abroad as stipulated above, such companies shall remit the money back to India within 15 days and such money shall be parked only in AD category banks recognised by RBI and may be used domestically.

3.8.7.1 This was notified by the Government in the Gazette of India vide GSR No 684(E) dated October 11, 2013.

3.8.7.2 Following this, this Department has now amended the scheme called the issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) (Amendment) Scheme, 2014 substituting the words *“They shall comply with SEBI’s disclosure requirements in addition to that of the primary exchange prior to the listing abroad”* with the words ***“They shall comply with SEBI’s disclosure requirements when they apply for listing in India”.***

3.8.7.3 This amendment to this scheme has since been notified in the Gazette of India vide GSR 282(E) dated April 15, 2014.

3.8.8 Review of ADR/GDR Scheme

3.8.8.1 Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme was notified by the Government of India in 1993. The scheme had undergone various amendments. The various provisions of the scheme were scattered across various documents and the scheme had become unwieldy and incomprehensible for the corporate sector as well as regulators.

3.8.8.2 A committee was set up to review ADR/GDR scheme of 1993 keeping in view the new company law and the recent legislations in the financial markets; evolving macro economic situation and the financial markets; the needs of the Indian companies and foreign investors; and the need for simplification and legal clarity of the Scheme. The Committee submitted its report on November 27-2013. The Government has accepted the Report. The further follow up action are being taken. However, in the meantime, the term of the Sahoo Committee has been extended to review the framework relating to the followings;

A. External Commercial Borrowing (ECBs) and (FCCBs);

B. Indian Depository Receipts (IDRs)

C. Direct listing of Indian companies abroad;

D. Dual listing of Indian companies;

E. Residence-based taxation vis-à-vis source based taxation; in respect of such instruments and

F. Relationship between authorities in India and in foreign jurisdiction.

3.8.9 IFC offshore Bond Program:

3.8.9.1 IFC, a member of the World Bank Group, launched a $1 billion offshore bond programð the largest of its kind in the offshore rupee marketð to strengthen Indiaô capital markets. Under the program, IFC will issue rupee-linked bonds and use the proceeds to finance private sector investment in the country. IFCô offshore bond program will help bring depth and diversity to the offshore rupee market and pave the way for an alternative source of funding for Indian companies. This program would help in strengthening of Indiaô capital markets and to attract greater foreign investment in a time of renewed economic uncertainty across the world. This is a new initiative for the intermediation of international savings for development in India. It will also help deepen the capital markets in India and establish an Indian rupee benchmark in the global markets. On November 19, 2013 IFC issued the first tranche of US $ 161 million under its USD 1 billion Global Rupee Bond Program. This pioneering bond issue has met with a tremendous response and the fact that it has been oversubscribed by two times compared to the targeted amount of $161 million, shows the attractiveness of quality Indian Rupee paper for global investors. In order to meet the huge need for infrastructure funding, it is crucial for India to develop the off-shore Rupee market as an alternative source of dollar funding. This capital raising opens up a new conduit for mobilizing funds for our various development needs, including for infrastructure. The success of this novel issue prepares the ground work for future issuances and is an important milestone for developing both our offshore as well as onshore debt capital markets.

3.8.10 Steps taken to Curb excessive volatility In Rupee

3.8.10.1 In order to arrest excessive volatility in forex market & value of Indian currency, a slew of measures were instituted. These include:

i. Curtailing position limits and increase in margin requirements for Currency Derivatives.

ii. Restrictions on AD banks from proprietary trading in the currency futures / exchange traded currency options markets.

iii. Management of liquidity through MSF, LAF & OMO.

iv. Rationalization of scheme for import of Gold.

v. Deregulation of Interest Rates on Non-Resident (External) Rupee (NRE) Deposits

vi. Introduction of Forex Swap Window for Public Sector Oil Marketing Companies.

3.8.11 Steps taken to attract forex inflows:

i. Increase in FII debt limits.

ii. Increase in interest Rates on FCNR(B) Deposits

iii. Exemption from Maintenance of CRR/SLR on FCNR(B)/NRE Deposits.

iv. Introduction of Swap Window to attract FCNR(B) Dollar Funds

v. Enhancement in overseas borrowing limit of 50 per cent of the unimpaired Tier I capital to 100 per cent and its swap facility with RBI.

3.8.12 Liberalisation/Rationalization of ECB Policy:

3.8.12.1 There has been progressive liberalization and rationalization of the key components of ECB regulations such as amount and maturity, all-in-cost, and permissible end uses etc. to facilitate availability of long term low cost funds with special thrust on infrastructure development.

i. ECB has been permitted for refinancing of the Rupee loans for infrastructure sector to the extent of 25% of fresh ECBs

ii. ECB has been allowed for low cost/affordable housing projects.

iii. Rate of withholding tax has been reduced from 20% to 5% on interest payment on ECBs.

iv. Keeping in view the large outlay of funds required to be paid directly to the Government within a limited period of time, the relaxations have been provided with respect to ECB for 2G spectrum auction/allocation.

v. ECB limit for NBFC-IFCs under the automatic route has been enhanced from 50 % of their owned funds to 75 % of their owned funds, including the outstanding ECBs.

vi. SIDBI has been permitted as an eligible borrower for accessing ECB for on-lending to MSME sector subject to certain conditions.

vii. Subsidiaries of MNCs working in India have been allowed to avail ECB under approval route from their parent company with minimum average maturity of at least 7 years for general corporate purposes subject to the terms & conditions as stipulated by RBI.

viii. The ab-initio trade credit contract period has been reduced from existing 15 months to 6 months.

ix. Further, the tenure of Trade Credits for import of capital goods has been enhanced from 3 to 5 years for all sectors.

3.8.13 Other Initiatives:

i. Satisfactory resolution of GAAR / retrospective taxation issues for foreign investors.

ii. Reduction in WHT from 20 % to 5 % for ECBs, G-Secs & Corp. Bonds..

iii. Standing Council of Experts has been constituted to analyze and advice on international competitiveness of the Indian financial sector.

3.8.13.1 Government is committed to take all necessary steps to revive growth, boost investment, create conducive business environment, improving efficiency and depth of the markets, wider participation of investors and strengthening of the regulatory and institutional framework to channelize greater investments and to achieve potential growth of the Indian economy.

3.9 COMMODITY DERIVATIVES MARKETS

3.9.1 Organization of Forward Contracts/ Commodity Derivative related work in the DEA subsequent to its transfer from the Deptt. of Consumer Affairs vide Cab. Sectt. Notification dated 05.09.2013:

3.9.1.1 By way of an amendment in the Government of India(Allocation of Business) Rules, 1961, the work relating to the Forward Contracts and Forward Markets Commission has been transferred with effect from 06.09.2013 from the Department of Consumer Affairs to the Department of Economic Affairs vide the Cabinet Secretariat Notification no. Doc. CD-600/2013 dated 05th September, 2013. A Commodity Derivatives Section has been set up in the Department to assume the transferred work. Ever since, a number of activities have been undertaken with regard to the transferred work.

3.9.2 Strengthening of FMC

3.9.2.1 In view of the felt need to grant reasonable operational independence to the Forward Markets Commission to discharge its responsibility by way of switching to an organizational structure befitting a market regulator, administrative & financial powers including freedom to engage suitable law firms/legal experts to defend the interest of the Govt./FMC were conferred on the Commission.

3.10 NSEL payment Crisis

3.10.1 A Special Team of Secretaries (STS) was constituted to examine the violation of the Laws and Regulations by NSEL/any associated companies/any of the participants and to suggest measure that could be taken to insure that there is not systematic impact of the NSEL developments. In pursuance of the recommendations of the Committee, various agencies have started taking actions including investigation into the irregularities in the case.

3.10.2 So far, two meetings under the chairmanship of Secretary (EA) have been held on 09.12.2013 and 24.03.2014 to review the action taken on the Report of the Special Team of Secretaries. Certain decisions were taken to expedite follow up actions on the recommendations of the STS.

3.10.3 Meanwhile, the issue of withdrawing exemption granted to NSEL and other national spot exchanges is also being examined in consultation with the Ministry of Law and Justice.

3.11 Review of Commodity Derivatives Market:

3.11.1 A Committee under the chairmanship of Dr. D.S. Kolamkar, Senior Economic Advisor, D/o Economic Affairs, was constituted on December 26, 2013 to examine whether the objectives of price discovery and risk management which motivated the original decision to liberalize the commodity futures market has been achieved. The Terms of Reference of the Committee are as under:

i. To examine whether commodity futures market in India has achieved its objectives of price discovery and risk management?

ii. To examine constraints, if any, faced by the futures markets in India which impair its efficiency in effectively performing the functions of price discovery and risk management; and

iii. To suggest ways to remove the same.

3.12 Budget and Annual Plan

3.12.1 Keeping in view the increased responsibility of the FMC, the budgetary allocation of the Commission has also been enhanced reasonably. In the Budget Estimate of the DEA, ₹50.00 Crores have been approved for the year 2014-2015 from ₹14.58 Crores in 2013-14 for the FMC. Besides, to allow the FMC to settle the bills of expenditure locally, in the Mumbai itself, Pay and Accounts office at the Mint Press has been authorised to make payment of the Bills as and when to be preferred by the FMC.

3.13 Forward Markets Commission

3.13.1 Functions and working of Organization:

3.13.1.1 Forward Markets Commission (FMC) headquartered at Mumbai, is the regulatory authority for commodity futures market in India. It is a statutory body set up under Forward Contracts (Regulation) Act 1952.

3.13.1.2 The functions of the Forward Markets Commission are as follows:

(a) To advise the Central Government in respect of the recognition or the withdrawal of recognition from any association or in respect of any other matter arising out of the administration of the Forward Contracts (Regulation) Act 1952.

(b) To keep forward markets under observation and to take such action in relation to them, as it may consider necessary, in exercise of the powers assigned to it by or under the Act.

(c) To collect and whenever the Commission thinks it necessary, to publish information regarding the trading conditions in respect of goods to which any of the provisions of the Act is made applicable, including information regarding supply, demand and prices, and to submit to the Central Government, periodical reports on the working of forward markets relating to such goods;

(d) To make recommendations generally with a view to improving the organization and working of forward markets;

(e) To undertake the inspection of the accounts and other documents of any recognized association or registered association or any member of such association whenever it considers it necessary.

The Act provides that the Commission shall consist of not less than two but not exceeding four members appointed by the Central Government, out of them one being nominated by the Central Government to be the Chairman of the Commission. Currently the Commission comprises of the Chairman Mr Ramesh Abhishek with Dr. M. Mathisekaran and Mr. Nagendraa Parakh as Members of the Commission.

3.14 Plan Scheme- "Strengthening of Forward Markets Commission"

3.14.1 The component-wise physical achievements under Plan Scheme-òStrengthening of Forward Markets Commissionò are given below:-

(i) Awareness and Development programmes;

(ii) Capacity building/training/consultancies;

(iii) Inspection of Books of accounts of Exchanges and their members

(iv) Connectivity of commodity exchanges with Agricultural Produce Market Committees (APMCs) / Post offices / Rural Bank branches / Cooperatives / Rural Extension Centres / AGMARK NET and other agricultural marketing networks for dissemination of futures prices

Physical achievements (**From 1stApril, 2013 to 31stMarch, 2014**)

Awareness Pro-grammes	Capacity Building pro-grammes	Installation of Price Ticker Boards	Stakeholders Consultations	Inspection of books of accounts of Members of National Exchanges
1027 (93in NER)	**103 (15 in NER)**	**267**	**15**	**300**

3.15 Significant developments/policy decisions

3.15.1 Impact of CTT on volume and value of trade: The imposition of the CTT on commodity derivative transactions with effect from July, 2013 led to a fall in the turnover in the commodity exchanges by 40% in July 2013 as compared to the corresponding month in the previous year and 33% decline compared to June 2013 as indicated in the table below:

Table : Trade in Commodity Futures Market

Commodity	June 2012		July 2012		June 2013		July 2013	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Agricultural Commodities	335.14	156833.78	535.83	267431.16	255.39	113972.42	310.91	121304.53
Bullion	0.72	759822.61	0.52	603791.35	0.55	586035.99	0.30	355149.33
Metals	106.79	255816.49	115.73	242916.80	146.76	267294.87	80.80	159560.62
Energy	798.74	308494.61	910.47	378920.97	738.43	362027.06	459.95	247751.65
Others	-	1.237						
Total	1241.41	1480968.74	1562.57	1493060.30	1141.15	1329330.35	851.98	883766.14

(Volume of trading in lakh tonnes, value in crore)

Note: Heating oil and Gasoline not included in the total volumes of other commodities.

Figures in brackets are percentage to the total volume and value of trade of the respective group.

3.15.2 Settlement Guarantee Fund: The Commission had issued guidelines regarding setting up of Settlement Guarantee Fund (SGF) in 2007. The SGF has been operationalized in 2013 and the exchanges have transferred 460.13cr to SGF corpus as on 31/3/2014. This is a very important risk management initiative which has inspired much confidence among the market participants.

3.15.3 Corporate Governance: To strengthen corporate governance of the National Commodity Exchanges the Commission issued revised Guidelines to have a broad-based representation of all classes of shareholders on the Board of Directors of the Exchange.At least 50 % of the Directors on the Board of Directors of the Exchanges should be Independent Directors. Chairperson of the Board of Directors should be an Independent Director appointed with the approval of FMC.Two third of the members of the Audit Committee and Compensation Committee should be Independent Directors and Chairman of these committees an Independent Director appointed with prior approval of the Commission. The shareholder directors should also be appointed with the approval of the Commission and at least half of the shareholders directors will be representatives of institutional shareholders. Other shareholders will have representation on the Board in proportion of the shareholding of the shareholder. This will improveCorporate Governance at the Exchanges and made Board of Directors more responsive and broad based, eliminating the dominance of non-institutional shareholders.

3.15.4 Fit and proper status of FTIL and 3 others: The Commission passed an order on 17th December 2013 regarding ñFit and properò status of Financial Technologies India Limited (FTIL) and 3 Directors. This was done in the backdrop role of FTIL as the holding company of NSEL which defaulted in its obligations and concerned Directors.

3.15.5 Strengthening of warehousing facilities:The Commission decided that all the existing warehouses accredited by the Exchanges shall be registered with Warehousing Development and Regulatory Authority (WDRA) in a time-bound manner. This will strengthen the warehousing facility in the Commodity Futures market.

3.15.6 Risk Management Group: A Risk Management Group (RMG) was constituted to assist the Forward MarketsCommission (FMC) in formulating risk management policies and guidelines forCommodities Derivatives Market. RMG is chaired by Prof. J.R.Verma, IIM, Ahmadabad. The first meeting of the RMG was held on 18th November, 2013 at the office of the FMC, wherein issues such as position limits, incentives for hedgers, stress testing for Settlement Guarantee Fund, margins etc. were deliberated upon. The second meeting of the Risk Management Group (RMG) was held on 3rd January, 2014.The issues deliberated upon during the meeting were criteria for deciding Initial Margin based on daily/weekly/fortnightly/monthly VaR, stress test results and adequacy of SGF, continuous contract approvals and contracts based on delivery centers, circuit filters in Agri Commodities at par with Non-Agri Commodities, position limits/hedge position limits.

3.15.7 Incentives to hedgers: FMC undertook a number of measures to improve the hedging efficiency of the market. Additional delivery centers have been included so as to enable the physical market participants located in those areas to hedge their price risks, such as those for Maize, Soya bean etc. New commodity contracts were introduced in Cotton seed and Bajra.

3.15.7.1 To reduce the cost of hedging, the market participants have been exempted from paying initial, additional and special margins if they have deposited certified goods against all the relevant futures contracts sold and earmarked for delivery, to the Exchange accredited warehouse. Such participants will continue to remain exempted from payment of delivery margins.

3.15.8 Margin Reporting: In order to regularly monitor the collection of margins by members and also provide a reasonable time to members for collection of margins from their clients, the Commission on 14th March, 2014 has revised its earlier instructions on short-collection/ non-collection of margins. As per revised instructions the members will have time till óT+2ôworking days to collect margins (except initial margins) from their clients and the Member shall report to the Exchange on T + 5 day the actual short collection/non collection of all margins from clients.

3.15.9 Approval of futures contracts on continuous basis: In order to have efficient functioning of the Indian Commodity Futures Market for price risk management, price discovery by hedgers and stakeholders especially farmers, the Commission has decided to grant continuous approval for trading in the futures contracts instead of existing practice of giving permission for trading in futures contracts on yearly basis.

3.15.10 Allowing evening trade in internationally linked commodities: The domestic market participants are often unable to hedge adequately their price risk associated with international price movements in certain agricultural commodities during evening hours. For better alignment of the domestic futures prices with the international price movements in the internationally linked agricultural commodities, evening trade has been permitted in 10 such commodities with effect from 1st April,2014.

3.15.11 Closure of trading platform on Saturdays: To bring agricultural futures contracts on par with non-agricultural futures contracts, the Commission decided to keep trading platform closed on Saturdays for all the futures contracts i.e. agricultural and non-agricultural with effect from 1st April 2014 onwards. It would help Exchanges to utilise the entire day exclusively for housekeeping, maintenance of record and to attend compliance matters etc.

3.15.12 Consumer Protection- As a part of implementation of non-legislative recommendations of FSLRC, FMC has adopted enhanced consumer protection measures which include requirement of professional diligence on the part of members and protection of consumers from unfair terms in financial contracts.

FORWARD MARKETS COMMISSION
GOVERNMENT OF INDIA
MUMBAI

Plan
(₹in lakhs)

Sr. No.	Head of Account	Expenditure from 01.04.2013 to 31.03.2014
1	Domestic Travel Expenses	40.61
2	Foreign Travel Expenses	41.99
3	Office Expenses	29.33
4	Rent Rate and Taxes	0
5	Other Administrative Expenses	3.39
6	Advertising and Publicity	287.00
7	Professional Services	153.59
8	Grants-in-aid	8.57
9	Grants for creation of capital assets	62.58
10	IOSCO	18.90
11	Other Charges	175.68
12	Office Expenses-IT	102.00
13	Professional Services-IT	0
	TOTAL	923.00

FORWARD MARKETS COMMISSION
GOVERNMENT OF INDIA
MUMBAI

Non Plan
(₹in lakhs)

Sr. No.	Head of Account	Expenditure from 01.04.2013 to 31.03.2014
1	Salaries	505.94
2	Overtime Allowance	0
3	Medical Treatment	5.50
4	Domestic Travel Expenses	9.50
5	Foreign Travel Expenses	0
6	Office Expenses	59.99
7	Professional Services	23.40
8	Secret Service Expenditure	0
9	Office Expenses-IT	13.38
TOTAL		617.71

Representation oF SCs, STs and OBCs

Group	Number of Employees				Number of appointments made during the previous calendar year									
					By Direct Recruitment				By Promotion			By other Methods		
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group A	32	3	1	3	-	-	-	-	-	-	-	9	2	-
Group B	14	1	-	4	-	-	-	-	-	-	-	-	-	-
Group C	22	5	-	2	-	-	-	-	2	-	-	-	-	-
Group D (Excluding Safai Karmacharis)	5	2	1	-	-	-	-	-	-	-	-	-	-	-
Group D (Safai Karmacharis)	2	-	-	1	-	-	-	-	-	-	-	-	-	-
TOTAL	75	11	2	10	-	-	-	-	2	-	-	9	2	-

ANNEXURE II

Forward Markets Commission, Mumbai

REPRESENTATION OF SCs, STs, and OBCs

GRADE	Number of Employees				DIRECT RECUITMENT							PROMOTION						
					No. of vacancies reserved			No. of Appointments made				No. of vacancies reserved			No. of Appointments made			
	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
Group A	32	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group B	14	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group C	22	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group D (Excluding Safai Karmacharis)	5	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group D (Safai Karmacharis)	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	77	2	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Note: (i) VH stands for Visually Handicapped (persons suffering from blindness or low vision)
(ii) HH stands for Hearing Handicapped (persons suffering from hearing impairment
(ii) OH stands for Orthopedically Handicapped (person suffering from locomotor disability or cerebral palsy)

3.16 FINANCIAL SECTOR LEGISLATIVE REFORMS COMMISSION

3.16.1 Mandate

3.16.1.1 The FSLRC Division is one of the new divisions reporting to AS (Investment) through Adviser (FSLRC) with the following mandate:

a) examining and processing the recommendations of the FSRLC;

b) consultation with the financial sector regulators, concerned Departments & Ministries, stakeholders and public at large;

c) implementing the recommendations of the FSLRC as approved; and

d) addressing to Parliamentary Questions, assurances, VIP references, RTI questions etc.

3.16.2 The Financial Sector Legislative Reforms Commission (FSLRC) division was created after receiving the Report of the FSLRC to process the Report. The report of the Commission is in two volumes:

a) Volume-I provides cohesive explanation and arguments that led up to the key decisions embedded in the Draft Code for financial sector.

b) Volume-II contains the main outcome of the Commissionÿs work - a Draft ÿIndian Financial Codeÿ. This Draft Code replaces the bulk of the existing financial law.

3.16.3 Actions Taken/Initiated

3.16.3.1 In the 2013-14 Budget Speech of the Finance Minister, it was inter alia stated that the Government intends to examine the recommendations of the FSLRC and act quickly and decisively to make the financial sector well-regulated, efficient and internationally competitive, and stand on sound legal foundations.

3.16.3.2 In pursuance of the above, in the 7th Financial Stability and Development Council (FSDC) meeting held on 3rd June 2013, the FSLRC recommendations were discussed and it was agreed in principle then that regulatory agencies would identify FSLRC recommendations that can be implemented without legislative changes.

3.16.3.3 DEA has examined the FSLRC report. Broadly, the recommendations of the Commission can be divided into two parts, legislative aspects and non-legislative aspects.

3.16.3.4 The legislative aspects of the recommendations relate to revamping the legislative framework of the financial sector regulatory architecture by a non-sectoral, principle-based approach and by restructuring existing regulatory agencies and creating new agencies wherever needed.

3.16.3.5 The non-legislative aspects of the FSLRC recommendations are broadly in the nature of governance enhancing principles for enhanced consumer protection, greater transparency in the functioning of financial sector regulators in terms of their reporting system, greater clarity on their interface with the regulated entities and greater transparency in the regulation making process by means of mandatory public consultations, incorporation of cost benefit analysis etc.

3.16.3.6 With a view to facilitating the task of regulators and help developing a uniform rationale based understanding about the non-legislative governance enhancing principles, a detailed ÿGuidance Handbook on non-legislative aspects of the FSLRC recommendationsÿ was prepared and circulated to the financial sector regulators, and the same was also uploaded on the finmin website. The ÿGuidance Handbook essentially includes governance enhancing provisions/recommendations, their rationale, suitable examples of global good governance practices and guidance on implementation. These recommendations encompass issues relating to consumer protection, consumer protection for retail customers, timeline for regulations on consumer protection, requirements for framing regulations, notices to regulated entities, transparency, transparency in Board meetings, reporting, approvals, investigation, adjudication, imposition of penalty and capacity building.

3.16.3.7 In the 8th FSDC meeting held on 24th Oct 2013, the Council decided that Regulators would voluntarily adopt governance enhancing recommendations that do not require legislative changes within a reasonably proximate timeframe. It was also decided to set up Task Forces with a project approach to lay the roadmap for the establishment of new agencies like Resolution Corporation (RC), Financial Sector Appellate Tribunal (FSAT), Public Debt Management Agency (PDMA) and Financial Data Management Centre (FDMC).

3.16.3.8 For ensuring coordination between the regulators so as to ensure cohesion at the operational level, the non-legislative aspects of FSLRC recommendations were also discussed in the Inter Regulatory Technical Group (IRTG) which is housed in the RBI.

3.16.3.9 The capacity building measures for the officers/staff of regulators as also MoF have also been initiated to help bringing them abreast with the latest knowledge and developments in financial regulatory governance, and common principles necessary to harmonize financial sector regulation. A one day workshop on ÿResolution Regime in Indiaÿ was held on 26th November 2013 in which representatives of all the financial sector regulators and officers from MoF participated. Similarly, a two days workshop on non-legislative aspects of FSLRC recommendations was orgasnised on 8-9 May 2014 in which middle to senior level officers from financial regulators and MoF participated. This workshop was inaugurated by the Hon'ble Finance Minister.

3.16.3.10 DEA in association with the Institute of Company Secretaries of India (ICSI) has held a number of seminars on FSLRC across the country at different places such as New Delhi, Mumbai, Patna, Chennai etc. The FSLRC report has been circulated to all the Departments, Ministries and State Governments/UTs.

3.16.4 Future Course of Action

3.16.4.1 Going forward, the Government intends to concretize the institutional structures through task forces on Resolution Corporation, FSAT and FDMC and PDMA and by processing legislative aspects of the FSLRC recommendations, fine-tuning the draft Indian Financial Code (IFC), coordinating the work of different agencies/ regulators for their smooth integration in tune with the above plan, managing technical programs for capacity building and by strengthening the Management Information System (MIS).

3.17 FINANCIAL STABILITY AND DEVELOPMENT COUNCIL (FSDC) SECRETARIAT

3.17.1 Financial Stability and Development Council (FSDC)

- The Financial Stability and Development Council (FSDC) was set up by the Government in December 2010 under the Chairmanship of Finance Minister having Heads of financial sector regulatory authorities, and Secretaries of concerned Departments, as members. The Council monitors macro prudential supervision of the economy, including functioning of large financial conglomerates, and addresses inter-regulatory coordination and financial sector development issues, including issues relating to financial literacy and financial inclusion.

- During 2013-14, the Council held three meetings on 3rd June 2013, 24th October 2013 and 4th February 2014. During these meetings, the Council reviewed the position of Asset Quality and Capital Adequacy of the banking system in the country, National strategy for Financial Education, recommendations of the Financial Sector Legislative Reforms Commission, impact of tapering off of the quantitative easing in the US and preventive measures to be taken, steps to be taken by regulators/Government to facilitate the "Corporate Distress Resolution Mechanism" as laid out in the Companies Act, 2013, Assessment on External Sector Vulnerabilities, Issuance of Basel III Compliant Capital Instruments by Banks etc. In all, the Council has met 9 times so far.

- The FSDC Sub-committee set up under the chairmanship of Governor, RBI meets more often than the full Council. All the members of the FSDC are also the members of the Sub-committee. The Financial Stability Unit of RBI is the Secretariat for the Sub-committee. During the year, the Sub-committee held three meetings on 7th August 2013, 12th December 2013 and 7th March 2014. In total, the Sub-committee has met 12 times so far.

3.17.2 Financial Stability Board (FSB)

- The Financial Stability Board (FSB) was established in 2009 under the aegis of the G20 bringing together the national authorities, standard setting bodies and international financial institutions to address vulnerabilities and to develop and implement strong regulatory, supervisory and other policies in the interest of financial stability. India is an active Member of the FSB having three seats in its Plenary represented by Secretary (EA), Deputy Governor-RBI and Chairman-SEBI. Regular interaction with FSB takes place through periodic conference calls and meetings. Information is exchanged with FSB member jurisdictions frequently as per international requirements and norms. The FSDC Secretariat in the Department of Economic Affairs coordinates with the various financial sector regulators and other relevant agencies to represent India's views with the FSB.

3.17.3 Financial Sector Assessment Programme

- Established in 1999, the Financial Sector Assessment Program (FSAP) is a comprehensive and in-depth analysis of a country's financial sector, as a joint program of the International Monetary Fund and the World Bank.

- The Committee on Financial Sector Assessment (CFSA), co-chaired by Deputy Governor, RBI and Finance Secretary, Government of India had done a self-assessment in 2009, the report of which is available in the public domain i.e. the website of Reserve Bank of India (RBI). In September 2010, IMF made it mandatory for 25 jurisdictions, including India, with systemically important financial sectors to undergo financial stability assessments under the FSAP every five years.

- India's full-fledged FSAP was conducted during 2011-12. The objectives of the mission were, inter-alia, to assess and formulate recommendations related to financial stability, financial development, and the financial sector oversight framework.

- The FSAP Report for India by the IMF – Financial System Stability Assessment (FSSA) Update – was published on 15 Jan 2013 followed by Press Release by the RBI on 16 Jan 2013. Subsequently, the Detailed Assessment Reports (DARs) in respect of each financial sector viz. in the banking, securities market and insurance sector were also published by the IMF on 29th August 2013, followed by press releases by RBI, IRDA and SEBI indicating their position on the assessment made in these reports. The recommendations made in these reports are being closely looked into.

- As a member of the FSB, BCBS and IMF, India is actively participating in post crisis reforms of the international regulatory and supervisory framework under the aegis of the G20. India remains committed to adoption of international standards and best practices, in a phased manner and calibrated to local conditions, wherever necessary.

3.17.4 Crisis Prevention and Monitoring Framework (CPMF)

- Pursuant to the decision in the FSDC Sub-Committee, a Crisis Prevention and Management Framework (CPMF) for entire Ministry of Finance was prepared by the FSDC Secretariat in consultation with all Departments of MoF and was operationalized w.e.f. 1st October 2012. It encompasses, *inter alia*, collaborating with, and assisting, the Regulatory Authorities and the other stakeholders in identifying and mitigating the emerging threats to financial and macroeconomic stability; and in the event of a crisis, taking all the necessary steps to mitigate its impact on the financial markets as well as the real sector. It highlights the 'prevention' aspect apart from the 'management' facet. The 'Anchor' Divisions have been made responsible to monitor, analyze, generate policy options and take action on evolving vulnerabilities in their respective areas.

- A Macro Financial Monitoring Group (MFMG), chaired by the Chief Economic Adviser and having representation from all Departments of the Ministry of Finance, has been set up which meets to keep track of the macroeconomic and financial developments, identify vulnerabilities, and provide early warning signals. The Group has held 12 meetings so far.

3.18 FINANCIAL ACTION TASK FORCE

3.18.1 India is a member of the Financial Action Task Force (FATF) since June 2010. During the year India successfully completed the Action Plan given to the FATF which lead to India's exit from the follow-up process.

3.18.2 India became member of the Eurasian Group on Combating Money Laundering and Financing Terrorism (EAG) in December, 2010. In November, 2013, India was unanimously elected as the Chairman of the Eurasian Group on Combating Money Laundering and Financing of Terrorism (EAG), for a term of two years.

3.19 UTI & JPC

3.19.1 UTI Section in the Financial Market Division deals with the following:

(i) UTI Repeal Act, 2002

(ii) Specified Undertaking of Unit Trust of India, (SUUTI)

(iii) Indian Trusts Act, 1882 (Section 20)

3.19.2 Specified Undertaking of Unit Trust of India (SUUTI) has been created under the Unit Trust of India (Transfer of Undertaking & Repeal) Act, 2002. Since then, SUUTI has been managing the assets & liabilities under various schemes of erstwhile UTI, as per the provisions of UTI Repeal Act , 2002. SUUTI is managed by an Administrator, appointed by the Central Government.

3.19.3 SUUTI has executed the sale of its holding of 4.22 crore shares of Axis Bank Limited, realizing approximately 5557 crore and has remitted the same, net of expenses, to the Consolidated fund of India on 26th March, 2014.

3.19.4 On 9th January 2014, Union Cabinet decided to defer the implementation of its earlier decision dated 23rd March 2012 to wind up SUUTI and transfer its assets and liabilities to a new company, such that, SUUTI can continue to sell its strategic assets with prior approval of the Government, as was the practice earlier. The decision would enable SUUTI to retain its powers as granted to it under UTI Repeal Act, 2002 for optimally utilizing, managing and leveraging its assets while discharging its obligations specified under the UTI Repeal Act, 2002.

4. INFRASTRUCTURE AND ENERGY DIVISION

Infrastructure and Energy Division is headed by Joint Secretary who is assisted by Director (Infra), Director (PPP), Director (Infra Finance), Joint Director (Energy). The Division has four Sections namely:

- o Infrastructure (Policy) Section
- o Public Private Partnership (PPP) Cell
- o Infrastructure Financing Section
- o Energy Cell

4.1 INFRASTRUCTURE (POLICY) SECTION

4.1.1 The Functions/Working of the Section includes the following:-

- Providing inputs on Cabinet Notes, CCI Notes, CoS notes and other Infrastructure Policy related issues concerning Roads, Ports, Shipping, Inland Water Transport, Railways, Telecommunications, Civil Aviation, Power, Urban Development Sector referred to the Department of Economic Affairs (DEA) by the concerned Administrative Ministries.
- All matters relating to external territorial charge of South Korea and China.
- Analyzing the investment proposals in the above infrastructure sectors requiring the approval of EFC/PIB/CCEA for their viability and justification.
- Servicing Inter-Ministerial Committees, High Level Committees, GOM, EGOM, etc. constituted to deal with policy issues on these sectors and providing inputs for formulation of DEA's view on such issues.
- Preparing Briefs/Talking points, etc. for the use of Finance Minister/ Secretary (EA).
- Handling PMO/VIP/MP references and Parliament Questions on these sectors.
- Providing inputs on these sectors to other Divisions/ Departments/Ministries.
- Participating in meetings/discussions convened by the Ministries/Planning Commission/Associations concerning these Sectors with the approval of the Head of the Division.

4.1.2 Infrastructure Section provided substantial policy inputs on the issues relating to the above sectors for inclusion in the Cabinet/CCEA/CCI Notes. A list of Cabinet/CCEA/CCI Notes which were analyzed in the Infra Section during the year 2013 is at **Annexure-I.**

4.1.3 Some Highlights of the major issues dealt in the Infra Section during 2013 are at **Annexure-II.**

4.2 PUBLIC PRIVATE PARTNERSHIP (PPP) CELL

4.2.1 Government of India is promoting Public Private Partnerships (PPPs) as an effective tool for bringing private sector efficiencies in creation of economic and social infrastructure assets and for delivery of quality public services. India, in the recent years has emerged as one of the leading PPP markets in the world, due to several policy and institutional initiatives taken by the Central Government.

4.2.2 The PPP Cell, Department of Economic Affairs, Ministry of Finance is the Secretariat for Public Private Partnership Appraisal Committee (PPPAC) for appraisal and approval of Central Sector PPP projects, and Empowered Institution (EI) for the projects posed for Viability Gap Funding (VGF) support and India Infrastructure Project Development Fund (IIPDF). The PPP Cell is responsible for matters concerning Public Private Partnerships, including policy, scheme, programmes and capacity building.

4.2.3 The Government of India has taken various initiatives to promote development of bankable PPP projects for infrastructure development. These initiatives range from development of institutional mechanism for development, appraisal and approval of PPP projects, providing financial support to designing of knowledge products and programmes. The various initiatives are as follows:

4.2.4 Approval of Central Sector PPP projects

4.2.4.1 The PPPAC has been constituted with the approval of Cabinet Committee on Economic Affairs to establish an appraisal mechanism and guidelines for PPP projects in the central sector on the lines of the PIB. The PPPAC is chaired by Secretary, Economic Affairs with Secretaries of Department of Expenditure, Department of Legal Affairs, Planning Commission and the Sponsoring Ministry/Department as members. Since its constitution in January 2006, the Public Private Partnership Appraisal Committee (PPPAC) has granted approval to 275 central project proposals with TPC of ₹307,228.47 crore.

Sector	No. of projects	Total Project Cost (₹Crore)	Sectoral Share (% in terms of Numbers)
Highways	225	247,917.73	81.16
Railways	01	8500.00	0.36
Ports	33	43362.70	9.42
Civil Aviation	02	1000.00	0.72
Tourism	01	148.87	0.36
Housing	08	7299.00	6.16
Sports Stadia	05	2475.00	1.81

4.2.5 Viability Gap Funding for PPP projects

4.2.5.1 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 ôScheme for Financial Support to PPPs in Infrastructure {Viability Gap Funding (VGF) Scheme}ô provides VGF support to PPP projects up to 20 per cent of the Total Project Cost (TPC) of the project. Under the Scheme since its constitution, 178 projects have been granted approval with TPC of ₹88,696.67 crore and VGF support of ₹16,893.61 crore under the Scheme and ₹1455.47 crore has been disbursed as Viability Gap Funding (VGF). A budget provision of ₹670.00 crore for BE 2014-15 and ₹10,000.00 crore for the 12th Five Year Plan (2012-17) have been made based on the requirements indicated by the Sponsoring Authorities of the projects as well as the number of projects already granted approval.

Sector-wise project approved under the VGF Scheme

S.No.	Sector	No. of projects	Total Project Cost (in ₹Crore)	VGF (in ₹Crore)
1.	Road	147	65240.79	12239.15
2.	Education	13	253.90	50.78
3.	Power	3	2364.70	472.94
4.	Metro	2	19474.00	3894.08
5.	Airport	1	354.65	70.93
6.	Health	1	326.40	65.28
7.	Silos	10	314.52	62.91
8.	Water Supply and Sanitation	1	187.71	37.54
	Total	178	88696.67	16893.61

As of now, the following sectors are eligible for VGF grant under the Scheme for Financial Support to PPPs in Infrastructure (VGF Scheme):

a. Roads and bridges, railways, seaports, airports, inland waterways;

b. Power;

c. Urban transport, water supply, sewerage, solid waste management and other physical infrastructure in urban areas;

d. Infrastructure projects in Special Economic Zones and internal infrastructure in National Investment and Manufacturing Zones;

e. International convention centers and other tourism infrastructure projects;

f. Capital investment in the creation of modern storage capacity including cold chains and post-harvest storage;

g. Education, health and skill development, without annuity provision;

h. Oil/Gas/Liquefied Natural Gas (LNG) storage facility (includes city gas distribution network)

i. Oil and Gas pipelines (includes city gas distribution network);

j. Irrigation (dams, channels, embankments, etc);

k. Telecommunication (Fixed Network) (includes optic fibre/ wire/ cable networks which provide broadband /internet);

l. Telecommunication towers;

m. Terminal markets;

n. Common infrastructure in agriculture markets; and

o. Soil testing laboratories.

As per the Notification No. 3C/1/2012-PPP dated November 4, 2013 issued by Department of Economic Affairs, as regards medical college, VGF would be admissible only if the proposed medical college is located in one of the backward districts identified under various schemes of GoI, provided there is no medical college in that district as on the date of in-principle approval of VGF by the competent authority.

4.2.6 India Infrastructure Project Development Fund (IIPDF):

4.2.6.1 The scheme for ***'India Infrastructure Project Development Fund' (IIPDF)*** has been launched to finance the cost incurred towards development of PPP projects. The IIPDF supports up to 75 % of the project development expenses. 4 projects have been approved in 2013-14 under the IIPDF Scheme.

4.2.7. PPP Pilot Initiatives:

4.2.7.1 DEA in collaboration with the Asian Development Bank has initiated a PPP Pilot Projects Initiative in 2010 where the process of structuring the PPP Project is hand held by the Central Government to develop demonstrable PPP Projects in challenging sectors. The object of the initiative was to develop robust PPP projects and successfully bid them to establish their replication potential in the sectors concerned. The initiative is currently in its fourth year and has taken up a pipeline of projects is across sectors and includes projects currently under bid process, projects where bid documents are ready for launch to the market and projects where we are in development/planning phase. Details of some of the projects are:-

- **Lonavala Water Supply Project for 24 by 7 supply**: Lonavala is a pilot project being developed for NRW reduction and 24x7 water supply under the DEA Initiative. The current NRW is around 45%. The scope of the project includes rehabilitation of 2 water treatment plants (WTP), to build a new WTP, rehabilitate distribution network, 100% metering, and NRW reduction. The project is structured as a DBFOT with a unique PPP structure based on user charges.

- **Ichalkaranji Water Supply Project for Non-Revenue Water (NRW) Reduction**: Ichalkaranji is a water supply pilot project being developed as the current NRW for the town is around 71%, with water supplied for 2 hours once every 2 or 3 days.The scope of the project is to rehabilitate 20 kms of distribution pipeline, with 100% metering, rehabilitation of WTP and IT systems, billing and collection and NRW efficiency benchmarks. The project is structure as a DBFOT model with tariffs to be collected by the PPP operator and remitted to the Council.
- **Opa Water project**: DEA is supporting the Government of Goa for structuring the Opa Water Supply scheme to allow private sector participation in order to reduce NRW and achieve 24x7 water supply. The scope includes O&M of all components of the water supply, service connection and meet service level requirements; ensure metering of consumer connections and installing flow meters; etc. The project feasibility report and draft RfQ has been prepared and submitted for approval of the State Government.
- **Mumbai Solid Waste Management (MSW) and Waste to Energy (WTE) project**: A Pilot project in Greater Mumbai is being developed for collection, transportation, processing and disposal of MSW. The Scope of the project is to build a WTE plant and scientific landfill with a combined capacity aimed at treating 1000 tonnes per day. The RFQ for the project was launched in February 2014.
- **Controlled Atmosphere Storage for Apples at Himachal Pradesh**: DEA is supporting CONCOR in developing the initial concept for a pilot project for setting up a Controlled Atmosphere Storage for Apples at Himachal Pradesh through PPP. The 6000 MT capacity project shall be developed through DBFOT/BOT mode.
- **Food Storage Sector**: DEA is developing a framework for construction of modern food storage silos ("silos") on PPP basis through the VGF route where land will be brought in by the private developer. Two pilot projects in Bihar are being developed under this initiative. For financing for the cost of land, the issuance of a bond by the Implementing Agency for consideration of land payment is being examined.
- **Siarmal Opencast Coalfield Project**: DEA is developing a PPP policy framework to increase the production of coal for supply to power producers and other consumers. A pilot project in Mahanadi Coalfields (MCL), Odisha which is an opencast coalfield (Siarmal project) is being developed. An initial concept structure for the PPP project has been prepared for the project.
- **Wind And Solar Energy Project in Himachal Pradesh at Lahaul Spiti**: A Concept paper for PPP in renewable energy sector has been jointly developed between DEA and Ministry of New and Renewable Energy. A request has been received from Government of Himachal Pradesh to develop a 2 MW Wind and Solar energy plant on PPP
- **Ganga Action Plan**: Pollution of river Ganga due to the effluents flowing from nearby industries is a hazardous problem. In order to formulate a PPP approach for developing industrial effluent treatment plants along the river Ganga, DEA is developing few pilots with state governments.
- **PURA (Provision of Urban Amenities in Rural Areas)**; PURA is an innovative Scheme of MoRD to launch Public-Private partnership in rural infrastructure development. Selected Private partners are to develop livelihood opportunities, urban amenities and infrastructure facilities to prescribed service standards and are responsible for maintenance of the same for a period of 10 years. PURA pilot projects are being developed in two Phases. 8 projects have been shortlisted in Phase 1. Bid Documents for Phase 2 are being finalized by the Ministry.

4.2.8 National PPP Capacity Building Programme:

4.2.8.1 To intensify and deepen the capacity building of public functionaries at the State and municipal level and to integrate the capacity building Programme on PPPs in the ongoing programs at the State level, the National PPP Capacity Building Programme was launched by the Finance Minister in December 2010, which has been rolled out last year in 15 States and two Central Training Institutes viz. Indian Maritime University and Lal Bahadur Shastri National Academy of Administration. The roll-out in the respective institutes commenced in 2011-12. So far, 160 Training programs have been conducted to train 145 Trainers, who have trained over 5004 public functionaries who deal with PPPs in their domain. Kerala was included under the program recently with an Advanced Course on PPPs conducted for state officials in August 2013. The program has ended on 31st March, 2014. A second phase of Training Programs with a revised agenda is now to be initiated.

4.2.9 Knowledge Resources

4.2.9.1 As part of wide ranging efforts for knowledge dissemination on PPPs, DEA has developed the following knowledge series for use of different stakeholders on the PPP arena:

- The Department of Economic Affairs has developed Green Book for PPP Projects in the Healthcare Sector. These are template agreements which will serve as template for optimal allocation of risk between the private partner and the implementing agency for effective contract formulation of PPP projects.

- A document titled "Public Private Partnerships-Creating an Enabling Environment for State projects" has been developed for dissemination of information on the various schemes and programmes of the Government to facilitate development of infrastructure through public private partnerships.

- A document titled "Public Private Partnerships A compendium of Case Studies" has been published. This compendium presents case studies of fifteen select Public-Private-Partnership (PPP) projects in India. The case studies have been prepared to highlight the experience and lessons learnt so far and thereby influence the design of future PPP processes and structures to improve the quality of PPP projects. The choice of case studies provides a representation across different sectors, covers different PPP project structures, includes projects at different states of the PPP life-cycle and has projects with different levels of complexity.

- Online Toolkits have been developed for 5 sectors which have been launched by the Finance Minister. These are available on this Department's website on PPPs, i.e. 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. In the past years, many national and international users have availed of this one of a kind web-based resource to structure better PPP projects.

- Two websites, www.pppinindia.com and www.pppindiadatabase.com have been developed on PPPs which provide information of PPPs in India including policy guidelines and status of the proposals received by the PPP cells under the VGF and IIPDF scheme and PPP Appraisal Committee.

4.2.10 International Partnerships:

- A technical assistance Program under the International Technical co-operation Program (ITCF) has been signed with DFID under the India UK Economic Financial Dialogue (EFD) under which various pilot projects and analytical works will be done in various sectors and with line ministries and state government.

- Knowledge Exchange with Kenya: DEA had conducted a Workshop (PPP Exchange and Outreach Program) for experience sharing on PPPs with the Government of Kenya (2-6 December 2013). The purpose of the Workshop was to give an overview of the India's PPP program.

- Knowledge Exchange with other African Countries: India has signed an MoU African Development Bank (AfDB) for sharing India's best practices and knowledge instruments such as Guidelines, Toolkits, standardized documents and other E-tools on PPPs for disseminating to their member countries. The program will also involve Capacity building workshops and site visits.

4.2.11 New Initiatives being taken up:

- **Contract Management Framework**: DEA is developing guidance material for improving the post-award management of PPPs, in 2-3 infrastructure sectors, which would be identified and finalized in consultation with DEA and the World Bank, from among the following sectors: state highways, ports, urban water supply and sanitation, solid waste management and urban transport. In terms of scope, the guidance material shall cover the entire period of post-award, that is, from the date of letter of award to concession-closing date, through the following periods/phases, viz., contract finalization, pre-construction, construction and operations.

- **Framework for Renegotiation of Contracts:** DEA, is seeking to develop a framework for renegotiation of PPP contracts. The Transaction Advisory Team will study national and international contract and document international experience of at least 2-3 countries with substantive and successful track record of similar PPPs and their renegotiation, covering (a) the risk-sharing arrangements underpinning those concessions and how they compare and contrast with the Indian PPP concessions; (b) the principal factors that led to renegotiations, clearly highlighting whether they were envisaged in the concessions agreements or otherwise; and (c) a detailed description of the principles, formulae and/or institutional mechanisms used for renegotiation.

4.3 INFRASTRUCTURE FINANCING SECTION:

4.3.1 The fast growth of the economy in recent years has placed increasing stress on physical infrastructure such as electricity, railways, roads, ports, airports, irrigation, water supply and sanitation, all of which already suffer from a substantial deficit in terms of capacities as well as efficiencies. The pattern of inclusive growth can be achieved only if this infrastructure deficit is overcome and adequate investment takes place to support higher growth and an improved quality of life for both urban and rural communities. The draft Twelfth Five Year Plan document projects an investment of USD 1 trillion in infrastructure during the Plan period (2012-17) half of which is expected to come from Private Sector. Moreover it is also known that Financing investments of this order will require a review of some of the existing policies to ensure simplification of rules and procedures along with timely decisions on all the applications. Further, Infrastructure projects are characterized by large financial outlays and long gestation period. Therefore, to attract investments it is very necessary that there are minimum procedural delays on account of taking decisions on various clearances/approvals in these sectors.

4.3.2 Infrastructure Financing Section, as a part of the Infrastructure and Energy Division, Department of Economic Affairs, Ministry of Finance has been carved out with the objective of taking forward and conceiving new initiatives related to infrastructure financing and promotion of investments in infrastructure sectors. The section deals with:

i. All international interfaces on infrastructure issues (other than PPPs) and infrastructure financing.
ii. External charge of Bahrain, Oman, Saudi Arabia, Qatar, Kuwait, UAE, Yemen, Israel, Jordan and Lebanon.
iii. Examination of proposals in above sectors requiring the approval of EFC/PIB/CCEA/COS/CCI for their viability and justification and all policy matters related to the Cabinet Committee on Investment.
iv. India-Saudi Arabia Joint Commission for Technical and Economic Cooperation
v. Board of Directors of Oil and Natural Gas Corporation (ONGC), ONGC-Videsh Limited (OVL), IIFCL and IRFC as government nominee on the Board of Directors.

4.3.3 The Government has initiated several major policy initiatives/reform measures during the current year in these directions. Some of these steps dealt with in the Section during 2013-14 are summarized as under:

- **Cabinet Committee on Investment (CCI)** chaired by Prime Minister set up on 02.01.2013 with a view to expedite to expedite clearances and decisions on large infrastructure projects cleared **303 projects with aggregate investment of Rs 6,95,437cr up to end-Feb, 2014.**

- **Infrastructure Debt Funds (IDFs),** a novel initiative facilitated by the Government of India, with innovative credit enhancement to provide long-term low-cost debt for infrastructure projects by tapping into sources of long term savings like Insurance Funds, Pension Funds and Sovereign Wealth Funds, which have hitherto played a comparatively limited role in financing infrastructure in India. Infrastructure Debt Funds are aimed at accelerating and enhancing flow of long term debt for funding infrastructure projects in the country. Aimed at enabling re-financing of infrastructure projects in India with low cost long term debt have been operationalised: 2 IDF-MFs and 5 IDF-NBFCs have been set up and takeout financing has also started.

- **Model Tripartite Agreements**: (MTA) As mandated by Reserve Bank of India, Infrastructure Debt Funds set up as Non Banking Financial Company will have to enter into a Tripartite Agreement between with the Concessionaire and Concessioning Authority, Model Tripartite Agreements have been issued for Roads/Highways Sector and Port Sector. The same for Airport Sector is under active consideration of the Department.

- **Tax Free Bonds:** In order to channelize greater amounts of cheaper finance to infrastructure projects, The Government had allowed 13 entities to issue tax Free Bonds u/s 10 of the Income Tax Act. Owing to restructuring***** of the guidelines of issue of Tax Free Bonds and active promotion of the scheme, Highest subscription ever, was achieved for Tax Free Bonds in a Financial year.

  * Restructuring of Tax Free Bonds includes:

  i. Co-operative banks/Regional Rural Banks & other legal entities like Trusts, Partnership firms allowed to purchase tax free bonds.
  ii. More Sectors/New PSUs allowed to issue tax free bonds to promote Infrastructure development.
  iii. Option of 20 year tenure allowed to all PSUs to enable raising long term funds for infrastructure. Earlier only IIFCL was allowed the 20 year tenure.
  iv. Clarification issued by MCA under Section 372A(3) of the Companies Act allowing the corporates to apply for tax free bonds if the effective yield (effective rate of return) is greater than the yield on prevailing bank rate.
  v. Transfer of bonds permitted to retail investors to promote secondary Market Development.
  vi. Flexibility to issues in deciding detailed modalities for the issues like tranches, number of arrangers, amount offered to QIBs/Merchant bankers.

- **Municipal Borrowing:** With a view to deepening the bond markets for infrastructure finance, Draft guidelines/framework has been prepared for issuance of Municipal Bonds in India.

- **Finance Dialogues/Investor Road Shows/ Bilateral Engagements**:
  - a) Road Shows in Ottawa, Toronto and New York (14-15th April, 2013).
  - b) Meeting of Delegation led by FM , with Sovereign Wealth Funds in UAE in on 26th May, 2013
  - c) 2nd Review meeting of 9th Indo-Saudi Joint Commission (JCM) with Saudi Arabia on 6-7th November,2013
  - d) Meeting with Kuwait Investment Authority (KIA) and other investors/funds on 13th November, 2013.
  - e) First Meeting of Indo-Israel Joint Working Group on R&D, Tel Aviv (21st January, 2014)
  - f) 10th Indo-Saudi Joint Commission Meeting, Riyadh (27-28 January, 2014)
  - g) Meeting with High Level Delegation from Qatar, New Delhi (25-26 March, 2014).

4.4 ENERGY CELL

4.4.1 The Energy Cell looks after the policy related issues pertaining to energy sector, viz., Petroleum & Natural Gas, Coal, Atomic Energy and New and Renewable Energy. This Cell is also responsible for analyzing proposals for EFC/ PIB/CCEA/COS/CCI of the Ministries of which it has sectoral charge such as Ministry of Petroleum & Natural Gas, Ministry of Chemicals & Fertilizers (Department of Chemicals and Petro Chemicals, Department of Pharmaceutical and Department of Fertilizers), Ministry of Coal, Department of Atomic Energy, Department of Space and Ministry of New and Renewable Energy. Proposals and policy papers are analyzed in the Energy cell from both policy as well as economic angles.

4.4.2 The Energy Cell is also in charge of monitoring the progress in implementation of the accepted recommendations of the Committee on Allocation of Natural Resource (CANR).

(i) Committee on Allocation of Natural Resources (CANR)

A Group of Ministers (GoM) on "Measures that can be taken by the Government to tackle corruption" had decided on 21st January, 2011, *inter-alia,* to deliberate on issues of enhancing transparency, effectiveness and sustainability in utilization of natural resources, consistent with the needs of the country to achieve accelerated economic development. Accordingly, a Committee on Allocation of Natural Resources under the Chairmanship of Shri Ashok Chawla, formerly Finance Secretary, was constituted by the Cabinet Secretariat. The Committee submitted its Report on 31st May, 2011. The GoM was being serviced by the Department of Personnel and Training (DoPT). However, in the Second Report of GoM to consider measures that can be taken by the Government to Tackle Corruption dated 2nd March, 2012, GoM recommended that the Ministry of Finance (Department of Economic Affairs) should monitor the progress of implementation of the accepted recommendations of the CANR by the concerned Ministries/Departments for timely completion of the exercise. The GoM in its Final Report has stated that the further progress in respect of CANR recommendations needs to be monitored regularly and, accordingly, recommends that the Ministry of Finance (Department of Economic Affairs) may pursue the matter with the concerned Ministries/Departments for taking appropriate final decisions on these pending recommendations within definite time frames. A Monitoring Committee to review the status of implementation of accepted recommendations of the Committee on Allocation of Natural Resources (CANR) has been set up by the Cabinet Secretariat. Second meeting of the Monitoring Committee was held on 6th February, 2014 under the Chairmanship of Cabinet Secretary.

4.4.3 Some Highlights:

4.4.3.1 **Policy on Land Alienation** :- Cabinet Note on Policy on Transfer or Alienation of Land held by Government and Government Controlled Statutory Authorities has been prepared after due inter-ministerial consultation/ CoS deliberations and sent to Cabinet Secretariat for placing it before the CCEA for approval. The Policy proposes a competent and well-designed institutional structure such as constitution of '**Government *Land Management Committee***' by the Competent Authority with specific terms and conditions, and having representation from various Ministries/ Departments of the Central Government. After the approval by the Cabinet, broad policy guidelines for exchange, transfer, sale, lease or licensing of land will be issued with the approval of Competent Authority.

4.4.3.2 **The following policy developments moved by the Nodal Ministries were finalized during the year**:

4.4.3.2.1 Oil & Gas exploration policy:-

(a) **The Uniform Licensing Policy** which will subsume the present NELP and CBM policies, and will be applicable for award of acreages for "petroleum" and "natural gas" exploration and production in future is under Inter-Ministerial consultation.

(b) **Policy on shale gas:-**The Cabinet Committee on Economic Affairs (CCEA) had considered the Exploration and Exploitation of Shale Gas and Oil by National Oil Companies under Nomination Regime on 24th September, 2013 and cleared the same.

(c) **Natural gas pricing policy:-**The CCEA approved natural gas pricing guidelines 2013 on 27th June, 2013 based on the recommendations made by Dr. C. Rangarajan Committee for fixation of price of domestically produced natural gas for a period of five years with effect t from 01.04.2014. Subsequent to the CCEA approval dated 27th June, 2013, some concerns were raised which were addressed through separate CCEA Note by following process of inter-ministerial consultations. CCEA has approved natural gas pricing guidelines with modification to price applicable to certain fields on 19th December, 2013 after examination of the concerns raised by the Ministry of Finance and Standing Committee.

(d) **NELP blocks:-** Out of 40 NELP Block, 31 Blocks have been cleared for E&P activities. Remaining 9 Blocks have been relinquished.

(e) **The 5 MMTPA LNG terminal in Dabhol, Maharashtra will be fully operational in 2013-14:-** Commissioned on 10/01/2013. RGPPL has entered into an agreement with GAIL for 25 years for the commercial operation of the terminal. The 5 MMTPA LNG terminals in Dhabhol, Maharashtra were targeted to be fully operation in 2014. All the systems and facilities are ready to use. However, the terminalôs full capacity can be utilized only when integrated Low Pressure system for sending gas to power plant is operational and after the completion of breakwater construction for bringing in the LNG ships during the monsoon period. The process of breakwater construction, which was under hold due to litigations in the Delhi High Court/ Supreme Court, has now been cleared and the tender process has been started and the work is expected to be completed by 2016.

4.4.3.2.2 **Independent Coal Regulator:-**The Cabinet in its meeting held on 27/06/2013 considered the proposal of Ministry of Coal regarding constitution of Independent Regulatory Authority for Coal Sector and approved the proposal. The Cabinet while noting that the enactment of the legislation would take some time, decided that a non-statutory Regulator be set up through an appropriate executive order after carrying out modifications considered necessary in consultation with the Department of Legal Affairs. While the Coal Regulatory Authority Bill 2013 has been introduced in the Lok Sabha on 13.12.2013, the Cabinet on 20th February 2014 had approved the proposal for setting up of non-statutory Regulator through an executive order as an interim arrangement.

4.4.3.2.3 **Coal Pricing/ Pooling of Price of Imported coal with domestic coal:-** The Cabinet Committee on Economic Affairs considered the proposal of Ministry of Coal regarding pooling of price with imported coal and directed that coal may also be supplied to power plants of 4660 MW capacity and other similarly placed power plant that do not have any fuel linkage subject to the availability of coal and on the condition that such supplies do not adversely impact the availability of coal for the identified plants of 78000 MW capacity.

4.4.3.2.4 **Auction of Coal Blocks:-**The Cabinet Committee on Economic Affairs in its meeting held on 24th September 2013 considered the proposal of Auction of Coal Blocks from Ministry of Coal and approved the proposal which, inter alias, includes (i) bidding methodology to be followed; (ii) criteria of selection to be followed; and (iii) methodology for fixing the floor/reserve price. The Model Coal Mine Development and Production Agreement have been developed in consultation with the different stakeholders including concerned Ministries/ Departments.

Under Rule 3 of Auction By Competitive Bidding of Coal Mine Rules, 2012, MoC subsequent to the Cabinet approval has invited bids/ NIA for three identified coal blocks on auction basis.

4.4.3.2.5 **Promotion of renewable and clean energy:-** Government of India from time to time has often been encouraging for generation of renewable and clean energy through various measures/incentives. Amongst others, Ministry of Natural & Renewable Energy (MNRE) has a Scheme called ñOff-grid Solar Application Schemeò and funded through JawaharLal Nehru National Solar Mission (JNNSM).

(a) Ministry of Finance, subsequent to the Budget Announcement 2010, had set up **National Clean Energy Fund (NCEF)** under which projects/ schemes relating to innovative methods to adopt clean energy technology and research & development shall be eligible for funding as loan or viability gap funding. During Financial Year 2013-14, 14 projects with Total Project Cost of ₹1477.65 crorehave been approved by the IMG.

(b) The Cabinet on 20th September 2013 had approved a proposal from MNRE for signing a **Memorandum of Understanding (MoU) between the Government of Republic of India and the Government of the United States of America** on cooperation in New and Renewable Energy to facilitate Clean Energy Access.

(c) With the approval of the Finance Minister, this Department had processed for a **development grant of US$ 200,000 from OPEC Fund for International Development (OFID).** The grant will primarily be used for green energy/renewable energy projects including fossil fuels, biomass electrification, waste-to-energy etc. The grant will help in identifying, developing and structuring pilot projects including projects on PPP basis in the aforesaid sectors.

(d) **Low interest bearing funds from National Clean Energy Fund to IREDA to on-lend to viable renewable energy projects:-** A scheme for accessing low cost funds from National Clean Energy Fund (NCEF) (grant equivalent to ₹12,500 crore) to operate a refinance scheme through IREDA has been approved by the IMG. An amount of ₹2000 crore has been earmarked for the FY 2013-14.

(e) **Generation-based incentive to wind energy projects:-**The Generation Based Incentives (GBI) scheme has been announced. Ministry of New & Renewable Energy (MNRE) has released ₹230 crore to IREDA to meet committed liabilities of GBI for wind projects set up during 2012-13. Additional financial support of ₹740 crore has been provisioned from the Ministry's Budget.

4.4.3.2.6 **Pharmaceutical Policy:-**The Pharmaceutical Purchase Policy (PPP) has been approved by the Cabinet on 30.10.2013. The Policy will be applicable for 103 Medicines for a period of 5 years. The policy will be extended only to Pharma CPSEs and prices will be fixed by NPPA based on cost based formula, with provision of annual revision of prices linked to WPI.

Annex-I.

Cabinet Notes analyzed in Infra Section during the year Jan 2013- March 2014.

1. Setting up of Semiconductor Wafer Fabrication manufacturing facility.
2. Treating 50:50 Joint ownership Metro Rail Companies like DMRC at par with CPSU for transfer of land.
3. Universal Services Obligation Fund (USOF) supported scheme to provide mobile services in area affected by left wing Extremism.
4. Land issue of Tilaya Ultra Mega Power Project (UMPP) in Jharkhand.
5. Carriage by Air (Amendment Bill, 2012) for Amendment to the Carriage by Air Act, 1972 OM No. AV11012/9/1997-A dt.26/4/2013
6. Redevelopment of General Pool Residential Accommodation at Netaji Nagar, Kasturba Nagar and Thyagaraj Nagar in Delhi.
7. Proposal to amend the TRAI Act,1997 as amended in 2000.
8. Licensing/leasing of land for Development Project at Various Major Ports.
9. Setting up of an independent Rail Tariff Authority.
10. Seeking approval of the cabinet for inviting fresh pre-qualification applications in connection with setting up ELE at Madhepura and DLF at Marhowra, Bihar.
11. Allotment of land to Various organizations.
12. Reconstruction of Govt. Bunglows in Lutyen'sBunglow Zone.
13. Amendments in Air Services Agreement between India and Slovenia.
14. Approval of RFP and Revised PCMA for Madhepura Electronic Locomotive Project and Marhowra Diesel locomotive Project
15. Air Services Agreement between India and Vietnam.
16. Approval for setting up Amritsar-Kolkata India Corridor and formation AKIC Development Corporation.
17. Financial support to BSNL and MTNL on surrender of Broadband Wireless Access (BWA) spectrum by them with refund of upfront charges paid for such spectrum.
18. Policy Guidelines for Television Rating Agencies.
19. Proposal for revising the Merchant Shipping (Amendment) Bill, 2013 on the recommendations of Deptt. related parliamentary standing Committee.
20. Scheme for operationalization of Power System Development Fund.
21. Draft Regulatory Reform Bill, 2013.
22. Proposal to amend Merchant Shipping Act, 1958 for incorporating provision relating to Bunker Convention, 2001 The Narobi Wreck Removal Convention 2007.
23. Amendment to the Merchant Shipping Act, 1958 and ratification of the Maritime Labour Convention, 2006 of the ILO.
24. Transfer of Defence land to the NHAI for the purpose of Building, Maintenance, Management and Operation of National Highways entrusted to NHAI by the Central Government.
25. Creation of two Circle Offices of Metro Railway Safety in the Commission of Railway safety under Ministry of Civil Aviation.

26. Signing of Air Services Agreement between India and Namibia.
27. Review of eligibility criteria of scheduled carriers for operating on international routes.
28. Signing of Air Services Agreement between India and Sri Lanka.
29. Framework of cooperation between Ministry of Road Transport & Highways and Ministry of Land, Infrastructure and Transport of Republic of Korea in the field of Road Transport and Highways.
30. Amendment in Tariff Policy.
31. Revised agreement between Govt. of India and Govt. of Republic of Korea for the avoidance of double taxation and prevention of fiscal evasion with respect to taxes on income.
32. Reduction of employee expenses of BSNL and MTNL with financial support. From: Department of Telecommunications.
33. Amendment in Electricity Act, 2003. From: Ministry of Power.
34. Transfer of ownership of 288.74 acres of land in possession of Indian Air Force at Nagpur Civil Airport to AAI. From: Ministry of Civil Aviation
35. Creation of Air Navigation Services Corp. of India by hiving off ANS from AAI. From: Ministry of Civil Aviation
36. Inter-Governmental Agreement between India and USA and implementation of Common Reporting Standards for Automatic Exchange of Information on tax matters. From: Department of Revenue
37. Setting up of a Regulator/ Authority under Section 3 (3) of the Environment (Protection) Act, 1986. From: Ministry of Environment and Forests

CCI Notes analyzed in Infra Section during the year Jan 2013- March 2014

1. Scheme for creation of National Optical Fiber Network for Broadband connectivity to Panchayats.
2. Environment Clearance for Ultra Mega Power Projects (UMPPs).
3. New BG Rail line between Jaigarh Port and Digni Station through Joint Venture.
4. Revised cost estimates and financing and implementation plan of Eastern and Western Dedicated Freight Corridor Project.
5. Regarding present status/ action taken on CCEA decision dated 21.6.2013. From: Ministry of Power.
6. On delay in processing of Forest diversion proposals of thermal power projects. From: Ministry of Power.
7. Treating inter-state transmission projects developed under TBCB route as "Deemed Central Projects". From: Ministry of Power.

CoS Notes analyzed in Infra Section during the year Jan 2013- March 2014

1) CoS meeting to discuss land issues in connection with transfer of defence land to the NHAI for the purpose of building, maintenance, management or operation of a national highway entrusted to NHAI by the Central Government.
2) CoS meeting to discuss enhancement of additional budgetary support in respect of 6 projects of the MoRT&H in the State of J&K.

CCEA Notes analyzed in Infra Section during the year Jan 2013- March 2014

1. Proposal of Govt of Odisha for setting up I.T Investment Region (ITR) near Bhubaneshwar.
2. Proposal of Govt. of Andra Pradesh to set up of ITIR in Hyderabad.
3. Proposal of Govt. of Karnataka to set up of ITIR in Bengaluru.
4. Implementation of Reforms by the States uunder The Urban Infrastructure and Governance Sub mission of JNNURM and release of withheld amount of 10% Addl. Central Assistance (ACA).
5. Disinvestment of 11.36% paid up equity capital of NHPC Limited out of Go/Shareholding of86.36%.
6. Disinvestment in ITDC and STC.
7. Continuation of Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) in the 12th Plan.
8. Funding of procurement of upto 10,000 Buses and ancillary infrastructure for urban transport under JNNURM for all cities/ towns/urban agglomerations in India.
9. Regarding shifting of cut-off date of FRP to 31.3.2013 for Jharkhand, Bihar, Andra Pradesh and Karnataka.
10. Follow-on public offer and Disinvestment of Power Grid Corp. of India Ltd.
11. Status of execution of Metro Rail Project particularly those in the PPP mode and measure for further improving execution of these projects.
12. Funding Scheme "Security for Women in Public Road Transport in the Country" under the "Nirbhaya Fund".
13. Institutional framework for fostering Regional connectivity - widening up gradation of Highways along the National Borders.
14. Improving utilization of stranded gas based generation capacity.

15. Waiver of penal interest on Govt. of India loans availed by Cochin Port Trust and its Management and functioning.
16. Annual maintenance of residential, non-residential buildings and services in New MotiBagh GPRA Complex and carrying out any additional minor capital works-Approval to incur expenses out of surplus fund in escrow account.
17. Approval for JNNURM Phase-II and extension of time by one year for completion of projects and reforms under UIG and UIDSSMT of current phase of JNNURM.
18. Licensing of land in possession of NTPC to HNPCL on commercial terms for construction of HNPCL's railway siding connecting HNPCL Power Plant parallel to NTPC Simhadri Railway siding. From: Ministry of Power.
19. Financial support to MTNL on account of liability arising from levy of Minimum Alternative Tax (MAT). From: Department of Telecommunications

Annexure-II

Other important issues considered in Infra Section during Jan 2013- March 2014

1. DPR on extension of Delhi Metro from KalindiKunj to Botonical Garden, Noida (UP).
2. DPR on extension pf Delhi Metro from Noida City Centre to Sector -62, Noida (UP).
3. Allotment of Land to various organizations.
4. DPR for Manipur Muhundpur Metro Connection of Delhi Metro Ref.
5. EFC Memo on Jawaharlal Nehru National Urban Renewal Mission Phase-II (JNNURM)
6. Proposal to being in a suitable legislation for levy of Services Charges by the urban local bodies local bodies a properties belonging to the union Govt.
7. Model Agreement (MCA) in urban Rail system.
8. IMG on the Amritsar-Delhi-Kolkata industrial corridor.
9. Bengaluru - Mumbai Economic Corridor (BMEC).
10. Approval for Development of Trunk infrastructure integrated India Township Greater NOIDA,UP in the DMIC Project.
11. Approval for Development of Trunk infrastructure for integrated in Township Vihramudyogpuri, Near Ujjain, MP in DMIC project.
12. 4th Finance Ministerial meeting between Korea and India.
13. 6th China - India financial Dialogue.
14. India Australia Bilateral Issues.
15. CoS Note on mode of selection of the project contractor and financing the project relating to re-development of surplus land available with MoUD.
16. Draft EFC Memo on Re-development of Sriniwaspuri, Mohammadpur and Saroajini Nagar (GPRA) colonies in Delhi.
17. DPR for Nagpur Metro Rail Project.

PIB

1) PIB Memo for construction of PakalDul Hydro-Electric Project (1000 MW) in Jammu & Kashmir by Chenab Valley Power Project Private Limited (M/s CVPPPL)
2) PIB Meeting on Dredging in front of North Cargo Berth-II and Two numbers of Shallow Draught Berth at the cost of ₹463.97 crore at V.O. Chidambaranar Port, Tuticorin.

5. (INVESTMENT DIVISION)

5.1 National Skill Development Corporation (NSDC)

5.1.1 NSDC, the formation of which was announced in the Budget Speech for 2008-09 (Para 101), commenced operations in 2009-10. The number of proposals approved by the NSDC Board touched the 150 ï mark during the year ended March 2014. The cumulative commitment to the 158 proposals ï 129 training and 29 SSC proposals- approved at till April 2014 stands at ₹2204.31 crore. On an overall basis, more than 20,07,446 people received job oriented skills training across India. 63% of these have been placed at jobs. During 2013-14, NSDC partners trained 10,05,074 people across a wide array of sectors ranging from Healthcare, tourism, hospitality & travel, banking, financial services, retail, IT, electronics, textiles, leather, handicrafts and automotive to agriculture, cold chain and refrigeration through 723 courses offered through 2,856 physical and mobile training facilities in 366 districts. Furthermore, the Finance Minister also announced the decision at the Budget 2013 to set aside ₹1,000 crore for a scheme to encourage youth to voluntarily enrol at skill development institutions and provide an incentive of ₹10,000 to every individual who undergoes training, coupled with recognition, to create an aspiration value for skills.

5.2 STAR Scheme

5.2.1 The NSDC is also leading the implementation of the National Skill Certification and Rewards Scheme, (Standard Training Assessment and Reward). STAR envisages a monetary reward that will in essence financially help those who wish to acquire a new skill or upgrade their skills to a higher level. The STAR scheme was launched on August 16th 2013 and with a budget outlay of Rs 1000 crores and is expected to motivate 1 million youth to acquire a vocational skill during the first year of its implementation. NSDC is the designated implementing agency of the scheme and is working through various Sector Skill Councils, Training Providers and Assessment Agencies.

5.3 NATIONAL SKILL DEVELOPMENT FUND/TRUST (NSDF/T)

5.3.1 NSDF/T was incorporated as a Trust under the Indian Trustŝ Act, 1882 with a total Corpus of ₹995.10 crore as Government contribution, which will act as a receptacle of funding contribution from the Central Government and State Government entities, multilateral/ bilateral and other donors to provide funds to the National Skill Development Corporation (NSDC) for achieving its objectives. In this connection, a Deed of Public Trust was signed on 23/12/2008. The management of the Trust is through the Board of Trustees, which is comprised of three Trustees, viz., Secretary, Department of Economic Affairs, Secretary, Planning Commission, Chairman, NSDC. Secretary, DEA is the ex-officio Chairman of the NSDF/T. In 2011-12 NSDF has also been registered u/s 119(2), 12A and 12AA of the Income-Tax Act, 1961.

5.3.2 On 27/03/2009 NSDF/T and NSDC have entered into an Investment Management Agreement (IMA) which provides for transfer of funds from NSDF to NSDC based on its requirements.

5.4 Other Highlights:

5.4.1 Issue of tax-exemption to the funds invested was taken up with the Department of Revenue. CBDT, DoR have issued a Gazette Notification No.272(E) dated 24/ 01/2013 in exercise of the powers conferred by sub-clause (f) of clause (iii) of sub-section (3) of Section 194A of the Income-Tax Act, 1961 notifying the National Skill Development Fund for the purpose of sub-clause (f) of clause (iii) of sub-section (3) of the said Section.

5.5. BILATERAL INVESTMENT PROMOTION AND PROTECTION AGREEMENT (BIPA):

5.5.1 As part of the Economic Reforms Programme initiated in 1991, the foreign investment policy of the Government was liberalised and negotiations were undertaken with a number of countries to enter into BIPAs. The objective of BIPA is to promote and protect the interests of investors on reciprocal basis. As on March 2014, Government of India has signed BIPA with 83 countries (the latest being signed with Government of UAE, of which 72 BIPAs have already come into force.

The BIPAs have the significant provisions as under:-

- Accord fair and equitable treatment to investments of the foreign investors;
- National Treatment to foreign investment i.e. treatment at par with domestic investment;
- Most Favoured Nation Treatment i.e. treatment at par with other foreign investors;
- Right to transfer of returns, without unreasonable delay and in freely convertible currency;
- Right against expropriation, except for a public purpose, in accordance with law, on a non-discriminatory basis and on payment of compensation;
- Elaborate dispute resolution mechanism between a foreign investor and the host government and between the two contracting governments.

5.5.2 However, in the light of the recent developments including the adverse legal implications including an adverse arbitration award in the WIAL case and various dispute notices served to GoI w.r.t. BIPA, the Model text of BIPA is being reviewed by GoI in Department of Economic Affairs, Ministry of Finance to understand the exact nature of demands and obligations under these treaties. The review is at the Inter-ministerial consultantions stage and is likely to be completed soon. Department of Economic Affairs is also finalizing the Interpretative Statements that shall be negotiated and exchanged with the countries with whom India has already entered into a BIPA.

5.5.3 **BIPA with UAE:** While the process of Model text on BIPA is under review, Government decided to enter into negotiations with Government of UAE and finalised BIPA with United Arab Emirates on standalone basis which was signed on 12th December, 2013. This signing of BIPA between Indian and UAE was actually a culmination of long and detailed mutual consultations. The discussions on the BIPA with UAE started in the year 1994, i.e., even before the Indiaŝ first investment treaty was signed with the United Kingdom. After extensive deliberations, in 2007 the two parties had agreed and initialled a draft text with only three outstanding issues remaining. The negotiations with UAE proceeded on the basis on a draft text that was mutually been agreed upon and initialled in 2007. After the intense negotiations the same was finalized and signed in December 2013. This Agreement shall remain in force for a period of ten (10) years. During that period, and not later than 01-01-2016, both Contracting Parties shall commence renegotiation of the terms of this Agreement and endeavor to enter into a revised or new Agreement within a reasonable period. When both Contracting Parties agree on the revised or new agreement, the same shall supercede the existing Agreement from the date of its entry into force.

5.6 FIPB Unit

5.6.1 The Foreign Investment Promotion Board (FIPB) is a single window clearance for FDI proposals and comprises the core Group of Secretaries of Department of Economic Affairs, Department of Industrial Policy & Promotion, M/o Small Scale Industries, D/o Revenue, D/o Commerce, M/o External Affairs and M/o Overseas Indian Affairs and co-opt other Secretaries to the Central Government and top officials of financial institutions, banks and professional experts of Industry and Commerce, as and when necessary. FIPB is chaired by the Secretary of the Department of Economic Affairs and its meetings are held regularly, usually in 3-4 weeks interval.

5.6.2 FDI Proposals seeking FIPB approval are handled in this Department and proposals of NRI Investment, Foreign Technology transfer trade marks agreement and FDI in 100% EOUs are handled in the Department of Industries Policy & Promotion (DIPP). The FDI Policy and FDI Data are also maintained in the DIPP.

5.6.3 Brief of the proposals processed by FIPB during 1st January, 2013 to 31st March, 2014 is as below:

During the period 1st January, 2013 to 31st December, 2013, 15 meetings were held in which 390 proposals were considered and 198 proposals with FDI/NRI inflow of approximately ₹60326.20 crore were approved. Similarly, during the period 1st January 2014 to 31st March, 2014, total 4 meetings were held wherein 98 proposals were considered and 48 proposals, with FDI/NRI inflow of approximately ₹10545.90 crore were approved.

5.7 Foreign Investment Unit

5.7.1 Department of Industrial Policy & Promotion (DIPP) is the nodal department on FDI policy. FIU Section, suo moto or otherwise, provides comments / views on FDI policy to DIPP for updating /amending /improving the extant FDI policy as per need of the Indian economy. It also suggests measures for improving investment environment in India with respect to FDI policy.

5.8 FDI Policy

5.8.1 Government of India embarked upon major economic reforms since mid-1991 with a view to integrate with the world economy and to emerge as a significant player in the globalization process. Reforms undertaken include de-control of industries from the stringent regulatory process; simplification of investment procedures, promotion of foreign direct investment (FDI), liberalization of exchange control, rationalization of taxes and public sector divestment.

5.8.2 As per the extant policy, FDI up to 100% is allowed, under the automatic route, in most of the sectors/ activities. FDI under the automatic route does not require prior approval either by the Government of India or the Reserve Bank of India (RBI). Investors are only required to notify the Regional office concerned of RBI within 30 days of receipt of inward remittances and file the required documents with that office within 30 days of issue of shares to foreign investors.

5.8.3 Under the Government approval route, applications for FDI proposals, other than by Non-Resident Indians, and proposals for FDI in ‘Single Brand’ product retailing, and Multi Brand Retail Trading (MBRT) are received in the Department of Economic Affairs, M/o Finance. Proposals for FDI in ‘Single Brand’ product retailing and by NRIs are received in the Department of Industrial Policy & Promotion, M/ o Commerce and Industry. These proposals are then considered by the Foreign Investment Promotion Board (FIPB) which is housed in the Department of Economic Affairs.

5.8.4 Foreign investments in equity capital of an Indian company under the Portfolio Investment Scheme are governed by separate regulations of RBI /Securities & Exchange Board of India (SEBI).

5.8.5 The FDI policy has been liberalized progressively through review of the policy on an ongoing basis and allowing FDI in more industries under the automatic route. Three major reviews were undertaken in the year 2000, 2006 and 2007-2008. A major policy stance defining indirect foreign investment was taken in 2009 which elaborated the counting of indirect foreign investment and guidelines for downstream investments by foreign owned or controlled companies as also guidelines for transfer of ownership from residents to non residents in sensitive sectors.

5.8.6 The following sectors are **prohibited** for FDI:-

(i) Lottery Business

(ii) Gambling and Betting

(iii) Business of chit fund

(iv) Nidhi company

(v) Trading in Transferable Development Rights (TDRs)

(vi) Real Estate Business or Construction of Farm Houses

(vii) Manufacturing of Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes

(viii) Activity/sector not opened to private sector investment including Atomic Energy and Railway Transport (other than Mass Rapid Transport Systems).

5.8.7 Sectors in which FDI caps exist are as under:-

S.No	Sector	Sectoral Cap / Route
1.	Defence Production	26%FIPB (FII not allowed). Beyond 26%, in case state-of-the-art technology is envisaged, Approval through Cabinet Committee on Security.
2.	Civil Aviation :	
	(i) Scheduled Air transport services /domestic Scheduled passenger airline.	49% FDI (100% for NRIs) Automatic.
	(ii) Non-scheduled Air Transport Service /Non-Scheduled airlines and Cargo airlines.	74% FDI (100% for NRIs) Automatic (Now foreign airlines are also allowed to invest).
	(iii) Ground handling services.	100% for NRIs Automatic 74% FDI (100% for NRIs) beyond 49% FIPB.
3.	Asset Reconstruction Companies (ARCs).	100% (FDI+FII) - FIPB beyond 49%.
4.	Banking Private SectorBanking Public sector.	74%(FDI+FII) FIPB beyond 49% 20%(FDI+FII) FIPB
5.	Broadcasting	
	(i) FM Radio.	26% (FDI+FII) FIPB
	(ii) Cable network.	49% (FDI +FII) Automatic)
	(iii) DTH.	
	(iv) Headend-in-the-Sky (HITS).	74% (FDI+FII) FIPB beyond 49%)
	(v) Setting up of hardware facilities : Up linking, HUB etc.	
	(vi) Up linking news & current affairs TV Channel.	26% (FDI+FII) FIPB
6.	Commodity exchanges.	49%(26%FDI+23%FII) Automatic
7.	Credit information Companies (CICs).	74% Automatic (FII only 24%)
8.	Insurance.	26% Automatic
9.	Stock Exchanges, Depositories, Clearing Corp.	49%(26%FDI+23%FII) Automatic
10.	Petroleum & Natural Gas Refining.	49% FDI in case of PSUs Automatic
11.	Publishing of newspaper and periodicals dealing with news and current affairs.	26% (FDI+FII) FIPB
12.	Security Agencies in Private Sector.	49% FIPB
13.	Satellites ï establishment and operation.	74% FIPB
14.	Single brand product retailing.	100 % subject to sourcing conditions beyond 51%; FIPB beyond 49%
15.	Multi Brand Retail Trading.	51 % FIPB ï subject to various conditions
16.	Telecom Services.	100% FDI - FIPB beyond 49%; subject to licensing and security conditions laid down by DOT.
17.	Pharma sector (Brownfield).	100% FIPB w.e.f November 8, 2011
18.	Power Exchanges.	49%(26%FDI+23%FII) Automatic

5.8.8 In other sectors, FDI is permitted upto 100% on the automatic route, subject to applicable laws/ regulations, security and other conditionalities.

5.8.9 In July-August, 2013, the Cabinet approved changes in FDI caps /norms as mentioned below; these are already incorporated in the table above**.**

1) Petroleum & Natural Gas by Public Sector Undertakings (PSU), without any disinvestment or dilution of domestic equity in the existing PSUs.): Placed on Automatic Route

2) Commodity exchanges : Placed on Automatic Route

3) Power exchanges Placed on Automatic Route

4) Stock exchanges, depositories and clearing corporations: Placed on Automatic Route

5) Asset Reconstruction Company : Cap increased and placed on Automatic route till 49%

6) Credit Information Companies : Cap increased and placed on Automatic route till 49%

7) Tea sector including tea plantations : Divestment Condition removed

8) Single-brand product retail trading: Placed on Automatic Route upto 49% and sourcing conditions eased.

9) Test Marketing: Clause deleted as it is no longer relevant

10) Telecom Services : Cap enhanced to 100%

11) Courier Services :Placed on automatic route

12) Defence FDI allowed going beyond 26% in case state-of-the-art technology is involved. Approval through Cabinet Committee on Security

13) Multi-Brand Retail Trading :Sourcing conditions liberalised

5.8.10 To remove ambiguity and for facilitation of trade & investment, the Govt. has taken a number of steps. Some major steps are mentioned as below:

(i) Control is redefined vide Press Note 4/2013 issued by DIPP as ñControlô shall include the right to appoint majority of the directors or to control the management or policy decisions including by virtue of their shareholding or management rights or shareholders agreements or voting agreementsò.

(ii) Group company are defined vide Press Note 2/ 2013 issued by DIPP as ñGroup Company means two or more enterprises which directly or indirectly in a position to

(a) Exercise twenty-six percent or more of voting rights in other enterprise; or

(b) Appoint more than 50% ,of members of board of Director in the other enterprise

(iii) For providing relief to the unlisted companies to get capital for expansion etc, the Govt. vide Press Note No. 7/2013 has allowed Unlisted companies to raise capital abroad without the requirement of prior or subsequent listing in India initially for a period of two years subject to certain conditions.

5.8.11 The Government has set up a Committee for rationalising the definition of FDI and FII in view of the FMôs announcement in the 2013-14 budget that ñTo remove ambiguity what is FDI and FII, I propose that where an investor has a stake of 10 percent or less in a company, it will be treated as FII and, where an investor has a stake of more than 10 percent, it will be treated as FDIò. The Committee will submit its report shortly.

5.9 FDI Inflows

5.9.1 The cumulative FDI inflows from April 2000 to September 2013 aggregate to US $ 3,06,889 million. The cumulative FDI equity inflows from April 2000 to September 2013 aggregate to US $ 2,04,658 million (₹9,63,795 crore).

5.9.2 In the financial year 2013-2014, the FDI equity inflows from April 2013 to September 2013 are US $ 11,376 million compared to US $ 12,846 million during the corresponding period in 2012.

5.9.3 In the current calendar year 2013 , the FDI equity inflows from January 1 2013 to September 30, 2013 are US $ 16,853 million (₹97,086 crores) compared to US $ 18,689 million (₹99,486 crores) during the corresponding period in 2012 representing a decrease of 9.82 % in dollar terms and a decrease of 2.41% in rupee terms.

6. Multilateral Institution Division

6.1 Introduction

6.1.1 The MI Division is concerned with policy matters of Multilateral Institutions like World Bank Group, International Monetary Fund (IMF), Asian Development Bank (ADB), African Development Bank and related institutions. MI Division is also the nodal point for facilitating and monitoring Externally Assisted Projects (Central and State Projects all over India) which are being implemented through Multilateral Development Banks and other related Trust Funds/Loans/Grants. In addition, it also deals with Global Alliance for Vaccines and Immunization (GAVI), The Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM), International Fund for Agricultural Development (IFAD) and Global Environment Facility (GEF).

6.2. World Bank Group:

6.2.1 The World Bank is among the worldœs leading development institutions with a mission to fight poverty and improve living standards for people in the developing world by promoting sustainable development through loans, guarantees, risk management products, and (non-lending) analytic and advisory services. The World Bank is one of the United Nationsô specialized agencies. The World Bank concentrates its efforts on reaching the Millennium Development Goals aimed at sustainable poverty reduction.

6.2.2 India is member of four institutions of the World Bank Group viz., International Bank for Reconstruction and Development (IBRD); International Development Association (IDA); International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA). India has been accessing funds from the World Bank (mainly through IBRD and IDA) for various developmental projects. MI division is the focal point for India being represented in the WBG meetings for international deliberations to discuss policy issues pertaining to the World Bank Group as also to undertake projects with assistance from the World Bank (IBRD and IDA).

6.3 World Bank Reforms

6.3.1 In the recent Capital Increase in IBRD (Spring Meetings, April 2010), India has been allocated additional 24,092 shares (through General Capital Increase and Selective Capital Increase). As a result India will become the 7th largest shareholder in IBRD with voting power of 2.91%. Before this revision, Indiaœs voting power was 2.77% at 11th position among shareholders. As a constituency (comprising of four countries - India, Bangladesh, Sri Lanka and Bhutan), Indiaœs voting power will increase to 3.26% from the present 3.14%. India has commenced its subscription of additional shares allocated following 2010 reforms. During 2013-14, India subscribed to 5151 shares of IBRD. Consequently as on 30th December, 2013, India holds 61,890 shares amounting to US $ 7466.1 million.

6.4 World Bank India Portfolio:

6.4.1 A total of 76 projects with net commitment of US $ 20.83 billion spread across sectors of education, health, rural development, Panchayati raj institutions, irrigation, water supply, urban and transport form Indiaœs current portfolio of World Bank Group projects.

6.5 Major activities pertaining to the World Bank in 2013

6.5.1 Country Partnership strategy ï In April, 2013, the World Bank Groupsô new Country Partnership Strategy (CPS) for India (2013-2017) was adopted. The new CPS provides for a lending program of $ 3 billion to $ 5 billion each year till 2017. The new CPS has particular focus on three key areas; integration, transformation and inclusion, and on Low Income States.

6.5.2 On 12th September, 2013 the Union Cabinet gave its approval for entering into Special Private Placement Bonds arrangement with IBRD for enabling India to have additional borrowing space of US$ 4.3 billion above the single borrower limit. The additional borrowing space will enable Government of India to commit new projects with World Bank (IBRD assistance).

6.5.3 To ensure smooth portfolio management, sector wise Tripartite Review Meetings have been organized for WB funded projects. State reviews also were held during the year for Odisha, Uttarakhand,Uttar Pradesh as also specific periodic reviews were taken for slow disbursing projects.

6.5.4 As part of ñLook East Policyò Mizoram Roads project for World Bank funding of US$ 107 million for connectivity to Myanmar and Bangladesh (partially through Regional IDA window which is over and above the country allocation) has been negotiated.

6.5.5 Enhancing Global Competitiveness of Small and Medium Enterprises project for World Bank funding of US$ 200 million has been negotiated. This is for setting up 15 new State of the Art Tool Rooms.

6.6 Loan Negotiations & Disbursement.

6.6.1 Eleven Projects worth US$ 2836 million were negotiated for World Bank funding. During 2013, eight projects worth US$ 1372.7 million were signed with World Bank. During 2013, disbursement of US$ 2964.07 million was achieved for World Bank Projects.

6.7 Uttarakhand –Crisis response and reconstruction project

6.7.1 US $ 250 million new project for Uttrakhand Disaster Recovery Project was negotiated with World Bank on 03rd October, 2013; US$ 200 million new project for Uttrakhand Emergency Assistance Project was also negotiated with ADB.

6.8 Contribution to IDA replenishment and other trust fund replenishment

6.8.1 IDA17 Replenishment was very successful from India's point of view. During the meeting, IDA Transition Support for India was unanimously agreed to. This outcome is in itself extra-ordinary as it is an exception to the rule in the 52 years history of IDA. With this India, though it graduates in IDA17 (beginning July 1, 2014), will receive two thirds of what would have been its normal allocation had if not graduated. With this India will get USD 3.3 billion in IDA17 (Bank's FY 15-17) that will primarily be deployed for projects in low income states. The terms will be harder than IDA, but 100 basis points less than fixed IBRD equivalent.

6.8.2 Overall IDA17 negotiations are also successful owing to a robust replenishment to the size of US$ 51.96 billion which is 5.5 per cent over IDA16 replenishment of USD 49.2 billion, and about USD 1.96 billion above the preferred scenario of USD 50 billion that the deputies had favoured in the last meeting in Washington. India played a constructive role in ensuring robust IDA-17 replenishment by indicating our choice of 'principal option' of accelerated re-payments of eligible IDA credits. For this India got wide appreciation from African borrower representatives and the major donors.

6.9 Meetings of Fund Bank

6.9.1 The 2013 Spring Meetings of the World Bank and IMF and other associated meetings took place in April, 2013 followed by Annual Meetings in October, 2013. The Indian delegation was led by the Hon. Finance Minister Shri P. Chidambaram. Highlights of the meetings included, inter alia, deliberations on issues of Global Policy Agenda(IMF); Governance and Quota reforms in IMF; World Bank Group Strategy; development of Global Infrastructure Fund; terms & conditions for World Bank's lending scenario; procurement reforms; voice reforms; climate change, etcas well as long term strategic issues.

6.10 International Finance Corporation (IFC)

6.10.1 International Finance Corporation (IFC) undertakes non-sovereign operations in India and has become an important development partner for India, through its financial and advisory services to the private sector. As of June 30, 2013, IFC's committed portfolio in India stood at $4.5 billion, with an average annual investment of approximately US$1.0 billion in India, making India IFC's largest portfolio exposure. Projects have been concentrated in the areas of infrastructure, manufacturing, financial markets, agribusiness, SMEs and renewable energy. Keeping in alignment with the Country Partnership Strategy (CPS) of the World Bank Group in India, IFC focuses on low-income States in India.

6.10.2 Government of India has approved the proposal from IFC to launch Offshore Rupee Bond Programme to the tune of US$ 1 billion. The programme was launched at the sidelines of the annual meetings of the World Bank and the IMF in October 2013. IFC launched the first tranche of offshore Rupee bond programme on November 19, 2013 worth US$ 161 million (INR 10 billion). The bond issuance met with overwhelming response and was oversubscribed by two times, with orders reaching over INR 20 billion. Twenty seven investors from across the globe, which includes central and private banks, asset managers, pension funds etc. from Asia, Europe and US, participated. The tenor of the bond is three years with coupon rate of 7.75 per cent. The principal and the coupon payments are in US Dollars and all amounts are tied to the US Dollar- INR exchange rate. The bond proceeds will be converted into INR in domestic spot exchange market and used in India. The programme is expected to provide an alternative source of investment in India. It would also result in broadening of Indian capital market. The encouraging response for the programme is expected to boost investor confidence in India.

6.10.3 Another purpose of the programme was to have rupee denominated bonds in international markets (investors taking the exchange risk) and the proceeds being used for investments in India.

6.11 International Monetary Fund

6.11.1 India is a founder member of the International Monetary Fund, which was established to promote a cooperative and stable global monetary framework. At present, 188 nations are members of the IMF. Since the establishment of IMF, its purposes have remained unchanged but its operations - which involve surveillance, financial assistance and technical assistance - have developed to meet the changing needs of member countries in an evolving world economy. The Board of Governors of the IMF consists of one Governor and one Alternate Governor from each member country. For India, the Finance Minister is the ex-officio Governor on the Board of Governors of the IMF. There are three other countries in India's constituency at the IMF, viz. Bangladesh, Sri Lanka and Bhutan. Governor, RBI is India's Alternate Governor.

6.12 Meetings of Board of Governors

6.12.1 The Board of Governors usually meet twice a year to discuss the work of the respective institutions, viz. the spring meetings and the Annual meetings of the IMF and World Bank. At the heart of the gathering are meetings of the IMF's International Monetary and Financial Committee (India is represented by the Finance Minister in IMFC) and the joint World Bank-IMF Development Committee, which discuss progress on the work of the IMF and World Bank. The 2013 Spring Meeting of the International Monetary Fund and World Bank Group was held in Washington D.C from April **19-21,**2013. The last Annual Meeting of the IMF and World Bank was held during October 11-13, 2013 at Washington D.C. The 28th Meeting of the IMFC, which is an advisory body made up of 24 IMF Governors, Ministers, or other officials of comparable rank, was held at Washington D.C on 12th October, 2013.

6.13 India's Quota and Ranking

6.13.1 India's current quota in the IMF is SDR (Special Drawing Rights) US$ 5821.50 million, giving it a shareholding of 2.44 %. Based on voting share, India (together with its constituency countries viz. Bangladesh, Bhutan and Sri Lanka) is ranked 17th in the list of 24 constituencies.

6.13.2 The IMF reviews members' quotas once in five years and the last such review took place in December, 2010. India has already consented to its quota increase under the 2010 review and after the 2010 quota review comes into effect, India's quota share will increase from the current 2.44% to 2.75%, making India the eighth largest quota holding country at the IMF. The 2010 quota review was expected to be in force during 2013. However it is still pending since the conditions for its effectiveness have not been met.

6.14 India's contribution to borrowing arrangements of the IMF

6.14.1 The Fund also supplements its quota resources temporarily through borrowing arrangements. In July 2010, India committed a maximum of up to USD 14 billion for the New Arrangements to Borrow (NAB) into which the previous Note Purchase Agreement (NPA) has been folded. This commitment is in the form of Promissory Notes or Securities issued by RBI on behalf of Government of India and can be drawn by IMF as and when it requires emergency funding. Once the 2010 quota increase comes into effect, India's NAB commitment is expected to be rolled back to about US $ 7.0 billion. These notes do not represent a cash outgo until the IMF makes a call upon India. As against the maximum commitment of US$ 14 billion, so far since 2010, claims of about US$ 2 billion have been made upon India. These borrowings are treated as part of India's reserves.

6.14.2 In the wake of the ongoing Eurozone crisis, the IMF has proposed a new bilateral borrowing programme to augment its resources for crisis prevention and to meet the potential financing needs of all IMF members. 37 members representing three-fifths of the total quota of the IMF, have pledged contributions to enhance the IMF's resources by US $ 456 billion. At the Los Cabos Summit of the G20 held on June 19th, 2012, BRICS countries have announced their contributions, including US$ 10 billion each by India, Brazil and Russia, US $ 43 billion by China and US$ 2 billion by South Africa. The IMF has committed that these new resources will be drawn only if they are needed as a second line of defense after resources already available from quota and existing borrowing arrangements are substantially used. If drawn, they would be repaid with interest.

6.14.3 It has been clarified that quota resources would remain the basic source of fund financing and that the role of borrowing is to temporarily supplement the quota resources. The new borrowing programme is based on issuance of Promissory Notes by member countries that are securities of these countries which are encashable when required by the IMF. These note purchase agreements are denominated in Special Drawing Rights (SDRs) and do not entail any outgo of cash/hard currency until a call is made by the IMF to encash a portion of the securities. Further, the notes are treated as a part of the reserves of the issuing country and as such, they do not impact the holding of reserves of the issuer.

6.14.4 The Agreement for this borrowing programme has been finalized in consultation with Reserve Bank of India (RBI) and International Monetary Fund (IMF). The Note Purchase Agreement has been signed between RBI & IMF on 19.09.2013. A MOU has been signed between Government of India and RBI on 19th December, 2013.

6.14.5 Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year, to review the economic status of the member countries. Article IV Consultations are generally held in two phases. During this exercise the IMF mission holds discussions with the RBI and various line Ministries/Departments of Central Government. The Article IV Consultations are concluded with a meeting of IMF Executive Board at Washington DC which discusses the Article IV Report. The last round of annual Article IV Consultations with the IMF Staff in India was held in November 20-26, 2013.

6.15 Financial Transactions Plan (FTP)

6.15.1 The Financial Transactions Plan of the IMF is the mechanism through which the Fund finances its lending and repayment operations, to its members, in the General Resources Account. The members of the Fund can take loans from IMF with limits corresponding to their quota. IMF lends to its members in both foreign exchange and SDRs. Credit extended in foreign exchange is financed from the quota resources made available to the IMF by members. The creditor gets benefited as their position gets increased. When extending credit in SDRs, the IMF transfers reserve assets directly to borrowing members by drawing on the IMF's own holdings of SDRs in the General Resources Account.

6.15.2 India has agreed to participate in the FTP of the IMF with effect from the Sept-Nov quarter of 2002. Effective participation in the FTP made India a creditor member with the IMF. Under this, India is asked to make a purchase (issuance of credit) or a repurchase (debt servicing by our debtor) under the FTP. By participation in FTP, India is allowing IMF to encash its rupee holdings as part of India's quota contribution, for hard currency which is then lent to other member countries who are debtors to the IMF.

6.16. Asian Development Bank

6.16.1 India is a founding member of Asian Development Bank (ADB) that was established in 1966. The Bank is engaged in promoting economic and social progress of its developing member countries (DMCs) in the Asia Pacific Region. ADB's authorized & subscribed capital stock is US$163.12 billion of which India's subscription is US$10.3 billion. India is holding 6.357% of shares, totaling 672,030 shares with 5.384% voting rights. Payment of US$17,295,198.68 (Rs. 106,39,74,680/- @ Rs. 61.5185 per USD) in cash and Promissory Note of Rs.172,83,09,203/-(equivalent of US$ 25,942,798.02 @ Rs. 66.62 per USD) has been done to ADB in October 2013 as the fourth installment of the GCI-V.

6.16.2 CPS for India covering five year period (2013 to 2017) was approved by ADB Board in October 2013. The CPS 2013-2017 aims to support government's vision of faster, more inclusive, and sustainable growth envisaged under 12th Plan. The indicative resource envelope for sovereign operations is around US$ 2 billion per annum. The TA program will amount to around $ 8 million per year. ADB's non-sovereign operations will be in line with the CPS priority areas and will continue to support the infrastructure and finance sectors.

6.16.3 India successfully hosted the 46th Annual Meeting of ADB during 2-5 May, 2013 in New Delhi. The Annual meetings are statutory occasions for Governors of ADB members to provide guidance on ADB administrative, financial, and operational directions. The theme of the Annual Meeting- "Development through Empowerment" provided an opportunity for stakeholders to discuss various approaches that would foster broad-based benefits and opportunities for all. The knowledge sharing and partnership events program featured distinguished speakers and generated a high level of interest and enthusiasm over a range of development and economic topics. The meeting gathered nearly five thousand participants, including finance ministers, central bankers, policy makers, business leaders, renowned academics, civil society organizations, and media, covering all 67 member countries.

6.17 ADB's Portfolio with India

6.17.1 ADB assistance to India commenced in 1986. Average annual lending increased from $586 million between 1986-96 to $905 million between 1997-2002, $1.094 billion between 2003-07 about $2 billion between 2008-13. ADB assistance of $2241.5 million has been negotiated in 2013.

6.17.2 Over the past decade, ADB has expanded operations beyond the power, transport, and urban sectors into areas focusing on financial inclusion and generation of sustainable livelihoods (e.g. support for reforms in the Rural Cooperatives sector, Khadi and Village Industries sector, and Micro-Small and Medium Enterprises); Skill development, Integrated Water Resources Management with a focus on Climate Change Adaptation (including support for Irrigation, Coastal Zone Management, and Flood Control); Agribusiness Infrastructure Development; and Tourism. ADB assistance has also been extended to States such as Assam, Bihar, Chhattisgarh, Jammu & Kashmir, Jharkhand, Orissa, Uttarakhand, and the North Eastern region which are experiencing constraints due to poverty, low levels of social development, weak capacity, and inadequate infrastructure.

6.17.3 The Technical Assistance (TA) program has evolved in line with the loan program. TA support is being used to build capacity, improve project preparedness and implementation, assist the Government's PPP initiative, and undertake scoping studies and knowledge products. Loan of US$ 500 million with the first tranche of US $ 300 million from ADB (over and above country allocation) for Roads in NE having regional connectivity potential, has been negotiated. This will be over and above the normal country allocation.

6.17.4 US $ 500 million worth loan has been arranged for the Rajasthan Renewable Energy Project. In this US$ 200 million will come from the Clean Technology Fund (CTF). This is the first loan under the Clean Technology Fund (CTF) for India. For the first tranche of US $ 150 million that will have US $ 88 million from CTF, loan negotiations have been completed.

6.18 Scheme of Fund for Regeneration Traditional Industries (SFURTI)

6.18.1 SFURTI project for ADB loan assistance of US$ 134 million has been posed to ADB. SFURTI Scheme aims at developing 800 clusters of Traditional Industries in India by way of strengthened institutional arrangements through effective participation of artisans and other stakeholders ensuring greater sectoral convergence and post-project sustainability. It aims at developing clusters to make them competitive, market driven, efficient, improved traditional skills / technologies, advanced processes, market intelligence and new models of PPP, so as to replicate similar models.

6.19 PCG Facility for IIFCL

6.19.1 The aim of Partial Credit Guarantee (PCG) facility to IIFCL by ADB is to develop a credit enhancement product to support infrastructure project bonds. The bonds would typically be bonds issued by the infrastructure project SPV developed through PPP modality. The objective to enhance the rating of the project bonds so as to catalyse financing from insurance & pension funds in accordance with regulatory guidelines. ADB will guarantee up to 50% of IIFCL's underlying project risk for the first few pilot transactions. ADB's engagement is for assisting IIFCL in undertaking a primary due diligence of the projects and assisting in pricing the underlying credit risk, while IIFCL scale up its capacity in these areas both through working with ADB and internal capacity development initiatives.

6.19.2 Concurrence of GoI has also been conveyed allowing ADB to raise INR resources in India to the tune of US$128 million to meet any call on IIFCL credit enhancement scheme.

6.20 Contribution to TASF

6.20.1 ADB has set up the Technical Assistance Special Fund (TASF) for providing technical assistance to Developing Member Countries (DMCs) for capacity building development in the formulation, design and implementation of projects to facilitate effective use of external financing. India is voluntarily contributing to TASF since 1970 and a net of Rs.12.03 crores has been contributed upto 2012-13. A further contribution of Rs.1 crore would be made in the financial year 2013-14.

6.21 African Development Bank

6.21.1 India became the member of the AfDB on 6th December, 1983. India is contributing to African Development Fund since 1974. India supported 200% General Capital Increase-VI of AfDB, enhancing Bank's capital from UA 23.947 billion to UA 67.687billion (UA= Unit of Account; 1 UA = 1 SDR). Resultantly, India has been allocated 9,763 new shares (586 paid up and 9177 callable) having a capital value of UA 97,630,000. India has to pay eight annual installments of UA 7,32,500 (equivalent to US$ 10, 94,033). In this regard, third installment has been paid in November, 2013.

6.21..2 India's contribution to the Fund up to ADF-12 amounts to UA 79,297,898 with voting power in ADF standing at 0.180% (as of September 2013). India also contributes to the Multilateral Debt Relief Initiatives (MDRI) of ADF. The total committed amount over the collective period from 2006-2054 is UA 14.11 million (1UA=1SDR). Rs. 10.614 crores has been paid towards India's participation during the 2006-2014.

6.22 International Fund for Agricultural Development (IFAD)

6.22.1 India has pledged to contribute an amount of US$30 million to 9th Replenishment Cycle of International Fund for Agricultural Development (IFAD). Consequently, the 2nd installment of US $ 10 million was paid in financial year 2013-14. Up to financial year 2013-14, IFAD had assisted 26 projects in agriculture, rural development, tribal development, women's empowerment, natural resource management and rural finance sector in low income States of India. Two new projects have been selected under the current Performance Based Allocation System cycle of financial year 2013-15.

6.23 Global Fund to to fight AIDS, Tuberculosis and Malaria (GFATM)

6.23.1 India announced its pledge to contribute to the Global Fund to fight AIDS, Tuberculosis and Malaria (GFATM) in the 4th Voluntary Replenishment Conference held on 2nd December, 2013. US$16.5 million would be contributed from DEA's budget for the years 2013 to 2016.

6.24. Global Alliance for Vaccines and Immunization (GAVI)

6.24.1 India has committed to contribute US$1 million per annum for the years 2013-14 to 2016-17 to the Global Alliance for Vaccines and Immunization(GAVI) which is a public private global health partnership committed to saving children's lives and protecting people's health by increasing access to immunization in poor countries.

6.25. Miscellaneous

6.25.1 The first conference of Executive Directors and Advisers/Senior Advisers of WB, IMF, ADB, AFDB with DEA, Planning Commission and other line Ministries was organized by the MI Division on 21-22 August, 2013 in New Delhi.

6.25.2 India successfully hosted 2nd meeting of GEF VI during 9-10 Sep, 2013 in N. Delhi This was also the first time that India hosted a GEF Replenishment meeting. This was the first replenishment meeting ever held in a developing country. India has contributed US$ 6 million in pilot phase of GEF and US$ 9 million in each of the 5 Replenishments of GEF.

6.25.3 In FY 2013-14, India has decided to contribute US $ 500,000, payable in two equal installment (of INR 1.36 crores each), to the South-South Experience Exchange Trust Fund. The first such installment has been paid to the World Bank on 27th November, 2013.

Annexure I

World Bank's Portfolio in India

Table 1 : Sector-Wise portfolio of World Bank assisted projects in India in year 2013 is as under :

Sl. No.	SECTORS	No. of Loans	US$ Million	Percentage %
1	Agriculture	8	1264.5	11%
2	Disaster Management	2	475	3%
3	Education	3	1080	4%
4	Energy	6	3603.4	8%
5	Environment	6	1335.5	8%
6	Finance	3	582.4	4%
7	Health	6	1294.8	8%
8	Irrigation and Water	10	2826	13%
9	PRI	4	604	5%
10	Rural Development	8	2729.1	11%
11	Rural Water Supply	5	693.9	7%
12	Transport	11	3464.3	14%
13	Urban	4	875.4	5%
	Total	**76**	**20828.2**	**100%**

Table 2 : List of the Project signed with the World Bank in year 2013

Sl. No.	PROJECT NAME	SIGNING DATE	IBRD COMMIT AMT (In $ million)	IDA COMMIT AMT (In $ million)	TOTAL (In $ Million)
1	Himachal Pradesh State Roads Project (Additional Financing)	21-01-2013	61.7 million	0.0	61.7
2	Karnataka Watershed	11-Feb-13	0.0	60.0	60.0
3	National AIDS Control Support Project	18-Jun-13	0.0	255.0	255.0
4	Kerala State Transport Project II	19-Jun-13	216.0	0.0	216.0
5	Bihar PRI	27-Jun-13	0.0	84.0	84.0
6	Low-Income Housing Finance	14-Aug-13	0.0	100.0	100.0
7	Uttar Pradesh Water Sector Restructuring Project Phase 2(Credit No.5298-IN)	24-Oct-13	0.0	360.0	360.0
8	Tamil Nadu/ Puducherry Disaster Risk Reduction	11-Nov-13	0.0	236.0	236.0
	Total		**277.7**	**1095.0**	**1372.7**

Table 3 : The following loans were negotiated during 2013 :

SI. No.	PROJECT NAME	NEGOTIATION DATE	IBRD COMMIT AMT (In $ million)	IDA COMMIT AMT (In $ million)	TOTAL (In $ Million)
1	Kerala State Transport Project II	15-Mar-13	216.0	0.0	216.0
2	National AIDS Control Support Project	21-Mar-13	0.0	255.0	255.0
3	Low-Income Housing Finance	25-Mar-13	0.0	100.0	100.0
4	Tamil Nadu/ Puducherry Disaster Risk Reduction	21-May-13	0.0	236.0	236.0
5	UP Water Sector Restructuring II	16-Jul-13	0.0	360.0	360.0
6	Rajasthan Road Sector Modernization	18-Sep-13	0.0	160.0	160.0
7	National Highways Inter-Connectivity Improvement Project	26-Sep-13	500.0	0.0	500.0
8	Uttarakhand Disasater Recovery Project	3-Oct-13	0.0	250.0	250.0
9	Second Gujarat State Highway Project	1-Nov-13	175.0	0.0	175.0
10	RWSS for Low Income States	18-Nov-13	0.0	500.0	500.0
11	Bihar Integrated Social Protection Strengthening Project	21-Nov-13	0.0	84.0	84.0
	Total		**891.0**	**1945**	**2836**

Annexure II

ADB's Portfolio with India

Table 4 : The Sector-Wise portfolio of ADB in India

SI. No.	SECTOR	No. of Loans	US$ Million	Percentage %
1	Agriculture, Environment &Natural Resources	5	216.86	2.59
	Energy	22	3297.22	39.36
	Finance and Public Sector Management	7	1190.00	14.21
	Transport and Communications	9	2234.00	26.66
	Urban Development & Multi Sector	20	1439	17.18
	Total	**63**	**8377.08**	**100**

Table 5 : New Loans Signed with ADB during 2013 :

Sl. No.	PROJECT NAME	Loan (US$ Million)	Date of Signing	Closing Date
1	LN-2797-Uttarakhand Urban Sector Development Investment Program - Project 2 [*Part of MFF of US$ 350 million*]	100	31/01/2013	31/12/2015
2	LN-2861-Bihar Urban Development Investment Program - Project 1[*Part of MFF of US$ 200 million*]	65	25/03/2013	30/06/2017
3	LN-2881-Rural Connectivity Investment Program-Project-1 [Part of MFF of US$ 800 million]	252	02/04/2013	30/06/2015
4	LN-2925-J & K Urban Sector Development Investment Program (Project 2) [*Part of MFF of US$ 300 million*]	110	16/05/2013	31/03/2017
5	LN-2924-Uttarakhand Power Sector Investment Program ï Trnche-4[Part of MFF of US$ 300 million]	150	04.06.2013	30.09.2015
6	LN-2882-North Karnataka Urban Sector Investment Program (Project 3) [Part of MFF of US$ 270 million]	60	19/07/2013	31/12/2015
7	LN-2894-Bihar State Highways II Project ï Additional Financing	300	12/08/2013	30/09/2017
8	LN-3040-Uttarakhand State Roads Investment Program ï Project-3[Part of MFF of US$ 550 million]	150	24/12/2013	30.06.2017

Table 6 : The following loans were negotiated with ADB during 2013 :

Sl. No.	PROJECT NAME	Regular/MFF Amount ($ Million)	Regular/PFR Amount ($ Million)
1	Rajasthan Renewable Energy Transmission Investment Program	300.0	62.0
2	Madhya Pradesh Transmission and Distribution System Improvement Project	350.0	350.0
3	Supporting Human Capital Development in Meghalaya	100.0	100.0
4	Accelerated Infrastructure Investment Facility	700.0	400.0
5	Jaipur Metro Rail Line 1-Phase B Project	176.0	176.0
6	Kolkata Environmental Improvement Investment Program	400.0	100.0
7	Himachal Pradesh Clean Energy Transmission Investment Program ï Tranche 2		110.0
8	North Eastern State Roads Investment Program ï Tranche 2		125.2
9	Rural Connectivity Investment Program ï Tranche 2		275.0
10	North Karnataka Urban Sector Investment Program ï Tranche 4		63.3
11	Uttarakhand State Road Investment Program ï Tranche 3		150.0
12	Railway Sector Investment Program ï Tranche 2		130.0
13	Uttarakhand Emergency Assistance Project	200.0	200.0
	TOTAL	**2,226.0**	**2,241.5**

Table 7 : List of the Projects signed with the IFAD in year 2013.

Sl. No.	Project Name	Signing Date	IFAD Commit Amt (In $ million)	Total (In $ Million)
1	Jharkhand Tribal Development Project	04-Oct-13	51.0	51.0
	Total		**51.0**	**51.0**

Table 8 : Sector wise breakup of ongoing TAs as on 30th November 2013 is as under :

SECTOR	No. of TA	Amt. (US $ Thousand)	Percentage %
Agriculture, Environment & Natural Resources	5	7,090.0	10.3
Education	3	3,325.0	4.8
Energy	16	12,010.0	17.4
Finance	3	4,350.0	6.3
Multisector	5	5,075.0	7.4
PPP	5	8,300.0	12.0
Public Sector Management	2	990.0	1.4
Transport	16	18,250.0	26.4
Urban	9	9,650.0	14.0
Total	**64**	**69,040.0**	**100.0**

7. Multilateral Relations Division

7.1 G-20

7.1.1 The G20 rose to prominence during the global financial crisis of 2008-2009, when it played an arguably influential role in cooperation and coordinating international responses to the crisis. Russia took over the G20 Presidency from Mexico on 1st December, 2012. Under the Russian Presidency the three overarching priorities aimed at starting the new cycle of economic growth included: a) Growth through quality jobs and investment; b) Growth through trust and transparency; c) Growth through effective regulation.

7.1.2 Australia took over the G20 Presidency from Russia on 1st December, 2013. Australia's G20 Presidency in 2014 will structure leaders' discussion around the key themes of: a) Promoting stronger economic growth and employment outcomes and b) Making the global economy more resilient to deal with future shocks. As far as the G20 Development Agenda is concerned, the G20 under the Australian Presidency will be addressing ways and means by which economic policies and labour market policies can work together to bolster employment opportunities. The work mandated by G20 Leaders in St. Petersburg on Energy Sustainability would continue under the Australian Presidency.

7.1.3 India and Canada continue to be co-chair of the Framework Working Group, a signature effort of the G20 that will play a pivotal role in the development and coordination of growth strategies by countries. In addition emphasis shall be laid on the importance of considering global financial linkages while making changes to monetary policy by reserve currency issuing countries. India has been instrumental in ensuring that infrastructure is considered by G20 as a key driver of growth. The work on G20 DWG Infrastructure Agenda becomes particularly pertinent for India in 2014 since India will be co-facilitating the work on this agenda in the DWG alongside Korea. India also hopes that the investment and Infrastructure Working Group under the Australian Presidency will be able to help increase the resources of MDBs and enable the recycling of global savings into infrastructure investments.

7.2 BRICS:

7.2.1 Several initiatives under BRICS cooperation in financial sector are under various stages of progress of which setting up of the BRICS New Development Bank, and BRICS Contingent Reserve Arrangement are significant. Tangible results are expected on both these initiatives by the next BRICS Summit to be held in Brazil in July 2014. Significant progress has been made in negotiating key principles and technical specifications of the BRICS New Development Bank where it has been agreed that the BRICS Bank will have an initial subscribed capital upto US $50 billion from the BRICS countries. The BRICS Contingent Reserve Arrangement will have an initial size of US $ 100 billion. Individual country commitments in CRA will be as follows: China US $41 billion; Brazil, India and Russia US $ 18 billion each; South Africa US $ 5 billion. Other initiatives under BRICS include: a) BRICS Reinsurance initiative; b) BRICS tax and Customs Cooperation.

7.3 UNDP:

7.3.1 India's annual contribution to the UNDP has been to the extent of US $ 4.5 million, which is one of the largest from developing countries. The country-specific allocation of UNDP resources is made every five years under the Country Cooperation Framework (CCF) which usually synchronizes with India's five year plans. The new Country Programme (CP) signed between UNDP and MR- IV Section on 1.3.2013 would concentrate on the four UN Development Assistance Framework (UNDAF) outcomes namely: a) inclusive growth and poverty eradication; b) democratic governance; c) sustainable development; d) gender equality and inclusion. The current Country Programme (CP): 2013-17 is in harmony with the 12th Plan's thrust on inclusive growth. It primarily concentrates on the goals namely: democratic governance; poverty reduction; HIV and Gender Equality and inclusion; disaster risk management and energy and environment focusing on nine states that are economically laggard: Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Orissa, Rajasthan, Assam, Maharashtra and Uttar Pradesh. The total resource allocation for the Indian Country Programme 2013-2017 stands at US $ 243.4 million. A total of 18 projects were approved during the year 2013.

7.4 SAARC:

7.4.1 The 6th Meeting of SAARC Inter Governmental Expert Group Meeting was held at Kathmandu during 23-24 April, 2013. The Meeting reviewed progress on public debt management and the progress in the field of capital markets of South Asia. The meeting expressed its appreciation to India for its offer of SWAP arrangement with a contribution of US $ 2 billion for SAARC countries.

7.4.2 The SAARC Development Fund (SDF) Meetings were held in Thimphu, Bhutan on 27-29 May, 2013, Colombo on 26-27 August, 2013 and Kabul on 3-5 December, 2013. About USD 60 million stands committed for 9 projects in the social sector in the SAARC Countries. The new projects sanctioned in 2013-14 include (i) SAARC Regional Inter-professional Master's Program in Rehabilitation Science, (ii) Toll free Helplines for Women and children in SAARC Member States and (iii) Strengthening of Water, Sanitation and Hygiene (WASH) services in selected areas of SAARC Countries. It has been decided to operationalize the infrastructure and economic windows of SDF from 2014-15. SDF Brain Storming Workshop was held in Delhi on 12-14 February,2014 to discuss the future strategy of the SDF.

7.4.3 The 6th Meeting of SAARC Finance Ministers and 6th Meeting of SAARC Finance Secretaries together with 3rd SDF Governing Council Meeting was held in Colombo from 29-30 August, 2013. The meeting appreciated the SWAP arrangement for currency put in place by India and noted that Bhutan has already signed an MOU with Reserve Bank of India for US$ 100 million under the arrangement. It also discussed issues relating to enhancing intra-SAARC trade flows under SAFTA, promotion of intra-regional long term investment, finalization of the Draft SAARC Agreement on Promotion and Protection of Investment and the first phase of the Study on "Regional Economic Integration in SAARC, its current extent and recommendations for further deepening".

8. Aid Accounts & Audit Division (AAAD)

8.1 Introduction

AAAD under Department of Economic Affairs implements the financial convents of External Loans/Grants obtained/ received by Government of India from various Multilateral and Bilateral donors. Main functions handled by this Division are processing claims received from Project Implementing Authorities, to draw down funds from various donors and timely discharge of debt servicing liability of Government of India. Besides, this Division is responsible for maintaining loan records, External Debt Statistics, Compilation of various Management Information Reports, Publication of External Assistance Brochure on annual basis, and framing of Estimates of External Aid Receipts and Debt Servicing. In addition, audit of Authorizations issued by DGFT offices for Export Promotion is also conducted by this Division. This division is ISO 9001:2008 certified since 2007 for its functions related to External Assistance.

8.2 Performance/Achievements during Financial year 2012-13

External receipts on Government Account during 2011-12 in the form of loans/credits were of Rs. 22,836.99 crore while, assistance in the form of Cash Grant was of Rs. 2,872.14 crore. Debt services payments made during 2012-13 was Rs. 16,107.59 crore on account of principal repayment, Rs. 3,926.36 crore on account of interest payments and Rs. 92.95 crore for commitment charges

8.3 Performance/Achievements during Financial year 2013-14

Receipt of External Loans/Credits in the financial year 2013-14 (From 1st April 2013 to 31st March 2014) stands at Rs. 24,775.54 crore and Assistance in the form of Cash Grant was of Rs. 3,330.49 crore. Debt services payments made during 2013-14 was Rs. 18,124.30 on account of principal repayment, Rs. 3,762.56 on account of interest payments and Rs. 117.32 for commitment charges.

8.4 E-Governance

8.4.1 Activities of AAAD are computerized since April 1999. The "Integrated Computerised System" (ICS), covers all activities in the loan cycle including preparation of budget Estimates for External Assistance receipt and debt servicing, processing of claims, repayment of debt and maintenance of Debt Records. The report generation system has been upgraded during 2013-14 to allow generating various reports using multiple options, to provide more focused input for replies to Parliamentary Questions etc.

8.4.2 The division's Web-site http://aaad.gov.in disseminates data on External Assistance received and repayment made along with status of various activities in this Division for the benefit of Credit Divisions of DEA, State Governments, PIAs, Donors, general public and other stakeholders. This Website is updated on daily basis. Comprehensive data about Disbursed and Outstanding Debt (DOD) in respect of External Sovereign Borrowing and soft copies of Annual External Assistance Brochures are also available on the website for easy reference of all stakeholders.

8.4.3 E-Governance by way of accepting and processing/ forwarding of the draw down claims has been initiated by this Division. PIAs for World Bank and ADB projects submit e-claims along with Statement of Expenditure (SOE)/ Interim Unaudited Financial Report (IUFR). This results in avoidance of time/transit loss of SOE claims and faster disbursals. Claims to World Bank, are also processed in E-disbursement mode through World Bank software/client connection by this division. Claims disbursed by World Bank within seven days have increased from 70% to 90%. Information capture under e-disbursement (viz. category-wise expenditure, details or prior review contract) is more detailed as compared to before.

8.4.4 In order to familiarise the officers/staff of the PIAs training on E-submissions is being organized by this Division periodically. 20 officers/staff members of different PIAs were imparted training during 2013-14. As a result of initiatives of these initiatives, 360 claims have been received, processed and disbursed in the financial year 2013-14.

8.5 Standards & Improvements in Service delivery

8.5.1 All the activities of this Division have been organised hierarchically and standards in terms of time span at each level for their accomplishment have been defined. The standards set out are being adhered to by close monitoring. Clients of this Division are well defined consisting of three broad groups i.e. PIAs, Funding Agencies and other stakeholders. Service to be rendered to these groups is also well defined i.e. smooth and quick disbursal of the Loans/Grants, timely debt servicing and to provide management information as and when required.

8.5.2 As part of the ISO system, quarterly Management Review Meetings (MRMs) with all section heads are held where performance is critically reviewed and methods / suggestions for maintenance/improvement of the service delivery standards discussed.

8.5.3 Above system is being followed with a view to ensure quality service delivery in a defined time frame.

8.6 Audit under Export Promotion

AAAD carries out audit of Export Licenses issued by Director General of Foreign Trade located at various stations. During the financial year 2013-14 total 55,601 files relating to 23 regional offices were audited and 2939 audit memos issued. A sum of Rs. 13.30 crore was recovered during the period, by DGFT offices based on audit observations made by this office.

9. Administration Division

9.1 Functions

9.1.1 Administration Division is responsible for personnel and office administration, implementation of Official Language policy of the Government, implementation of the Right to Information Act, 2005, Grants-in-aid, redressal of public grievances, training of officials, Record Retention Schedule, Complaints Committee on Sexual Harassment of Women Employees etc.

9.2 Staff Strength

9.2.1 The staff strength in Department of Economic Affairs and its attached/subordinate offices/statutory bodies along with the representation of Scheduled Castes (SCs), Scheduled Tribes (STs), Other Backward Classes (OBCs) and Persons with Disabilities therein given in Annex. I & II respectively.

9.3 Grants-in-aid

9.3.1 During the period 1.1.2013 to 31.3.2014, grants-in-aid of Rs. 3820 lakhs were sanctioned to 7 Institutions by Department of Economic Affairs. The details are given in Annex. III.

9.4 Complaints Committee on Sexual Harassment of Women Employees

9.4.1 In compliance with the Supreme Court's Judgment dated 13 August, 1997 in the Visakha case relating to preventions of sexual harassment of women at work place, a Complaints Committee for considering complaints of sexual harassment of women employees in Department of Economic Affairs is in existence in the Department.

9.4.2 This Committee has been having quarterly meetings regularly. The last quarterly meeting was held on 28.3.2014.

9.5 Training of Staff Members

9.5.1 Department of Economic Affairs deputes its officials for training to ISTM and other Institutes to increase their efficiency and improvement in the quality of their work. During the period 1.1.2013 to 31.3.2014, a total of 58 officials/officers of this Department were deputed to Institute of Secretariat Training and Management (ISTM), New Delhi for undergoing cadre trainings and other trainings programmes.

9.6 Record Retention Schedule

9.6.1 During the period 1.1.2013 to 31.3.2014, a special drive was carried out to review and weed out the records. A total of 2261 files were weeded out during these special drives in the Department.

9.7 Redressal of Public Grievances

9.7.1 A centralized Public Grievances Redresssal Machinery (PGRAM) is already operational within the Department which attends to all the public grievances related to various Ministries/Departments. During the year 2014, a total of 124 fresh public grievance cases were received in the Department besides 322 brought forward from the previous year. Out of these 446 cases, 106 cases were disposed off during the year.

9.7.2 Joint Secretary (ABC) has been nominated as Public Grievances Officer of Department of Economic Affairs. His contact details have been displayed on the PGRM portal (http://pgportal.gov.in).

9.8 RIGHT to INFORMATION ACT, 2005

9.8.1 In order to facilitate dissemination of information under the provisions of the Right to Information Act, 2005 Department of Economic Affairs has initiated the following actions:

(i) An RTI Section has been set up to collect, transfer the applications under the RTI Act, 2005 to the Central Public Information officer/Public Authorities concerned and to submit the quarterly returns regarding receipt and disposal of the RTI applications/ appeals to the Central Information Commission.

(ii) Details of the Department's functions along with its functionaries etc. have been placed on the RTI portal of the Departments offcial website (www.finmin.nic.in) as required under section 4(1) (b) of the RTI Act.

(iii) All US/DD level officers have been designated as Central Public Information Officers (CPIOs) under section 5(1) of the Act, in respect of subject being handled by them.

(iv) All DS/Directors have been designated as First Appellate Authorities in terms of Section 19 (1) of the Act, in respect of US/DD working under them and designated as CPIOs.

(v) To facilitate the receipt of applications under the RTI Act, 2005 a provision has also been made to receive the applications at the facilitation counter of the Department at Gate No. 8. The applications so received are further forwarded by the RTI Section to the CPIOs/Public Authorities concerned.

(vi) During the period from January, 2013 - December, 2013, 1555 applications were received, out of which 1292 applications were disposed off and 263 applications were pending. 82 appeals were received, out of which 34 appeals were disposed off and 48 were pending. From January, 2014 - March, 2014, 554 applications were received, out of which 463 applications were disposed off and 91 were pending. 40 appeals were received, out of which 8 appeals were disposed off and 32 were pending.

9.9 Use of Hindi in Official Work

9.9.1 All documents in Parliament were provided bilingually. Section 3(3) of the Official Language Act, 1963, and Rule 5 of Official Language Rules, 1976 made there under and other instructions issued by the Department of Official Language were fully complied with. A number of steps were taken in the Department to promote the use of Hindi in official work during the year:

(i) Annual programme for the year 2013-14 issued by the Department of Official Language was circulated to all the attached/subordinate offices/divisions/ sections under the Department and all efforts were made to achieve the targets fixed therein;

(ii) The meeting of the Hindi Salahkar Samiti of the Department of Economic Affairs (including Department of Financial Services) was held on 26th June, 2013 under the then Chairmanship of Hon'ble Minister of state (E & FS). Compliance of the decisions taken therein was ensured;

(iii) In order to remove the hesitation amongst officials to do their official work in Hindi and to acquaint them with the rules and other instructions regarding the Official Language policy of the Government, Hindi workshops were organized.

(iv) Hon'ble Minister of Finance in his "Message" on the auspicious occasion of Hindi day on 14th September, 2013 appealed to the officers and staff of the Ministry of Finance as well as the Offices under its control to do their official work in Hindi;

(v) To create a conducive atmosphere in the Department regarding the progressive use of Hindi, Hindi Month was celebrated during the month of September, 2013;

(vi) The authors under the Scheme of incentives on Original Book writing in Hindi on Economic subjects are awarded the first, second and third prizes of Rs 50,000/-, Rs 40,000/- and Rs 30,000/- respectively. The scheme is continued;

(vii) The website of the Department is bilingual. Besides other material, all Budget documents, Economic Survey and other publications and important circulars are uploaded simultaneously in Hindi and English;

(viii) In order to review the position of implementation of Official Language, Security Paper mill, Hoshangabad was inspected by the parliamentary committee on Official Language and action on the assurances given to the Committee was taken.

(ix) Some of the sections of the Department and other offices under its control were inspected to see the extent upto which the Official Language Act, the rules made thereunder, the Annual Programme and the orders and instructions etc. relating to Official Language are being complied with; and

(x) Meetings of the Official Language Implementation Committee of the Department were held regularly in which the progress of implementation of Official Language policy was reviewed and appropriate action on the suggestions given therein was taken.

9.10 Finance Library & Publication Section

9.10.1 Finance Library & Publication Section was established in 1945. Finance Library functions as the Central Research and Reference Library in the Ministry and caters the needs of Officials of all the Departments, Ad-hoc Committees and Commissions set from time to time and research scholars from the various universities in India as well as abroad. This Library also serves as the Publications Section of the Ministry, coordinating in the procurement and distribution of official documents with the various institutions/individuals on demand in India and abroad.

9.10.2 Finance Library has been categorized as Grade III Library on the basis of Department of Expenditureõs O.M. No. 19(1)/IC/85 dated 24.07.1990. All the posts in the library are ex cadre posts.

9.11 Collection

9.11.1 Library has specialized collection of more than two lakh documents on Economic and Financial matters and subscribe to more than 800 periodicals/newspapers annually and databases like Indiastat.com and Agriwatch. Access to e-journals and back-filed collection through JSTOR is also available.

9.12 Electronic Resources

9.12.1 Electronic resources include the following CD-ROM databases

DDO Manual

DGCI&S - Foreign Trade Statistics of India

DGCI&S - Statistics of foreign Trade of India

DGCI&S - Monthly Statistics of Foreign Trade of India

Government Accounting Rules, 1990

IMF - Balance of Payments Statistics

IMF - Direction of Trade Statistics

IMF - Government Finance Statistics

IMF - International Financial Statistics

India - Civil Accounts Manual, rev. 2^{nd} edition, 2007

India - Economic Survey

India - Pay Commission Report (1^{st}, 3^{rd}, 5^{th} and 6^{th})

India- Union Budget

List of Major and Minor Heads of Accounts

RBI ï Banking Statistics & Basic Statistical Returns

Receipts and Payments Rules

The World Bank - World Development Indicators

The World Bank - Global Development Finance

UN- International Trade Statistics Year Book

Vigilance Manual

9.13 Services

9.13.1 Library provides different kinds of services viz. lending, inter-library loan, consultation, reprographic, circulation of newspapers and magazines, reference service, current awareness service through ñWEEKLY BULLETINò as well as providing services through e-mail. The Finance Library also undertakes the work of distribution of publications of Ministry of Finance and Reserve Bank of India to State Governments, Foreign Governments and renowned institutions in India as well as abroad.

9.13.2 A useful link is also being provided on intranet by the Finance Library which helps the readers in search and download full text of reports and data.

9.13.3 The Finance Library also undertakes the work of scanning of the public grievances appearing in the leading newspapers relating to the Department of Economic Affairs.

9.14 Publications

9.14.1 Finance Library compiles one (print + online) weekly publication i.e. ñWeekly Bulletinò a subject bibliography indexing articles of interest from journals received in the library.

9.15 Digital Records:

9.15.1 Finance Library also undertook a project in which the full text of Ministry of Finance, Gazette Notifications [published in the Pt. 2 Sec. 3 Subsection (i) (ordinary)] for the year 1966 to 1970 have been digitized.

9.16 Computerisation

9.16.1 The Library has computerized almost all its activities. The Library uses LIBSYS Library package for database management, retrieval, Library automation and other in-house jobs. The internet facility is also available in the library through which information is provided to the officers/officials of Ministry of Finance.

9.16.2 Accessibility of the online data is concern; a link from internet site ñfinance.nic.inò is made available to access the information.

Annexure-I

Representation of SCs, STs & OBCs in respect of Department of Economic Affairs (Main), as on 31.03.2014.

Groups	Number of Employees				Number of appointments made during the previous calendar year									
					By Direct Recruitment				By Promotion			By Other Methods		
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group A	165	14	6	7	-	-	-	-	1	-	-	34	1	1
Group B	272	38	20	12	4	-	-	2	2	-	-	-	-	-
Group C	97	22	3	9	-	-	-	-	1	-	-	-	-	-
Group D (Excl. Safai Karamchairs)	173	76	4	9	-	-	-	-	-	-	-	-	-	-
Gr.D (Safai Karamcharis)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	**707**	**150**	**33**	**37**	**4**	**-**	**-**	**2**	**4**	**-**	**-**	**34**	**1**	**1**

Annexure-I

<u>REPRESENTATION OF SCs, STs AND OBCs</u>

<u>Report for the period ending 31.03.2014</u>

<u>MINISTRY/DEPARTMENT/ATTACHED/SUBORDINATE OFFICE</u> : National Savings Institute,
Government of India,
Ministry of Finance
Seminary Hills,
Nagpur

Groups	Number of Employees				Number of appointments made during the previous calendar year									
					By Direct Recruitment				By Promotion			By Other Methods		
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group A	11	2	-	3	-	-	-	-	-	2	-	-	-	-
Group B	17	1	1	3	-	-	-	-	-	-	-	-	-	-
Group C	55	16	7	11	-	-	-	3	-	-	-	-	-	-
Group D (Excliding Sweepers)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gr.D (Excliding Sweepers)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	**83**	**19**	**8**	**17**	**-**	**-**	**-**	**3**	**-**	**2**	**-**	**-**	**-**	**-**

Annexure-I

SECURITIES APPELLATE TRIBUNAL, MUMBAI

MINISTRY OF FINANCE, DEPARTMENT OF ECONOMIC AFFAIRS

Representation of SCs & OBCs in respect of Attached / Subordinate Officer, Statutory bodies under the administrative control of DEA

Group	Number of Employees				Number of appointments made during the previous calendar year									
					By Direct Recruitment				By Promotion			By Other Methods		
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**
Group A	03	-	-	-	-	-	-	-	-	-	-	-	-	-
Group B	09	01	-	-	-	-	-	-	-	-	-	-	-	-
Group C	14	02	-	04	-	-	-	-	-	-	-	-	-	-
Group D (Excl. Safai Karamchairs)	0	-	-	-	-	-	-	-	-	-	-	-	-	-
Gr.D (Safai Karamcharis)	0	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	**26**	**03**	**-**	**04**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Annexure-I

SEBI

REPRESENTATION OF SCs, STs and OBCs

GRADE	Number of Employees				Number of appointments made during the previous calendar year year (2013) and Jan-March 31, 2014									
					By Direct Recruitment				By Promotion			By Other Methods*		
	Total	SC	ST	OBC	Total	SC	ST	OBC	Total	SC	ST	Total	SC	ST
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**
OFFICERS	662	87	30	164	108	15	7	25	17	1	0	1	0	0
SECRETARIES	91	3	0	8	0	0	0	0	0	0	0	0	0	0
JUNIOR ASST.	1	0	0	1	0	0	0	0	0	0	0	0	0	0
MSNGR	2	1	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	**756**	**91**	**30**	**173**	**108**	**15**	**7**	**25**	**17**	**1**	**0**	**1**	**0**	**0**

* - Deputation

ANNUAL STATEMENT SHOWING THE REPRESENTATION OF SCs, STs & OBCs AND NUMBER OF APPOINTMENTS MADE DURING THE FINANCIAL YEAR 2013-14

Name of the Public Sector Enterprise : SECURITY PRINTING & MINTING CORPORATION OF INDIA LTD,. NEW DELHI

REPRESENTATION OF SCs / STs AND OBCs
for the period 1.4.2013 to 31.03.2014 SC/ST/OBC **REPORT I**

Representation of SCs/STs/OBCs (As on 31.3.2014)					**Number of appointments made during the Financial year 2013-14**									
					By Direct Recruitment				**By Promotion**			**By Other Methods**		
Groups	Total Number of Employees	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**
1 GROUP A (E-1 to E-6)	302	45	12	42	27	4	1	7	0	0	0	0	0	0
2 GROUP B (S-1 and S-2)	1150	195	96	114	78	12	6	27	60	8	12	6	0	0
GROUP C (W-1 to W-6)	10419	2399	963	987	216	32	13	99	1211	247	119	22	5	0
3 Group C is inclusive of Semi-Skiled/ Un-skilled and all Safai Karamcharis														
GRAND TOTAL	**11871**	**2639**	**1071**	**1143**	**321**	**48**	**20**	**133**	**1271**	**255**	**131**	**28**	**5**	**0**

Annexure II

Representation of Persons with Disabilities in respect of Department of Economic Affairs (Main), as on 31.03.2014

Groups	**Number of Employees**				**DIRECT RECRUITMENT**							**PROMOTION**						
					No. of Vacancies reserved			**No. of Appointments Made**				**No. of Vacancies reserved**			**No. of Appointments Made**			
	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**18**	**19**
Group A	165	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group B	272	-	2	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group C	97	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group D	173	-	-	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**707**	**-**	**2**	**8**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Note: (i) VH stands for Visually Handicapped (persons suffering from blindness or low vision)
(ii) HH stands for Hearing Handicapped(persons suffering from hearing impairment)
(iii) OH stands for Orthopaedically Handicapped (persons suffering from locomotor disability or cerebral palsy)

Annexure-II

REPRESENTATION OF THE PERSONS WITH DISABILITIES
Report for the period ending 31.03.2014

MINISTRY DEPARTMENT : National Savings Institute,
Government of India,
Ministry of Finance
Seminary Hills,
Nagpur

Groups	Number of Employees				DIRECT RECRUITMENT							PROMOTION						
					No. of Vacancies reserved			No. of Appointments Made				No. of Vacancies reserved			No. of Appointments Made			
	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**18**	**19**
Group A	11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group B	17	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group C	55	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**83**	**-**	**-**	**2**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Note: (i) VH stands for Visually Handicapped (persons suffering from blindness or low vision)
(ii) HH stands for Hearing Handicapped(persons suffering from hearing impairment)
(iii) OH stands for Orthopaedically Handicapped (persons suffering from locomotor disability or cerebral palsy)

Annexure-II

SECURITIES APPELLATE TRIBUNAL, MUMBAI

MINISTRY OF FINANCE, DEPARTMENT OF ECONOMIC AFFAIRS

Representation of Persons with Disabilities in respect of Attached / Subordinate Offices, Statutory Bodies of DEA

Groups	Number of Employees				DIRECT RECRUITMENT							PROMOTION						
					No. of Vacancies reserved			No. of Appointments Made				No. of Vacancies reserved			No. of Appointments Made			
	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**18**	**19**
Group A	04	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group B	08	-	-	01	-	-	-	01	-	-	01	-	-	-	-	-	-	-
Group C	14	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group D (Excluding Safai Karma-charis)	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group D (Safai Karma-charis)	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**26**	**-**	**-**	**01**	**-**	**-**	**-**	**01**	**-**	**-**	**01**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Annexure II

REPRESENTATION OF THE PERSONS WITH DISABILITIES

Groups	Number of Employees				DIRECT RECRUITMENT							PROMOTION						
					No. of Vacancies reserved			No. of Appointments Made				No. of Vacancies reserved			No. of Appointments Made			
	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**18**	**19**
OFFICERS	662	7	2	11	2*			2	1	1	0	0	0	0	0	0	0	0
SECRETARIES	91	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
JUNIOR ASST.	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
MSNGR	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	**756**	**8**	**2**	**11**	**0**	**0**	**0**	**2**	**1**	**1**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

* 2 posts were reserved for PWD belonging to VH/HH/OH

Note: (i) VH stands for Visually Handicapped (persons suffering from blindness or low vision)

(ii) HH stands for Hearing Handicapped(persons suffering from hearing impairment)

(iii) OH stands for Orthopaedically Handicapped (persons suffering from locomotor disability or cerebral palsy)

ANNUAL STATEMENT SHOWING THE REPRESENTATION OF SCs, STs & OBCs AND NUMBER OF APPOINTMENTS MADE DURING THE FINANCIAL YEAR 2013-14

REPRESENTATION OF P.W.D.
for the period 1.4.2013 to 31.03.2014 **REPORT II**

Groups	Number of Employees				DIRECT RECRUITMENT							PROMOTION						
					No. of Vacancies reserved			No. of Appointments Made				No. of Vacancies reserved			No. of Appointments Made			
	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**18**	**19**
1 Group A (E-1 to E-8)	**302**	**0**	**0**	**1**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
2 Group B (S-1 to S-2)	**1150**	**1**	**0**	**18**	**0**	**0**	**2**	**74**	**1**	**0**	**1**	**0**	**0**	**0**	**45**	**0**	**0**	**1**
3 Group C (W-1 to W-6)	**10419**	**43**	**94**	**202**	**0**	**3**	**9**	**212**	**0**	**0**	**2**	**0**	**0**	**0**	**246**	**260**	**0**	**1**
GRAND TOTAL	**11871**	**44**	**94**	**221**	**0**	**3**	**11**	**286**	**1**	**0**	**3**	**0**	**0**	**0**	**291**	**260**	**0**	**2**

Annex. III

Grants-in-aid released to economic research oriented institutes 1-1-2013 to 31-3-2014

S.No.	Name of the Grantee Institute	Purpose of the grant	Sanctioned Amount
1.	National Council of Applied Economic Research (NCAER)	Corpus Fund (for implementation budget announcement made by the Finance Minister)	₹ 1500 lakhs
		Construction for NCAER's campus	₹ 1250 lakhs
2.	Rajiv Gandhi University, Itanagar	Corpus Fund (for implementation budget announcement made by the Finance Minister)	₹ 1000 lakhs
3.	Foundation for Public Economics and Policy Research (FPEPR)	To support a Chair on Fiscal Policy	₹ 10 lakhs
4.	Global India Foundation (GIF), Kolkata	To augment its Current research mandate	₹ 10 lakhs
5.	The Indian Econometric Society (TIES)	For organizing Seminars & Workshops	₹ 30 lakhs
6.	Omeo Kumar Das Institute of Social Changes & Development (OKDISCD), Gawahati	To undertake a study on "Women and Economy in Assam: Liberalization and Women's accessibility to market.	₹15 lakhs
7.	Gauhati University (GU), Gawahati	For upgrading its Computes Laboratory	₹ 5 lakhs
		Total	₹ 3820 lakhs

10. Bilateral Cooperation Division

10.1 Bilateral Cooperation with Japan

10.1.1 Official Development Assistance

10.1.1.1 Japan has been extending Official Development Assistance (ODA) to India since 1958. Japanese ODA in the form of loan assistance, grant aid and technical assistance to India is received through Japan International Cooperation Agency (JICA). Japan is the largest bilateral donor to India.

10.1.1.2 The Japanese ODA loans to India are "untied loans". The procurement is through International Competitive Bidding. ODA loan is mostly project tied. The interest rates are 1.4% per annum for general projects with a 30 years tenure including a grace period of 10 years. For environmental projects, the interest rate is 0.30% per annum with a 40 years tenure including grace period of 10 years. In addition, Government of Japan has introduced Front End Fee which is payable one time @ 0.2% of the loan amount. If disbursement of the project is completed within the agreed period, JICA will reimburse 0.1% of Front End Fee to the borrower. The Front End Fee has been introduced from April, 2013 onwards in place of the commitment charges.

10.1.1.3 Government of Japan has committed JPY 322.164 billion (Rs.20618 Crores approx.) for seven projects to India from January 1, 2013 to December 31, 2013. As on December 31, 2013, sixty nine projects were under implementation with Japanese loan assistance. The loan amount committed for these projects is JPY 1738.32 billion (Rs.91966 Crores approx.). The cumulative commitment of ODA loan to India has reached JPY 3902.87 billion on commitment basis till December 31, 2013.

10.1.1.4 The ODA loan disbursement to India from January 1, 2013 to December 31, 2013 was JPY 132.504 billion (Rs.7892.08 Crores).

10.1.2 Grant Aid

10.1.2.1 The Government of Japan provides Grant Aid to India under three categories, viz. general grant aid, grant aid for fisheries and rant aid for cultural activities. The major targets of General Grant Aid are projects for Basic Human Needs, which essentially have low economic viability and as such, not deemed suitable to be funded by loans. The priority sectors covered are (i) Public Health and Medical Care, (ii) Agriculture and Rural Development, and (iii) Environmental Conservation and Protection. Grant Aid for fisheries is provided for fishing facilities, training boats, fishing port facilities etc. that lend themselves to the promotion of the fishing industry. Cultural Grant Aid is provided for promotion of cultural activities, education, and research.

10.1.2.2 There are following two ongoing projects under Grant Aid programme :

The Project for Strengthening of Electronic Media Production Centre in Indira Gandhi National Open University is being implemented under Japanese Grant in Aid Programme. The Exchange of Notes were signed between Government of India and Government of Japan on July 26, 2010 for JY 787,000,000. The project has been completed in October, 2013.

The Project for Improvement of the Institute of Child Health and Hospital for Children, Chennai is being implemented under Japanese Grant in Aid Programme. The Exchange of Notes were signed between Government of India and Government of Japan on January 25, 2014 for JY 495,000,000.

10.1.3 Technical Cooperation Programme

10.1.3.1 Technical Cooperation aims at transfer of technology and knowledge in a bid to develop and improve human resources and thus contribute to the Socio-Economic Development of India. The Technical Cooperation covers a broad spectrum of fields ranging from Basic Human Needs to Agriculture and Industrial Development. Priority areas for JICA in India are (i) public health and medical care, (ii) agriculture and rural development, (iii) environmental conservation and protection, and (iv) improvement of economic infrastructure.

10.1.3.2 The main components of Technical Cooperation are (i) Project Type Technical Cooperation Projects, (ii) Development Study, (iii) Dispatch of Experts, (iv) Japanese Overseas Cooperation Volunteers (JOCV) Programme, (v) Follow -up Cooperation Programme, (vi) Training of Indian Government personnel, (vii) Third Country Training Programme involving training of personnel from different countries in India.

10.1.3.3. There are 2 ongoing projects under Technical Cooperation Programme.

JOCV Programme

In the year 2013 - 2014, proposals from 10 institutes have been posed to Embassy of Japan and 6 Japanese volunteers have already been appointed under JOCV programme.

JICA Partnership Programme

Recognizing the growing importance of NGOs in international cooperation, the JICA Partnership Programme (JPP) was introduced in 2002. JPP is a technical cooperation program implemented by JICA to contribute to the social and economic development of developing countries at the grass-roots level, in collaboration with partners in Japan, such as NGOs, universities, local governments and public interest corporations While applying for JPP Indian NGOs are advised to seek a Japanese partner to take part in the scheme. This has two components:-

1. Japanese NGO / Institution / Local Government through JICA will support Indian organization with Japanese expert personnel, equipment provision and financial support through FCRA route;
2. Japanese NGO / Institution / Local Government through JICA will provide training of Indian personnel in Japan.

   No proposal has been received during 2013-14.

10.1.3 Grassroots Funding

10.1.3.1 Government of Japan also provides small assistance to Indian NGOs under its Grassroots Funding Programme. Through FCRA route on receipt of no objection from DEA. During the FY 2013-2014, total 15 proposals has been received and DEA has cleared 7 proposals. One proposal has been rejected. The mandatory comments from line ministry in respect of one proposal having its project site in NE State. For remaining 6 projects, clearance from Intelligence Bureau, MHA is still awaited.

10.1.4 Green Aid Plan

10.1.4.1 Government of Japan (Ministry of Economic Trade and Industry) provides technical assistance under Green Aid Plan through agencies like New Energy and Industrial Development Organization (NEDO), an organization of METI. The areas of cooperation are prevention of water pollution, air pollution, treatment of wastes and recycling and energy conservation and alternative energy source**.** Model projects are carries out by NEDO on the basis of the MOU signed by NEDO with Department of Economic Affairs, the concerned line ministry and the implementing agency. NEDO sends Japanese experts to Indian organizations to impart training and conducts training programmes in Japan.

List of JICA assisted Projects under implementation

S.No.	IDP Number and Name of the Project	Location	Loan Amount	Date of Signing/ closing
	Ministry of Power			
1	(IDP-167) Purulia Pumped Storage Project III	West Bengal	17963	31.3.2006/ 24.1.2015*
2	(IDP-177) Bangalore Distribution Upgradation Project	Karnataka	10643	30.3.2007/ 11.7.2015
3	(IDP-178) Transmission System Modernization and Strengthening Project in Hyderabad Metropolitan Area	Andhra Pradesh	23697	30.3.2007/ 11.7.2014
4	(IDP-188) Maharashtra Transmission System Project	Maharashtra	16749	14.9.2007/ 28.11.2014
5	(IDP-190) Haryana Transmission System Project	Central - Haryana	20902	10.3.2008/ 12.9.2014
6	(ID-P 217) Madhya Pradesh Transmission System Modenization Project	Madhya Pradesh	18475	16.6.2011/ 22.9.2018
7	(ID-P 216) Andhra Pradesh Rural High Voltage Distribution System Project	Andhra Pradesh	18590	16.6.2011/ 12.10.2019
8	(ID-P 224) Tamil Nadu Transmission System Improvement Project	Tamil Nadu	60740	28.9.2012/ 23.1.2020
9	(ID-P 240)Haryana Distribution System Upgradation System	Haryana	26,800	31.3.2014
	Ministry of Environment and Forests			
10	(IDP-158) Intg. Natural Resource Magt & Pov Red	Haryana	6280	31.3.2004/ 18.6.2014
11	(IDP-162) Tamil Nadu Afforestation Project II	Tamil Nadu	9818	31.3.2005/ 28.7.2015
12	(IDP- 163) Karnataka Sustainable Forest Mgt & Biodiversity Con Project	Karnataka	15209	31.3.2005/ 28.7.2015
13	(IDP-164) Ganga Action Plan (Varanasi)	Central - Uttar Pradesh	11184	31.3.2005/ 28.7.2015
14	(IDP-172) Swan River Integ. Watershed Management	H.P.	3493	31.3.2006/ 24.7.2016
15	(IDP-173) Orissa Forestry Sector Development Project	Orissa	13937	31.3.2006/ 24.7.2016
16	(Idp-182) Tripura Forest Environmental Improvement and Poverty Alleviation Project	Tripura	7725	30.3.2007/ 11.7.2017
17	(IDP-183) Gujarat Forestry Development Project Phase 2	Gujarat	17521	30.3.2007/ 11.7.2017
18	(IDP-194) Uttar Pradesh Participatory Forest Management and Poverty Alleviation Project	Uttar Pradesh	13345	10.3.2008/ 25.3.2018
19	(ID-P 199) Capacity Development for Forest Management and Personnel Training Project	Central ï All India	5241	21.11.2008/ 16.10.2018
20	(ID-P 211) Sikkim Biodiversity Conservation and Forest Management Project	Sikkim	5384	31.3.2010/ 15.06.2022
21	(ID-P214) Tamil Nadu Biodiversity Conservation and Greening Project	Tamil Nadu	8829	17.2.2011/ 16.6.2021
22	(ID-P 221) Rajasthan Forestry and Biodiversity Project Phase 2	Rajasthan	15749	16.6.2011/ 12.10.2021
23	(ID-P 215) Yamuna Action Plan Project (III)	Central - Delhi	32571	17.2.2011/ 15.2.2022
24	(ID-P 223) West Bengal Forest and Biodiversity Conservation Project	West Bengal	6371	29.3.2012/ 24.8.2022
25	(ID-P 235) Uttarakhand Forest Resource Management Project	Uttrakhand	11390	11.4.2014

Ministry of Urban Development				
26	(IDP-165) Bangalore Water Supply and Sewerage (II)	Karnataka	41997	31.3.2005/ 28.7.2015
27	(IDP-168) Bangalore Water Supply and Sewerage (II-2)	Karnataka	28358	31.3.2006/ 24.7.2016
28	(IDP-171) Bangalore Metro Rail Project	Central - Karnataka	44704	31.3.2006/ 24.7.2016
29	(IDP-174) Hussain Sagar Lake and Catchment Area Improvement Project	Andhra Pradesh	7729	31.3.2006/ 24.7.2016
30	(IDP-175) Kolkata Solid Waste Management Improvement Project	West Bengal	3584	31.3.2006/ 24.7.2014
31	(IDP-185) Agra Water Supply Project	Uttar Pradesh	24822	30.3.2007/ 11.7.2017
32	(IDP-186) Amritsar Sewerage Project	Punjab	6961	30.302007/ 11.7.2015
33	(IDP-187) Orissa Integrated Sanitation Improvement Project	Orissa	19061	30.3.2007/ 11.7.2016
34	(IDP-189) Goa Water Supply & Sewerage Project	Goa	22806	14.9.2007/ 28.11.2017
35	(ID-P 193) Hyderabad Outer Ring Road Project Phase.1	Andhra Pradesh	41853	10.3.2008/ 25.3.2016
36	(ID-P 196) Tamil Nadu Urban Infrastructure Project	Tamil Nadu	8551	10.3.2008/ 25.3.2016
37	(ID-P 198) Hyderabad Outer Ring Road Project Phase 2	Andhra Pradesh	42027	21.11.2008/ 25.02.2017
38	(ID-P 197) Chennai Metro Project	Central - Tamil Nadu	21751	21.11.2008/ 19.03.2015
39	(ID-P 201) Guwahati Water Supply Project	Assam	29453	31.3.2009/ 28.07.2019
40	(ID-P 202) Delhi Mass Rapid Transport System Project Phase 2 (IV)	Delhi	77753	31.3.2009/ 28.7.2015
41	(ID-P 203) Kerala Water Supply Project (III)	Kerala	12727	31.3.2009/ 27.7.2015*
42	(ID-P 206) Delhi Mass Rapid Transport System Project (Phase 2) (V)	Delhi	33640	31.3.2010/ 15.6.2016
43	(ID-P 207) Kolkata East-West Metro Project (II)	West Bengal	23402	31.3.2010/ 15.6.2017
44	(ID-P 208) Chennai Metro Project (II)	Tamil Nadu	59851	31.3.2010/ 15.6.2017
45	(ID-P 220) Bangalore Metro Rail Project (II)	Central - Karnataka	19832	16.6.2011/ 22.9.2017
46	(ID-P 222) Delhi Mass Rapid Transport System Project Phase 3	Central - Delhi	127917	29.3.2012/ 28.5.2018
47	(ID-P 225) Delhi Water Supply Improvement Project	Delhi	28975	29.10.2012/ 23.1.2023
48	(ID-P 230) Chennai Metro Project (III)	Central-Tamil Nadu	48691	28.3.2013/ 25.07.2020
49	(ID-P 233) Mumbai Metro Line 3 project	Central ï Maharashtra	71000	31.3.2014 17/09/2020
50	(ID-P 238) Delhi Mass Rapid Transport System Project Phase 3(II)	Central - Delhi	140000	31.3.2014
51	(ID-P 239) Agra Water Supply Project (II)	Uttar Pradesh	16279	31.3.2014
Ministry of Water Resources				
52	(IDP-161) Rajasthan Minor Irrigation Improvement	Rajasthan	11555	31.3.2005/ 28.7.2015

53	(IDP-181) Andhra Pradesh Irrigation & Livelihoods Improvement Project	Andhra Pradesh	23974	30.3.2007/ 11.7.2016
54	(ID-P 210) Rengali Irrigation Project III	Orissa	3072	31.3.2010/ 24.11.2015
Ministry of Tourism				
55	(IDP-150) Ajanta-Ellora Cons. & Tourism Dev. Proj-II	Central - Maharastra	7331	31.3.2003/ 31.7.2014*
Ministry of Shipping				
56	(IDP-180) Visakhapatnam Port Expansion Project	Central ï Visakhapatnam	4129	30.3.2007/ 16.1.2016
Department of Drinking Water Supply				
57	(IDP-195) Hogenakkal Water Supply and Fluorosis Mitigation Project	Tamil Nadu	22387	10.3.2008/ 25.3.2017
58	(ID-P 204) Hogenakkal Water Supply and Fluorosis Mitigation Project Phase 2	Tamil Nadu	17095	31.3.2009/ 28.7.2017
59	(ID-P 226) Rajasthan Rural Water supply and Fluorosis Mitigation Project (Nagaur)	Rajasthan	37598	28.9.2012/ 23.1.2020
60	(ID-P 231) West Bengal Piped Water Supply Project (Purulia)	West Bengal	14225	28.3.2013/ 25.07.2022
Ministry of Railways				
61	(ID-P 205) Dedicated Freight Corridor Project (Phase 1)	Central ï All India	2606	27.10.2009/ 23.02.2015
62	(ID-P 209) Dedicated Freight Corridor Project Phase 1 (II)	Central-All India	90262	31.03.2010/ 18.02.2023
63	(ID-P212) Dedicated Freight Corridor Project (Phase 2)	Central-All India	1616	26.7.2010/ 16.11.2015
64	(ID-P 229) Dedicated Freight Corridor Project Phase 2 (II)	Central-All India	136119	28.3.2013/ 25.07.2020
Ministry of Agriculture				
65	(ID-P 213) Himachal Pradesh Crop Diversification Promotion Project	Himachal Pradesh	5001	17.2.2011/ 16.6.2021
Department of Financial Services				
66	(ID-P 218) Micro, Small and Medium Enterprises Energy Saving Project (Phase 2)	Central ï All India	30000	16.6.2011/ 22.9.2016
Ministry of New and Renewable Energy				
67	(ID-P 219) New and Renewable Energy Development Project	Central ï All India	30000	16.6.2011/ 22.9.2018
Ministry of Road Transport & Highways				
68	(ID-P 228) Bihar National Highway Improvement Project	Central ï Bihar	22903	22.2.2013/ 21.6.2023
Ministry of Industrial Policy & Promotion				
69	(ID-C8) Tamil Nadu Investment Promotion Programme	Tamil Nadu	13000	12.11.2013/ 17.2.2019
	Total		JPY 1738.32 (= Rs. 91966 crore approx.)	

10.2 India-UK Development Cooperation Partnership

10.2.1 The United Kingdom (UK) has been providing development assistance to India since 1958. Development assistance from UK is received mainly for achieving the Millennium Development Goal (MDG) in the areas of health, education, administrative reforms, slum development etc. The assistance from the UK, through its Department for International Development (DFID), flows to mutually agreed government projects and programmes in the form of financial and technical assistance, Presently, Odisha, Madhya Pradesh and Bihar are the three focus states of DFID.

10.2.1 DFID's Country Plan to India 2008-2015

10.2.1.1 During the first phase of UK's Operational Plan for India 2008-09 to 2010-11, DFID had committed to provide £825 million for the ongoing projects which was fully utilized by 2010-11.

10.2.1.2 The second phase of the Operational Plan (2011-12 to 2014-15) commenced in April 2011. The development partnership was reviewed by both the countries during 2011 in terms of which it was decided to introduce a new component namely 'Private Sector Development Initiative (PSDI)' to promote private sector investment in selected low income States through Government sponsored organizations.

10.2.1.3 UK will provide approximately £ 910 million during the second phase of its operational plan from 2011-12 to 2014-15.

10.2.2 Changed arrangements in India-UK Development Partnership

10.2.2.1 The UK Government has announced on 9th November 2012 that their financial grant aid to India will end henceforth but the existing financial grant projects will be completed responsibly as planned by 2015. All new development cooperation programme will be either Technical Assistance (TA) programmes focused on sharing skills and expertise, or in investments in private sector projects focused on helping the poor. Both sides have agreed to this arrangement.

10.2.3 On-going Projects and Programmes

10.2.3.1 Presently, there are 20 projects/programmes under implementation at Central and State level with DFID assistance.

10.2.4 Agreements signed during 2013-14

10.2.4.1 During 2013-14, the following seven new agreements have been signed between Government of India and DFID:-

Sl.No.	Name of Project	Date of Signing	Project period	DFID Technical Grant Assistance Amount (In £ million)
1	Family Planning & Reproductive Health Services in Bihar and Odisha	02.04.2013	01.04.2013/ 31.03.2016	18.00
2	Water, Sanitation & Hygiene (WASH), Programme for Madhya Pradesh & Odisha	08.04.2013	01.04.2013 / 31.03.2016	13.40
3	Climate Change Innovation Programme (CCIP)	06.05.2013	25.04.2013 / 24.04.2018	12.00
4	Infrastructure Technical Cooperation Facility (ITCF)	19.08.2013	19.08.2013/ 31.3.2019	10.00
5	Technical Cooperation for Skill Development through NSDC	04.09.2013	04,09.2013/ 31.3.2018	4.50
6	Technical Cooperation for Innovative Ventures and Technologies for Development (INVENT) Programme through Technology Development Board.	23.09.2013	21.08.2013/ 31.7.2019	5.00
7.	Strategic Health and Nutrition Partnership (SHNP) Programme	10.12.2013	10.12.2013/ 31.03.2018	15.00

10.2.4.2 In addition, DEA has granted approval in respect of the following three progrmmes under Private Sector Development Initiative during 2013-14:-

Sl.No.	Name of Project	DFID Investment (£ million)
1	DFID-NHB collaboration for ñMaking affordable housing market for faster and sustained economic growthô	**£ 50 million** Loan -£ 40 million TA --£ 10 million
2	DFID-IDFC collaboration for ôInfrastructure Partnership Programme.	**£ 38 million** Loan- £ 36 million TA --£ 02 million
3	DFID-SBI Capital Venture Ltd. Collaboration for ñInfrastructure Equity Partnership Programme.	**£ 37.5 million** Equity Investment -£ 36 million TA --£ 1.5 million

10.3 High Level bilateral meetings/ dialogues

10.3.1 India –UK Economic & Financial Dialogue (EFD)

10.3.1.1 The sixth round of ministerial level India-UK Economic & Financial Dialogue (EFD) was held in London on May 16, 2013. Discussion in the EFD was focused on ñ Macro-Economic issuesò, Trade and Investment related issuesô, ôInfrastructure Financingô and ôFinancial Services and Regulationsô. The dialogue reaffirmed the continued strength of the Indian-UK economic and financial relationship.

10.4 GOI supported Exim Bank of India Lines of Credit extended to foreign countries

10.4.1 Department of Economic Affairs on behalf of Government of India (GOI) has been extending GOI supported Lines of Credit (LOCs) through Exim Bank of India to friendly developing foreign countries, under the Scheme IDEAS since 2003-04. Exim Bank disburses credit to the recipient countries from its own resources on concessional terms in respect of rate of interest and repayment period. Exim Bank obtains sovereign guarantee of the recipient country. GOI provides interest equalization support to Exim Bank i.e. the difference between its commercial rate of interest and the concessional rate of interest on which the LOC is extended to the foreign Government or its nominated agency. GOI also provides counter-guarantee for repayment of principal and payment of interest in most of the cases. The LOCs are approved by this Department on the proposal and recommendation of Ministry of External Affairs (DPA Division).

10.4.2 During 2013-14, 25 GOI supported Exim Bank of India Lines of Credit totaling US$ 1630.81 million were approved, as under:

Non-African Countries:

(i) US$ 155 million credit line to the Government of Myanmar

(ii) US$ 5.0492 million credit line to the Government of Cuba

(iii) US$ 36.92 million credit line to the Government of Cambodia

(iv) US$ 26.50 million credit line to the Government of Honduras

(v) US$ 30.94 million credit line to the Government of Lao PDR

(vi) US$ 200 million credit line to the Government of Sri Lanka

African Countries:

(i) US$ 300 million credit line to the Government of Ethiopia

(ii) US$ 42.61 million credit line to the Government of Benin

(iii) US$ 34.54 million credit line to the Government of Niger

(iv) US$ 46 million credit line to the Government of Mauritius

(v) US$ 47 million credit line to the Government of Mozambique

(vi) US$ 120.05 million credit line to the Government of Rwanda

(vii) US$ 144 million credit line to the Government of Liberia

(viii) US$ 30 million credit line to the Government of Sierra Leone

(ix) US$ 5 million credit line to the Government of Ghana

(x) US$ 15.13 million credit line to the Government of Djibouti

(xi) US$ 15 million credit line to the Government of Sierra Leone

(xii) US$ 25 million credit line to the Government of Niger

(xiii) US$ 82 million credit line to the Government of D.R. Congo

(xiv) US$ 89.9 million credit line to the Republic of Congo

(xv) US$ 18 million credit line to the Government of Mauritius

(xvi) US$ 35 million credit line to the Government of Guinea

(xvii) US$ 45.17 million credit line to the Government of Sudan

(xviii) US$ 52 million credit line to the Government of Togo

(xix) US$ 30 million credit line to the Government of Togo

10.5 Brief on India-European Union (EU) Development Cooperation

10.5.1 The European Union (EU) has been providing development assistance to India in form of Grants. The priority areas include environment, public health and education. EU implements development cooperation programmes through Country Strategy Paper (CSP). The CSP is based on EU objectives, on the policy agenda of the partner country and on an analysis of the country/ region situation. The current CSP for the 2007-2013, covers Multiannual Indicative programme-I (MIP) for the period 2007-2010 and Multiannual Indicative programme-II (MIP-II) for the period 2011-2013.

10.5.2 EU had committed to provide an amount of Euro 260 million and Euro 105 million for MIP-I and MIP-II respectively. The major programmes of Government of India which receive EU aid along with other development partners are Sarva Shiksha Abhiyan (SSA) and National Rural Health Mission (NRHM) Reproductive Child Health (RCH). In 2012, Government of India has signed an agreement with EU for the project ñSector Policy Support Programme for Elementary and Secondary educationò, which will receive a grant of Euro 80 million.

10.5.3 The EU side has conveyed that a new strategy is being envisaged for its bilateral development cooperation with India and that grants would not be available for India after December, 2013.

10.5.4 India-EU Sub-Commission on Development Cooperation is a forum at which bilateral issues relating to development cooperation with EU are discussed and reviewed. The annual meeting is held alternatively between Delhi and Brussels. The Sub-Commission on Development Cooperation reports to India-EU Joint Commission. The meeting of India-EU Sub-Commission on Development Cooperation was recently held on June 03, 2014 at New Delhi.

10.6 Foreign Trainings

10.6.1 Department of Economic Affairs is the National Focal Point/Nodal Point for administering all short term foreign training courses/seminars/workshops upto four weeks. These courses are meant for all middle and senior officers of the Govt. of India including officers of All India Services and it aids in capacity development which is crucial for socio-economic development of the country.

10.6.2 Various international agencies like International Monetary Fund (IMF), Japan International Cooperation Agency (JICA), Sweden International Development Agency (SIDA), Commonwealth Secretariat, Colombo Plan Secretariat, Singapore Cooperation Programme Training Awards (SCPTA), United Nations Development Programme (UNDP), etc. offer training programmes on various subjects covering almost all the Ministries/ Departments. Circulars on Foreign Training Programmes, which are administered by Department of Economic Affairs can be accessed at http://www.finmin.nic.in under ñTraining Programmesò. About 150 Foreign Training Programmes were handled during the year.

10.7 Investments in India by the European Investment Bank (EIB)

10.7.1 The European Investment Bank (the *Banque Europeenne d'Investissement*) is the European Unionõs financing institution and was established in 1958 under the Treaty of Rome (1957) to provide financing for capital investment. The members of the EIB are the Member States of the European Union, who have all subscribed to the Bankõs capital. Outside the European Union, EIB financing operations are conducted principally from the Bankõs own resources but also, under mandate, from Union or Member Statesô budgetary resources. Under these arrangements, the EIBõs funds are utilised to finance investments in countries signatory to Co-operation Agreements with the EU.

10.8 EIB in India:

10.8.1 EIBõs activities in India emanate from the Joint Action Plan (JAP) of the Strategic Partnership between the EU and India. EIB intends to increase its lending activities focussing mainly on environmental sustainability and large infrastructure project through FDI, transfer of technology and know-how.

10.8.2 EIB investments in India are governed by the **Framework Agreement** for Financial Cooperation. This agreement was signed between India and EIB on 25th November, 1993 by the *Charge d'Affaires* of India at Brussels. The Framework Agreement was initially valid for a period of three years and later it was extended *sine die* vide amendment dated 24th November, 1998.

Approval granted by DEA during 2013-14.

10.8.3 Department of Economic Affairs has granted approvals for EIB loan of Euro 200 million each to Indian Renewable Energy Development Agency (IREDA) and India Infrastructure Finance Corporation Ltd (IIFCL) during 2013-14. The Government of India will provide guarantee for these loans. Finance/loan contracts have been signed by European Investment bank (EIB)with IREDA and IIFCL on 21st February, 2014 and 31st March, 2014 respectively.

10.9. Bilateral Cooperation with other European Countries

10.9.1 GERMANY

10.9.1.1 The Federal Republic of Germany is providing financial and technical assistance to India since 1958. The present priority areas for bilateral Development Cooperation Programme are: a) energy, b) environmental policy, protection and sustainable use of natural resources and c) sustainable economic development.

10.9.1.2 The Government of Germany made fresh commitment of ú 1,089 million (approx. Rs. 8,700 crore) in 2013 for financial as well as technical assistance for implementing various projects in India.

10.9.1.3 The agreements for ú 152 million (approx. Rs. 1,200 crore) for two projects were signed during the year 2013-14.

10.9.1.4 During 2013-14, Germany disbursed financial assistance of Rs. 916.31 crore under the Government projects. The total disbursement including the Non-Government projects during this period was Rs. 1,550 crore (approx.).

10.9.2 FRANCE

10.9.2.1 The Government of France has been extending development assistance to India since 1968. The present French development assistance is being provided through the French Agency for Development (AFD). The Memorandum of Understanding in this regard was signed between Department of Economic Affairs and AFD on 29.09.2008. This MoU was revised in May 2012. The priority areas for AFD financing in India are projects contributing to the Sustainable Management of Global Public Goods, inter-alia (i) energy efficiency and renewable energy within the framework of the National Action Plan on Climate Change (NAPCC), (ii) urban infrastructures (public transport, water, etc., through sustainable development projects and infrastructure development programmes and (iii) the preservation of bio-diversity.

10.9.2.2 AFD made fresh commitment of ú 330 million (approx. Rs. 2,600 crore) in 2013 for financial assistance for implementing two projects in India.

10.9.2.3 The agreements for ú 203 million (approx. Rs. 1,600 crore) for two projects were signed during the year 2013-14.

10.9.3 Norway

10.9.3.1 The Norwegian Bilateral Development Assistance Programme in India began in 1952 with traditional fisheries project in Kerala by way of technical assistance and financial support. Since 1970, Norwegian assistance was received as grant for technical cooperation and local cost projects, mainly in social and environmental sectors. Norway is neither part of G-8 nor of European Union. Therefore, at present they can only provide bilateral development assistance directly to autonomous institutions, universities, NGOs etc.

10.9.3.2 It was decided in 2007 to hold Annual Bilateral Consultation between senior officials of Finance Ministries of India and Norway. So far five meetings have already been held.

10.9.3.3 The 5th Annual Bilateral meeting between the Ministries of Finance of India and Norway was held on 18th October, 2013 in, Oslo, Norway. The meeting was centered on Macro-Economic Issues and Challenges; Investment in infrastructure in India from Norway Pension Fund; FDI Policy, Indian and Norwegian Experience in Public Private Partnership, Exchange of views on skill development; Financial Sector Reforms and Climate Change Finance.

10.9.3.4 The next meeting is scheduled to be held in New Delhi during this year. Dates have not been finalized yet.

10.9.4 Switzerland

10.9.4.1 Switzerland had extended economic and technical assistance to India since 1964 in the form of grants and technical assistance. Switzerland had also provided mixed credit comprising 40% grant and 6-% loan for power sector projects. Switzerland is neither a member of G-8 nor of European Union. Therefore, at present they are only eligible to provide bilateral assistance to autonomous organization, universities, NGOs. Etc.

10.9.4.2 The First bilateral Financial Dialogue between the Federal Department of Finance of the Swiss Confederation and the Ministry of Finance of the Republic of India was held on 6th July, 2012 at Berne, Switzerland. 2nd round of Financial Dialogue was held on 12th June, 2013 in New Delhi. The dialogue was centered on Macro-Economic Issues and Challenges; G-20 issues; Financial Market Policy and Regulation; Commodities issues; IDA Transitional Arrangements and Initiatives in Financial Inclusion/Literacy. Next dialogue will be held in Berne, Switzerland in 2014.

10.10 UNITED STATES OF AMERICA

10.10.1 Indo-US Financial and Economic Partnership

10.10.1.1 The fourth Cabinet level meeting of Indo-US Financial and Economic Partnership was held in Washington DC on October 13, 2013 under the co-chairmanship of Mr. Jacob Lew, Secretary of the US Treasury and Shri P. Chidambaram, Finance Minister. During the meeting, issues like Financial Regulatory Reforms; Capital Market Development and Infrastructure Finance; Tax Policy; Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) and Iran Sanctions; Trade and Investment were discussed, including Macroeconomic Issues.

10.10.1.2 The third Sub-Cabinet level meeting held on 22 March, 2013 in Washington DC was co-chaired by Secretary, Department of Economic Affairs, Dr. Arvind Mayaram on the Indian side and Under Secretary on International Affairs, Ms. Lael Brainard on the US side. The meeting focussed on macroeconomic developments, partnership progress including infrastructure finance and financial regulatory reform.

10.10.2 Indo-US Financial and Regulatory Dialogue

10.10.2.1 The second Indo-US Financial & Regulatory Dialogue was held during February 6-7, 2014 at SEBI Headquarter in Mumbai. The Indian delegation was led by Mr. Manoj Joshi, Joint Secretary, Department of Economic Affairs, Ministry of Finance. The US delegation was led by Ms. Susan Baker, Director, Department of Treasury, USA. During the Dialogue, issues like Banking Sector Developments, Commodity Market Development, Capital Market Development, Insurance Sector Development, Pension Sector Development, Financial Regulatory Reform Agenda and Developing Resolution Framework for Financial Firms were discussed.

10.10.3 Indo-US CEO Forum

10.10.3.1 The ninth meeting under Indo-US CEO Forum was held on July 12, 2013 in Washington DC. The Forum was co-chaired by Shri Ratan Tata from the Indian side and Mr. David Cote, CEO, Honeywell Inc. from the US side. The Forum has a mandate to develop a road map for increased partnership and cooperation between US and India at the business level.

10.10.4 U.S. Agency for International Development (USAID)

10.10.4.1 The United States of America (USA) bilateral development assistance to India started in 1951. US assistance to India is mainly administered through the USAID. USAID is presently partnering with the Government of India to strengthen health systems; food security; accelerate transition to low emissions, and energy secure economy; reduce greenhouse gas emissions through carbon sequestration by forests; and improve the quality of basic education through teachers training and development. Till September 2013, the total assistance extended to India by USAID was approximately US$ 15.8 billion.

10.10.4.2 During 2010-2011, USAID had signed six bilateral agreements with Governments of India in areas such as education, health, clean energy, renewable energy, sustainable landscapes and food security.

10.10.5 United States Trade and Development Agency (USTDA)

10.10.5.1 USTDA promotes economic growth in emerging economies by facilitating the participation of U.S. businesses in the planning and execution of priority development projects in host countries. The Agencyꞌs objectives are to help build the infrastructure for trade, match U.S. technological expertise with overseas development needs, and help create lasting business partnerships between the United States and emerging market economies. Since 1992, the U.S. Trade and Development Agency has supported over 100 priority development projects in India with public and private sector sponsors. To date, USTDAꞌs programs have helped to generate over $1.3 billion in U.S. exports. Priorities for USTDAꞌs program in India include energy and climate change, transportation (especially aviation), and information and communication technology. In 2013, four grants for technical assistance were approved by DEA viz. ï (i) Total Airspace and Airport Modeler Feasibility Study (TAAM) amounting to US$ 4,76,320; (ii) Smart Grid Test Bed Technical Assistance Project amounting to US$ 6,92,000; (iii) Technical Management Operational Development Training (TMODT) Phase - II under US India Aviation Cooperation Program (USACP) amounting to US$ 400,900; & (iv) AAI Geographic Information System Technical Assistance under USACP amounting to US$ 574,238.

10.10.6 Assistance from Ford Foundation

10.10.6.1 The Ford Foundation has been extending grant assistance to various Indian NGOs/Institutions since 1952 in the areas of health, rural development, social sector, education, culture etc. During FY 2012-13, out of 38 proposals involving grant assistance of US$ 10.4 million, 27 proposals amounting US$ 7.4 million have been approved by Department of Economic Affairs (DEA); while during FY 2013-14, 57 proposals involving grants assistance of US$ 12.3 million were received by DEA for approval.

10.11 CANADA

10.11.1 India – Canada Economic and Financial Sector Policy Dialogue

10.11.1.1 Inaugural India-Canada Economic and Financial Sector Policy Dialogue was held on July 08, 2013 in Ottawa, Canada. During Dialogue issues like Competition and Foreign participation; Prudential Supervision of Financial Institutions; Consumer Issues, Bank Resolution and Financial Inclusion including implementation of BASEL III were discussed.

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

10.11.2.1 IDRC extends grant assistance to various Government and Non-Government organizations for projects in the field of agriculture, health and family welfare etc. During FY 2012-13, 31 proposals involving grant assistance of CAD 8.6 million were received. During FY 2013-14, 28 proposals involving grants assistance of CAD 12.17 million were received.

10.11.3 Canada Fund for Local Initiatives (CFLI)

10.11.3.1 The CFLI is a responsive, flexible program, directly managed by the High Commission of Canada in New Delhi, to fund small but visible, high impact, results-oriented projects. Through contribution agreements, the CFLI provides monetary assistance that covers all or a portion of the cost of projects that are comparatively modest in scope, scale and cost and that are usually conceived and designed by local authorities or organizations. During FY 2012-13, out of 07 proposals involving grant assistance of CAD 1.42 lakh, 03 proposals amounting to CAD 0.65 lakh have been cleared. During FY 2013-14, out of 10 proposals involving grants assistance of CAD 3.17 lakh, 02 proposals amounting to CAD 0.61 lakh have been cleared by DEA.

11. INTEGRATED FINANCE DIVISION

11.1 The Integrated Finance Division is headed by the Additional Secretary & Financial Advisor of the Ministry of Finance. The Division services the Department of Economic Affairs (DEA) and also the Department of Financial Services (DFS).

11.2 The Division is responsible for the following functions:

(i) Tendering financial advice/examination for concurrence to proposals involving expenditure in respect of DEA and DFS as well as their attached and subordinate offices e.g. Security Appellate Tribunal (SAT)/National Savings Institute/ Financial Sector Legislative Reforms Commission (FSLRC)/ Fourteenth Finance Commission (14thFC)/G-20 Secretariat/Directorate of Currency (DoC)/ Office of Special Court, Mumbai/ Office of Custodian/ Appellate Authority for Industrial and Financial Reconstruction/ Board for Industrial and Financial Reconstruction/ Debt Recovery Tribunals and Office of Court Liquidator, Kolkata.

(ii) Exercising expenditure control and management, ensuring rationalization of expenditure and compliance of economy measures in accordance with the instructions of the Department of Expenditure including regular monitoring of expenditure through monthly/Quarterly reviews and submission of reports to the concerned Secretaries.

(iii) The Division also administers two Detailed Demands for Grants i.e. Grant No.33-Department of Economic Affairs and Grant No.34-Department of Financial Services. This involves finalizing the Budget Estimates/ the Revised Estimates/estimating final requirements/ surrender of savings, re-appropriations and vetting of Head wise Appropriation Accounts.

(iv) Coordination of and the printing of the Detailed Demand for Grants (DDG) for the entire Ministry of Finance.

(v) Coordination of all matters relating to the examination of the DDG of the year by the Parliamentary Standing Committee on Finance.

(vi) Coordination, compilation, printing and laying of the ‘Outcome Budget’ of the Ministry of Finance in Parliament, as also monitoring Outcome Budget targets of different units in the Departments of Economic Affairs and Financial Services.

(vii) Monitoring replies to the PAC/C&AG Audit Paras.

(viii) Coordination, compilation, printing and presentation of Statements to be made by Hon’ble Finance Minister as required in terms of Rule 73-A, in Lok Sabha/Rajya Sabha in respect of implementation of Reports of the standing Committee.

(ix) Budgetary position regarding the Grants administered by the Division is given below:

Budgetary allocation of the Grants (on net basis).

(₹ in Crore)

Grant		BE 2013-14	RE 2013-14	BE 2014-15
33-Department of Economic Affairs	Plan	4040.00	5630.45	9931.00
	Non Plan	25837.38	5739.25	6875.11
	Total	**29877.38**	**11369.70**	**16806.11**
34 – Department of Financial Services	Plan	16088.00	18188.00	14100.00
	Non Plan	7281.39	9691.70	7536.10
	Total	**23369.39**	**27879.70**	**21636.10**

The best practices followed for effective expenditure control included:

(a) Expenditure progress reviewed monthly with Major Head/Scheme wise details with concerned Secretaries.

(b) The Major Head wise and Scheme wise expenditure progress as compared to BE figures, posted on the web-site of the Ministry of Finance.

(c) Strengthening of internal control mechanism by getting internal audits undertaken.

(d) Monthly monitoring of Major Schemes/ Programmes of Department included in the Outcome Budget.

(e) Regular and close monitoring resulted in finalization of substantial number of cases of Action Taken Notes (ATNs) in respect of C&AG audit para during the year.

12. Directorate of Currency (C&C)

12.1 Security Printing & Minting Corporation of India Limited (SPMCIL)

12.1.1 Security Printing & Minting Corporation of India Ltd. (SPMCIL), a Miniratna Category-I, Schedule-'A' Central Public Sector Enterprise (CPSE) was established on 13th January, 2006 to manage four India Government Mints, two Currency Presses, two Security Presses and one Security Paper Mill, which were earlier being managed directly by the Government of India (Ministry of Finance). The Corporation is wholly owned by the Central Government with authorised share capital of ₹ 2500 crore and paid up share capital of ₹ 5 lac.

12.1.2. The Client of two Currency Presses, i.e., Bank Note Press (BNP), Dewas and Currency Note Press (CNP), Nashik is RBI for currency notes. For other two Security Presses, i.e. Security Printing Press (SPP), Hyderabad and India Security Press (ISP), Nashik, the 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, railway warrants, income tax return order forms, saving instruments, commemorative stamps etc. for various clients and passports, visa stickers and other travel documents for Ministry of External Affairs and Ministry of Home Affairs. For four Mints at Mumbai, Kolkata, Hyderabad and Noida for circulation coins, the client is Ministry of Finance, Department of Economic Affairs. The Security Paper Mill at Hoshangabad manufactures security paper for use of currency / security presses.

12.1.3. The Corporation has achieved nearly all targets in production of Bank Notes, Coins, Security Products and production of the Raw Materials (Security Inks and Security Paper) during the year 2013-14. While achieving the targets, SPMCIL has also increased productivity per employee considerably. The Corporation has produced 8018 million pieces of the Bank Notes and supplied 7941 million pieces. This is 8.04% higher than the production of 7421 million pieces of the Bank Notes produced during the previous year, i.e. 2012-13. Production of the Bank Notes per employee has increased to 1.98 million pieces as against 1.84 million pieces achieved during the previous year. The Corporation has produced 7650 million pieces of the Circulating Coins and supplied 7676 million pieces of the Coins. This is 14.04% higher than the production of 6708 million pieces achieved during the previous year. Production of Coins per employee has increased to 2.26 million pieces in 2013-14 as against 1.88 million pieces achieved during the previous year. The Corporation has produced 57242 million pieces of Standard Product Unit (SPU) for Security Products during the year 2013-14 as against 52856 million pieces of SPUs produced during the previous year. The production of the Security Products in terms of SPUs per employee has increased to 16.58 million pieces in 2013-14 as against 14.39 million pieces achieved during the previous year.

12.1.4. The Corporation has produced 604 Metric Tonnes (MT) of the Security Inks in 2013-14 from the Ink Factory, Dewas against 484 MT of Inks produced during 2012-13. This is 24.80% higher than the production of the previous year. The Security Paper Mill in Hoshangabad has achieved the target for 2013-14 by producing 3240 MT of Security Paper and has supplied 3106 MT Security Paper to the presses.

12.1.5. The sales turnover of the Corporation has increased to ₹ 3625.17 crores in 2012-13 from ₹ 3422.68 crore in 2011-12 registering a growth of 5.92% over the previous year. The Sales per employee during 2012-13 has increased by 8% to ₹ 28.76 lac from ₹ 26.70 lac during the year 2011-12 primarily due to increase in the production during 2012-13.

12.1.6. The Corporation has declared a dividend @ 20% on Profit after Tax (PAT) and paid to Government an amount of ₹ 84.70 crore during FY 2012-13. This is the third year in succession SPMCIL has paid dividend since its inception. SPMCIL has achieved MoU 2012-13 Composite Score of 1.035 and obtained Excellent rating for the fourth year in succession. SPMCIL has also achieved 'Excellent' grading for compliance of Guidelines on Corporate Governance issued by DPE for 2012-13 for the third year in succession. The Company has created reserves of ₹ 2695.38 crore as on 31st March 2013. The Corporation has total assets of about ₹ 6808.43 crore as on 31st March, 2013.

12.1.7. Continuing its momentum of modernisation, the Corporation has spent an amount of ₹ 360 crores during the year 2012-13 on capital works and investment in the

Joint Venture Company. One Computer to offset Plate making (CToP) machine has been installed at Currency Note Press, Nashik and another CToP machine is in progress at Bank Note Press, Dewas. Two nos. of Bank Note Processing System (BPS-2000) have been installed one each at CNP, Nashik and BNP, Dewas. Two nos. of Mini Finishing Machines for Bank Note Processing have been installed in Currency Note Press, Nashik. Three Nos. of Multi-stroke Medal Presses one each at India Government Mint at Cherlapally, Mumbai & Kolkata have been commissioned. One Gold Refining Plant has been commissioned at India Government Mint, Mumbai and one Silver Refining Plant at India Government Mint, Cherlapally. One No. of PVD coating machine for coining Dies is being commissioned at India Government Mint, Noida. The installation of the Blank sorting machines in the Mints is under progress. These Blank sorting machines will improve the quality of the Coin blanks thereby improving the quality of the Coins. IP based surveillance system has been installed in six units. ERP-SAP has been implemented across all Units of SPMCIL and is in stablisation phase.

12.1.8. The Corporation has achieved most of the objectives of corporatization in a short span of eight years and has become a successful example of corporatization of erstwhile Government Units.

12.2 Indigenisation

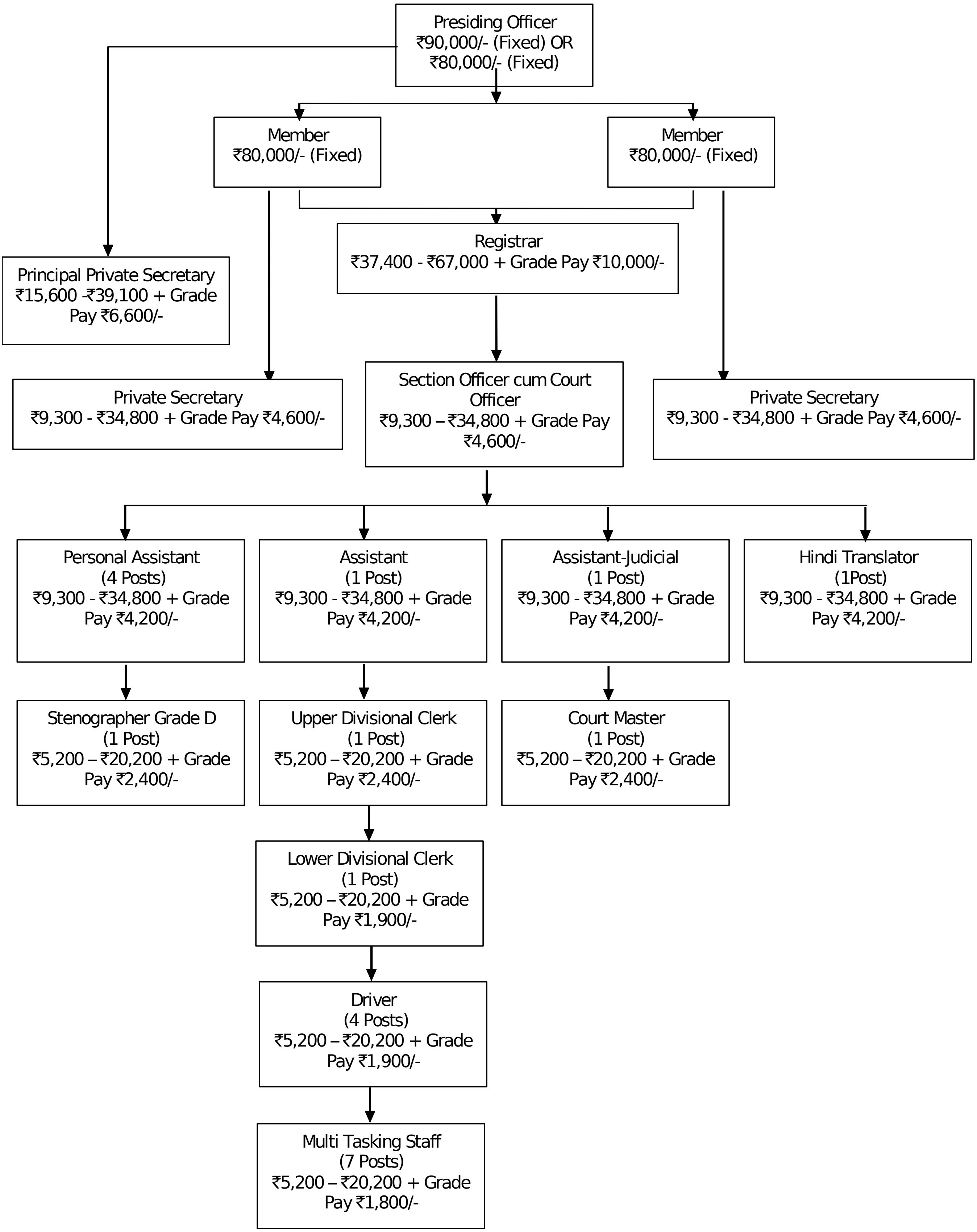
12.2.1 Presently, the annual requirement of CWBN paper for printing banknotes in India is approximately 20,000 MT and about 5%-10% of this requirement is met indigenously by production of paper at Security Paper Mill (SPM), Hoshanagbad. The balance requirement is met through imports. Therefore, projects for indigenization for banknote paper requirement have already been started Bharatiya Reserve Bank Note Mudran Pvt. Ltd. (BRBNMPL) and Security Printing and Minting Corporation of India (Pvt.) Ltd. have promoted a joint venture Company M/s Bank Note Paper Mill India Private Limited (BNPMIPL) at Mysore with an installed capacity of 12000 MT per annum to bring two state of the art technology paper lines, which is at advanced stage. BNPMIPL was incorporated on 13th October 2010 with initial authorized equity share capital of ₹ 1000 crore and paid up equity capital of ₹ 600 crore. The JV company has its Corporate office at Bangalore and the manufacturing units under construction at Mysore on the land leased out by BRBNMPL. Further, a new paper line with installed capacity of 6000 MT per annum at Security Paper Mill, Hoshangabad is also at advance stage. The commercial production for both the projects is expected to begin in 2014-15. These projects shall lead to indigenous production of major CWBN paper requirement, thereby saving valuable foreign exchange and further aiding India becoming self-reliant in banknote paper production.

12.2.2 The phase two modernisation of the Ink Factory at Dewas has been taken up. At present, SPMCIL is self-sufficient in production of the offset, intaglio and numbering inks.

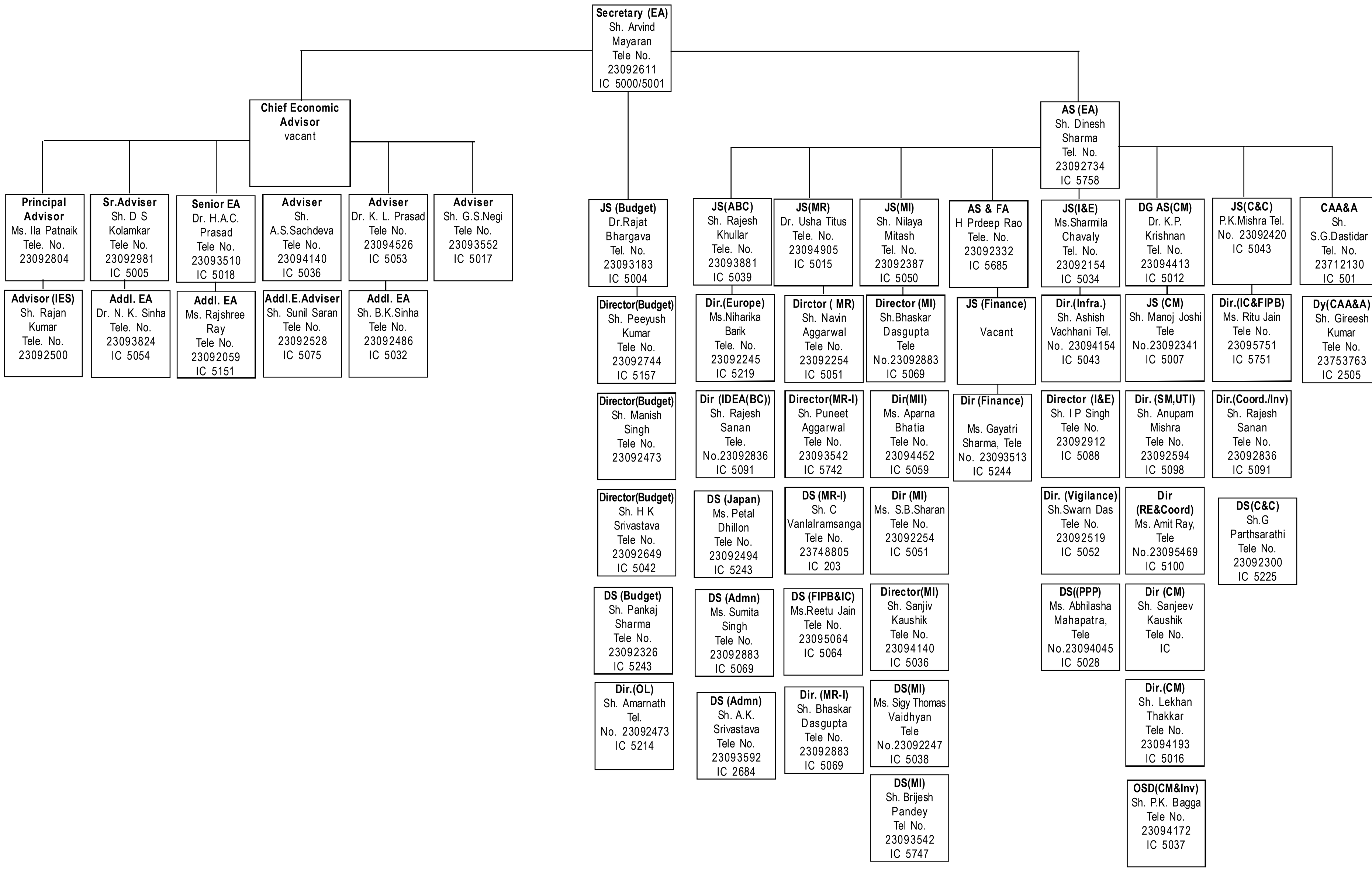
12.3 COMMEMORATIVE COIN RELEASED DURING 2013-14

Year	Name of the Commemorative	Date of Release
2013	125^{th} Birth Anniversary of Maulana Abul Kalam Azad	20.12.2013
2014	Shri Acharya Tulsi Birth Centenary	04.02.2014

ORGANOGRAM OF SECURITIES APPELLATE TRIBUNAL.



ORGANISATION CHART IN THE DEPARMENT OF ECONOMIC AFFAIRS



Department of Expenditure

1. Establishment Division

1. Personnel & Administration Division

1.1 The Establishment Division works under the Joint Secretary(Personnel) and deals with matters related to determination of salary structure and service conditions of all Central Government employees including recommendation of Sixth Central Pay Commission, wage, policy determination, revision of pay scales, creation of posts, basic principles of fixation of pay, pay research, House Rent Allowance, Travelling/Daily Allowance, Dearness Allowance, various other compensatory allowances in respect of Central Government employees, productivity linked bonus, General Financial Rules, Delegation of Financial Power Rules, Staff Car Rules, Screening Committee proposal, Economy Instructions etc. It is also responsible for administrative matters concerning the Department of Expenditure.

1.2 This Division issues instructions/directions on preparation of outcome budget, which indicate the physical dimensions of the financial budget as also the actual performance of the following year. A compilation of outcome budgets of flagship schemes is also presented to the Parliament.

1.3 With a view to containing the non-developmental expenditure and releasing additional resources for priority schemes, this Division has been issuing MOF's guidelines on expenditure management and economic measures and rationalisation of expenditure from time to time. Such measures are intended at promoting fiscal discipline without restricting the operational efficiency of the Government. The last such instructions were issued on 18th September, 2013.

1.4 **Seventh Central Pay Commission**: The Seventh Central Pay Commission has been set up vide Resolution dated 28th February, 2014. This Resolution sets out the composition and Terms of Reference of the Commission and also envisages that it will submit recommendations within 18 months from the date of constitution of the Commission.

1.5 The Seventh Central Pay Commission comprises of the following:

1. Chairman	-	Justice Shri Ashok Kumar Mathur
2. Member	-	Shri Vivek Rae
3. Member	-	Dr. Rathin Roy
4. Secretary	-	Smt. Meena Agarwal

1.6 **Pay Related Issues**: During the year 2013-14, various problems relating to pay matters, arising out of implementation of the recommendations of the 6th Central Pay Commission or otherwise for Central Government employees and out of its extension to the employees of Autonomous Bodies and legal/court matters thereon, which were referred from time to time by various Ministries/Departments/ Organisations, were addressed in an appropriate manner.

1.7 **Right to Information Act**: The Right to Information Act, 2005 is implemented in its true spirit and the information required to be disclosed under the Act has been uploaded on the website of the Department. The Central Public Information Officers (CPIOs) ensure timely supply of information to applicants and prompt action is taken on appeals by Appellate Authorities. The quarterly returns are submitted to the Central Information Commission by the Cell.

2. Pay Research Unit (PRU)

2.1 The Pay Research Unit was established in 1968 and is 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 Administration. This unit brings out an annual publication titled "**Brochure on Pay and Allowances of Central Government Civilian Employees**". The brochure provides statistical information regarding expenditure incurred by the different Ministries/Departments of the Central Government on pay & various types of allowances such as Dearness Allowance, House Rent Allowance, Transport Allowance, Overtime Allowance, Compensatory Allowance etc. in respect of its regular employees. It also provides information on Ministry-wise/Department-wise and Group-wise number of sanctioned posts and number of incumbents in position.

2.2 The unit brought out the 34th issue of the series of brochure for the year 2012-13 in July 2013.

3. Integrated Finance Unit (IFU)

3.1 The Integrated Finance Unit works under Additional Secretary & Financial Adviser (Finance) and deals with the expenditure and Budget related proposals under Grant No.39 - Department of Expenditure, which includes (i) Secretariat General Services covering the establishment budget for the Department of Expenditure, Controller General of Accounts, Central Pension Accounting Office, Finance Commission Division, Staff Inspection Unit, Cost Accounts Branch and Chief Controller of Accounts; and (ii) Other Administrative

Services covering the budget for Institute of Government Accounts and Finance, National Institute for Financial Management, Contribution to International Body (AGAOA) and the budget relating to payment of service charges to the Central Recordkeeping Agency for the New Pension Scheme.

3.2 This Unit also monitors the expenditure under Grant No.40 - Pension; and Grant No.41 - Indian Audit & Accounts Department. The allocations under the respective Grants are as under:-

(₹ in crore)

Grant No.	Budget Estimates 2013-14			Revised Estimates 2013-14		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total
39 - Department of Expenditure	4.00	136.12	140.12	3.00	130.00	133.00
40 - Pensions	-	21049.00	21049.00	-	22815.00	22815.00
41 - Indian Audit & Accounts Department	-	2623.87	2623.87	-	2757.34	2757.34

3.3 The Integrated Finance Unit has expeditiously examined and disposed the financial and expenditure proposal pertaining to the Department of Expenditure including the proposals for appointment of consultants, deputation abroad of officers, grants-in-aid to National Institute of Financial Management duly observing austerity instructions issued from time to time.

3.4 The expenditure trend of Grant No.39, 40 & 41 has consistently been monitored and strict control has been exercised over the Govt. expenditure. A report of the review is submitted to the Secretary (Expenditure) on quarterly basis.

4. Procurement Policy Division

4.1 A Public Procurement Cell (PPC) was set up in this Department in June, 2011 to take follow up action on the Report of the Committee on Public Procurement (CoPP) and drafting of the Public Procurement Bill and other related matters such as drafting of rules and setting up of a Central Public Procurement Portal. The Cell was gradually strengthened and a Division called Procurement Policy Division (PPD) was created under the overall supervision of OSD (PPD) with one Director, one Under Secretary, one Assistant Director and one Assistant.

4.2 Subsequently, the scope of work in PPD was enlarged. The Division now deals with the following items of work:-

(i) Public Procurement legislation and rules, notifications, orders thereunder;

(ii) Policies relating to Public Procurement including administration of General Financial Rules 2005 on procurement of goods and services and contract management; policies relating to mandatory or preferential procurement;

(iii) Matters relating to standardization of procurement related documents;

(iv) All matters related to Central Public Procurement Portal set up for publishing information relating to Public Procurement;

(v) Matters relating to electronic procurement;

(vi) Professional standards to be achieved by officials dealing with procurement and suitable training and certification requirements for the same;

(vii) Interface with International bodies on matters relating to Public Procurement.

4.2.1 Central Public Procurement Portal & e-Procurement

- Pursuant to the recommendations of the Committee on Public Procurement (CoPP), a Central Public Procurement Portal (CPP Portal) has been set up for providing comprehensive information and data relating to public procurement and is accessible at www.eprocure.gov.in. It is being used at present by various Ministries/ Departments, CPSEs and autonomous/ statutory bodies. e-Publishing of tender enquiries, corrigenda thereto and details of contracts awarded thereon, on the Portal, has been made mandatory in a phased manner w.e.f 1st January, 2012.
- Further, it has also been decided to implement e-Procurement in Ministries/ Departments of the Central Government and instructions have also been issued to all Ministries/Departments to commence e-procurement in respect of all procurements with estimated value of ₹2 lakh or more in a phased manner. Use of e-procurement would enhance transparency and accountability and make procurement more efficient. This would also help in monitoring delays and reducing the procurement cycle.

5. Plan Finance-I Division

5.1 State Plan Schemes:

Annual Plans of States as approved by Planning Commission are funded by States' own resources, borrowings by States and Central assistance by the Central Government. Central assistance for States' plans is provided for the implementation of various State' Plan Schemes. Central assistance includes Normal Central Assistance (NCA), Special Plan Assistance and Special Central Assistance, Additional Central Assistance (ACA) for Externally Aided Projects (EAPs) and ACA for specific schemes. Funds are provided to the State Governments under various regular Plan schemes such as National Social Assistance Programme (NSAP), Accelerated Irrigation Benefit Programme (AIBP), Jawaharlal Nehru National Urban Renewal Mission (JNNURM) etc. A brief write-up on various State Plan Schemes during 2013-14 is as under:

5.1.1 Normal Central Assistance (NCA)

NCA is allocated on the basis of the Gadgil Mukherjee Formula approved by NDC taking into consideration factors like population, per Capita Income, performance and special problems of States. The Department of Expenditure releases funds under NCA as per allocation made by Planning Commission. During 2013-14, an amount of ₹ 25,642.27 crore was released to various States as NCA.

5.1.2 Special Central Assistance/Special Plan Assistance (SCA/SPA)

Apart from Normal Central Assistance and scheme-specific Additional Central Assistance, untied Special Central Assistance to meet the gap in resources for financing of the States' Annual Plans is also being allocated by the Planning Commission to Special Category States. The assistance is not tied to any particular scheme and is released by the Ministry of Finance on the pattern of Normal Central Assistance to such States. During 2013-14, SCA of ₹ 10,771.00 crore was released to Special Category States.

Special Plan Assistance (SPA) is provided to the Special Category States for funding of projects identified by the States that are not covered by any Central scheme, for non-recurring expenditure of a developmental nature. SPA of ₹ 6480.15 crore was released during the financial year 2013-14 including release of additional SPA of ₹ 165 crore to the State of Uttarakhand for medium and long term reconstruction package during 2013-14 as approved by the Cabinet.

5.1.3 National Social Assistance Programme (NSAP)

The National Social Assistance Programme (NSAP), which came into effect from 15th August, 1995, represents a significant step towards the fulfilment of the Directive Principles in Article 41 of the Constitution. The programme aims at ensuring a minimum national standard for social assistance in addition to the benefits that States are currently providing or might provide in future. NSAP at present, comprises the Indira Gandhi National Old Age Pension Scheme (IGNOAPS), the Indira Gandhi National Widow Pension Scheme (IGNWPS), the Indira Gandhi National Disability Pension Scheme (IGNDPS), the National Family Benefit Scheme (NFBS) and the Annapurna Scheme.

NSAP was operated as a Centrally Sponsored Scheme by the Ministry of Rural Development upto 2002-03, when it was transferred to the State Sector. With this change, the funds for the operation of these schemes are now being released as Additional Central Assistance (ACA) to the States by the Ministry of Finance. The rate of Pension under IGNWPS and IGNDPS has been enhanced from ₹ 200/- to ₹ 300/- per month per beneficiary alongwith the revision of the eligibility criteria from 40-59 years to 40-79 years and from 18-59 to 18-79 years respectively w.e.f. 1st October, 2012. The lump sum grant under NFBS has also been increased from ₹ 10,000 to ₹ 20,000 with revision in eligibility criteria from 18-64 years to 18-59 years w.e.f. 18th October, 2012. The extent of ACA to be provided to the States/UTs for the Scheme is decided by the Planning Commission, while the State-wise allocation of ACA is made by the Ministry of Rural Development and Planning Commission. Based on recommendations received from Ministry of Rural Development, an amount of ₹ 9046.39 crore was released to the State Governments during 2013-14. This Scheme has been transferred to the concerned Line Ministry i.e. Ministry of Rural Development with effect from Financial Year 2014-15.

5.1.4 Backward Regions Grant Fund (BRGF) Scheme

The BRGF scheme is aimed at accelerated socio-economic development of the most backward regions and districts in the country. The Backward Regions Grant Fund (BRGF) was originally approved by the CCEA in its meeting held on 10.08.2006. The BRGF has two components, namely, (i) District Component covering 272 backward districts in 27 States, and (ii) State Component including Special Plan for Bihar, Special Plan for the Kalahandi-Bolangir-Koraput(KBK) districts of Orissa, Special Plan for West Bengal and Bundelkhand Package. Till 2012-13, this also included Integrated Action Plan (IAP). The allocation for the District Component as well as for the State Component was fixed as an ACA on 100% grant basis. The implementing Ministries for the BRGF are (a) For the District Component of BRGF-Ministry of Panchayati Raj; (b) For the State Component of BRGF- Planning Commission. Funds for State Component are released by DoE from Demand No. 36. The BRGF scheme has been approved by the Cabinet for continuation during 12th Plan. An amount of ₹3530.52 crore was released under BRGF during the financial year 2013-14.

5.1.5 Additional Central Assistance (ACA) for Left Wing Extremism (LWE) affected districts:-

Planning Commission has opened a new Budget line in 2013-14 to provide assistance to districts affected by Left Wing Extremism (LWE). Earlier, the support was provided through Integrated Action Plan (IAP) for a period of three years from 2010-11. The total assistance provided under IAP was ₹ 6090 cr.

CCEA in its meeting held on 1.08.2013 approved the scheme called Additional Central Assistance (ACA) for Left Wing Extremism (LWE) affected districts, as per which allocation for each LWE affected district shall be @ ₹30 crore per year for 2013-14 & 2014-15. The support has been extended to 88 districts of 9 LWE affected States, increased from 82 districts under IAP. As per extant guidelines, the funds are placed at the disposal of a District Level Committee headed by District Collector and consisting of Superintendent of Police and the District Forest officer. The Committee has the flexibility to spend the amount for development schemes according to the need assessed by it. The local Members of Parliament are consulted by the Committee while finalizing the projects/works under the scheme.

BE 2013-14 provision for the scheme of ACA for LWE districts was for ₹ 1000 crore. However, ₹ 1209 crore were released during FY 2013-14 on the recommendations of Planning Commission through re-appropriation of funds from internal savings from Demand No. 36.

5.1.6 Accelerated Irrigation Benefit Programme (AIBP)

The Accelerated Irrigation Benefit Programme (AIBP) was launched during 1996-97 to provide Central Loan Assistance (CLA) to States for accelerating the implementation of large and multi-purpose projects, where substantial progress had been made but was beyond the resource capability of the States.

In year 2004-05, a grant component was introduced under AIBP. As per the recommendations of Twelfth Finance Commission (TFC), the loan component was discontinued from 01.04.2005. AIBP covers Central assistance for major, medium, minor surface irrigation projects, national projects and projects covered under command area development, flood management and repair, renovation & restoration of water bodies.

During 2013-14, Cabinet approved continuation of Accelerated Irrigation Benefit Programme (AIBP), Flood Management Programme (FMP) and Repair, Renovation & Restoration (RRR) of Water Bodies in 12th Plan. Funding pattern for new projects under AIBP in 12th Plan is as under:

Scheme/Project under AIBP	Special Category States (Share of Central assistance in %)	General Category States (Share of Central assistance in %)
Major/ Medium Projects	90	25*
Minor Irrigation Schemes	90	75
National Projects	90	75
Command Area Development (CAD)	50	50
Repair, Renovation & Restoration (RRR) of Water Bodies	90	25
Flood Management Programme (FMP)	70	50

** 75% for Special areas of General Category States.*

BE (2013-14) under AIBP was ₹ 12962.00 crore. Based on recommendations of Ministry of Water Resources (MoWR), Central assistance amounting to ₹ 4629.99 crore was released under AIBP to the State Governments during 2013-14. With effect from 01.04.2014, funds under AIBP will be released by the administrative Ministry viz. MoWR.

5.1.7 Jawaharlal Nehru National Urban Renewal Mission (JNNURM)

The JNNURM scheme was approved by the Cabinet in December, 2005 and was scheduled for a period of 7 years until 2012. The scheme was further extended by CCI for a period of 2 years i.e. upto 31.03.2014 for completion of projects sanctioned till March, 2012. The main objective of the scheme is to provide integrated development of infrastructural services in cities including the peri-urban areas; to secure effective linkages between asset creation and asset management so that assets created become self sustaining, to take up urban renewal i.e. re-development of older cities etc. The main thrust of the scheme is on creation of infrastructure projects relating to water supply, including sanitation, sewerage, solid waste management, urban renewal, urban transport etc. and housing for the poor. The scheme is reform driven and had 4 components:-

(a) Sub-Mission on Urban Infrastructure and Governance (UIG).

(b) Urban Infrastructure Development scheme for Small and Medium Towns (UIDSSMT).

(c) Sub-Mission on Basic Services to Urban Poor (BSUP).

(d) Integrated Housing and Slum Development Programme (IHSDP).

Government approved the launch of the Rajiv Awas Yojana (RAY) as a Centrally Sponsored Scheme (CSS), to be implemented in Mission mode during 2013-2022 and continuation of Affordable Housing in Partnership Scheme (AHP) as part of RAY with amendments. The Planning Commission has allocated ₹ 32,230 crore for implementation of RAY during 12th Five Year Plan.

Government also approved a proposal for procurement of 10,000 buses under JNNURM with special emphasis on hill States to improve the Urban Transport System.

During 2013-14 ACA of ₹7559.00 crore was released to the State Governments under JNNURM including ₹705.73 crore released for RAY. Budgetary allocation for the Scheme has been transferred to respective line Ministries i.e. Ministry of Urban Development and Ministry of Housing and Urban Poverty Alleviation implementing the different components of JNNURM from 2014-15.

5.1.8 National E-Governance Plan (NEGP)

The Government approved the National e-Governance Plan (NeGP), comprising 27 Mission Mode Projects (MMPs) and 8 components, on May 18, 2006. The Scheme envisions making all Government services accessible to the common man in his locality through common service delivery outlets and ensuring efficiency, transparency and reliability of such services at affordable cost. At present there are four components operational under the Scheme:

(i) Common Service Centre (CSC)

(ii) State Wide Area Networks (SWAN)

(iii) State Data Centres (SDC)

(iv) Capacity Building

The Ministry of Communications and Information Technology is the nodal ministry in charge of the Scheme. Under NeGAP, in 2012-13, ₹ 89.54 crore was released for this scheme against the budget allocation of ₹190 crore. Budget allocation for 2013-14 was ₹315 crore against which an amount of ₹ 242.51 Crore was released for this scheme.

State Treasury Computerization under National e-Governance Programme - The Government of India has approved the scheme for computerization of State Treasuries at an overall cost of ₹ 626 crore (with central assistance of ₹ 482 crore), computed at ₹ one crore per district in existence on 1 April 2010. The scheme supports States and UTs to fill the existing gaps in their treasury computerization, upgradation, expansion, and interface requirements, apart from supporting basic computerization. The indicative minimum set of deliverables under the scheme includes Business Process Re-engineering (BPR), Design and development of standardized formats for data exchange, Budget Module, Accounts module, Personnel Management & Pay Roll module, Pension module, Receipt module, Fund Management Module, Virtual Treasury module, Banking Interface module, C&AG Interface module, Financial Data Warehouse module, E-Status enquiry from DDOs and banks, E-audit and any other relevant activity. Proposals of 21 States and 3 UTs for Treasury Computerization under NeGAP have been approved and ACA of ₹148 crore. has been released so far to these states. Such States/UTs are Gujarat, Madhya Pradesh, Maharashtra, Jammu & Kashmir, Andhra Pradesh, Arunachal Pradesh, Rajasthan, Bihar, Karnataka, Odisha, Nagaland, Manipur, West Bengal, Tamil Nadu, Haryana, Himachal Pradesh, Kerala, UP, Goa, Uttarakhand and UT of Puducherry, Chandigarh and Daman & Diu.

Scheme of National e-Governance Action Plan (NeGAP) has been transferred to the Demand of Line Ministry i.e., Ministry of Communication and Information Technology from 2014-15 except one component of the Mission Mode State Treasury Computerization project, handled by Department of Expenditure, Ministry of Finance. Budget allocation of ₹50 crore. has been made for Mission Mode State Treasury Computerization project for 2014-15.

5.2 Additional Central Assistance for Externally Aided Projects

Till 2004-05, Additional Central Assistance for Externally-Aided Projects (EAPs) used to be released on the pattern of Normal Central Assistance i.e., 70% loan and 30% grant to General Category States and 10% loan and 90% grant to the Special Category States. From April, 2005, a new system of back-to-back (B2B) transfer of external assistance was introduced on the recommendation of the Twelfth Finance Commission, under which the external assistance is passed on to the General Category States on the same terms and conditions on which these are received by the Central Government from donor agencies. In case of ongoing projects (signed before 1st April, 2005), the assistance to General Category States continues to be passed on the NCA pattern (70 loan: 30 grant). The Special Category States continue to receive the ACA for EAPs as earlier, on the 90% Grant and 10% Loan pattern. Based on the recommendations of Office of Controller of Aid, Account and Audit, Ministry of Finance, an amount of ₹ 13353.28 crore was released to the State Governments during 2013-14.

5.3 Other Schemes

Special Central Assistance is also released for other schemes like Hill Area Development Programme (HADP) and Border Area Development Programme

(BADP). An amount of ₹990 crore has been released for BADP in 2013-14 and ₹279.59 crore has been released for HADP in 2013-14. From 2014-15 onwards, the BADP scheme has been transferred to Ministry of Home Affairs ₹1259.23 crore has been released for ACA for Other Projects in 2013-14. The different types of assistance allocated to the State Governments and released during 2013-14, are shown in the following table.

Scheme-wise outlays and release of Central Plan Assistance to States under Demand No.36 (formerly Demand No. 35) of Department of Expenditure, Ministry of Finance in 2013-14.

(₹ in crore)

Sl. No.	Scheme/ Programme	2013-14 (BE)	2013-14 (RE)	Releases during 2013-14
1	Normal Central Assistance (NCA)	27636.00	27236.00	25642.27
2	Special Plan Assistance (SPA)	6341.00	6341.00	6480.15
3	Special Central Assistance (SCA) (untied)	9571.00	9571.00	10771.00
4	Additional Central Assistance Other Projects	1261.00	1420.31	1259.23
5	Other ACA	540.00	540.00	166.00
6	Additional Central Assistance (ACA) for Externally Aided Projects	13500.00	14779.97	13353.29
7	Additional Central Assistance (ACA) for HADP/WGDP	300.00	300.00	279.59
8*	Special Central Assistance(SCA) for Border Areas	990.00	990.00	990.00
9*	Accelerated Irrigation Benefit Programme	12962.00	6162.00	4630.00
10*	National Social Assistance Programme including Annapurna	9541.00	9541.00	9046.39
11*	National E-Governance Plan	315.00	315.00	242.51
12	Special Central Assistance under Backward Regions Grant Fund	5000.00	5000.00	3530.52
13	ACA for LWE affected Districts	1000.00	1000.00	1209.00
14	ACA for Desalination Plant at Chennai	0.00	226.69	399.56
15*	**ACA for JNNURM (of Which)**	**14000.00**	**10000.00**	**7559.00**
	SMUIG	**5000.00**	**3667.94**	**2381.79**
	SMUIDSSMT	**4478.00**	**3523.24**	**2921.28**
	SMBSUP	**1500.00**	**918.82**	**966.20**
	SMIHSDP	**1000.00**	**743.59**	**584.00**
	RAY	**2022.00**	**1146.41**	**705.73**
	Total	**102957.00**	**93422.97**	**85558.51**

* *As per recent Cabinet approval, allocations under five ACA schemes (AIBP, JNNURM, BADP, NSAP and NeGP), presently budgeted under Demand No. 36, have been transferred to respective Demand for Grants of line Ministries concerned from 2014-15.*

6. Finance Commission Division

6.1 Non-Plan Grants to States (FCD)

The States are supported through Non-plan grants as per recommendations of Finance Commissions. The award period of the 13th Finance (FC-XIII) is from 1st April, 2010 to 31st March, 2015. The year 2013-14 is the fourth year of the award period of FC-XIII. On the Non-plan side ₹ 53904.54 crore had been released during 2013-14 as grant-in-aid to States for Non-plan Revenue Deficit, Performance Incentive, Local Bodies, State Disaster Response Fund (SDRF), Justice Delivery, Improvement of Statistical System, District Innovation Fund, Elementary Education, Roads & Bridges, Water Sector Management, Forests and State Specific Needs (being 86 % of Budget Provision of ₹ 62134.40 crore for 2013-14). In addition to assistance released under SDRF, ₹ 4649.94 crore has been released from National Disaster Response Fund (NDRF) during 2013-14.

The 14th Finance Commission has been constituted vide notification dated 2nd January, 2013.The Commission shall make recommendations covering a period of five years commencing from 1st April, 2015.

6.2 States' Fiscal Consolidation (2010-15)

The Thirteenth Finance Commission (FC-XIII) has worked out a fiscal consolidation road map for States requiring them to eliminate revenue deficit and achieve a fiscal deficit of 3 per cent of their respective Gross State Domestic Product, latest by 2014-15. It has also recommended a combined States' debt target of 24.3 per cent of GDP to be reached during this period. The States are required to amend or enact their Fiscal Responsibility and Budget Management Acts (FRBMAs) to incorporate the fiscal consolidation roadmap recommended for each State.

27 States have enacted/amended their FRBMAs incorporating the targets of revenue deficit, fiscal deficit and debt as a ratio to their Gross State Domestic Product (GSDP) as prescribed by FC-XIII. In respect of one remaining State, its FRBMA 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.

The rule based fiscal consolidation path laid down by FC-XIII, involving expenditure rationalization measures have led to all around improvement of fiscal performance. States in aggregate have been able to achieve the fiscal targets laid down by FC-XIII. Position for 2013-14(BE) is summarized as follows:

i. Aggregate revenue surplus is about 0.49% of GSDP, ahead of the FC-XIII projections of Revenue Deficit of 0.1%.

ii. Aggregate fiscal deficit is at 2.11% of GDP as against the target of 2.4% set by the FC-XIII.

iii. Aggregate debt to GDP ratio is 20.9%, well within FC-XIII's target of 24.8%.

6.3 Debt Relief recommended by FC XIII

FC - XIII inter-alia has recommended that States' enactment/amendment of their FRBM Acts, incorporating the fiscal targets specified for them, will be a pre condition for debt relief measures (reset of interest rates on NSSF loans and write off of Central loans from Ministries, other than MoF and release of all State specific grants.

6.3.1 Debt relief on NSSF loans:

As recommended by FC XIII and subsequent decisions taken:

- A State will be considered as eligible for interest relief on NSSF loans from the date the FRBM Act is amended/enacted in accordance with the recommendations of FC-XIII.

- From the financial year 2012-13, compliance with FRBM targets will be a condition for availing interest relief in respect of NSSF loans.

After necessary amendments to FRBMA were made (by most of the States in 2011-12) incorporating targets specified by FC XIII, the States became eligible for interest relief on NSSF loans. Three States were found to be eligible for relief in 2010-11 and all the twenty eight States were found to be eligible for the relief in 2011-12.

From 2012-13, the relief is allowed to States based on compliance to the fiscal targets in their respective FRBM Acts as reflected in their BE figures of the year in which the relief is given. Further, from 2012-13 continued compliance with FRBMA targets is a pre-requisite for allowing interest relief on NSSF loans. At 2012-13 (RE) & 2013-14 (BE), 15 States qualified for provisional interest relief for 2012-13 and 19 States for 2013-14. The eligibility position of these States will be reassessed after receipt of Finance Accounts for 2012-13 and Revised Estimates for 2013-14 respectively.

6.3.2 Write off of central loans (CSS/CPS):

FC-XIII has recommended for write-off of loans advanced by Government of India for Centrally Sponsored schemes/Central Plan schemes (CSS/CPS) through Central Ministries other than Ministry of Finance (MoF) outstanding as on 31.3.2010 subject to the States enacting/amending their FRBMAs in line with FC XIII recommendations. An amount of ₹2050.10 crore outstanding against CSS/CPS has been written off during 2011-12 after enactment/amendments were made to FRBMAs by the States. As decided by the Central monitoring Committee (CMC), a total amount of ₹ 220.83 crore being repayment of principal and payment of interest under CSS/CPS made by States after 31.03.2010 has been adjusted against outstanding central loans from Ministry of Finance during 2012-13. Further, a total amount of ₹ 63.68 crore being repayment of principal and payment of interest under CSS/CPS made by States after 31.03.2010 has been adjusted against outstanding central loans from Ministry of Finance during 2012-13.

6.4 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.

7. Plan Finance-II Division

Plan Finance - II Division is primarily concerned with matters relating to the Central Plan. In respect of development schemes and projects, 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.

During the period 1st April, 2013 to 31st December, 2013, the Expenditure Finance Committee (EFC) chaired by the Secretary (Expenditure) appraised 116 Plan Schemes of various Ministries / Departments costing ₹ 587,509.74 crore. In addition, the Public Investment Board (PIB) chaired by the Secretary (Expenditure) appraised and recommended 8 projects costing ₹ 73,499.13 crore as per the following details:-

Sl. No.	Ministry/Department	No. of projects recommended for approval	Cost (₹ Crore)
1	M/o Road Transport & Highways	1	1567.52
2.	M/o Urban Development	1	26405.14
3.	M/o Coal	2	2074.45
4.	M/o Power	1	2074.02
5.	M/o Petroleum & Natural Gas	1	37230.00
6.	M/o Heavy Industry	1	3700.00
7.	M/o Shipping	1	448.00
	Total	**8**	**73499.13**

Plan Finance-II 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 & Equipments to ensure more efficiency in production. It is also the Secretariat of National Clean Energy Fund, in respect of which, guidelines for appraisal/approval of the project have been issued.

Issues relating to Food, Fertilizers and Petroleum subsidies, including their quantification and extension of assistance to the stake holders are also handled in Plan Finance-II Division. The Division is actively involved, along with the concerned Department/ Ministry, in shaping subsidy policy of the Government so as to ensure effective targeting coupled with minimum burden on the Government. Revised Guidelines for Formulation, Appraisal and Approval of Government funded Plan Schemes/Projects were issued vide O.M. No.1(3)/PF-II/2001 dated 1st April, 2010. This was done to rationalize the delegation further, align it more closely with the rapidly changing economic environment, empower Ministries/ Departments further for undertaking investment programmes and make the entire procedure more responsive and resilient in ensuring timely and well informed decision making.

During the period 1st January, 2014 to 31st March, 2014

During the period 1st January, 2014 to 31st March, 2014, the Expenditure Finance Committee (EFC) chaired by the Secretary (Expenditure) appraised 43 Plan Schemes of various Ministries /Departments costing

₹134,045.44 crore. In addition, the Public Investment Board (PIB) chaired by the Secretary (Expenditure) appraised and recommended 3 projects costing ₹7691.62 crore as per the following details:-

Sl. No.	Ministry/Department	No. of projects recommended for approval	Cost (₹ Crore)
1	M/o Post	1	4502.00
2.	M/o Road Transport & Highways	1	1424.08
3.	M/o External Affairs	1	1765.54
	Total	**3**	**7691.62**

Revised formats of EFC/PIB Memorandum for both Original Cost Estimates (OCE) and Revised Cost Estimates (RCE) have been issued on 31-3-2014. The format has been revised in order to improve its functionality, incorporate evolving policies and procedures and for better appraisal of proposals.

8. Staff Inspection Unit

8.1 The Staff Inspection Unit (SIU) is functional since 1964 with the objective to review the staffing of government establishments/organisations through a programme of inspections for rationalisation of posts and also evolve performance standards and improving organisational effectiveness without sacrificing efficiency. The scientific and technical organisations are studied by SIU as a Core Member in the committee constituted by the head of the respective organisation.

In the changed scenario and keeping in view the Governments emphasis on better governance and improved delivery system, the role of SIU has been redefined. SIU has been positioned to act as catalyst in assisting the line Ministries/Departments and Autonomous Organisations in improving their organisational effectiveness. As per the expanded mandate, in addition to its existing role, SIU now also undertakes organisational analysis primarily to cover the areas of organisational systems, financial management systems, delivery systems, client customer satisfaction, employees' concerns etc. and suggests appropriate organisational structure, re-engineering of processes, measures to ensure optimum utilisation of resources and overcome the delays besides exploring the possibilities of outsourcing some of the activities with a view to achieve enhanced output/effectiveness with only the minimum essential expenditure.

8.2 The Financial Advisors are main links between the SIU and the Ministries/Departments/Offices/ Organisations. All requests for staffing studies by SIU are routed through the concerned FAs. The study reports are issued after discussion with the management of the organisation studied and are regarded as mandatory requirement to be implemented by the concerned organisation within the stipulated period. The Scientific and Technical organisations are studied by SIU as a core member.

During the year 2013-14, SIU has finalised 04 study reports of the following organisations:

- National Human Right Commission (NHRC), Ministry of Home Affairs.
- All India Institute of Medical Sciences (AIIMS), Ministry of Health & Family Welfare.
- Coconut Development Board (CDB), Ministry of Agriculture.
- Directorate General of Foreign Trade (DGFT), Ministry of Commerce & Industry.

These studies have covered the sanctioned strength of 2541 posts. Out of the sanctioned strength of 2541 posts, SIU has found justification for retention of 2050 posts and found 491 posts as surplus from the existing sanctioned strength. Simultaneously, out of additional demand of 688 posts, 289 posts have been found justified and 399 posts prevented from new creation. These staffing studies during the year have resulted in an economy of ₹18.71 crores as direct economy, ₹19.68 crores as preventive economy and ₹18.60 crores as an additional expenditure towards new posts recommended for creation.

8.3 During the year, SIU has been associated as Core Member in the committee constituted for making assessment of manpower requirement of Central Soil & Material Research Station (CSMRS), New Delhi.

9. Controller General of Accounts (CGA)

9.1 The Controller General of Accounts (CGA), under the Department of Expenditure, is the principal Accounts Adviser to the Government of India and is responsible for establishing and maintaining a technically sound management accounting system.

9.2 Functions entrusted to the Controller General of Accounts are as under:-

- To formulate the policy relating to the general principles, form and procedure of accounting for the entire Central and State Governments.
- To coordinate and oversee the payment, receipts and accounting matters in the Central Civil Ministries/Departments through the set up of the Civil Accounts Organization.
- To coordinate and assist in the introduction of management accounting systems in Ministries / Departments with a view to optimize utilization of Government resources through efficient cash management and an effective Financial Management Information System.
- To administer banking arrangements for disbursements of Government expenditures and collection of government receipts and interaction with the central bank for reconciliation of cash balances of the Union Government.
- To consolidate the monthly and annual accounts of the Central Government and put in place a robust financial reporting system in the overall endeavour towards the formulation and implementation of a sound fiscal policy by Government of India.
- To ensure Human Resource Management such as recruitment, deployment and career profile management of the requisite officers and staff both at the supervisory level and at the operational level within the Indian Civil Accounts Organization.

9.3 A detailed analysis of the monthly trends of receipts, payments, deficit and its sources of financing are presented to the Union Finance Minister every month. The document has, over a period of time, evolved into an extremely useful tool for monitoring budgetary compliance and a handy MIS reference for decision making. In consonance with the Government's policy towards transparency in public functioning, an abstract of the Union Government accounts is also released every month on the Internet. The data can be accessed at the website http://www.cga.nic.in

9.4 In order to improve Government Accounting and Financial Reporting and to bring transparency in Government Accounts, following disclosure statements recommended by Government Accounting Standards Advisory Board (GASAB) has been introduced in Union Government Finance Accounts:-

- Indian Government Accounting Standards (IGAS-1)- Guarantees given by Government;
- Indian Government Accounting Standards (IGAS-2)- Accounting and Classification of Grants-in-aid;
- Indian Government Accounting Standards (IGAS-3)- Fresh Loans and Advances made by the Union Govt.

9.5 The CGA office undertakes reconciliation of Reserve Bank Deposit and Public Sector Banks Suspense, Authorization and Change of Accredited Banks for handling Government transactions i.e. Civil and Non-Civil Ministries/Departments, holding Standing Committee meetings, APEX Committee meetings and Private Sector Banks meetings to review the handling of Government transactions by Banks accredited to Civil and Non-Civil Ministries/Departments and disposal of related matters received from different Banks/Ministries/Departments.

9.6 Technical advice on Accounting matters

The office of CGA is responsible for

➢ Rendering advice to various Ministries and Departments of Central Government and State Governments on the matters relating to accounts.

➢ Scrutiny of accounting procedures in respect of various schemes and projects of all Ministries and Departments, obtaining views of the Budget Division and concurrence of C&AG office.

➢ Administration and maintenance of Civil Accounts Manual, CTRs, CGA (R&P) Rules, LMMHA.

9.6.1 Some of the notable proposals processed during the year include Revision of CGA(Receipts and Payments) Rules, 1983 and Revision of Civil Accounts Manual.

9.6.2 Creation of important heads of Account

New heads of account have been opened during the last year for Nirbhaya Fund, Central Vigilance Commission, Penalty for Deficiency in Public Services, Industrial Corridors, Provision of Urban Amenities in Rural Areas and Rajiv Gandhi Gramin Vidyut Yojana.

9.6.3 Workshop on reclassification of the restructured Centrally Sponsored Schemes

A workshop was organized at Institute of Government of Accounts and Finance (INGAF), New Delhi on reclassification of the restructured Centrally Sponsored Schemes for guidance of the officials of Ministries/ Departments dealing with budget and accounts, following Government decision to restructure the existing Centrally Sponsored Schemes/Additional Central Assistance Schemes into 66 schemes and to transfer the funds to States under the restructured schemes through the Treasury route under Major Head 3601 and 3602 from the BE of 2014-15 onwards.

9.7 Public Financial Management System (PFMS)

Public Financial Management System(PFMS) earlier named as Central Plan Scheme Monitoring System (CPSMS) is a Central Sector Scheme of Planning Commission being implemented by the Controller General of Accounts, Ministry of Finance and is designed to provide an end to end solution for efficient fund management at all levels for plan schemes with the purpose to provide greater transparency and accountability to social sector monitoring. It aims to set up online financial management information and decision support system for tracking of funds released under all plan schemes of Government of India.

9.7.1 Achievements of PFMS

PFMS has been made operational at the Central Government level wherein all releases and expenditures for Plan Schemes are made on the PFMS portal. Over 18,50,580 implementing agencies have been registered on the PFMS portal. The system has a secure and active interface with 100 banks (26 Public Sector Banks, 67 Regional Rural Banks and 7 major Private Sector Banks) to provide immediate validation of bank accounts, prompt electronic credit to the beneficiary's bank accounts and bank reconciled expenditure statements to the implementing agencies. It has also been interfaced with India Post. E-Payment through PFMS (direct transfer to accounts of beneficiaries) has been implemented successfully in Bihar under MGNRES. The Direct Benefit Transfer (DBT) under 18 schemes of Ministries in 27 States and UTS has been implemented through PFMS thereby eliminating the intervening layers. Since its implementation, PFMS portal has been used for payment of benefits to 27.65 lakh beneficiaries amounting to ₹ 4,13,21,34,304 till the end of FY 2013-14.

9.8 Information Technology Initiatives

Computerized Payment and Accounts (COMPACT)

COMPACT is an application from office of CGA for computerizing processes involved in payment/ receipts systems and accounting in Pay & Accounts Offices of Government of India.

Objectives of the COMPACT application are elimination of human errors in processes; improving accuracy, exchequer control, bank reconciliation; increasing the reporting and querying capabilities; effective monitoring of budget vs. expenditure, more management information; reducing the time taken in the compilation of accounts, generation of different reports and returns in compatible form for COMPACT; integrating the different sections of PAO; keeping pace with technology advancements; historical data maintenance; Graphic User Interface (GUI) based software with better user interface and easy adaptability.

COMPACT is operating successfully in all Pay and Accounts Offices of all Central Government Ministries and Departments and works as an interface with other entities like Drawing and Disbursing Officers, Banks, Central Pension Accounting Office.

9.8.1 e-Payment through Government Electronic Payment Gateway (GePG)

One of the major initiatives of this office is the implementation of e-Payment system involving setting up of Government e-Payment Gateway (GePG) for use by the Pay and Accounts offices of the Central Ministries/ Departments. Under e-Payment System, payment by PAOs is directly credited into beneficiary account thus reducing the beneficiary's dependency on Government offices and officials to receive their dues/ payments, facilitating online auto-reconciliation and speed up the compilation of accounting processes. GePG covers 360 PAOs in 55 Central Ministries/ Departments through 22 banks. It is now being rolled out for CDDOs of CPWD and has been implemented in 5 CDDOs on pilot basis.

Volume of e-payment has been increasing steadily and has reached to the level of over 90% of all payments to vendors, suppliers, contractor and staff (excluding IGAAS/IAAAS). The system has resulted in improved efficiency of Government payments system.

9.8.2 e-Lekha

Operational since 2005, this online web application has fully stabilized and is being used by all Civil Ministries of the Government of India covering over 400 Pay & Accounts Offices spread across the geographical expanse of the Country and about 54 civil Ministries/Departments. All Pay and Accounts Offices across all Ministries/ Departments, at the end of the day, generate a single tamper-proof daily account abstract file and upload the same on e-Lekha portal on a daily basis using a web based interface. Non-Civil Ministries like Defence, Railways, Post & Telecom, AG Audit etc., are also using e-Lekha for accounts submission and financial reporting.

e-Lekha is the only platform which provides detailed Demands for Grants level budget figures for all grants and is being developed to enable production of Annual Accounts through single Account database.

9.8.3 e-Samarth

Though the New Pension Scheme has started from 1.1.2004, the General Provident Fund (GPF) being a small saving measure will remain in force for more than three decades for the Central Government Employees joined prior to 1.1.2004. The GPF module functional in COMPACT software provides management of subscribers, their contributions, refunds of loans, final payments etc., under the payment control of any particular

Pay & Accounts Office. The centralized GPF system has been envisaged as an integrated solution to be developed as a web application to facilitate multidirectional interaction by all the stakeholders including 17,00,000 Central Civil Employees, who remained on rolls prior to introduction of New Pension Scheme w.e.f.1-1-2004.

Since, e-Samarth is an enormous project and involves various stages of development, implementation and maintenance, a two-pronged approach has been envisaged to remove the difficulties being faced by the GPF Subscribers viz (i) Implementation of e-Samarth application in all the PAOs in Stage-I as a short-term solution in PAOs., and (ii) Simultaneous processing for development of Centralized GPF System.

9.8.4 COMPDDO (Comprehensive DDO Package)

A package was introduced by Accounts Informatics Division of NIC as Composite Payroll System (CPS) primarily for the management of Pay and Allowances by the DDOs. This Comprehensive DDO Package is developed as a generic software package, which will be used by the DDOs of Central Government offices.

9.8.5 Nirman Lekha

In order to automate the process of online maintenance and distribution of Letter of Credit (LoC) to CPWD divisions & check for budget & LoC availability before allowing payments the Nirman Lekha software application has been developed. The software application is currently functional on pilot phase in few divisions and will be rolled out in all divisions of CPWD in phases.

9.9 Internal Debt Accounts

The management of all Market Borrowing based on the estimates prepared by the Ministry of Finance is being done by the Pay & Accounts Office (IDA). The Ways & Means (W&M) Division under the Budget Division of Ministry of Finance, in consultation with the Internal Debt Management Division (IDMD) of the Reserve Bank of India, prepares the detailed estimates of these Market Borrowings Rupee Loan.

9.10 Internal Audit

The Controller General of Accounts has the responsibility for establishing and maintaining a technically sound accounting system in the departmentalized accounts offices and towards this, to establish an efficient internal audit set up in the central civil ministries/departments. A separate Internal Audit Wing has been set up in the Office of the Controller General of Accounts to provide guidance and support to Internal Audit Wings of the civil ministries/departments, which are focused on appraisal, monitoring and evaluation of individual schemes, identification and monitoring or risk factors and critical assessment of economy, efficiency and effectiveness of service delivery mechanism to ensure value for money.

The Controller General of Accounts has finalized the Generic Internal Audit Manual which is intended as a tool to guide the internal audit engagements, from developing an appropriate internal auditing work programme to planning, performing, reporting and following up on the audit engagements. Further, the standardized audit formats in the form of Risk-based Control Points Checklists for Internal Audit have also been developed as a more effective management tool.

9.11 Monitoring Cell

This branch is responsible for -

- Coordination and monitoring the progress of submission of corrective/remedial action taken notes (ATNs) on the recommendations contained in Public Accounts Committee's reports.
- Coordination, collection and monitoring the submission of corrective/remedial action taken notes on various paras contained in C&AG Reports (Civil, Defence Services, Railways and other Autonomous Bodies).
- Coordination, collection and timely submission to the Public Accounts Committee of the relevant Explanatory Notes duly vetted by Audit on excess expenditure and savings of ₹100 crores and above, appearing in the Annual Appropriation Accounts.

9.11.1 Audit Para Monitoring System (APMS)

- Audit Para Monitoring System (APMS) project was started in pursuance to the Public Accounts Committee (PAC) recommendations in the 11th Report (15th Lok Sabha) for deriving a computerized system to monitor and keep track of the Action Taken Notes (ATNs) of CAG Paras for early settlement. The APMS is to provide a Management Information System (MIS) for strengthening, streamlining and speeding up the task of submission of ATNs on CAG Paras. In 2013-14 several training to Ministries/ Departments and Audit have been conducted. Monitoring Cell trained 72 Ministries/Departments out of 81 Ministries/Departments. Now 21 Ministries/Departments have started using the portal by uploading their ATNs. The pending Audit paras have reduced from earlier 4216 in June, 2010 to 552 as on 31.3.2014.

9.12 TRAINING- Institute of Government Accounts and Finance (INGAF)

INGAF, in its 22nd year of its existence, is the focal point of training initiatives of Controller General of Accounts (CGA). Its training mandate includes capacity building at all levels of the personnel belonging to Indian Civil Accounts organization.

The broad area and scope of the training programs include contemporary issues related to accounting and financial framework, public policy, accounts, service rules, IT, audit and internal controls and budgetary reforms; and also HR as an auxiliary subject. It is also providing a valuable platform for the organization for Research and Development activities in the area of Public Expenditure/Financial Management and related issues through its centers at Delhi, Mumbai, Chennai, Kolkata and Aizawl.

INGAF is also conducting international programs for delegates from the Indian Technical and Economic Cooperation (ITEC) and Special Commonwealth Assistance for Africa Program (SCAAP) programs in collaboration with Ministry of External Affairs, Government of India and bilateral programs with neighboring SAARC countries.

9.12.1 Training highlights:

- Total training man-days generated 22395 with an increase of 137% over last year.
- Mid-career Training for ICAS officers in association with National Institute of Public Finance and Policy [New Delhi].
- Mid- Career Training for Sr. A.Os.
- Induction Programs for 200 newly recruited/ promoted Accountants, AAOs and for ICAS officers.
- First time ever conducted Certified Government Internal Auditor (CGIA) program for 141 newly promoted AAO candidates.
- Classroom and web-based training to more than 750 aspirants of AAO (Civil) Examination 2012.
- Sensitization workshops on CPSMS.
- Special programs on Internal Audit in partnership with the IIA.
- Customized workshops on e-payments.
- Outreach programs.
- Special programs for personnel of Controller of Communication Accounts, Department of Telecommunication; Air Force; Enforcement Directorate, Science & Technology, Delhi University and a host of other public sector entities.
- Training under the IDF grant project on 'Framework for Internal Control, Internal Audit and Related Capacity Development' for member countries of AGAOA.
- Support to neighboring countries like Afghanistan, Bhutan and Nepal etc through bilateral workshops.
- International workshops on Public Expenditure Management/Financial Management for delegates from the ITEC/SCAAP consortium and extended INGAF's international footprint to 122 countries in the Asian, African, East European, Central and Latin American, the Caribbean, and Pacific regions.
- Production of electronically mediated instruction/ training aids.
- Wellness workshop for retiring personnel.

9.13 Central Pension Accounting Office, New Delhi

The Central Pension Accounting Office (CPAO) was established w.e.f. 1st January, 1990 for payment and accounting of Central (Civil) pensioners and pension to Freedom Fighters etc. CPAO is an attached office under the organization of Controller General of Accounts. It has been entrusted with the responsibility of administering the scheme of payment of pension to Central Government (Civil) Pensioners through authorized Banks. Its core functions are:

- Issue of Special Seal Authorities (SSAs) to Authorised Banks;
- Preparation of Budget for the Pension Grant and accounting thereof;
- Audit of pension disbursing Banks; and
- As an interim arrangement, payment of provisional pension to the pensioners/family pensioners covered under New Pension Scheme as per orders of Ministry of Finance.

To improve the delivery of public service and immediate redressal of grievances of pensioners following systems are working efficiently.

- A grievance Cell with 10 telephone lines with dedicated consultants was strengthened.
- A dedicated website of CPAO is also functional to handle various grievances of pensioners.
- Movement of pension papers from CPAO to Central Pension Processing Centres (CPPC) was strengthened by issue of a Bar Code System and linking it with postal department to speed up the delivery of pension.

➢ Efforts have been made to improve delivery by the measurement of outputs for different functions within CPAO of receipt/authorization/dispatch by devising standards, daily status reports and monthly inflow-outflow statements for PPOs/Revision authority.

9.13.1 E-Governance activities at CPAO

CPAO is a fully computerized office. A wide range of software have been developed / implemented in this office for streamlining pension disbursement and accounting, which includes:-

(i) Pension Authorization Retrieval & Accounting System (PARAS)

(ii) COMPACT

(iii) Database Management Software

(iv) Grievances Management Software

(v) E-scroll software

(vi) E-PPO

(vii) Bar-coding software

All these initiatives aim at establishing a seamless processing and accounting of pension disbursement to enhance efficiency and effectiveness of the delivery of pension across the domains of Central Civil ministries, CPAO and Banks.

9.13.2 Monitoring System for Transfer of Funds from Finance Ministry to State Governments

a. Under the system of Public Financial Management system (PFMS), (earlier known as CPSMS) under the aegis of CGA, scheme wise plan funds released to the states are visible on the PFMS portal. Under this system, the sanctions are received from PF. I Division on the "OCEAN"portal. Those sanctions are accepted and settled on the OCEAN portal from where the data get transmitted to Public Financial Management system (PFMS) portal.

b. A total number of 2126 sanctions amounting to ₹1.40 Lakh crore against the Budget provision to ₹1.55 Lakh crore (Plan & Non Plan) were processed during the year 2013-14. The time gap between the processing of sanctions to the job of e-Lekha for PFMS portal has been reduced to one day and thus it has brought up the work closer to the real time basis.

c. Sanctions and IGA advices are also uploaded on the Finance Ministry web site http://finmin.nic.in/stateloan/statemain.asp and are accessible to all the States.

d. During the FY 2013-14 ₹ 11000 crore worth loans (Block loans and Back to Back loans) were released to State Governments as Additional Central Assistance (ACA) under the Reimbursement Procedure for Externally Aided Projects classified as category 'A'/category 'B2B' by CAA&A.

e. In the case of any default made by State Government in making repayment of Principle and Interest, the Consolidated Fund of State maintained by RBI is debited on the advice of this office. During the FY 2013-14, 12 States made the default and Advices were issued to RBI to debit their respective account. The States were: Assam, Bihar, Haryana, Jammu & Kashmir, Kerala, Manipur, Mizoram, Nagaland, Punjab, Tripura, Uttar Pradesh and Uttarakhand.

9.13.3 Internal Audit

The revised charter of the Roles and responsibilities of the CCA, released by the Ministry of Finance has envisaged that the Internal Audit Wing working under the control and supervision of the CCA would move beyond the existing system of compliance/regulatory audit and would focus on the Audit of all DDOs attached and subordinate offices including Banks handling Government Schemes such as Public Provident Fund, Special Deposit Scheme and Senior Citizen Deposit Scheme. This involves appraisal, monitoring and evaluation of individual scheme, assessment of adequacy and effectiveness of internal controls in general, and soundness of financial systems and reliability of financial and accounting reports in particular and Identification and monitoring of risk factors (including those contained in the Outcome Budget). During the year 2013-14, audit of 54 units was due and completed.

a. Internal Audit (BFI), audits the schemes of PPF-1968 & SCSS-2004 at various focal point branches of State Bank of India and its Associate Banks, other Public Sector Banks and private Banks to ascertain the delay in remittance of deposits collected under these schemes and levy penal interest in case of delay in remittance to Government accounts. Audit of Financial Institution is also carried out to examine the expenditure account in respect of Grants & Corpus Fund paid to them.

b. The penal interest is levied on all remittances, which are not credited to Government Account at Central Accounts Section RBI, Nagpur within the prescribed time limits i.e. T+3 days (excluding holiday). Banks are liable to pay penal interest for the entire period commencing from the date of receipt at receiving Branch of the Bank to the date of settlement with RBI (CAS) Nagpur. In case of delays beyond the above mentioned period, the penalty payable by Public Sector Bank on such delayed remittance shall be the applicable rate of interest payable to the depositors plus 0.5% in case of delays up to 30 days and plus 1 % in case of delays beyond 30 days.

c. During 2013-14, ₹ 5.02 Crore was levied as penal interest and ₹9.14 Crore (including old claims) as penal interest has been recovered and credited into Government Account. Beside this, ₹62.72 Crore are yet to be recovered from Nationalized Bank.

9.13.4 Formulation of Accounting Procedures for Funds under Public Account of India

During the FY 2013-14 the Accounting Procedure(part) in respect of Nirbhaya Fund was issued.

9.13.5 Work relating to post corporatization of mints and presses

The work relating to disposal of remaining cases of (i) Combined Pension, (ii) Pro-Rata Pension, (iii) Leave Encashment, (iv) CGEGIS (v)Leave salary and Pension contribution after the formation of SPMCIL progressed significantly during FY 2013-14 with the cooperation and coordination with the field offices. Almost all cases pertaining to Combined Pension (more than 3000), Pro-Rata Pension (more than 11,000) and CGEGIS (more than 14,000) have been settled and only those cases in which either court cases or disciplinary proceedings are pending .

10. Office of Chief Adviser Cost

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

10.2 The Chief Adviser Cost's Office is dealing with matters relating to costing and pricing, industry level studies for determining fair prices, studies on user charges, central excise abatement matters, cost-benefit analysis of projects, studies on cost reduction, cost efficiency, appraisal of capital intensive projects, profitability analysis and application of modern management tools evolving cost and commercial financial accounting for Ministries/ Departments of Government of India.

10.3 It was set up as an independent agency of the Central Government to verify the cost of production and to determine the fair selling price for Government Departments including Defence purchases in respect of the cases referred to it. The role of the office was further enlarged and extended to fixing 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). Since cost/ pricing work in the Ministries increased significantly, various other Ministries/ Departments started to have their in-house expertise by seeking services of officers for work needing expertise in cost/ commercial accounts matters. In the post liberalization era, the office is receiving and conducting studies in synchronization with the liberalization policy of the Government in addition to the traditional areas of cost-price studies.

10.4 The Chief Adviser Cost's Office is also cadre controlling office for the Indian Cost Accounts Service (ICoAS) and looks after training requirements of the officers for continuous up-gradation of their knowledge and skills, in addition to rendering professional guidance to the ICoAS officers working in different participating organizations.

10.5 The major areas of professional functions of the office of the Chief Adviser Cost are as under:

(i) Assisting all Central Government Ministries/ Departments/Organizations in solving complex Price/Cost related issues, in fixing fair prices for various services/products and rendering advice to various Ministries/Departments in cost matters.

(ii) Examination/Verification of claims between Government Departments/Public Sector undertakings and suppliers arising out of purchase contracts.

(iii) Determining prices of products and services supplied to Government, in order to enable Government Departments to negotiate the prices with the supplying organizations.

(iv) Unit specific as well as industry level studies for determining cost/ fair prices and making recommendations for fair prices/ rates for products and services and also to determine reasonableness of prices charged duty structure, etc.

(v) Valuation of assets and liabilities of business taken over and shares of public sector undertakings.

(vi) Functioning as Chairman/ Members of Committee constituted by Government/ different Departments related to cost/financial and pricing matters.

(vii) Cost and performance audit of industrial undertaking.

(viii) Concurrent Internal audit of Escalations claims of urea manufacturing units determined by Fertiliser Industry Coordination Committee.

(ix) Subsidy determination and verification of claims under Market Intervention Schemes (MIS) and Price Support Schemes (PSS) for sharing of losses by State and Central Government.

(x) Cost Accounting System for departmental undertakings/Autonomous bodies.

(xi) Time and Cost Overruns of major projects.

(xii) Advise on matters relating to determination of Abatement Rate for purposes of Central Excise.

10.6 During the period January to December 2013, 52 studies/ reports were completed by the Office of Chief Adviser Cost. The studies completed during the year varied widely in nature and may be broadly categorized under the following heads:

(i) System Study

a) Fixation of Common Hourly Rates and Overhead percentages in respect of Government of India Presses at Mayapuri and Minto Road (New Delhi), Aligarh, Faridabad, Shimla, Coimbatore, Bhubaneswar, Nashik, Santragachi, Temple Street (Kolkata) and Chandigarh.

b) Cost of production & Selling Price of Postal Stationery produced & supplied by Security Printing Press Hyderabad to Department of Posts for the year 2008-09 and 2009-2010.

c) Fixation of Overhead Rates to be included in Sale Price of Hydrogen gas manufactured in Hydrogen Factory Agra.

(ii) Fair price of goods purchased/services purchased on Single Tender basis or from limited sources

Fixation of Fair Price of Woolen Blankets and Woolen Blanketing Cloth supplied by Association of Corporations and Apex Societies of Handloom (ACASH) to various Government Ministries/ Departments under the Single Tender System during the Years 2008-09 to 2010-11 and 2010-11 respectively.

(iii) Fair selling price of products/service where Government/ Public Sector Undertaking is the Producer/ Service provider as well as the user

a) Fixation of final prices of DDT 50% WDP & Malathion Technical supplied by Hindustan Insecticides limited to Ministry of Health during 2011-2012 and Provisional Prices for the year 2012-13.

b) Fixation of Fair Price of coins supplied by India Government Mint, Kolkata to RBI during the year 2010-11.

c) Fixation of Fair Price of coins supplied by India Government Mint, Hyderabad to RBI during the year 2010-11.

d) Fixation of rates of Compensation for NGADU supplied by IREL to BARC for the year 2011-12.

e) Fixation of Fair Price of coins supplied by India Government Mint, Mumbai to RBI during the year 2010-11.

f) Fixation of Fair Price of coins supplied by India Government Mint, NOIDA to RBI during the year 2010-11.

g) Fixation of Fair Price of GSCN/ SG Coaches supplied by M/s Bharat Earth Movers Limited, Bangalore to Indian Railways during the year 2011-12.

h) Fixation of Fair Selling Price of the year 2012-13 in respect of Tear Gas Gun and Multi Barrel Launcher manufactured by CENWOSTO, BSF, Tekanpur Gwalior.

i) Fixation of Fair Selling Price of the year 2012-13 in respect of Tear Smoke Munitions (TSMs) manufactured by Tear Smoke Unit (TSU) BSF, Tekanpur Gwalior.

j) Fixation of final prices of electrics supplied by m/s. BHEL to Indian Railways during 2011-12.

k) Fixation of Fair Price of Electronic Voting Machines, Ballot unit and Control Units supplied by BEL & ECIL for the year 2006-07 to 2010-11.

l) Vetting of prices of Ayurvedic/Unani Medicines supplied by M/s Indian Medicines Pharmaceutical Corporation Limited (IMPCL) to CGHS dispensaries for the pricing period 2012-13.

(iv) Fixation of service charges for the services rendered by a Govt. Department/Agency on behalf of the other

a) Combined BPL Rural, BPL Urban and Caste Census 2011 by MoRD - Cost verification of procurement of Tablet PCs and Accessories from M/s Bharat Electronics Ltd., Bengaluru.

b) Mail rates payable by Deptt. of Posts to NACIL for the carriage of mail for the year 2010-11.

c) Revision of Storage Charges payable by FCI to CWC for the year 2011-12.

(v) Determination of subsidy

a) Implementation of MIS for Garlic in Rajasthan during 2012-2013.

b) Subsidy payable to Northern Railway Catering Unit functioning in Parliament House for the year 2011-12 and PMO for the year 2011-12 and 2012-13.

c) Price Support Scheme (PSS) for Cotton for the Kharif 2008 - Vetting of Accounts.

(vi) "Balance Sheet on accrual accounting principles in case of Departmental manufacturing units"

Balance Sheet and Income & Expenditure Account of Tear Smoke Unit, Border Security Force (BSF), Tekanpur (Gwalior) for the year 2012-13.

(vii) User Charges

a) Review of user charges Marine Products Export Development Authority (MPEDA).

b) Review of Non-tax Revenue - Fees and user charges in respect of Indian Institute of Mass Communication, New Delhi.

c) Review of Non-tax Revenue fees and user charges in respect of Spices Board of India.

d) Review of Non-tax Revenue fees and user charges in respect of Petroleum and Explosive Safety Organization, Nagpur (Maharashtra).

e) Review of Non-tax Revenue fees and user charges in respect of National Council of Cement & Building Materials, Ballabhgarh, Haryana.

f) Review of Non-tax Revenue fees and user charges in respect of Tea Board of India.

g) Report on User Charges- Fee and Receipt realized under Companies Act, Regulations of joint Stock Companies and other receipts of Ministry of Corporate Affairs.

h) Review of Non-tax Revenue fees and user charges in respect of Central Pulp and Paper Research Institute, Saharanpur (UP).

(viii) Other studies

a) Study of cost of procurement of medicines from manufacturers' vis-à-vis from local chemists by Government under CGHS.

b) Study of Working Capital Formula under Interest Subsidy Eligibility Certificate Scheme of Khadi and Village Industries Commission.

c) Review of Foreign Allowances for Ministry of External Affairs.

d) Reimbursement of past cost incurred by Oil India Ltd. in respect of Kharseng Oil Fields in Arunachal Pradesh.

10.7 Major Committees Represented

Officers of Chief Adviser Cost Office because of their expertise in costing/finance/commercial accounting have also served as Chairman/Members on the following major multi-disciplinary Inter-Ministerial/ Expert Committees:

1. National Pharmaceuticals Pricing Authority, Department of Pharmaceuticals.
2. Board of Governors and the society of the National Institute of Financial Management (NIFM), Faridabad.
3. Governing Body of Tear Smoke Unit, BSF, Tekanpur.
4. Fertilizer Industry Coordination Committee, Department of Fertilizers.
5. Committee to consider the procurement of agricultural commodities under the Market Intervention Scheme.
6. Rate Structure Committee under the Chairmanship of AS&FA, Ministry of Information and Broadcasting to review the DAVP advertisement rates.
7. Committee constituted by M/o H&FW to propose a fee structure for procurement of work and services by Procurement Agent appointed on nomination basis.
8. Committee on "Modernization of Costing System in India Post" in Department of Post, Ministry of Communications.
9. Advisory Committee for consideration of techno-economic viability of major/ medium, flood control and multipurpose projects, coordinated by Central Water Commission.
10. Committee under JS (Atomic Energy) for examination of existing costing procedures and recommending modification in the methodology in respect of Nuclear Fuel Complex (NFC), Hyderabad.
11. Committee for review of costing methods of Heavy Water and also for reviewing the practices of accounting and pricing of Heavy Water Pool.
12. Constitution of Technical Committee on Compliance of order dated 20.09.12 passed by High Court of J&K on the issues raised by petitioner relating to Ayurveda drugs/Ayush hospitals and dispensaries.

13. Committee to Review and Recommend Non Tax Revenue (User Charges) generated By India Meteorology Department, New Delhi.

14. Expert Group to examine the commercial viability and robustness of Price Support Operations of organisations engaged in the procurement of agricultural produce for which Minimum Support Price (MSP) has been fixed.

15. Constitution of Price Negotiation Committee for Electronic Voting Machines- Ministry of Law and Justice.

16. Committee by Ministry of Home Affairs for fixation of Deployment charges for Central Police Forces/ Rapid Action Force of CRPF.

17. Committee to devise a Mechanism for finding out the reasonableness of Prices fixed by Fertilizer Companies as per NBS policy, Department of Fertilizers, Ministry of Chemical & Fertilizers.

18. Committee to revise the Rental Charges of Siri Fort Auditoria Complex, New Delhi, Directorate of Film Festivals, Ministry of Information and Broadcasting.

19. Constitution of study group on guidelines for standardization in Assessment of Wealth possessed by Public Servants.

20. Standing Committee of Experts under Drugs (Prices Control) Order 2013.

21. Standing Committees to examine the reasons of time and cost overrun of various Ministries.

22. Standing Committees for Revision of Cost Estimates (REC) established in various Ministries.

23. Committee to examine specific issues with regard to Price regime applicable on sale of DDT by Hindustan Insecticides Ltd.

10.8 e-Governance activities

A website www.cac.gov.in for the office of Chief Adviser Cost has been developed as a first step towards e-governance. CAC intranet link for the internal use of Office of Chief Adviser Cost has also been developed.

10.9 Initiative undertaken for SC/ ST/ OBC/ Disabled

The Chief Adviser Cost's Office is also Cadre Controlling Office for Indian Cost Accounts Service (ICoAS). Recruitment to the entry level of ICoAS, i.e., Assistant Director (Cost), is made on the recommendations of UPSC. Recruitment includes persons belonging to General/ SC/ ST/ OBC categories. Vacancies have been identified as suitable for being manned by physically handicapped persons as well. During the year 2013, recommendations for appointment of ten Assistant Directors (Cost) have been received from UPSC, out of which one candidate belongs to OBC category, one belongs to SC category and two belong to ST category. The details of employees belonging to different categories posted in the Office of Chief Adviser (Cost) are given at Annexure - VI.

11. Use of Official Language(Hindi)

11.1 Hindi Section of the Department of Expenditure is responsible for implementation of the provisions made under Official Language Act, 1963 and Official Language Rules, 1976 as amended from time to time. It is also responsible for coordinating follow-up action on the suggestions/directions given by Kendriya Hindi Samiti, Committee of Parliament on Official Language, Hindi Advisory Committee and Central Official Language Implementation Committee. Other works of the section include implementation of various incentive schemes to enhance use of Hindi in official work, facilitation in nomination of officers/employees for Hindi language training, Hindi stenography/typing training and organization of Hindi fortnight/day. In addition to these, efforts for achieving annual targets fixed by Department of Official Language with regard to usage of Hindi in official work are made in association with the sections/ divisions/offices in the Department.

11.2 Officers/staff of the Department are nominated for Hindi Language, Hindi Stenography/typing training. Hindi Section is facilitating these training programs. During the period under review, 10 officers/staff were nominated for Hindi Stenography training by the Administration Division of the Department.

11.3 To increase original correspondence with other Offices/individuals in Hindi, circulars were issued to sections/divisions/ offices from time to time. As per quarterly progress report for the quarter ended on December 31, 2012, original correspondence in Hindi with Region "A", "B" and "C" was 60.87%, 48.69% and 38.8% respectively while original Hindi correspondence during the corresponding period in 2013 stood at 68.66%, 59.67% and 37.1% respectively. This shows an increase of 7.79% for region 'A' and 10.98% for region "B".

11.4 Official Language Inspection in respect of 9 Sections/Offices viz. E-Coord.-I, R&I, EG, RTI, PRU, SIU, Admn.I, E.IV and NIFM was carried out and they were advised to remove shortcomings with regard to implementation of Official Language Policy.

11.5 In order to overcome the practical difficulties faced in doing Official work in Hindi and to increase use of Hindi, two workshops were organized on February 12, 2013. Officials of the Department were apprised of the Official Language Policy of the Union and were also imparted training on how to work in Hindi on computers. These workshops were found very useful by the employees.

11.6 During the year under review, on having acquired working knowledge of Hindi by more than 80% staff of the office of Controller General of Accounts (CGA), an office of the Department of Expenditure, it was notified under Sub-Rule (4) of Rule 10 of the Official Language (use for official purposes of the Union) Rules, 1976 vide Notification No. E-11020/11/2013-Hindi, dated 08.07.2013.

11.7 Replies of letters received from members of Parliament and other VIPs were promptly sent and follow-up action ensured.

11.8 Regular Quarterly meetings of the Departmental Official Language Implementation Committee were held. These were held on March 25, June 19, September 25 and December 23, 2013. Discussions were held on quarterly progress reports received from various sections/ divisions/ offices of the Department and where shortcomings found, it was advised to rectify/improve usage of Hindi in official work.

11.9 During the year 2013 "Hindi Fortnight" was organized in the Department from 02-16 September, 2013. During "Hindi Fortnight" various competitions were organized which included Hindi Essay Writing, Noting-Drafting, Official Language and General knowledge, Hindi Stenography, Hindi Typing, Speech Extempore, Dictation and Sulekh. As many as 84 officers and employees took part in these competitions enthusiastically. All the winners of first, second and third positions including two consolation prizes in these competitions were awarded cash prizes along with merit certificates by Hon'ble MOS (E&FS) in a prize distribution ceremony held on October 21, 2013. In addition to this, officers/staff who could not win any prize were given participation prize of ₹ 200/- each so that more and more employees are encouraged to participate in the activities during the fortnight. An incentive scheme for original Noting/Drafting in Hindi has also been implemented and 3 officials participated in this scheme.

11.10 Hindi translation of the documents under section 3(3) of Official Language Act, 1963, viz. replies to the applications received under RTI Act, 2005, Brochure on Pay and Allowances by Pay and Research Unit of the Department was carried out. Hindi and English translation as required of the documents including those received from the Office of the Finance Minister was also done accurately and in a time bound manner.

12. Direct Benefit Transfer (DBT)

12.1 Background:

To bring a paradigm shift in the delivery of services to the citizens, particularly common man and the under-privileged section of society of the country, the Government took a decision to start the Direct Benefit Transfer (DBT) Programme. This Programme envisages a switch from the present electronic transfer of benefits to bank accounts of the beneficiary to transfer of benefits directly to Aadhar seeded bank accounts of the beneficiaries.

12.1.1 **Implementation Strategy**: In order to rollout the implementation of a seamless electronic Aadhaar based cash transfer system for transfer of cash benefits to beneficiaries, the following Committees have been constituted to coordinate action on the implementation of the DBT Programme and ensure orderly and timely implementation.

- The National Committee on Direct Cash Transfers, chaired by the Prime Minister. This Committee is to be assisted by
- The Executive Committee on Direct Cash Transfer, chaired by the Principal Secretary and convened by Secretary, Planning Commission.
- Mission Mode Committees, namely, Financial Inclusion Committee, Technology Committee and Implementation Committee on Electronic Transfer of Benefits.

12.1.2 **Roll Out Plan**: A decision was taken in the meeting of the National Committee on Direct Cash Transfers held by the Prime Minister that Direct Benefit Transfers will be rolled out from 1st January, 2013 in 43 districts for 26 selected Central Sector and Centrally Sponsored Schemes in a phase wise manner beginning with 20 districts on 1.1.2013, 11 districts from 1.2.2013 and the remaining 12 districts from 1.3.2013. Subsequently, the DBT rollout would be further scaled up in a phase-wise manner in other districts. Phase II of DBT has been launched from 1.7.2013 in 78 identified districts. Three additional schemes have been identified for Direct Benefit Transfer. The districts are identified on the basis of sufficient Aadhaar enrolment figures and financial inclusion. The Schemes were selected on the basis of higher incidence of beneficiaries with bank accounts and where flow of funds was found to be relatively simpler. Accordingly, most schemes are related to scholarships, benefits to women and child labour.

12.1.3 Prerequisites for execution of Direct Benefit Transfer

- Digitization of database of beneficiary with Aadhaar number.

- Opening of bank accounts of beneficiaries.
- Enrolment of beneficiaries for generation of Aadhaar numbers.
- Digitized database to be seeded with Aadhaar number.
- Bank Accounts to be seeded with Aadhaar number.

A Cabinet Note was initiated to ensure the Process Re-engineering required for those identified schemes under DBT which were facing difficulty in transferring fund directly in beneficiary's bank accounts. For 11 out of 25 schemes, the existing route of fund flow already had requisite approval of Cabinet to directly transfer funds to beneficiary's bank account. However out of the remaining 13 schemes Cabinet approval for changing the fund flow was taken for 7 schemes as the concerned Ministry/Department indicated that there will be no difficulty in transferring the money directly in beneficiary's bank account. List of above 7 schemes is as under:-

S.No.	Name of Ministry	No.	Schemes
1	Minority Affairs	1	Post Matric Scholarship Scheme
		2	Merit cum Means Scholarship Scheme
		3	Maulana Azad National Fellowship
2	Tribal Affairs	1	Top Class Education Scheme for ST Students
		2	Rajiv Gandhi National Fellowship for St Students
3	Social Justice and Empowerment	1	Pre Matric Scholarship Scheme for SC Students
		2	Upgradation of Merit of SC Students
	Grand Total	**7**	

For the remaining 6 schemes the concerned Ministry/Department highlighted operational issues. Therefore it was decided that these Ministry/Department will effect Process Re-engineering first in the schemes before Cabinet approval is sought with regard to modification in route of fund flow. List of above 6 schemes is as under:-

S.No.	Name of Ministry	No.	Schemes
1	Tribal Affairs	1	Post Matric Scholarship Scheme for ST students
2	Social Justice and Empowerment	1	Post Matric Scholarship Scheme for SC students
		2	Post Matric Scholarship Scheme for OBC students
		3	Pre Matric Scholarship Scheme for children of those engaged in unclean occupation
3	Women and Child Development	1	Indira Gandhi Matritva Sahyoga Yojana
4	Health and Family Welfare	1	Janani Suraksha Yojana
	Grand Total	**6**	

12.1.4 Role of DBT Division, Planning Commission

The newly created Direct Benefit Transfer Division in Planning Commission has been assigned the role of a nodal agency between PMO and the concerned Ministries/ Departments/States/Districts in DBT implementation. It is required to provide secretarial service to PMO in this regard.

The DBT Division, since its inception, engaged in the following activities:

a) Disseminated information and coordinated action on the decisions taken at the various meetings of Executive Committee on Direct Cash (Benefits) Transfers and other Mission mode committees.

b) The DBT Division issued consolidated instructions to the concerned Ministries with approval of the Executive Committee. In this context, the Division prepared and shared a document on 'Information and Guidance on Direct Benefit transfer' laying out a roadmap for

DBT roll out. Office Memorandum, dated 26.12.2012, was issued with regard to 'Guidelines on Standardized Formats for Collection of Basic Data to facilitate Direct Benefits Transfer (DBT) in Pilot Districts'. Two OMs on 'Procedure for seeding Aadhar Numbers' and 'Procedure for sending Payment Advice to Banks' were issued on 8.01.13.

c) Reviewed the preparedness of the Districts and analysed the operational problems being faced in DBT implementation. In this regard, a Conference of the District Collectors of the 43 identified Districts was organised on 13.12.12 on issues pertaining to Aadhar enrolment, seeding of Aadhar and a camp based approach to achieve the same. Thereafter, Secretaries and the Nodal Officers of the concerned Ministries/Departments visited the 43 identified district in December, 2012, to assess their preparedness with reference to Direct Benefits Transfer roll out. Two video conferences were organised on 10.01.2013 and 23.01.2013 with District Collectors in the Planning Commission to monitor the progress and preparedness with regard to scheme-wise DBT rollout in the selected districts. These were also attended by the Nodal Officers of the concerned Ministries.

12.2 DBT proposes to ensure:-

- Accurate targeting
- De-duplication
- Reduction of Fraud and corruption
- Process Re-engineering of schemes
- Greater Accountability
- Elimination of wastes in subsidy transfer

12.3 Transfer of DBT Division from Planning Commission to Finance Ministry

Direct Benefit Transfer Division was created in the Planning Commission to act as the Nodal Agency in the implementation of DBT. In accordance with transaction of Business rules vide order dated 24.7.2013 DBT Division has been shifted in the Department of Expenditure under Ministry of Finance.

The subsidy transfers covers schemes wherein Government transfers part or full subsidy in form of cash to the beneficiaries in lieu of the subsidized physical good. In some cases, the reimbursement from Government may be linked to the actual consumption of the good. Kerosene, fertilizers and LPG subsidies fall under this category.

12.4 DBT in the long run will provide the following advantages:-

- Consolidated Cash Transfers to Households which are getting benefits from multiple sources and multiple forms.
- Improve efficiency of social safety net, consolidated income support programme for the poor and eliminate multiple sources of subsidy.
- Positive Institutional Externalities.
- Adoption of cutting edge technical system.
- Free administrative system from exercise of control to focus on development.
- Maximize benefits from expenditure of welfare schemes which leads to overall human development.

12.5 Status of the DBT programme as on 31.3.2014 w.e.f. 1.1.2013

Total number of beneficiaries for 19 DBT schemes are about 73, 12,484. Out of this, 42.2% have bank accounts, 35.3% have Aadhaar number and 32.8% have seeded bank accounts. The total estimated number of beneficiaries for remaining 8 schemes is about 25, 75,452. Thus, total number of beneficiaries for the identified 27 schemes, expected to be covered under DBT in 2013-14, is about 98, 87,936.

12.5.1 The updated data on fund transfer through APB, Non-APB (CPSMS) and NEFT modes for the period from 1.1.2013 till 31.3.2014 for the identified schemes and districts are broadly as follows:-

As on 31.3.2014 ***(₹ in Crore)***

Head	ABP	Non-APB (CPSMS)	NEFT (Non-CPSMS)	Total Fund Transfer
24 Schemes	129.6	371.4	464.3	965.3
NSAP (3 Schemes)	139.5	143.2	469.6	752.3
27 Schemes (including NSAP)	269.1	514.6	933.9	1717.6
DBTL	5391.4			5391.4
Total				**7109.0**

12.5.2 The status of Aadhaar coverage of general population for the identified DBT districts can be summarized as follows:

As on 31.3.2014	
Aadhaar saturation (%)	**No. of Districts**
> 80 %	72
60 % to 80 %	30
40 % to 59 %	15
< 40 %	2

Cumulative Aadhaar saturation of 83.95% has been achieved for the identified DBT districts. Lowest Aadhaar saturation of 34.08% has been reported for Tehri Garhwal district of Uttarakhand.

12.5.3 As per the Report on preparedness of Department of Post for roll out of DBT through Post Offices furnished by Department of Post, 19.92 % of the 30,649 Post Offices of the 121 DBT Districts are ICT enabled. Roll out of Core Banking System (CBS) has started and so far 91 Post Offices have joined CBS.

12.5.4 Life Insurance Corporation of India has informed that the systems and procedures for crediting of benefits under Aam Admi Bima Yojana (AABY) to Aadhaar enabled bank accounts of the beneficiaries in the pilot districts, Mysore and Pathanamthitta have been put in place. Under AABY, Life Insurance Cover, Accident and Disability Claim benefits and Scholarships are payable to the Below Poverty Line and marginally Above Poverty Line beneficiaries of the scheme.

Status of Aadhaar Enabled System under AABY as on 31.3.2014 is as under:

Name of District	No. of Claims Paid	No. of Scholarships paid
Mysore	22	46
Pattanamthitta	0	40

12.6 The details regarding DBTL, as reported, are briefly as under:-

Phases	Start Date	No. of Districts	No. of Consumers	Amount Transferred
Phase-I	01.06.2013	20	75,93,442	₹ 1,609 Cr
Phase-II	01.09.2013	34	1,51,00,390	₹ 1577 Cr
Phase-III	01.10.2013	43	1,66,37,026	₹ 900 Cr
Phase-IV	01.11.2013	38	1,31,13,114	₹ 513 Cr
Phase-V	01.12.2013	49	1,41,82,057	₹ 268 Cr
Phase-VI	01.01.2014	107	2,96,97,738	₹ 524 Cr
Total		**291**	**9,63,23,767**	**₹ 5391 Cr**

12.6.1 Overall, ₹5,391.37 Crores against 8.97 crore successful transactions have been transferred to 2.84 Crore LPG consumers of 291 districts. It is also mentioned that out of 4 Cr LPG consumers who were linked to Aadhaar in all six phases of DBTL rollout, 6.18 Lakh duplicate connections have been identified. Saving in the subsidy to the tune of ₹ 251 Cr has been achieved. Although the Ministry of Petroleum & Natural Gas vide order dated 28.02.2014 has kept the DBTL scheme in abeyance, a committee to review the functioning of the DBTL scheme keeping in view the difficulties experienced by the beneficiaries have been constituted under the Chairmanship of Prof. S.G.Dhande, former Director, IIT Kanpur.

12.6.2 DBT programme is primarily meant for under-privileged and weaker sections of the society. The DBT programme has been launched in North Eastern States and is operational in Tripura and Sikkim. Various welfare schemes for SC/ST/OBC/Women/Child/Old Age/Disabled which have been included in DBT are tabulated below:-

Sl.No.	Name of Ministry / Department	Name of Schemes
1.	M/o Women and Child Development	Indira Gandhi Matritva Sahyog Yojana (IGMSY)
2.	D/o School Education & Literacy For Secondary Education	National Scheme For Incentive For The Girl Child
3.	D/o School Education & Literacy	National Means Cum Merit Scholarship
4.	D/o Higher Education	Fellowship Schemes Of AICTE
5.	D/o Higher Education	Fellowship Schemes Of UGC*
6.	D/o Higher Education	Scholarship To Universities/College Students
7.	M/o Health & Family Welfare	Janani Suraksha Yojana (JSY)
8.	M/o Minority Affairs	Post Matric Scholarship Scheme For Minorities
9.	M/o Minority Affairs	Maulana Azad National Fellowship
10.	M/o Minority Affairs	Merit Cum Means Scholarship For Minorities
11.	M/o Labour & Employment	National Child Labour Project (NCLP)
12.	M/o Labour & Employment	Scholarship To The Children of Beedi Workers
13.	M/o Labour & Employment	Housing Subsidy To Beedi Workers
14.	M/o Labour & Employment	Stipend To Trainees Under The Scheme Of Welfare Of SC/ST Job Seekers Through Coaching, Guidance And Vocational Training
15.	M/o Labour & Employment	Payment Of Stipend To Trainees Under The Scheme Of Skill Development In 34 Districts Affected By Left Wing Extremism (LWE)
16.	M/o Tribal Affairs	Post Matric Scholarship for ST
17.	M/o Tribal Affairs	Top Class Education Scheme
18.	M/o Tribal Affairs	Rajiv Gandhi National Fellowship
19.	M/o Social Justice & Empowerment	Post Matric Scholarship for OBC Student
20.	M/o Social Justice & Empowerment	Post Matric Scholarship for SC Student
21.	M/o Social Justice & Empowerment	Upgradation of Merit of SC Students
22.	M/o Social Justice & Empowerment Engaged Unclean Occupations	Pre Matric Scholarship For Children Of Those
23.	M/o Social Justice & Empowerment	Pre Matric Scholarship For SC
24.	M/o Social Justice & Empowerment	Top Class Education Scheme For SC
25.	M/o Rural Development	Indira Gandhi Widow Pension Scheme
26.	M/o Rural Development	Indira Gandhi National Disability Pension Scheme
27.	M/o Rural Development	Indira Gandhi National Old Age Pension Scheme

12.7 Other proposed initiatives: The following schemes are planned to be included under DBT programme:-

Sl.No.	Name of Ministry/Department	Name of Scheme
1	Rural Development	MGNREGA
2	UGC	Rajeev Gandhi National Fellowship for SC
3	UGC	Emeritus Fellowship for superannuated Teachers
4	UGC	Post Doctoral Felloship for Women
5	UGC	JRF in Science, Social science and Humanities (NET-JRF)
6	UGC	D.S. Kothari Fellowship

13. National Institute of Financial Management

13.1 The National Institute of Financial Management (NIFM) was set up in 1993 as a registered society after the Union Cabinet approved the proposal made by Ministry of Finance, Government of India. It was envisaged that NIFM would begin as a training institution for officers recruited by the Union Public Service Commission(UPSC) through the annual Civil Services Examination and allocated to the various services responsible for managing senior and top management posts dealing with accounts and finance in the Government of India. The Institute pursues an aim "to develop as a centre of excellence in the areas of Financial Management and related disciplines, 'not only in India but also in Asia'.

13.2 The Union Finance Minister of Government of India is the President of the Society and Secretary(Expenditure), Government of India is the Chairman of Board of Governor(BoG). The Director is responsible for the administration and academic programs of the Institute. The Academic Advisory Committee of the NIFM assists NIFM in all matters related to creating, maintaining and furthering academic, training and research environment. This committee also has a number of members from academic world outside of the institute. The Management Committee handles the day to day affairs of the institute.

13.3 The main objectives for which the institute was set up have been documented in Section 4 of the Memorandum of Association (MoA) of the institute are:-

i. to establish and administer the management of the Institute;

ii. to organise and provide training and continuing professional education to Group A' officers of the Participating Services including organisation of Refresher Courses at senior and middle levels;

iii. to establish the Institute as a centre of excellence in financial management for promoting the highest standards of professional competence and practice;

iv. to undertake and promote research/consultancy studies in the fields of accounting, audit, financial and fiscal management and related subjects;

v. to promote education in financial and fiscal management for officers of the associate Services of Centre/State Governments and officers of public sector enterprises/institutions; and

vi. to organise International Training Programmes and to keep abreast with the progress made in the rest of the world in the area of finance and accounts, particularly in the Government and public sector institutions.

13.4 Besides these main objectives 'Other Objectives' are also listed in the MoA of the institute and is given in Appendix A. These are summarised below:

a. Participating Services:

i) Train officers so that they acquire skills and knowledge for effective discharge of their functions with special emphasis on Financial Management, Public Finance, Government Accounting and Parliamentary Financial Control, Computers;

ii) enhance the capabilities of existing training institutions; and

iii) provide a common platform for interaction and facilitate exchange of ideas and experiences;

b. Establish and maintain library and information services/network, publish papers, books, monographs, journals, disseminate results and other training courses/programs and organise seminars;

c. Assist, interact and collaborate with other institutions and bodies, both within the country and abroad in promoting study of financial management; and

d. Provide consultancy services to government departments and public enterprises.

13.5 Activity Profile

The Institute runs following Long Term Programs besides running a number of Short Term Management Development Programs. Details are given below:

Long Term Programmes

i. Diploma in Public Financial Management: Also called Probationers'Training Course(PTC) is for the probationers of the participating Finance and Accounts services of the Union Government.

ii. Post Graduate Diploma in Management (Financial Management): The two years residential programme, duly approved by AICTE and recognized by AIU is open to the Officers at Middle and Senior level, working with Central and State Governments, Public Sector Undertakings and autonomous organisations.

iii. Diploma in Government Accounting & Internal Audit: The Diploma in Government Accounting & Internal Audit (DGA&IA) Programme for one year is to upgrade the technical skills of officers of the organised Accounts Services in the areas of Accounting, Internal Audit, Information Technology and General Management and also to improve their soft skills. The programme is duly approved by AICTE.

iv. Post Graduate Diploma in Management (Financial Markets): The full time one year programme has been designed in collaboration with NSE with the objective of 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.

v. Post Grade Executive Programme in Financial Markets: This is a week-end version of the above program and was designed for working executives in collaboration with NSE with the objective of 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.

vi. Fellow Programme in Management: This is an open doctoral level (PhD) programme to pursue research work to produce competent researchers, teachers and consultants. The programme is duly approved by AICTE.

NIFM also conducts large number of short duration courses (Management Development Programmes) in the areas of Public Expenditure Management, Budgeting, Public Financial Administration, Financial Management, Accounting, Internal Audit, Procurement, IT, HR etc. Besides the officers of Participating Services the officers of Indian Administrative Service (IAS) Indian Economic Service(IES), Indian Statistical Service(ISS), State Government Officers and the Officers of PSUs, Municipal Corporations, different Institutes and Autonomous bodies attend these programs. All the MDPs whether open or sponsored are generally residential programmes.

13.6 Consultancies

The Institute undertakes consultancy assignments for various Departments of the Central & State Governments, Public Sector Undertakings and Corporate entities. NIFM is a specialised agency for Consultancy assignments for Universities/Autonomous bodies in the field of switch over to Accrual System of Accounting and preparation of annual financial statements in standard formats.

13.7 Collaborations

NIFM has established collaborations with several National and International Institutions. It is a matter of great pride that the NIFM has by now emerged as a "Centre of Excellence" in training, education, research & consultancy in the areas of Financial Management both within & and outside India.

13.8 National Collaborations

- National Stock Exchange of India Ltd
- Haryana Institute of Public Administration, Haryana
- The Institute of Chartered Accountants of India, New Delhi

13.9 International Collaborations

- Asian Institute of Management, Manila, Philippines
- Edinburgh Business School, Scotland, UK
- International Centre for Promotion of Enterprises, Slovenia
- Manchester Metropolitan University, United Kingdom
- Royal Institute of Public Administration, United Kingdom
- University Utara, Malaysia

The major areas for collaborations include:

i. Resource sharing between the two institutions including faculty exchange;

ii. Organizing joint events viz. workshops, seminars, conferences, research on contemporary issues of mutual interest to both institutions;

iii. Conducting joint academic programmes at NIFM and vice versa;

iv. Possibility of attachment of participants of various courses of NIFM with various institutions;

v. Possibility of networking the two institutions with the other institutions in the respective regions and/or country; and

vi. Any other activity of mutual interest to both the institutions.

13.10 Infrastructure profile

13.10.1 Campus

The campus of NIFM is located in Sector 48 in Faridabad (Haryana) on Faridabad Gurgaon Road spread over an areas of 42 acres, the campus is beautifully landscaped and is frequently visited by native and migratory birds. The large and sprawling stone building of NIFM houses spacious classrooms, faculty rooms, management and administrative wings of NIFM. Residential accommodation for participants of various courses, faculty and staff is also provided in the campus. NIFM has excellent training infrastructure, library, computer labs, sports, outdoor theatre and auditorium and residential facility.

13.10.2 Publications

The "NIFM Journal of Public Financial Management" (NIJPM) is a half yearly journal which covers Economics, Accounting and Management as a major subject and the other main areas covered are Public Economics, Government Finance, Banking and Institutional Finance, Financial Management and Public Policy Implementation, Administration and Management. The journal has registration with The Registrar of News.

Annexure - I

Office of the Controller General of Accounts

Representation of SCs, STs & OBCs (As on 31-12-2013)

	Number of Employees				Number of appointments made during the previous calendar year									
					By Direct Recruitment				By Promotion			By other Methods		
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group A	193	35	14	24	14	3	1	6	8	1	-	-	-	-
Group B	2763	436	100	-	-	-	-	-	425	73	28	-	-	-
Group C	82	17	06	06									-	-
Group D (Excluding Safai Karmchari)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group D (Safai Karamchari)	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Annexure - II

Office of the Controller General of Accounts

Representation of persons with Disabilities (As on 31-12-2013)

Group	Number of Employees				DIRECT RECRUITMENT							PROMOTION						
					No of vacancies reserved			No of appointments made				No of vacancies reserved			No of appointments made			
	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
Group A	193	1	1	1	2	2	2	14	-	-	1	-	-	-	-	-	-	-
Group B	2763			10	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group C				-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Group D	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Note
(i) VH stands for Visually Handicapped (persons suffering from blindness or low vision)
(ii) HH stands for Hearing Handicapped (persons suffering from hearing impairment)
(iii) OH stands for Orthopaedically Handicapped (persons suffering from locomotor disability or cerebral palsy)

Annexure - III

CPAO, New Delhi

Representation of SCs, STs & OBCs (As on 31-12-2013)

	Number of Employees				Number of appointments made during the previous calendar year									
					By Direct Recruitment				By Promotion			By other Methods		
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group C	40	10	02	10	-	-	-	-	-	-	-	-	-	-
Group D (Excluding Safai Karmchari)	02	01	-	-	-	-	-	-	-	-	-	-	-	-
Group D (Safai Karamchari)	-	-	-	-	-	-	-	-	-	-	-	-	-	-

(Note: Controller General of Accounts is cadre Controlling Authority in r/o Gr. 'A' & 'B' officers.)

Annexure - IV

CPAO, New Delhi

Representation of persons with Disabilities (As on 31-12-2013)

Group	Number of Employees				DIRECT RECRUITMENT							PROMOTION						
					No of vacancies reserved			No of appointments made				No of vacancies reserved			No of appointments made			
	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
Group C	40	-	-	1	-	-	-	01	-	-	01	-	-	-	-	-	-	-
Group D (Excluding Safai Karmchari)	02	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

Note: (i) VH stands for Visually Handicapped (persons suffering from blindness or low vision) (ii) HH stands for Hearing Handicapped (persons suffering from hearing impairment) (iii) OH stands for Orthopaedically Handicapped (persons suffering from locomotor disability or cerebral palsy). **O/o CGA is Cadre Controlling Authority in respect of Group 'A' and Gr.'B' officers.**

Annexure V

Department of Expenditure

Representation of SCs, STs & OBCs

	Number of Employees				Number of appointments made during the previous calendar year									
					By Direct Recruitment				By Promotion			By other Methods		
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group A	68	09	05	-	1	-	-	-	10	3	2	2	-	-
Group B	216	32	10	10	02	-	-	01	16	05	-	-	-	-
Group C	241	66	14	19	-	-	-	-	-	-	-	-	-	-
Group D (Excluding Safai Karmchari)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group D (Safai Karamchari)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**525**	**107**	**29**	**29**	**02**	**-**	**-**	**01**	**26**	**08**	**02**	**02**	**-**	**-**

Annexure VI

Office of Chief Adviser (Cost)

Representation of SCs, STs & OBCs during the year 2013

	Number of Employees				Number of appointments made during the previous calendar year									
					By Direct Recruitment				By Promotion			By other Methods		
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group A	15	03	-	01	-	-	-	-	-	-	-	-	-	-
Group B	06	03	01	-	-	-	-	-	-	-	-	-	-	-
Group C	07	03	01	-	-	-	-	-	01	-	-	-	-	-
Group D (Excluding Safai Karmchari)														
Group D (Safai Karamchari)														
Total	**28**	**09**	**02**	**01**	**-**	**-**	**-**	**-**	**01**	**-**	**-**	**-**	**-**	**-**

Sl.No.	Year	No. of Paras/PS reports on which ATNs have been submitted to PAC after vetting by Audit	Details of the Paras/PA reports on which ATNs are pending		
			No. Of ATNs not sent by the Ministry even for the first time	No. Of ATNs sent but returned with observations and Audit is awaiting their resubmissions by the Ministry	No. Of ATNs which have been finally vetted by Audit but have not been submitted by the Ministry to PAC
-	-	-	*NIL*	-	-

ORGANISATIONAL CHART OF DEPARTMENT OF EXPENDITURE

Secretary (Expenditure)
Shri Ratan P. Watal
Tel: 23092929

Controller General of Accounts
Shri Jawahar Thakur
Tel: 24617758

Chief Advisor (Cost)
Vacant

Additional Secretary (Expenditure)
Smt. Anjuly Chib Duggal
Tel: 23092919

Additional Secretary & Financial Adviser
Shri H.P. Rao
Tel: 23092332

Joint Secretary (Personnel)
Smt. Sudha Krishnan
Tel: 23093283

Joint Secretary (Plan Finance-I)
Shri Rajiv Kumar
Tel: 23094811

Joint Secretary (Plan Finance-II)
Dr. Saurabh Garg
Tel: 23093052

OSD (Public Procurement Division)
Vacant

Mission Director (Direct Benefits Transfer)
Shri M. Sundereshan
Tel: 23096595

Joint Secretary (DBT)
Smt. Nidhi Khare
Tel: 23096584

Department of Revenue

1. Organisation and Functions

1.1 The Department of Revenue functions under the overall direction and control of the Secretary (Revenue). It exercises control in respect of matters relating to all the Direct and Indirect Union Taxes through two statutory Boards namely, the Central Board of Direct Taxes (CBDT) and the Central Board of Excise and Customs (CBEC). Each Board is headed by a Chairman who is also ex-officio Special Secretary to the Government of India. Matters relating to the levy and collection of all Direct taxes are looked after by the CBDT whereas those relating to levy and collection of Customs and Central Excise duties, Service Tax and other Indirect taxes fall within the purview of the CBEC. The two Boards were constituted under the Central Board of Revenue Act, 1963. At present, the CBDT and CBEC has six Members each.

1. 2 The Department of Revenue administers the following Acts: -

i. Income Tax Act, 1961;

ii. Wealth Tax Act, 1957;

iii. Expenditure Tax Act, 1987;

iv. Benami Transactions (Prohibition) Act, 1988;

v. Super Profits Act, 1963;

vi. Companies (Profits) Sur-tax Act, 1964;

vii. Compulsory Deposit (Income Tax Payers) Scheme Act, 1974;

viii. Chapter VII of Finance (No.2) Act, 2004 (Relating to Levy of Securities Transactions Tax)

ix. Chapter VII of Finance Act 2005 (Relating to Banking Cash Transaction Tax)

x. Chapter V of Finance Act, 1994 (relating to Service Tax)

xi. Central Excise Act, 1944 and related matters;

xii. Customs Act, 1962 and related matters;

xiii. Medicinal and Toilet Preparations (Excise Duties) Act, 1955;

xiv. Central Sales Tax Act, 1956;

xv. Narcotic Drugs and Psychotropic Substances Act, 1985;

xvi. Prevention of Illicit Traffic in Narcotic Drugs and Psychotropic Substances Act, 1988;

xvii. Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976;

xviii. Indian Stamp Act, 1899 (to the extent falling within jurisdiction of the Union);

xix. Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974; and,

xx. Prevention of Money Laundering Act, 2002.

The administration of the Acts mentioned at Sl. Nos. iii, v, vi and vii is limited to the cases pertaining to the period when these laws were in force. The Prevention of Money Laundering (Amendment) Bill, 2012 has been passed by both the Hoses of Parliament and the same has also received assent of the President.

1. 3 The Department looks after the matters relating to the above-mentioned Acts through the following attached/subordinate offices:

i. Commissionerates/Directorates under Central Board of Excise and Customs;

ii. Commissionerates/Directorates under Central Board of Direct Taxes;

iii. Central Economic Intelligence Bureau;

iv. Directorate of Enforcement;

v. Central Bureau of Narcotics;

vi. Chief Controller of Factories;

vii. Appellate Tribunal for Forfeited Property;

viii. Income Tax Settlement Commission;

ix. Customs and Central Excise Settlement Commission;

x. Customs, Excise and Service Tax Appellate Tribunal;

xi. Authority for Advance Rulings for Income Tax;

xii. Authority for Advance Rulings for Customs and Central Excise;

xiii. National Committee for Promotion of Social and Economic Welfare; and

xiv. Competent Authorities appointed under Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976 & Narcotic Drugs and Psychotropic Substances Act, 1985;

xv. Financial Intelligence Unit, India (FIU-IND);

xvi. Income Tax Ombudsman;

xvii. Appellate Tribunal under Prevention of Money Laundering Act; and

xviii. Adjudicating Authority under Prevention of Money Laundering Act.

1.4 A comparison of the collection of Direct and Indirect taxes during the financial year 2013-2014 with that during the previous financial year is given below:

Sl. No.	Nature of Taxes	Amounts collected duirng the Financial Year		(₹ crore)
		2012-13 (Actual collection)	2013-14 (Actual collection)	Percentage of growth over last year
1.	Corporate Income Tax	3,56,326	3,94,677	10.76%
2.	Personal Income Tax (including FBT, STT, BCTT, Other Taxes)	2,01,487	2,42,806	20.50%
3.	Central Excise Duty*	1,24,016	1,18,405	(-) 4.5%
4.	Customs Duty*	1,18,393	1,26,285	6.7%
5.	Service Tax	91,900	1,10,313	20.0%
6.	Wealth Tax	845	1007	19.17 %

*(*Exclusive of cesses not administered by Department of Revenue)*

1. 5 An Organisation Chart of Department of Revenue is given at the end.

2. Revenue Headquarters Administration

2.1 The Department of Revenue looks after matters relating to all administration work pertaining to the Department, coordination between the two Boards (CBEC and CBDT), the administration of the Indian Stamp Act 1899 (to the extent falling within the jurisdiction of the Union), the Central Sales Tax Act 1956, the Narcotic Drugs and Psychotropic Substances Act 1985 (NDPSA), the Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act 1976 (SAFEM (FOP) A), the Foreign Exchange Management Act 1999 (FEMA) and the Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974 (COFEPOSA), the Prevention of Money Laundering Act, 2002 (PMLA) and matters relating to the following attached/subordinate offices of the Department:

a) Enforcement Directorate

b) Central Economic Intelligence Bureau (CEIB)

c) Competent Authorities appointed under SAFEM (FOP) A and NDPSA

d) Chief Controller of Factories

e) Central Bureau of Narcotics

f) Customs, Excise and Service Tax Appellate Tribunal (CESTAT)

g) Appellate Tribunal for Forfeited Property (ATFP)

h) Customs and Central Excise Settlement Commission (CCESC)

i) Income Tax Settlement Commission (ITSC)

j) Authority for Advance Rulings (AAR) for Customs and Central Excise

k) Authority for Advance Rulings (AAR) for Income Tax

l) National Committee for Promotion of Social and Economic Welfare (NCPSEW)

m) Financial Intelligence Unit, India (FIU-IND)

n) Income Tax Ombudsman

o) Indirect Tax Ombudsman

p) Appellate Tribunal under Prevention of Money Laundering Act

q) Adjudicating Authority under Prevention of Money Laundering Act

The DG (CEIB) reports directly to the Revenue Secretary. The Secretary (NCPSEW) reports to the Revenue Secretary through the Chairman, CBDT.

2.2 The following items of works are also undertaken by the Headquarters:-

I. Appointment of -

a) Chairman and Members of CBEC and CBDT

b) Chairman and Members of ATFP

c) Chairman, Vice Presidents and Members of CESTAT

d) Chairmen, Vice Chairmen and Members of CCESC and ITSC

e) Chairmen and Members of AARs for Customs/Central Excise and Income Tax

f) Director General of CEIB

g) Director of Enforcement

h) Competent Authorities (SAFEM (FOP) A and NDPSA)

i) Director (FIU-IND)

j) Income Tax Ombudsman

k) Indirect Tax Ombudsman

l) Chairperson and Member of Adjudicating Authority set up under PMLA

m) Chairperson and Member of Appellate Tribunal set up under PMLA

II. Setting up of Commissions/Committees under the Department

III. Foreign training and assignment of officers of the Department

IV. Processing of the cases of deputation of IRS/ ICCES officers to Central Government under Central Staffing Scheme or any Board/PSU etc.

V. Issue of sanction for payment of annual contribution to the Customs Cooperation Council, Brussels (Belgium) and other international agencies.

2.3 Internal Work Study Unit

Being the Nodal Agency for dissemination of Government guidelines for bringing about improvement and efficiency, cleanliness and for effecting cost economy in the administration, the Internal Work Study Unit (IWSU) of the Department of Revenue, during the year 2013-14, continued its efforts to improve the quality of administration in the organisations under the Department of Revenue. The Unit continued to liaise with the Department of AR&PG and SIU, Department of Expenditure on the following: -

(i) Compilation and consolidation of orders/ instructions;

(ii) Review of rules & regulations and Manuals;

(iii) Review of periodical reports and returns;

(iv) Monitoring the progress of disposal of VIP and other pending cases;

(v) Annual Inspection of the sections in the Department of Revenue.

In addition to the above, the Induction Material of the Department has been updated regularly. The progress of disposal of pending VIP/MP references in the Department has been monitored at the level of Secretary (Revenue) and Additional Secretary (Revenue) with the officers concerned in the Department. The pendency position of VIP references is compiled and circulated to MOS (Revenue) and senior officers of the Department every fortnight. This has reduced the pendency of VIP cases.

2.4 Economic Security Cell (ES) Cell

2.4.1 Economic Security Cell is dealing with the administration and implementation of the Prevention of Money Laundering Act, 2002. Based on PMLA, Economic Security Cell is also looking after framing / amendment of PMLA Rules on matters relating to Know Your Customer (KYC) norms, setting up of special Courts under PMLA, Section 66 of PMLA - authorities to whom information to be disseminated etc. from time to time. The ES Cell handles all issues related to FATF.

2.4.2 Prevention of Money Laundering Act (PMLA) was enacted on 17th January, 2003 and brought into force on 1st July 2005. The object of this Act is to prevent money laundering and to provide for confiscation of property derived from, or involved in, money - laundering and for matters connected therewith or incidental thereto. Two main objectives of the Act are:

i) Criminalize money laundering and provide for attachment, seizure and confiscation of property involved in money laundering. [Implemented by Enforcement Directorate]

ii) Prescribe obligations on banks, financial Institutions and intermediaries relating to KYC, record keeping and furnishing reports. [Implemented by Financial Intelligence Unit (FIU-IND)]

PMLA was amended in 2009 and again 2012 to overcome the deficiencies and to meet the international standards on Anti Money- Laundering as prescribed by Financial Action Task Force (FATF).

2.4.3 Financial Action Task Force (FATF)

The Financial Action Task Force (FATF) is an inter-governmental body which sets standards, and develops and promotes policies to combat money laundering and terrorist financing.

The Forty Recommendations and Nine Special Recommendations of FATF provide a complete set of counter-measures against money laundering covering the criminal justice system and law enforcement, the financial system and its regulation, and international co-operation. These recommendations have been recognized, endorsed, or adopted by many international bodies as the international standards for combating money laundering. India became the member of Financial Action Task Force (FATF) in June, 2010.

3. Narcotics Control (NC) Division

The NC Division administers the Narcotic Drugs and Psychotropic Substances Act, 1985. This Act was first amended in 1989 and subsequently in 2001. Certain anomalies have been noticed during implementation of the provisions introduced in 2001. The Narcotic Drugs and Psychotropic Substances (Amendment) Bill 2011, introduced in Lok Sabha on 08.9.2011, seeks to remove the existing anomalies and also contains some other changes, which were felt necessary to strengthen the provision of the Act. The Narcotic Drugs and Psychotropic Substances (Amendment) Bill 2011, was passed by the Lok Sabha on 20.2.2014 and Rajya Sabha on 21.2.2014. The bill received the assent of the President on March 07,2014. Accordingly, the Narcotic Drugs and Psychotropic Substances (Amendment) Bill 2014 was published in the Gazette of India dated 10.3.2014 as Act No. 16 of 2014.

3.1 Function/working of the Central Bureau of Narcotics (CBN)

3.1.1 Licit Opium Cultivation

As per Section 5(2) of the NDPS Act, 1985, the Narcotics Commissioner shall either himself or through the officers subordinate to him, exercise all powers and perform all functions relating to superintendence of the cultivation of opium poppy and production of opium and shall also exercise and perform such powers and functions as may be entrusted to him by the Central Government. The licit cultivation of opium poppy is permitted only in certain districts and tehsils as notified by the Central Government.

3.1.2 Control over trade of Narcotics Drugs, Psychotropic Substances and Precursor chemicals

India is a signatory to Single Convention on Narcotics Drugs, 1961, the Convention on Psychotropic Substances, 1971 & United Nations Convention against illicit traffic in Narcotics Drugs & Psychotropic Substances of 1988.

In India control over Narcotic Drugs and Psychotropic Substances and precursor chemicals are exercised through the provisions of Narcotics Drugs & Psychotropic Substances Act, 1985 and the Rules and Orders made thereunder. CBN is Competent National Authority under above UN Conventions.

Narcotics Drugs & Psychotropic Substances can only be exported out of India/imported into India under an export authorization/import certificate issued by the Narcotics Commissioner (Rule 58 and Rule 55 of the Narcotics Drugs & Psychotropic Substances Rules 1985). CBN is also assigned the responsibility for issue of registration for import of poppy seed.

CBN is also designated authority for control of import and export of specified Precursor Chemicals. The Narcotics Drugs & Psychotropic Substances (Regulation of Controlled Substance) Order, 2013 has been issued by the Govt. of India on 26-03-2013. This order came into force on 26th March, 2013. In this order 14 more substances either Bulk or Preparation and its salts are declared as controlled substances. Now there are in total 17 Controlled Substances which requires No Objection Certificate from the Narcotics Commissioner, Gwalior for Export or Import from/into India (Schedule 'B' & 'C' which require No Objection Certificate from the Narcotics Commissioner. A copy of the Narcotic Drugs & Psychotropic Substances (Regulation of Controlled Substances) Order, 2013 is attached as Annexure - 'A')

Central Bureau of Narcotics also issues manufacturing licence/renews the manufacturing licence for manufacture of synthetic narcotic drugs & issues no objection certificate for export of Ketamine.

3.1.3 Achievements

(i) The performance/achievement with respect to issuance of NOCs issued by Central Bureau of Narcotics during the year 2012-13 and for the period from 1.4.13 to 31.12.2013 for the export/import of Precursor Chemicals is as under:

	From 1.4.12 to 31.03.13	From 1.4.13 to 31.12.13
No. of NOCs issued for export of Precursor Chemicals	1187	956
No. of NOCs issued for import of Precursor Chemicals	100	215

(ii) International Narcotics Control Board (INCB) has developed Online PEN system to make exchange of information between the Competent National Authorities. CBN uses this system of Pre-Export Notification (PEN) in verifying the genuineness of the transaction. CBN had issued 1152 PENs (During the year 2012-13) and 934 PENS (During the period from 01.04.13 to 31.12.2013 to the Competent Authority of various importing countries, for verifying the legitimacy of the transaction. On the initiative taken by the Central Bureau of Narcotics, through Online PEN system, CBN has identified and stopped many suspicious transactions of Precursor Chemicals in respect of which it was suspected that they will be diverted from the licit channels to illicit channels during the year under report.

(iii) CBN has registered itself and started using the new secure online tool known by its acronym "PICS" - Precursors Incident Communication system introduced by INCB to enhance real time communication and information exchange between national authorities on precursor seizures and other incidents involving precursor chemicals.

(iv) The performance/achievement with respect to issuance of Export authorization and Import Certificate issued by Central Bureau of Narcotics during the current financial year and previous financial year for the export/import of narcotic drugs /psychotropic substances is as under -

	Psychotropic Substances		Narcotic Drugs	
	2012-13	2013-14 (up to 31st Dec, 2013)	2012-13	2013-14 (up to 31st Dec, 2013)
No. of Export Authorization Issued	2086	1651	125	97
No. of Import Certificate issued	247	207	111	61

(v) Number of Manufacturing license issued/ renewed for manufacture of synthetic narcotic drugs and number of Registrations for import of poppy seeds issued, are as under :-

No. of Registration certificates issued for import of Poppy Seeds financial year wise		No. of Manufacturing licence (bulk drug) issued in calendar year wise	No. of Manufacturing licence (formulation) issued in calendar year wise
2012-13	2013-14 (up to 31-12-2013)	2013	2013
407	219	23	24

(vi) The details of quota of narcotic drugs allocated to consuming companies for the year 2013 are as under:-

Position of allocation of narcotic drugs in 2013 (as on 31.12.2013)

Name of Drug	Allotment made to existing companies	Allotment made to new companies	No. of total companies to whom allocation has been made in 2012	Quantity allocated (in base) (in kg.)
1	2	3	4	5
Codeine	96	22	118	58,947.97
Dextropropoxyphene	30	4	34	154,354.50
Diphenoxylate	17	1	18	17,439.64
Ethylmorphine	5	0	5	251.1
Fentanyl (In gram)	10	1	11	2272.4334
Opium	40	11	51	4719.5
Morphine	16	3	19	263.67
Pethidine	6	0	6	54.81435
Pholcodine	10	0	10	447
Thebaine	8	0	8	447
Dihydrocodeine	1	3	4	1005.69687
Oxycodone	2	0	2	0.4252
Hydrocodone	0	5	5	6.24965313
Methadone	3	1	4	111.15
Total	**244**	**51**	**295**	

3.1.4 Court cases

Out of Four PIL filed in the Hon'ble High Courts and one SLP filed in the Hon'ble Supreme Court of India one PIL and one SLP with regards to import of poppy seeds, were disposed off recently and judgments were in favour of Department. Hon'ble Court has observed that the authority (CBN) is sufficiently vested with wide powers to ensure that the law is duly observed. If facts are brought to the notice of the Narcotics Commissioner or information is received even after registration of a contract which would indicate that registration has been improperly procured or is obtained on the basis of misrepresentation, fraud or illegality, the Narcotics Commissioner would take recourse to his powers in accordance with law.

3.1.5 Apart from the above, the following policy initiatives have been taken during the reporting period to strengthen control over psychotropic substances:

(i) System development for online registration and submission of online returns by manufacturers and wholesalers of Psychotropic Substances

The Government of India has developed a web based software for online registration of manufacturers and wholesalers of psychotropic substances both for bulk drugs and preparations with the Central Bureau of Narcotics (CBN) under the guidance of the National Informatics Centre, New Delhi. The system will facilitate submission of data on manufacture, utilization, stock, import, export, sale purchase and consumption of psychotropic substances in the country.

(ii) System development for online registration and submission of online returns by manufacturers and dealers of Narcotic Drugs

The Government of India has decided to develop a web based online application for registration of manufacturers and dealers of narcotic drugs with the Central Bureau of Narcotics (CBN) and submission of data on manufacture , utilization, stock trade and consumption of Narcotic Drugs in the country. The objective of the online application is to collect required data on manufacture and consumption of narcotic drugs for generation of Form "C" in respect of India for submission to the International Narcotics Control Board (INCB), Vienna. This office has taken up the matter with National Informatics Centre (NIC), New Delhi.

3.1.6. Enforcement of NDPS Act, 1985

The Central Bureau of Narcotics undertakes action to prevent the illicit trafficking of Narcotic Drugs and Psychotropic Substances. It also undertakes investigations and prosecution of drug related offences, tracing and freezing of illegally acquired property of drug traffickers derived from illicit drug trafficking for forfeiture and confiscation.

(i) During the year 2013 several seizures under NDPS Act were affected by Central Bureau of Narcotics.

1. On the basis of specific information, the Preventive Party of the Preventive and Intelligence Cell, Udaipur (Raj.) and Bhilwara (Raj.) effected a seizure of 3.800 Kgs. Opium on 28.01.2013 in Chittorgarh (Raj.) District, and arrested two persons. One Motor Cycle was also seized.

2. On the basis of a specific information, the joint Preventive Party of the Preventive and Intelligence Cell, Indore and Preventive and Intelligence Cell, Ujjain (M.P.) effected a seizure of 0.130 Kg. Heroin on 03.02.2013 at Indore. Two persons were arrested.

3. On the basis of a specific information, the joint Preventive Party of the office of the Dy. Narcotics Commissioner, Neemuch (M.P.) and D.O.O. Neemuch-I Division detected 40 Square Meter Illegal Opium Poppy cultivation on 06.02.2013 at Survey No.229,Village Banjara Samel, Tehsil-Jawad, Distt. Neemuch.

4. On the basis of a specific information, the joint Preventive Party of the Preventive and Intelligence Cell, Udaipur and Office of the D.O.O. Bhilwara (Raj.) effected a seizure of 4.300 Kg. Opium, 162.700 Kg. Poppy Husk and 249.500 Kg. Poppy Husk Powder on 20.02.2013 in Udaipur (Raj.) Distict. One person was arrested.

5. On the basis of a specific information, the joint Preventive Party of the Preventive and Intelligence Cell, Udaipur and Office of the D.O.O.Bhilwara (Raj.) effected a seizure of 0.250 Kgs.Opium, 690.900 Kgs.Poppy Husk and 183.700 Kgs. Poppy Husk Powder and one Grinder Machine on 20.02.2013 at Village- Vijaymagri, Tehsil- Ballabh Nagar,P.S. Bhindar, Distt.Udaipur (Raj.) Prahlad Singh/Natwar Singh the owner of the premises was absconding and therefore,could not be arrested.

6. On the basis of a specific information, the Preventive Party of the Preventive and Intelligence Cell, Pratapgarh (Raj.) effected a seizure of 0.900 Kgs. Opium, on 27.02.2013 in Pratapgarh (Raj.) District. One person was arrested.

7. On the basis of a specific information, the Preventive Party of the Preventive and Intelligence Cell, Udaipur effected a seizure of 4.500 Kg. Opium, on 01.03.2013 in Udaipur (Raj.) District. Two persons were arrested.

8. On the basis of a specific information, the Preventive Party of the Preventive and Intelligence Cell, Indore (M.P.) effected a seizure of 50.000 Kg. Alprazolam on 05.03.2013 in Indore. Three persons were arrested Two Vehicles, Maruti Alto and Hyundai Verna also seized.

9. During the month of March-2013 a total of 440.000 Hectare of illicit Opium poppy crop in the state of Arunachal Pradesh was destroyed by the team of officers of CBN Hqrs.

10. On the basis of a specific information, the Preventive Party of the Dy. Narcotics Commissioner office, Lucknow effected a seizure of 1.000 Kg. Heroin, on 15.04.2013 in Lucknow (U.P.). One person was arrested.

11. During the month of May-2013 a total of 7.500 Hectare of illicit Opium poppy crop in the state of Uttaranchal was destroyed by the team of officers of CBN Hqrs. Gwalior.

12 On the basis of a specific information, the Preventive Party of the Dy. Narcotics Commissioner office, Lucknow effected a seizure of 0.540 Kg. Heroin, on 17.05.2013 in Lucknow (U.P.) One person was arrested.

13 On the basis of a specific information, the Preventive Party of the Preventive and Intelligence Cell, Chennai effected a seizure of 17.0104 Kg. Fentanyl Base and 6.1998 Kgs. Fentanyl Citrate on 04.06.2013 from the factory premises of M/s. Vasudha Pharma Chem. Limited, 39 A&B IDA, Phase I, Jeedimetla, Hyderabad, Andhra Pradesh.

14 In a follow up action, the Preventive Party of Office of the Dy. Narcotics Commissioner, Lucknow searched the house of one Abrar Ali S/o Hasmat Ali, at Katra, Faizullaganj, P.S. Kotwali, Distt. Barabanki on 04.06.2013 and recovered and seized 0.015 Kgs. Heroin.

15 On the basis of a specific information, the Preventive Party of the Preventive and Intelligence Cell, Chennai effected a seizure of 142.970 Kg. Fentanyl API and 404.60875 Kgs. Fentanyl Formulation on 06.06.2013 from the factory premises of M/s. Sparsha Pharma, Internation PVt.Ltd. Survey No.354, Muppireddy Pally Village,Toopran Mandal,Medak District, Andhra Pradesh.

16 On the basis of a specific information, the Preventive Party of the District Opium Officer, Barabanki effected a seizure of 0.150 Kg. Morphine on 09.07.2013 in Barabanki (U.P.) and one person was arrested .

17 On the basis of a specific information, the joint Preventive Party of the Preventive and Intelligence Cell, Mandsaur District Opium Officer, Mandsaur-I,II and III Division effected a seizure of 42.000 Kg. Acetic Anhydride on 18.07.2013 at Pratapgarh (Raj) District and one person was arrested .

18 On the basis of a specific information, the Preventive Party of the District Opium Officer, Barabanki effected a seizure of 0.200 Kg. Morphine on 18.07.2013 in Barabanki (U.P.) and one person was arrested.

19 On the basis of a specific information, the Preventive Party of the Preventive and Intelligence Cell, Udaipur effected a seizure of 2.700 Kg. Opium and 0.200 Kgs. Morphine on 19.07.2013 in Pratapgarh (Raj) District and two persons were arrested and one vehicle Toyota Qualis was seized.

20 On the basis of a specific information, the Preventive Party of the District Opium Officer, Neemuch I Dn. effected a seizure of 7.000 Kg. Opium on 04.08.2013 at Neemuch ï Mandsaur Road (M.P.) and one person was arrested

21 On the basis of a specific information, the Preventive Party of the Dy. Narcotics Commissioner Office, Neemuch effected a seizure of 10.000 Kg. Opium on 17.08.2013 in Neemuch District (M.P.) and two persons were arrested.

22 On the basis of a specific information, the Preventive Party of the Dy. Narcotics Commissioner Office, Neemuch effected a seizure of 141.000 Kg. Acetic Anhydride on 18.08.2013 in Neemuch District (M.P.) and four persons were arrested.

23 On the basis of a specific information, the Preventive Party of the District Opium Officer, Mandsaur II Dn. effected a seizure of 4.350 Kg. Opium on 25.08.2013 in Mandsaur District (M.P.) and two persons were arrested.

24 On the basis of a specific information, the Preventive Party of the Preventive and Intelligence Cell, Ratlam (M.P.) effected a seizure of 0.115 Kg. Heroin on 26.08.2013 in Ratlam District (M.P.) and One person was arrested.

25 On the basis of a specific information, the District Opium Officer, Mandsaur-III Division (M.P.) effected a seizure of 17.000 Kg. Acetic Anhydride on 29.08.2013 in Mandsaur District (M.P.) and two persons were arrested.

26 The Preventive Party of the Preventive and Intelligence Cell, Jaipur (Raj.) effected a seizure of 1.800 Kg. Opium on 05.09.2013 in Jaipur (Raj.) District from a Roadways Bus and One person was arrested.

27 The Preventive Party of the Dy. Narcotics Commissioner Office, Kota (Raj.) effected a seizure of 1.040 Kg. Opium on 07.09.2013 in Kota (Raj.) from a Rajasthan Roadways Bus and One person was arrested.

28 On the basis of specific information, the Preventive Party of the Preventive and Intelligence Cell, Chittorgarh (Raj.) effected a seizure of 1.700 Kg. Opium on 13.09.2013 in Chittorgarh District (Raj.) and One person was arrested and one Motorcycle was also seized.

29 On the basis of specific information, the Preventive Party of the Preventive and Intelligence Cell, Indore (M.P.) effected a seizure of 4.000 Kg. Charas on 20.09.2013 in Indore District (M.P.) and three persons were arrested and one Hero Honda Street Moped was also seized.

30 On the basis of specific information, the Preventive Party of the Dy. Narcotics Commissioner, Office Lucknow (U.P.) effected a seizure of 0.330 Kg. Heroin on 25.09.2013 in Lucknow (U.P.) and one person was arrested.

31 On the basis of secret information, the Preventive Party of the Preventive and Intelligence Cell, Ghazipur (U.P.) effected a seizure of 2.000 Kg. Charas on 01.10.2013 in Varanasi (U.P.) and One person was arrested.

32 On the basis of secret information, the Preventive Party of the Dy. Narcotics Commissioner Office, Lucknow (U.P.) effected a seizure of 0.730 Kg. Heroin on 02.10.2013 in Lucknow and One person was arrested

33 On the basis of specific information, the Preventive Party of the Dy. Narcotics Commissioner Office, Neemuch (M.P.) effected a seizure of 9.400 Kg. Opium on 02.10.2013 in Neemuch (M.P.) and One person has been arrested along with one Bajaj-CT-100 Motorcycle was also seized.

34 On the basis of specific information, the combined Preventive Party of the Central Bureau of Narcotics, Neemuch , Preventive and Intelligence Cell, Mandsaur , Mandsaur-II and III Division. effected a seizure of 22.000 Kgs. Acetic Anhydride on 13.10.2013 in Mandsaur (M.P.) and One person was arrested. During the follow-up action a Motor Cycle was also seized.

35 On the basis of specific information, the joint Preventive Party of the Central Bureau of Narcotics, Neemuch and District Opium Officer, Mandsaur-II Dn. effected a seizure of 20.108 Kgs. Opium on 21.10.2013 in Mandsaur District (M.P.) and One person was arrested.

36 On the basis of secret information, Central Bureau of Narcotics, Kota effected a seizure of 6.350 Kgs. Opium on 27.10.2013 in Chittorgarh District (Raj.). Two persons were arrested and also seized a vehicle of Maruti van.

37 On the basis of secret information, the Preventive Party of the Dy. Narcotics Commissioner Office, Lucknow (U.P.) effected a seizure of 0.415 Kg. Heroin on 06.11.2013 at was effected Lucknow and follow-up action a recovery of 0.006 Kgs. Heroin,on 06.11.2013 (Total of 0.421 Kgs. Heroin) and two persons were arrested.

38 On the basis of secret information, the Preventive Party of the Dy. Narcotics Commissioner Office, Lucknow (U.P.) effected a seizure of 1.000 Kg. Heroin on 21.11.2013 in Lucknow (U.P.) and three persons were arrested.

39. On the basis of secret information, the Preventive Party of Rajasthan Unit effected a seizure of 13.500 Kg. Opium along with one Scorpio vehicle on 15.12.2013 at Hanumangarh- Sangria road and four persons were arrested.

40. On the basis of secret information, the Preventive Party of P & I cell, Indore (MP) effected a seizure of 0.340 Kg. Heroin along with one Motorcycle on 20.12.2013 at Indore and one person was arrested.

41. On the basis of general checking, the Preventive Party of DNC office, Neemuch (MP) effected a seizure of 443 Kgs. Poppy Straw Powder along with one Tavera vehicle on 28.12.2013 at Mandsaur-Dalauda road, Tharod fanta (MP).

(ii) Details of Seizure Cases effected by CBN during Year 2013 (01.01.2013 to 31.12.2013)

Name of Drug		
Opium	Qty. in Kgs.	91.698
	No. of cases	16
	Persons arrested	25
Heroin	Qty. in Kgs.	4.621
	No. of cases	10
	Persons arrested	14
Morphine	Qty. in Kgs.	0.550
	No. of cases	2
	Persons arrested	2
Charas	Qty. in Kgs.	6.000
	No. of cases	2
	Persons arrested	4
Poppy Husk	Qty. in Kgs.	1729.800
	No. of cases	1
	Persons arrested	0
Name of Drug		
Alprazolam	Qty. in Kgs.	50.000
	No. of cases	1
	Persons arrested	3
Acetic Anhydride	Qty. in litres.	222.000
	No. of cases	4
	Persons arrested	8
Fentanyl Base	Qty. in Kgs.	17.0104
	No. of cases	1
	Persons arrested	0
Fentanyl Citrate	Qty. in Kgs.	6.1998
	No. of cases	0
	Persons arrested	0
Fentanyl API	Qty. in Kgs.	142.970
	No. of cases	1
Fentanyl Formula	Qty. in Kgs.	404.60875
	No. of cases	0
	Persons arrested	0
Destruction of Illicit poppy cultivation	Area in hectares of Uttarakhand/ Uttarkashi	7.500
	Persons arrested	0

(iii) Number of persons convicted/acquitted in CBN cases decided by various Court during the financial year 2013:

Year	Total No. of Persons who Were facing Prosecution	Total No. of Persons Convicted	Total No. of Persons Acquitted	Conviction Rate (%)
2013	112	70	42	62.50%

(iv) Number of cases convicted/acquitted of CBN cases decided by various Courts during the financial year 2013.

Year	Total No. of Cases decided	Total No. of Cases in which conviction was obtained	Total No. of Cases in which Accused were acquitted	Conviction Rate (%)
2013	55	41	14	74.55%

(v) DESTRUCTION OF ILLICT POPPY CROP IN 2O13

During the month of March 2013, a team of CBN and District Administration of Lohit & Namsai Sub-Division destroyed about 440.00 hectares of illicit poppy cultivation in the Reserve Forest at Medo and Changkham and Tezu and Shivaji Nagar in a joint operation conducted between 2-6 March, 2013

During the month of May 2013, the CBN team while conducting the survey to verify satellite maps for presence of illicit poppy cultivation, destroyed illicit poppy crop in 7.5 hectares in Uttarkashi District of Uttarakhand State.

CBN is using Satellite Imagery for detection of illicit cultivation of opium poppy in suspected areas finally getting destroyed the illicit cultivation by deploying the teams headed by the Superintendent on the basis of satellite images provided by ADRIN (Advanced Data Processing and Research Institute). Digital Maps are also created through Survey of India and same is also provided to the Central Economic Intelligence Bureau (CEIB) for similar purpose.

(vi) A Chart showing the Seizure cases and Valuation of the property Freezed/ Forfeited by the CBN/Competent Authority during the year 2012-13

Unit	Seizure case	Accused Name	Valuation of the property: Frozen	Valuation of the property: Forfeited
M.P.	168.890 Kgs. Of Opium on 30-12-2004	Shamshuddin	₹Rs.90,125/-.	- Nil -
M.P.	50.000 Kgs., of Alprazolam on 05-3-2013	(1)Thakur Singh S/o Bapu Singh (2) Santosh S/o Ritambar Jha	₹Rs. 42,00,000/-	Forfeited on 06-8-2013
	- do -	(3)Narendra Kumar S/o Bherulal		
		Total	**₹ 42,90,125/-**	

3.1.7 Cultivation of opium poppy and production of opium during the crop year 2012-13

During the crop year 2012-13, a quantity of 371 Metric Tonnes (provisional) of opium at 70 degree consistence was procured. The average yield at 70 degree consistence on basis of provisional results received from Madhya Pradesh, Rajasthan and Uttar Pradesh for the crop year 2011-12 was 64.03, 66.37 and 41.64 kgs./hectare (provisional) respectively. The All India average yield during 2012-13 was 65.06 kgs./hectare at 70 degree consistency (provisional). The figures related to opium cultivation are provisional as final reports from factories for the crop year 2012-13 are awaited. The figures are for crop year 2012-13 as the crop cycle for the cultivation of opium is October to September next year. Settlement/ Licensing operation for crop year 2013-14 has been completed during the month of October, 2013 and consequently 44354 cultivators and Area 5896 hectares were settled.

3.1.8 Payment to cultivators through e-Payment

Up to crop year 2011-12, cost of opium and commissions were paid to cultivators and Lambardars in cash. During crop year 2012-13 a new procedure for payment adopted. There was high risk in drawing big amount from Banks, carrying it to weighment centres, disbursing it to concerned cultivators /Lambardars and carrying it to villages by cultivators from weighment centres in late evening. Banking infrastructure has been improved in opium growing areas and it is developing day by day.

Considering all this, costs of opium/commission were paid through e-payment directly in Bank Accounts of cultivators during weighment operation. Final payment to cultivator after receipt of computed challans from Govt. Opium Factories and final accounting is also being done without waiting for Settlement Operation.

3.1.9 Other highlights of performance and achievements during the year 2013-14

World Transplant Games-2013 : Shri Dhamendra Soti, Inspector of Central Bureau of Narcotics participated and won the Badminton Silver Medal at 19th World Transplant Games-2013 held in Durban (South Africa). Shri Soti had a kidney transplant at SGPGI, Lucknow in 2001.

World Drug Day, 2013 by Central Bureau of Narcotics : On the International day against drug abuse and trafficking, Central Bureau of Narcotics organized a series of events from 26th June, 2013 to 28th June, 2013. The following events were organized:

Motor Cycle Rally : A Road show/ Motor Cycle Rally of around 100 volunteers was organized on 26th June, 2013. The staff members distributed attractive stickers on drug abuse to the Taxi drivers, Auto-rickshaw drivers and General Public throughout the day with a view to raise awareness among general public. Stickers were also pasted and attractive banners were displayed at prominent places of the city.

Signature Campaign : For raising awareness of the masses regarding the growing menace of drug abuse, a Signature Campaign was organized at Deendayal City Mall, Gwalior on 26th June, 2013. The Signature Campaign attracted an overwhelming response from the general public. The general public was invited to give their messages on the menace of drug abuse. The campaign was an unprecedented success.

Health Check-up camps: On 27-6-2013, free Health Check-up camp by the doctors of Birla Institute of Medical Research Centre, & Ratan Jyoti Netralaya, Gwalior was organized at the Office premises. The health check-up covered the following areas:

* Blood Pressure;
* Sugar testing;
* Eyes check-up

The Doctors advised the patients on proper diet and other aspects of leading a healthy life.

Poster painting competition : An open poster painting competition was held at the office premises on 28-6-2013. The theme of the competition was "NASHA EK ABHISHAP". A large number of persons including young boys and girls participated in the competition and placed their thoughts on the canvas. Entries received were scrutinized by an Expert Panel and rewards were distributed to the winners of the Poster painting competition.

Similar programmes including Nukkad Sabha at Kota, Essay Writing competition, Quiz competition, Slogan and Debate competitions were organized at Unit Headquarters, Kota, Lucknow and Neemuch.

3.1.10 Public grievances set-up functioning in the Department

In order to redress various grievances of opium poppy cultivators, Public Grievance Committees have been formed at the Headquarters of Unit Dy. Narcotics Commissioner at Neemuch, Kota and Lucknow.

3.1.11 Activities undertaken for Disability Sector, SCs, & STs and Other Weaker Sections of Society

As per Ministry's instructions, reservation for SC/ ST/OBC and Physically Handicapped were maintained in the Central Bureau of Narcotics. Shri Sita Ram Sharma, Deputy Narcotics Commissioner, Kota (Rajasthan) has been appointed as a Liaison Officer to look after the interest, representation and welfare of ST/ST/OBC employees.

3.1.12 Judgements in Court Case relating to service matter during the year 2013-14

Case No.	Court in which filed	Subject	Judgement
WP No. 1518/09 AINEOA (Insp.) Vs.UOI & Others.	High Court of Madhya Pradesh,Bench at Gwalior	Regarding Pay Parity of Inspectors of Central Bureau of Narcotics with retrospective effect	The Case has been finally heard and dismissed by the Hon'ble High Court.
WP No. 1520/09. AINEOA (S.I.) Vs. UOI & Others.	High Court of Madhya Pradesh,Bench at Gwalior	Regarding Pay Parity of Sub-Inspectors of Central Bureau of Narcotics with that of CPOs	The Case has been finally heard and dismissed by the Hon'ble High Court.
WP No. 4424/2009	High Court of Madhya Pradesh,Bench at Gwalior	Regarding Pay Parity of Superintendents of Central Bureau of Narcotics with that of NCB and C.Ex. From retrospective date	The Case has been finally heard and dismissed by the Hon'ble High Court.
O.A.No.610/09 Amit Kumar Vs. UOI & others	CAT, Allahabad Bench, Allahabad	Regarding appointment on compassionate ground	The Hon'ble CAT directed the department to consider the case of Shri Amit Kumar in accordance with the relevant provision as contained in the schedule circulated by the Govt. of India on 9.10.1998 and take a reasoned decision within a period of three months.

3.1.13 Allotment of General Pool Office Accommodation (GPO) & General Pool Residential Accommodation (GPRA)

Ministry of Urban Development, Directorate of Estates, New Delhi vide their letter No. 11013/G/2012-Pol.1/ dated 24-9-2013, has declared the offices of Preventive and Intelligence Cell of CBN at Mumbai, Chennai and Kolkata eligible for allotment of General Pool Office Accommodation and General Pool Residential Accommodation. Thus the officers and staff of CBN posted in the aforesaid cells have become eligible for allotment of General Pool Residential Accommodation on maturity of their turn in the waiting list subject to fulfillment of other usual conditions.

3.1.14 Gender Issues/Empowerment of Women

A Complaint Committee has been set up in the Headquarters of Madhya Pradesh, Rajasthan, Uttar Pradesh Unit and Headquarters office, Gwalior to look after the complaints of the working women in respect of any type of harassment of women at work place.

No representation or complaint has been received from any employee regarding discrimination on ground of sex.

3.1.15 E-Governance Activities

As regards, E-Governance activities, it is stated that various instructions of the Government on issue of e-governance are noted for compliance and necessary action. Use of CCTV's at Settlement and Weighment centers was also successfully carried out. Payment to cultivators made through e-payment in crop year 2012-13 for the first time.

Computers have been provided, almost, in each section and have been inter-connected through Network. All urgent reports or replies to the references received from the Ministry are forwarded to the Ministry of Finance, New Delhi through e-mail as far as possible.

The Central Bureau of Narcotics web site has been updated and all the application forms for issue of export/ import authorization for export/ import of Psychotropic substances/ Precursor chemicals and Controlled substances can be down load from the CBN website: www.cbn.nic.in.

3.2 Government Opium and Alkaloid Works (GOAW)

3.2.1 Chief Controller of Factories

The Government Opium & Alkaloid Works (GOAW) are engaged in the processing of raw opium for export and manufacturing opiate alkaloids through its two Factories viz Govt. Opium & Alkaloid Works (GOAW) at Ghazipur (U.P.) and Neemuch (M.P.). The Products manufactured at GOAW are mainly used by pharmaceutical industry of India for Preparation of cough syrup, pain relievers and tablets for terminally ill cancer and HIV patients. The GOAW are administered by a High Powered Body called the "Committee of Management" constituted and notified by the Government of India in 1970. The Additional Secretary (Revenue), Department of Revenue, Ministry of Finance is the Chairman of the Committee of Management. An officer of the rank of Commissioner/Joint Secretary is the Chief Controller of Factories who heads the Organization and each of the two factories at Neemuch and Ghazipur are managed by a General Manager of the rank of Additional Commissioner/Director. The Marketing and Finance Cell of the factories is located at New Delhi. Each of the factories comprises two units -the Opium Factory and Alkaloid Works. The Opium Factories undertake the work of receipt of opium from the fields, its storage and processing for exports and domestic consumption. The Alkaloid Works are engaged in processing raw opium into alkaloids of pharmacoepial grades to meet the domestic demand of the pharmaceutical industry. The GOAW have employed a total work force of about 1400 people at its two opium and alkaloid plants. The work force comprises of officials and staff drawn from the Central Board of Excise and Customs, Central Bureau of Narcotics, Central Revenues Control Laboratory, apart from personnel selected by the Union Public Services Commission directly. The security aspects of these factories are looked after by Central Industrial Security Force (CISF), a paramilitary force of the Ministry of Home Affairs.

The overall performance/achievements for the previous year (2012-13) are as follows :

Government Opium and Alkaloid Factories (GOAF)

PERFORMANCE OF GOAF FOR THE YEAR 2012-2013

Sl. No.	Particulars	Unit	Production Targets	Actual Production	Percentage Increase over Targets
(1)	(2)	(3)	(4)	(5)	(6)
A.	**PRODUCTION**				
1	Drying of opium for Export at 90°C	MT	480	457	-5
2	Manufacture of Drugs :				
	a) Codeine Sulphate	KG.	400	285	-29
	b) Morphine Sulphate	KG.	270	134	-50
	c) Codeine phosphate (I.P.)	KG.	14486	13502	-07
	d) Dionine	KG.	500	700	40
	e) Pure Thebaine	KG.	866	773	-11
	f) Noscapine BP	KG.	3578	3304	-08
	g) Pholcodine	KG.	180	201	12
	Total Finished Drugs	**KG.**	**20280**	**18899**	
	h) IMO Powder	KG.	8000	7500	-06
	i) IMO Cake	KG.	2000	3526	76
	j) Papavarine S.R.	KG.		1517	
3.	i) C.P. Import for Domestic Market KG.			62000	
	ii) Import for Vendor Specific				
	a) Codeine Phosphate U.S.P.	KG.		0	
	b) Codeine Phosphate (SEZ)	KG.		0	
	Total (ii)			**0**	

B. Sl. No.	SALES Particulars	QTY.(Kgs)	PROVISIONAL AMOUNT (₹ in Crore)
(1)	(2)	(3)	(4)
1	Export of opium at 90ºC	**372100**	**160.05**
2	Domestic Sale of Drugs :		
	a) Codeine Sulphate	165	0.96
	b) Morphine salts	292	1.06
	c) Codeine Phosphate (I.P. + Import)	37872	132.02
	d) Dionine	260	1.83
	e) Pure Thebaine	730	2.51
	f) Noscapine B.P.	5769	15.06
	g) Papavarine S.R.	1395	0.28
	h) Pholcodine	152	0.71
	i) IMO Powder	6405	3.69
	j) IMO Cake	2956	1.52
	Total (2)	**55996**	**159.64**
3	Sale of Imported Drugs (Vendor Specific)		
	a) Codeine Phosphate U.S.P.	0	0
	b) Codeine Phosphate (SEZ)	0	0
	Total (a+b)	**0**	**0**
	Grand Total (1+2+3)	**428096**	**319.69**

C COUNTRY WISE EXPORT OF OPIUM (excluding IMO Powder & Cake) at 90ºC *(Qty. in MTs)*

Unit	U.S.A.	IRAN	FRANCE	JAPAN	TOTAL
Ghazipur	0.044	NIL	NIL	114.420	114.464
Neemuch	243.555	14.081	NIL	NIL	257.636
Total	**243.599**	**14.081**	**NIL**	**114.420**	**372.100**

D OPIUM CHARGED FOR PRODUCTION OF DRUGS & IMOs: 148 (aprrox) *(Qty. in MTs at 90° C)*

E REVENUE RECEIPTS (ON REALISATION BASIS) *(₹ in crore)*

Unit	Opium Factories	Alkaloid Works	Total
Ghazipur	26.63	30.78	57.41
Neemuch	127.99	126.84	254.83
Total	**154.62**	**157.62**	**312.24**

Similarly, the achievements during the period April to November of current year 2013-2014 are as follows:-ð

ACHIEVEMENT OF CCF ORGANISATION

UP TO THE MONTH OF NOVEMBER 2014 WITH COMPARATIVE DATA OF PREVIOUS YEAR i.e. 2013 FOR THE SIMILAR PERIOD

Sl. No.	Particulars	Unit	Actual Production Up to November 2012-13	Actual Production Up to November 2013-14	% age increase over previous year
(1)	(2)	(3)	(4)	(5)	(6)
A. PRODUCTION					
1	Drying of opium for Export at 90 C	MT	373	166	-55
2	Manufacture of Drugs :				
	a) Codeine Sulphate	KG.	285	162	-43
	b) Morphine salts	KG.	134	218	63
	c) Codeine phosphate	KG.	8405	6635	-21
	d) Dionine	KG.	0	296	296
	e) Pure Thebaine	KG.	56	62	11
	f) Noscapine BP	KG.	2492	2202	-12
	g) Pholcodine	KG.	106	109	03
	h) Papavarine S.R.	KG.	892	927	04
	i) IMO Powder	KG.	4350	5300	22
	j) IMO Cake	KG.	3046	2740	-10
	Total Finished Drugs	**KG.**	**19766**	**18651**	**-06**
3.	i) CP Import for Domestic Market		43000	14000	-67
	ii) Import for Vendor Specific				
	a)Codeine Phosphate U.S.P.	KG.	0	0	0
	b) Codeine Phosphate (SEZ)	KG.	0	0	0
	Total (ii)		**0**	**0**	**0**

B. SALES

PROVISIONAL

Sl.No.	Particulars	2012-13		2013-14	
		Qty.(Kgs.)	(₹ in Crore)	Qty.(Kgs)	(₹ in Crore)
(1)	(2)	(3)	(4)	(5)	(6)
1	Export of opium on accrual basis	281015	111.52	214775	95.16
2	Domestic Sale of Drugs : (on actual basis)				
	a) Codeine Sulphate	165	0.96	0	0
	b) Morphine salts	272	0.99	280	1.01
	c) Codeine Phosphate (I.P. + import)	28790	100.23	36398	142.55
	d) Dionine	260	1.83	309	3.69
	e) Pure Thebaine	730	2.51	1015	3.60
	f) Papavarine	1095	0.22	1375	0.28
	g) Noscapine BP	5116	1.31	2121	7.55
	h) Pholcodine	132	0.62	207	1.11
	i) IMO Powder (Domestic sale + Export)	4591	2.62	5208	4.31
	j) IMO Cake (Domestic sale + Export)	2845	1.42	2954	2.66
	Total (2)	**43996**	**112.71**	**49867**	**166.76**
3	Import (Vendor Specific)				
	a) Codeine Phosphate U.S.P.	0	0	0	0
	b) Codeine Phosphate (SEZ)	0	0	0	0
	Total (3)	**0**	**0**	**0**	**0**
	Grand Total (1+2+3)	**325011**	**224.23**	**264642**	**261.92**

C COMPARATIVE COUNTRY WISE EXPORT OF OPIUM (upto November of each financial year)

(Qty. in MTS at 90° C)

Unit	USA	FRANCE	Hungary	JAPAN	IRAN	TOTAL
2012-13						
Ghazipur	0	0	0	58.283	0	58.283
Neemuch	208.651	0	0	0	14.081	222.732
Total	**208.651**	**0**	**0**	**58.283**	**14.081**	**281.015**
2013-14						
Ghazipur	0.292	0.812	0	56.995	0	58.099
Neemuch	156.676	0	0	0	0	156.676
Total	**156.968**	**0.812**	**0**	**56.995**	**0**	**214.775**

D COMPARATIVE REVENUE RECEIPTS ON REALISATION BASIS (upto December of each financial year)

(₹ in Crore)

Unit	Opium Factories	Alkaloid Works	(PROVISIONAL) Total
2012-13			
Ghazipur	26.56	29.76	56.32
Neemuch	116.58	92.89	209.47
Total	**143.14**	**122.65**	**265.79**
2013-14			
Ghazipur	0.08	63.26	63.34
Neemuch	76.67	95.44	172.11
Total	**76.75**	**158.70**	**235.45**

3.2.2 Development of North Eastern Region:

The CCF organization including GOAWs are located in Uttar Pradesh, Madhya Pradesh and Delhi only and therefore, there is nothing to specify with regard to work done on the development of North Eastern region and Sikkim Project Schemes.

3.2.3 E-Governance Activities:

The Organization of Chief Controller of Factories has launched its own website which contains complete information about the organization, its activities, contact details, etc. All tenders for procurement of material and services are timely loaded in the website for information and participation of the manufacturers / suppliers. The organization has also arranged to display various information pertaining to production of drugs, sale of drugs, etc. through internet. Placing of various other information for information of the concerned authorities have also been taken up and likely to be provided soon through internet.

3.2.4 Grievances Redressal Machinery:

Public Grievances in the CCF's Organization are dealt promptly. The labour grievances are also dealt with expeditiously and the relations between the Management & workers during this period was harmonious and cordial.

3.2.5 Gender Budgeting/Empowerment of Women:

Equal opportunity/status is enjoyed by women in CCF organization and Group "A" post is held by a woman and in the case of gender bias / harassment reported if any, it is ensured that appropriate action is taken against the erring official.

3.2.6 Activities Undertaken for Disability Sector & SCs/ STs & Other Weaker Sections of Society: The CCF organization is strictly adhering to the prescribed rules and regulations for the welfare and development of disabled, SCs, STs and other weaker sections. With an objective to initiate prompt action on grievances of such sections, a committee has been formed with members drawn from such sections. Roster registers for this purpose are also being maintained.

3.2.7 PERFORMANCE OF GOAF FOR THE SPECIFIC PERIOD i.e. 1ST JANUARY, 2014 TO 31ST MARCH, 2014 FOR THE FINANCIAL YEAR 2013-2014

Sl. No.	Particulars	Unit	Production Targets for 2013-14	Actual Production for Ist January to 31st March, 2014	PROVISIONAL Percentage Increase over Targets
(1)	(2)	(3)	(4)	(5)	(6)
A.	**PRODUCTION**				
1	Drying of opium for Export at 90°C	MT	310	121	
2	Manufacture of Drugs :				
	a) Codeine Sulphate	KG.	400	240	
	b) Morphine Sulphate	KG.	200	0	
	c) Codeine phosphate (I.P.)	KG.	11998	6084	

(1)	(2)	(3)	(4)	(5)	(6)
	d) Dionine	KG.	750	454	
	e) Pure Thebaine	KG.	706	810	
	f) Noscapine BP	KG.	3028	1265	
	g) Pholcodine	KG.	180	87	
	Total Finished Drugs	**KG.**	**17262**	**8940**	
	h) IMO Powder	KG.	8000	5200	
	i) IMO Cake	KG.	2000	1995	
	j) Papavarine S.R.	KG.		520	
3.	i) C.P. Import for Domestic Market KG.		20000	5975	
	ii) Import for Vendor Specific				
	a) Codeine Phosphate U.S.P.	KG.		0	
	b) Codeine Phosphate (SEZ)	KG.		0	
	Total (ii)			**0**	

B. SALES **PROVISIONAL**

Sl.No.	Particulars	QTY.(Kgs)	AMOUNT (₹ in Crore)
(1)	(2)	(3)	(4)
1	Export of opium at 90ºC	125716	62.27
2	Domestic Sale of Drugs :		
	a) Codeine Sulphate	0	0
	b) Morphine salts	0	0
	c) Codeine Phosphate (I.P. + Import)	4824	20.50
	d) Dionine	0	0
	e) Pure Thebaine	0	0
	f) Noscapine B.P.	773	2.74
	g) Papavarine S.R.	276	0.06
	h) Pholcodine	40	0.21
	i) IMO Powder	4660	4.68
	j) IMO Cake	1025	0.93
	Total (2)	**11598**	**29.12**
3	Sale of Imported Drugs (Vendor Specific)		
	a) Codeine Phosphate U.S.P.	0	0
	b) Codeine Phosphate (SEZ)	0	0
	Total (a+b)	**0**	**0**
	Grand Total (1+2+3)	**137314**	**91.39**

C COUNTRY WISE EXPORT OF OPIUM (excluding IMO Powder & Cake) at 90ºC *(Qty. in MTs)*

Unit	U.S.A.	IRAN	FRANCE	JAPAN	TOTAL
Ghazipur	NIL	NIL	1.184	37.357	38.541
Neemuch	87.175	NIL	NIL	NIL	87.175
Total	**87.175**	**NIL**	**1.184**	**37.357**	**125.716**

D OPIUM CHARGED FOR PRODUCTION OF DRUGS & IMOs: *(Qty. in MTs at 90° C)* 50 (aprrox)

E REVENUE RECEIPTS (ON REALISATION BASIS) *(₹ in crore)*

Unit	Opium Factories	Alkaloid Works	Total
Ghazipur	45.66	23.48	69.14
Neemuch	33.96	9.17	43.13
Total	**79.62**	**32.65**	**112.27**

3.2.8 PERFORMANCE OF GOAF FOR THE FINANCIAL YEAR 2013-2014

Sl. No.	Particulars	Unit	ProductionTargets for 2013-14	ActualProduction for Ist January to 31st March, 2014	PROVISIONAL Percentage Increase over Targets
(1)	(2)	(3)	(4)	(5)	(6)
A.	**PRODUCTION**				
1	Drying of opium for Export at 90°C	MT	310	287	-7
2	Manufacture of Drugs :				
	a) Codeine Sulphate	KG.	400	402	0
	b) Morphine Sulphate	KG.	200	218	9
	c) Codeine phosphate (I.P.)	KG.	11998	12719	6
	d) Dionine	KG.	750	750	0
	e) Pure Thebaine	KG.	706	872	24
	f) Noscapine BP	KG.	3028	3467	14
	g) Pholcodine	KG.	180	196	9
	Total Finished Drugs	**KG.**	**17262**	**18624**	**8**
	h) IMO Powder	KG.	8000	10500	31
	i) IMO Cake	KG.	2000	4735	137
	j) Papavarine S.R.	KG.		1447	
3.	i) C.P. Import for Domestic Market KG.		20000	19975	
	ii) Import for Vendor Specific				
	a) Codeine Phosphate U.S.P.	KG.		0	
	b) Codeine Phosphate (SEZ)	KG.		0	
	Total (ii)			**0**	

B.	SALES		PROVISIONAL
Sl.No.	Particulars	QTY.(Kgs)	AMOUNT (₹ in Crore)
(1)	(2)	(3)	(4)
1	Export of opium at 90ºC	340491	157.43
2	Domestic Sale of Drugs :		
	a) Codeine Sulphate	0	0
	b) Morphine salts	279	1.01
	c) Codeine Phosphate (I.P. + Import)	41222	163.05
	d) Dionine	309	3.69
	e) Pure Thebaine	1015	3.60
	f) Noscapine B.P.	2894	10.29
	g) Papavarine S.R.	1652	0.34
	h) Pholcodine	247	1.32
	i) IMO Powder	9868	8.99
	j) IMO Cake	3979	3.59
	Total (2)	**61465**	**195.88**
3	Sale of Imported Drugs (Vendor Specific)		
	a) Codeine Phosphate U.S.P.	0	0
	b) Codeine Phosphate (SEZ)	0	0
	Total (a+b)	**0**	**0**
	Grand Total (1+2+3)	**401956**	**353.31**

C COUNTRY WISE EXPORT OF OPIUM (excluding IMO Powder & Cake) at 90ºC *(Qty. in MTs)*

Unit	U.S.A.	IRAN	FRANCE	JAPAN	TOTAL
Ghazipur	0.292	NIL	1.996	94.352	96.6401
Neemuch	243.851	NIL	NIL	NIL	243.851
Total	**244.143**	**NIL**	**1.996**	**94.352**	**340.491**

D OPIUM CHARGED FOR PRODUCTION OF DRUGS & IMOs: 147 (aprrox) *(Qty. in MTs at 90° C)*

E REVENUE RECEIPTS (ON REALISATION BASIS) *(₹ in crore)*

Unit	Opium Factories	Alkaloid Works	Total
Ghazipur	45.74	86.74	132.48
Neemuch	110.63	104.61	215.24
Total	**156.37**	**191.35**	**347.72**

Annexure "A"

Schedule-B (Schedule-B substances are those controlled substances whose export from India is subject to controls as specified in this order).

1. Acetic anhydride
2. N- Acetylanthranilic acid
3. Anthranilic acid
4. Ephedrine, its salts and preparations thereof
5. Ergometrine and its salts
6. Ergotamine and its salts
7. Isosafrole
8. Lysergic acid and its salts
9. 3, 4- methylenedioxyphenyl-2 propanone
10. Methyl ethyl ketone
11. Norephedrine (Phenlpropanolamine), its salts and preparations thereof
12. 1- pheny 1-2 propanone
13. Phenylacetic acid and its salts
14. Piperonal
15. Potassium permanganate
16. Pseudoephedrine, its salts and preparation thereof
17. Safrole and any essential oil containing 4 % or more safrole

Schedule-C (Schedule-C substances are those controlled substances whose export from India is subject to controls as specified in this order).

1. Acetic anhydride
2. N- Acetylanthranilic acid
3. Anthranilic acid
4. Ephedrine, its salts and preparations thereof
5. Ergometrine and its salts
6. Ergotamine and its salts
7. Isosafrole
8. Lysergic acid and its salts
9. 3, 4- methylenedioxyphenyl-2 propanone
10. Methyl ethyl ketone
11. Norephedrine (Phenlpropanolamine), its salts and preparations thereof
12. 1- pheny 1-2 propanone
13. Phenylacetic acid and its salts
14. Piperonal
15. Potassium permanganate
16. Pseudoephedrine, its salts and preparation thereof
17. Safrole and any essential oil

4. STATE TAXES SECTION

4.1 State Taxes Section

State Taxes Section of the Department of Revenue handles legislative work relating to Central Acts having significant interface with the States like the Central Sales Tax Act, 1956, the Additional Duties of Excise (Goods of Special Importance), Act, 1957 and the Indian Stamp Act, 1899. Facilitation in respect of State level Value Added Tax (VAT) in the form of assistance for computerization of State VAT system and coordinating the issues related to Goods and Services Tax (GST) are the other significant assignments of the State Taxes Section.

4.2. State Value Added Tax (VAT)

Under Entry 54 of List II (State List) of the Seventh Schedule of the Constitution of India, "tax on sale or purchase of goods within a State" is a State subject. Introduction of State VAT to replace the earlier Sales Tax systems of the States has been one of the important tax reform measures taken on indirect tax side. VAT has been introduced by all the States/UTs, except the UTs of Andaman & Nicobar Islands and Lakshadweep. Sales Tax/VAT being a State subject, the Central Government played the role of a facilitator for successful implementation of VAT. Some of the steps taken by the Central Government are listed below:

4.2.1 A package for payment of compensation to States for any revenue loss on account of introduction of VAT has been implemented. An amount of Rs. 19002.82 crore has been released by Central Government to States till date on account of claims filed by the States for the years 2005-06, 2006-07 & 2007-08.

4.2.2 Technical and financial support on 100% basis has been provided to North Eastern States to enable them to take up computerization of their VAT administrations. A project for computerization of VAT administration in Himachal Pradesh and Jammu & Kashmir with overall cost of Rs. 40.49 crore has been sanctioned. A Mission Mode project for computerization of VAT administrations of States and UTs has been launched.

4.2.3 50% funding has been being provided to the Empowered Committee of State Finance Ministers for implementation of the Tax Information Exchange System (TINXSYS) Project for tracking of inter-State transactions.

4.2.4 As a part of support for institutional capacity building and their up-gradation into national level institutes of public finance and policy, two institutes namely, Centre for Taxation Studies, Kerala and Centre for Studies in Social Sciences, Kolkata have been provided ₹32 crore.

4.2.5 The experience with implementation of VAT has been very encouraging so far. The new system has been received well by all the stake-holders and the States revenues have grown on rapidly since the introduction of VAT.

4.3 Central Sales Tax (CST)

4.3.1 Entry 92A of List-I (Union List) empowers the Central Government to impose tax on inter-State sale of goods. Further, Article 269 (3) empowers the Parliament to formulate principles for determining when a sale or purchase of goods takes place in the course of inter-State trade of commerce. Similarly, Article 286 (2) of Constitution empowers the Parliament to formulate principles for determining when the sale or purchase of goods takes place outside a State or in the course of imports into or exports from India. Besides, Article 286(3) of Constitution authorizes the Parliament to place restrictions on the levy of tax by the States on sale or purchase of goods, declared by the Parliament by law to be goods of special importance in the inter-State trade or commerce.

4.3.2 The Central Sales Tax Act, 1956 imposes the tax on inter-state sale of goods and formulates the principles and imposes restrictions as per the powers conferred by the Constitution. The Government of India has also framed the Central Sales Tax (Registration and Turnover) Rules, 1957 in exercise of powers conferred by section 13(1) of the CST Act, 1956. Though the Central Sales Tax Act 1956 is a Central Act, the States collect and appropriate the proceeds of Central Sales Tax as per Article 269 of the Constitution of India.

4.3.3 The CST however, being an origin-based non-rebatable tax, is inconsistent with the destination based taxation concept of VAT. CST rate had been reduced from 4% to 3% w.e.f. 01.04.2007. The CST rate has further been reduced from 3% to 2% w.e.f. 1st June, 2008.

4.3.4 A package of compensation to the States for revenue loss on account of phasing out of the CST had been agreed to. The States have been compensated through a combination of revenue enhancing measures and budgetary support. As measures for enhancing revenue and thereby compensating the States for CST revenue loss, the facility of interstate purchases by Government Departments at concessional CST rate against Form-D had been withdrawn w.e.f. 01.04.2007. Also, enabling provisions had been made for States to levy VAT on Tobacco and Tobacco Products without losing any part of the devolution of Central taxes to the States. For the residual losses thereafter, the Central Government has further released Rs.30860.42 crores to States till date as compensation for the loss due to reduction of rate of CST for the claims years 2007-08, 2008-09, 2009-10 &2010-11.

4.3.5 Further, an amount of ₹1940.51 crore has been released during FY 2013-14 towards arrears of CST related loss (₹1275.28 crore to Haryana and ₹665.23 crore to U.P.)

4.4 Goods and Services Tax (GST)

4.4.1 The proposal to introduce a national level Goods and Services Tax (GST) by April 1, 2010 was first mooted by the Finance Minister Shri P. Chidambaram in his Budget Speech for the Financial Year 2006-07. The responsibility of preparing a design and road map for the implementation of GST was assigned to the Empowered Committee of State Finance Ministers (EC) chaired by Dr. Asim K. Dasgupta, former Finance Minister of West Bengal.

4.4.2 In April, 2008, the EC submitted a report to the Central Government titled ñA Model and Roadmap for Goods and Services Tax in Indiaò containing broad recommendations about the structure and design of GST.

4.4.3 The ñFirst Discussion Paper on Goods and Services Tax in Indiaò was released on the 10th of November, 2009 at New Delhi.

4.4.4 After a prolonged discussion with States, the Constitution (115th Amendment) Bill, to further amend the constitution to enable introduction of GST was introduced in the Lok Sabha on 22.03.2011.

4.4.5 As per the practice, the Bill was sent for the consideration of Standing Committee on Finance (SFC), Lok Sabha. The SFC submitted its report to the Lok Sabha on 7th August, 2013. Some of the main recommendations of the SFC include (a) inclusion of petrol and petroleum products and alcoholic liquor within definition of GST, (b) dispute resolution among States and between Union and the States to be done by Goods and Services Tax Council, (c) abolition of Entry Tax, (d) establishment of a GST compensation Fund through a Constitutional Amendment, (e)distribution of the remaining proceeds of IGST amongst States and Union at the end of financial year, (f) viability of Modified Bank Model for settlement of proceeds arising out of inter-State Trade and (g)establishment of GST monitoring Cell etc.

4.4.6 The above recommendations of the SFC were examined in the Department and many of them were incorporated in the draft Amendment Bill. The revised Draft Amendment Bill was shared with the Empowered Committee. The comments of the Empowered Committee on the draft revised Constitution Amendment Bill were received in the Department in December, 2013. Certain recommedndations of the Empowered Committee were incorporated in the draft Consitution (115th) Amendment Bill after due approval of the Union Finance Minister. The revised draft was sent for consideration of the Empowered Committee on 12th March 2014.

4.4.7 On 29th May, 2014 the Member Secretary, Empowered Committe sent a letter mentioning that since a new Government has taken over at the Centre and the 115th Constitution Amendment Bill has lapsed with the dissolution of the Fifteenth Lok Sabha, a draft for the Constitution Amendment Bill for GST, with the approval of the new Government may be sent for the consideration of the Empowered Committee. The same has beeen sent to the empowered Comittee with the approval of Honôble Finance Minister on 20th June, 2014.

4.5 Indian Stamp Act, 1899

The Indian Stamp Act, 1899 (2 of 1899) is a fiscal statute laying down the law relating to tax levied in the form of stamps on instruments recording transactions. Briefly, the scheme relating to stamp duties, provided for in the Constitution is as follows:-

4.5.1 Under Article 246, stamp duties on documents specified in Entry 91 of the Union List in Schedule VII of the Constitution (viz. bills of exchange, cheques, promissory notes, bills of lading, letters of credit, policies of insurance, transfer of shares, debentures, proxies and receipts) are levied by the Union but under Article 268, each State, in which they are levied, collects and retains the proceeds (except in the case of Union Territories in which case the proceeds form part of the Consolidated Fund of India). At present duty is levied on all these documents except cheques.

4.5.2 Stamp duties on documents other than those mentioned above are levied and collected by the States by virtue of the Entry 63 in the State List in the 7th Schedule of the Constitution.

4.5.3 Provisions other than those relating to rates of duty fall within the legislative power of both the Union and the States under Entry 44 of the Concurrent List in the Schedule-VII of the Constitution.

4.5.4 The rates of stamp duty in respect of Debenture and Promissory Notes have been rationalized by the Central Government in September, 2008. A comprehensive Review of Indian Stamp Act, 1899 has been undertaken. Consultation with State Governments and Central Ministries is in process.

4.6 Highlights of the performance and achievements during the year :

Action taken to implement the Programme and other Important Policy Initiatives announced in Budget Spech, 2013-14

The statements and status of implementation of para related to ST section is as follows:-

S. No.	Para No.	Text of Announcement	Status of Implementation as on 31st March, 2014.
1	186	Goods and Services Tax Hon'ble Members will recall that I had first mentioned the Goods and Services Tax (GST) in the Budget speech for 2007-2008. At that time, it was thought that GST could be brought into effect from 01.04.2010. Alas, that was not to be, although all States swear by the benefit of GST. However, my recent meetings with the Empowered Committee of State Finance Ministers has led me to believe that the State Governments -or, at least, the overwhelming majority- are agreed that there is need for a Constitutional amendment; there is need for State Government and the Central Government to pass a GST law that will be drafted by the State Finance Ministers and the GST Council, and there is need for the Centre to compensate the States for loss due to the reduction in the GST rate. I hope we can take this consensus forward in the next few months and bring to this House a draft Bill on the Constitutional amendment and a draft on GST. Hope inspires courage. I propose to take the first decisive step by setting apart, in the Budget, a sum of Rs 9,000 crore towards the first instalment of the balance of GST compensation. I appeal to the State Finance Ministers to realize the serious intent of the Government to introduce GST and come forward to work with the Government and bring about a transformational change in the tax structure of the country.	The release of Rs. 1940.51 crore was made towards payment of arrears of CST for the period 2007-08 to 2009-10 to Governments of Haryana and Uttar Pradesh. The BE was, therefore, restricted to Rs. 1940.51 crore at RE state. Thus, action on this Para is complete.

4.7 Work done on the development of North Eastern Region and Sikkim - Projects/ Schemes being operated and actual expenditure thereon:

A project for computerization of VAT administration of North-Eastern States (NEVAT) was taken up in 2005. This project was being implemented through M/S TCS. The AMC contract tenure of the project ended on 31.3.2011 and all assets of project except common assets were distributed among the respective States. Thereafter computerization of VAT administration of North-Eastern States were continued under Mission Mode Project (MMP-CT) of Commercial Taxes, wherein GoI is providing 90% of financial assistance to NE States to develop and upgrade their IT systems of their commercial taxes administrations.

4.8 Activities undertaken for Disability Sector and SC/ST and other weaker sections of society:

The State Taxes Section does not deal with any Programme/ Scheme specifically for these sectors/ sections of Society.

4.9 Initiatives relating to Gender Budgeting and Empowerment of Women:

The State Taxes Section does not deal with any Programme/ Scheme specifically for Women.

4.10 E-Governance Activities:

4.10.1 Special Purpose Vehicle for Goods & Services Tax Network:

The smooth roll out of GST would rest on a robust computerized environment of tax administration. Accordingly, in pursuance of the Cabinet decision, an SPV for GST Network, to take care of IT requirement has been set up by the Government on 28th February, 2013.Shri Navin Kumar has been appointed as Chairman of the GSTN-SPV.

4.10.2 Mission Mode Project (MMP-CT) on Commercial Taxes:

Under the National e-Governance Plan (NEGP), the Department of Revenue has implemented the Mission Mode Project (MMP-CT) on Commercial Taxes.The Cabinet in February, 2010 approved the MMP-CT under NeGP. This project, with an overall cost of Rs. 1133.44

crore, will help States/UTs to develop and upgrade the IT systems in their commercial taxes administrations. The focus of the project, on the one hand, is to provide an improved set of services to the dealers and on the other, to improve the efficiency of the Commercial Taxes administrations of the State Governments.

A Project Empowered Committee (PEC) chaired by Revenue Secretary has been set up to consider and approve individual projects submitted by the States and UTs. The PEC has so far examined the project proposal of 33 States and UTs and approved it with overall project cost of 1029.70 crore out of which Central share is Rs 725 crore. An amount of Rs. 622.50 crore has been released to respective States/UTs as Central share as on 31st March, 2014.

4.10.3 VAT computerization for Jammu & Kashmir and Himachal Pradesh:

A project for computerization of VAT administration of J&K and Himachal Pradesh have been approved with total project cost of Rs. 40.49 crore, of which the Central share of assistance is Rs. 25.33 crore. The responsibility of undertaking VAT computerization for J&K and HP has been entrusted to the Empowered Committee of State Finance Ministers (EC) on the request of these States. As on 31st December, 2013, an amount of Rs 12.99 crore has been released to EC by Department of Revenue for the approved project activities. Project Monitoring Committees at Central Level as well as State level have been set up to monitor the progress of the project on regular basis.

4.10.4 Tax information Exchange System (TINXSYS):

Tax information Exchange System (TINXSYS) is a project to facilitate effective tracking of inter-state transactions. The project is designed to facilitate Commercial Tax Departments of various States and Union Territories to exchange the data regarding the interstate trade and help them in checking evasion of tax. The project is under implementation since 1st November, 2004 by Empowered Committee of State Finance Ministers (EC). Government of India has been providing financial support of 50% of the cost of this project while States collectively share the rest.

A meeting, to review the progress of TINXSYS project, was held on 21st May, 2013 under chairmanship of Additional Secretary (Revenue). During the meeting, it was noted that this project had received Government of India's support for nearly nine years and further support from the Government of India was not possible beyond 31st March, 2013. It was also felt that the States can easily contribute and carry on the Project. If the Empowered Committee felt the necessity to continue this Project further, it could do with 100% support from the States.

4.10.5 Grievance Redressal Machinery:

The State Taxes Section does not directly administer any Tax law and, therefore, does not have a direct public interface. However, whenever any complaint/ suggestions are received, appropriate action is taken thereon expeditiously.

5. Adjudicating Authority Under Prevention of Money Laundering Act, 2002

5.1 The Prevention of Money Laundering Act (PMLA), 2002 was enacted by the Parliament to prevent money laundering and connected activities, confiscation of proceeds of crime and setting up of agencies and mechanism for coordinating measures for combating money laundering.

5.2 The Director, Directorate of Enforcement has been designated as the Director for exercising powers under the PMLA, 2002 and is authorized to provisionally attach the property allegedly involved in money laundering. The Adjudicating 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.

5.3 The Adjudicating Authority consists a Chairperson and two Members. The Adjudicating Authority PMLA brought out the Adjudicating Authority (Procedures) Regulations 2013. The Adjudicating Authority received 52 Nos of provisional attachments and 51 Nos Original complaints during the year from Directorate of Enforcement. Final Orders have already been passed in all cases except 3 cases where the Hon'ble Court granted the stay in respect of provisional attachments orders issued by Directorate of Enforcement.

5.4 The staff posted in the Authority is on deputation basis as the posts are ex-cadre.

6. Appellate Tribunal Under Prevention of Money Laundering Act

6.1 The Appellate Tribunal under Prevention of Money Laundering Act, 2002(PMLA) was brought into force w.e.f 1st July 2005.

6.2 The Tribunal comprises a Chairperson (who is or has been a judge of the High Court of Supreme Court) and two member. One of the Members is an Accountant Member, who has been in practice of accountancy as a Chartered Accountant for at least ten years and the other Member is person who is or has been a Member of Indian Revenue Service,Indian Legal Service, Indian Administrative Service and Indian Economic Service and has held the post of Commissioner /Joint Secretary or equivalent post in Indian Legal Service, Income Tax, Indian Economic Service, Indian Customs and Central Excise Service or Indian Audit and Accounts Service in that service for at least three years.

6.3 The Appellate Tribunal under PMLA is an National Tribunal having its headquarter at New Delhi. The Tribunal adjudicates appeals and allied petitions filed against the attachment /forfeiture orders passed by the Adjudicating Authority for attachment/forfeiture of properties involved in Money Laundering under PMLA. It also adjudicates appeals filed against the orders imposing fined passed by the Director Financial Intelligence Unit Indian(FIU India). The Benches of the Appellate Tribunal sit at New Delhi without any benches elsewhere in the Country.

6.4 The appeals and allied petitions are disposed off by the Benches as constituted by the Chairperson with one or two Members as the Chairperson may deem fit. During the period 01.01.2013 to 31.03.2014 101 Appeals and 666 miscellaneous petitions were filed and 82 Appeals and 234 miscellaneous petitions were disposed.

7. Appellate Tribunal for Forfeited Property

7.1 The Appellate Tribunal for Forfeited Property (ATFP) was constituted under the Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976 (SAFEMA). It started functioning w.e.f. 03.01.1977. Subsequently, the Tribunal was also constituted as the Appellate Tribunal under the Narcotics Drugs and Psychotropic Substances Act, 1985 (NDPS) after its amendment in the year 1989.

7.2 The Tribunal comprises a Chairman (who is or has been a Judge of the High Court or Supreme Court) and two members (who are generally of the level of Additional Secretary to the Government of India). It is situated at New Delhi without any Benches elsewhere. However, in order to provide justice at the doorstep of public, the Tribunal holds camp sittings at different places in the country under the provisions of the above Acts.

7.3 The Tribunal hears appeals and allied matters filed against the forfeiture, or other Orders passed by the officers designated as Competent Authorities for forfeiture of illegal properties of the persons convicted under the Customs Act, 1962 or NDPS Act, 1985 or detained under COFEPOSA, 1974 or PITNDPS Act, 1988 and also the properties held by such persons in the names of their relatives and associates and for seizure or freezing of illegally acquired property of the persons covered under NDPS Act.

7.4 The appeals and petitions are decided by the Benches consisting of at least Two members and constituted by the Chairman. During the period from 01.01.2013 to 31.12.2013, 30 appeals and 118 miscellaneous petitions were filled and 19 appeals and 31 miscellaneous petitions were disposed under SAFEMA and NDPS Act.

8. Set up for Forfeiture of Illegally Acquired Property

8.1 The Smugglers and Foreign Exchange Manipulators (Forfeiture of Property Act, 1976 (SAFEM(FOP)A), provides for forfeiture of illegally acquired property of the persons convicted under the Sea Customs Act, 1878, the Customs Act, 1962 and the Foreign Exchange Regulation Act, 1947 and Foreign Exchange Regulation Act, 1974 and the persons detained under the Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974. The Narcotics Drugs and Psychotropic Substances Act, 1985 (NDPSA) provides for tracing, freezing, seizure and forfeiture of illegally acquired property of the persons convicted under that Act or any corresponding law of any foreign country, and those who are detained under the Prevention or Illicit Traffic in Narcotic Drugs and Psychotropic Substances Act, 1988 and Jammu and Kashmir Prevention of Illicit Traffic in Narcotic Drugs and Psychotropic Substances Act, 1988.

8.2 SAFEM(FOP) Act and NDPS Acts provide for appointment of Competent Authorities for carrying out forfeiture of illegally acquired properties. At present, the Offices of Competent Authorities are located at Kolkata, Chennai, Delhi, Mumbai and one unit is at Ahmedabad. SAFEM(FOP) A and NDPSA envisage establishment of an appellate forum, namely the Appellate Tribunal for Forfeited Property (ATFP) to hear appeals against the orders of the Competent Authorities. The ATFP is located at New Delhi. It consists of a Chairman who is, or has been, or is, qualified to be a Judge of the Supreme Court or High Court and two Members who are appointed from among the officers of the Central Government who are not below the level of Joint Secretary to the Government of India.

8.3 The details regarding the number of reports received by the Competent Authorities from enforcement agencies, the number of show cause notices issued and the value of the property involved therein, the number of orders of forfeiture passed and the value of the property involved therein, and the value of sale proceeds of the property disposed off, year-wise, from 2000-01 to 2013-2014 are given in Annexure 'A'.

8.4 During the period from 01.01.2013 to 31.12.2013, 30 appeals and 118 miscellaneous petitions were filed and 19 appeals and 31 miscellaneous petitions were disposed off under SAFEMA and NDPS Acts.

Annexure - 'A'

FORFEITURE OF ILLEGALLY ACQUIRED PROPERTY UNDER NDPSA AND SAFEM(FOP)A BY COMPETENT AUTHORITIES

Financial Year	Number of reports received from Enforcement Agencies	Number of Notices for Forfeiture issued and value of Property involved.		Number of Forfeiture Orders issued and value of Property involved.		Value of sale proceeds of Property disposed off
		Number	Value (₹ in Lakh)	Number	Value (₹ in Lakh)	
1	2	3	4	5	6	7
2000-2001	491	159	2755	103	1662	201
2001-2002	228	89	7223.12	50	3202.39	107
2002-2003	995	72	1269.22	53	2498.60	18
2003-2004	1180	97	1547.75	25	977.01	51.6
2004-2005	1357	162	3251.64	25	650.93	73.67
2005-2006	607	214	10074.59	91	744.60	153.27
2006-2007	514	243	3017.27	112	868.57	2.63
2007-2008	507	210	12784.31	24	551.10	366.97
2008-2009	99	39	2065.88	28	1115.33	121.30
2009-2010	48	21	178.5	20	2153.20	Nil
2010-2011	128	19	1394.06	22	45.57	1123.49
2011-2012	112	17	690.85	22	391.58	191.27
2012-2013	40	13	3091.48	10	101.10	₹ 1294.28 lakhs +US $3400
2013-2014 (January,2013-December,2013)	**55**	**4**	**144.37**	**Nil**	**Nil**	**760**

9. Central Board of Excise and Customs

9.1 Organization and functions

Central Board of Excise & Customs (CBEC) deals with the tasks of formulation of policy concerning levy and collection of Customs and Central Excise duties, Service Tax, prevention of smuggling and evasion of duties and all administrative matters relating to Customs, Central Excise and Service Tax formations. The Board discharges the various tasks assigned to it, with the help of its field formations namely, the Zones of Customs & Central Excise, Commissionerates of Customs & Central Excise and the Directorates. It also ensures that taxes on foreign & inland travel are administrated as per the law and the collection agencies deposit the taxes collected to the public exchequer promptly.

9.1.1 Zones of Customs, Central Excise and Customs (Preventive)

Presently, there are twenty-three zones of Customs and Central Excise across the country located at the following places: Delhi, Chandigarh, Kolkata, Bhubaneshwar, Shillong, Lucknow, Meerut, Ranchi, Mumbai-I, Mumbai-II, Jaipur, Bhopal, Pune, Nagpur, Vadodara, Ahmedabad, Bangalore, Mysore, Kochi, Hyderabad, Vishakhapatnam, Chennai and Coimbatore. These zones are headed by Chief Commissioners.

There are eleven exclusive zones of Customs/ Customs (Preventive) headed by Chief Commissioners. These are Delhi, Mumbai-I, Mumbai-II, Kolkata, Chennai, Bangalore, Ahmedabad, Delhi Customs (Preventive), Patna-Customs (Preventive), Mumbai-III Customs and Chennai Customs (Preventive).

The Cadre Restructuring Plan of the Central Board of Excise and Customs has been recently approved by the Government, under which exclusive Service Tax Zones are proposed to be created, in addition to the zones mentioned above.

9.1.2 Commissionerates of Central Excise

There are ninety-three (93) Commissionerates predominantly concerned with levy and collection of Central Excise duties and Service Tax. Some of these Commissionerates also deal with Customs and Anti-smuggling work in their jurisdictions. These are organized as territorial units, usually extending to part or whole of a State or a metropolitan area.

These 93 Commissionerates are located at the following places: Delhi-I, Delhi-II, Delhi-III (Gurgaon), Delhi-IV (Faridabad), Panchkula, Rohtak, Chandigarh-I, Chandigarh-II, Ludhiana, Jammu & Kashmir, Kolkata-I, Kolkata-II, Kolkata-III, Kolkata-IV, Kolkata-V, Kolkata-VI, Kolkata-VII, Bolpur, Siliguri, Haldia, Bhubaneshwar-I, Bhubaneshwar-II, Shillong, Dibrugarh, Kanpur, Lucknow, Allahabad, Meerut-I, Ghaziabad, NOIDA, Meerut-II, Jamshedpur, Patna, Ranchi, Mumbai-I, Mumbai-V, Thane-I, Thane-II, Mumbai-II, Mumbai-III Belapur, Raigad, Jaipur-I, Jaipur-II, Bhopal, Indore, Raipur, Pune-I, Pune-II, Pune-III, Goa, Aurangabad, Nasik, Nagpur, Vadodara-I, Vadodara-II, Vapi, Surat-I, Surat-II, Daman, Ahmedabad-I, Ahmedabad-II, Ahmedabad-III, Bangalore-I, Bangalore-II, Bangalore-III, Bhavnagar, Rajkot, Mysore, Mangalore, Belgaum, Kochi, Thiruvananthapuram, Kozhikode, Hyderabad-I, Hyderabad-II, Hyderabad-III, Hyderabad-IV, Tirupati, Guntur, Vishakhapatnam-I, Vishakhapatnam-II Chennai-I, Chennai-II, Chennai-III, Chennai-IV, Pondicherry, Tiruchirapalli, Coimbatore, Salem, Madurai Tirunelveli and Guwahati.

The Cadre Restructuring Plan has been approved by the Government recently, under which the number of Central Excise Commissionerates is envisaged to be further enhanced.

9.1.3 Commissionerates of Service Tax

There are seven exclusive Service Tax Commissionerates at Ahmedabad, Bangalore, Chennai, Delhi, Kolkata, Mumbai-I and Mumbai-II.

There are five Large Tax Payer Units (LTUs) at Bangalore, Chennai, Delhi, Mumbai and Kolkata.

In the recently approved Cadre Restructuring Plan, the number of Service Tax Commissionerates is proposed to be further enhanced.

9.1.4 Commissionerates of Customs and Customs (Preventive)

There are 35 Customs Commissionerates, including Customs (Preventive) Commissionerates, spread all over the country. They have been assigned the following functions:-

(a) Implementation of the provisions of the Customs Act, 1962 and the allied acts, which includes levy and collection of customs duties and enforcement functions in their earmarked jurisdictions.

(b) Surveillance of coastal and land borders to prevent smuggling activities. Marine and telecommunications wings are available with the Board to assist these Commissionerates in their anti-smuggling work and surveillance of sensitive coastline.

There are 35 Commissionerates of Customs & Customs (P) in all, are spread all over the country, as follows: Delhi (Air cargo Import and General), Delhi(ICD), Delhi (Air Cargo Export), Mumbai (General), Mumbai (Export), Mumbai (Import), Nhava Sheva (Import and Mulund CFS), Nhava Sheva (Export), Mumbai Air Cargo (Import), Mumbai Air Cargo (Export), Mumbai (Airport) Pune Customs, Kolkata (Airport), Kolkata (Port), Chennai (Airport and Air cargo), Chennai Port(Export), Chennai Port (Import), Bangalore, Mangalore, Kochi, Ahmedabad, Kandla, Vishakhapatnam, Amritsar Customs (Preventive), Jodhpur Customs (Preventive), Delhi Customs (Preventive), Patna Customs(P), Lucknow Customs (Preventive), Mumbai Customs(Preventive), Tuticorin, Tiruchirapalli, West Bengal Customs (Preventive), Kolkata, Shillong Customs (Preventive) and Jamnagar Customs (Preventive).

In the recently approved Cadre Restructuring Plan, the number of Customs/Customs (Preventive) Commissionerates is envisaged to be further enhanced.

9.1.5 Appellate and Tax Recovery Machinery

At present, there are 61 Commissioners of Central Excise (Appeals), 8 Commissioners of Customs (Appeals) and 1 Chief Commissioner & 6 Commissioners (TAR). The appellate machinery comprising the Commissioners (Appeals) deals with appeals under the Customs Act, 1962, the Central Excise Act, 1944 and Service Tax laws against the orders passed by the officers lower in rank than Commissioner of Customs and Central Excise,.

9.1.6 Commissioners in CBEC

There are 6 Commissioners of Central Excise and Customs in Central Board of Excise & Customs, who assist the Board in various policy matters.

9.1.7 Commissioners (Adjudication)

There are at present 4 posts of Commissioner (Adjudication) to decide the cases having all-India ramifications and high revenue stakes. These Commissioners attend to Central Excise as well as Customs cases.

9.1.8 Attached/ Subordinate Offices

In the performance of administrative and executive functions, the following attached / subordinate offices assist the Board in the reorganized set up:-

a) Directorate General of Central Excise Intelligence

b) Directorate General of Revenue Intelligence

c) Directorate General of Inspection

d) Directorate General of Human Resource Development

e) National Academy of Customs, Excise and Narcotics

f) Directorate General of Vigilance

g) Directorate General of Systems & Data Management

h) Directorate General of Audit

i) Directorate General of Safeguards

j) Directorate General of Export Promotion

k) Directorate General of Service Tax

l) Directorate General of Valuation

m) Directorate of Publicity and Public Relations

n) Directorate of Logistics

o) Directorate of Legal Affairs

p) Office of the Chief Commissioner(Authorised Representative)

q) Central Revenues Control laboratory

The functions of the Directorates General, the Office of the Chief the Chief Commissioner(Authorised Representative)and the Central Revenues Control Laboratory, under the Central Board of Excise and Customs, in brief are as follows:-

A. Directorate General of Central Excise Intelligence

(a) To collect, collate and disseminate intelligence relating to evasion of central excise duties;

(b) To study the price structure, marking patterns and classification of commodities vulnerable to evasion of central excise duties;

(c) To coordinate action with other departments like Income Tax etc. in cases involving evasion of central excise duties;

(d) To investigate cases of evasion of Central excise duties having inter-Commissionerate ramifications; and

(e) To advise the Board and the Commissionerates on the modus operandi of evasion of central excise duties and suggest appropriate remedial measures, procedures and practices in order to plug any loopholes.

B. Directorate General of Revenue Intelligence

(a) To study and disseminate intelligence about smuggling;

(b) To identify the organized gangs of smugglers and areas vulnerable to smuggling, targeting of intelligence against them and their immobilization;

(c) To maintain liaison with the intelligence and enforcement agencies in India and abroad for collection of intelligence and in-depth investigation of important cases having inter-Commissionerate and international ramification;

(d) To alert field formations for interception of suspects and contraband goods assessment of current and likely trends in smuggling;

(e) To advise the Ministry in all matters pertaining to anti-smuggling measures and in formulating or amending laws, procedures and practices in order to plug any loopholes; and,

(f) To attend to such other matters as may be entrusted to the Directorate by the Ministry or the Board for action/ investigation.

C. Directorate General of Inspection (Customs and Central Excise)

(a) To study the working of customs, central excise and narcotics departmental machinery throughout the country and to suggest measures for improvement of its efficiency and rectification of defects in it through inspection and by laying down procedures for their smooth functioning;

(b) To carry out inspections to determine whether the working of the field formations are as per customs and central excise procedures and to make recommendations with regard to the procedural flaws, if any noticed; and,

(c) To suggest measures for improvement in functioning of the field formations.

D. Directorate General of Human Resource Development

I. HRM Wing:

(a) Cadre Management Division:

a) To devise and design CBECôs Human Resource Management plans in congruence with the goals and vision of the department;

b) To analyse and propose changes in the Recruitment Rules;

c) To prepare a charter of duties for various posts and periodically review the charter;

d) To provide support to CBEC in drawing its annual recruitment plan (ARP) or direct recruitment;

e) To support CBEC in framing and implementation of its recruitment policy;

f) To design HR policies, processes and systems, including proposals where posts are diverted temporarily from one functional area to another;

g) To maintain and update the Human Resource Information System (HRIS) for recommending officers/ staff for training, placement, skill up-gradation and succession planning;

h) To provide data support to CBEC for placement and transfer of officers as part of the annual general transfer (AGT) and otherwise;

i) To receive feedback on the Transfer Policy and relay the same to CBEC for further action;

j) To provide support to CBEC in its Cadre Review and Restructuring exercise for the department in the context of changing economic scenario and needs;

k) To assist the CBEC in preparing for periodic interaction with associations of officers/staff;

l) To develop a Manual and other reference literature on Human Resource Management (HRM)/ Administration related matters; and

m) To provide support to the CBEC in bringing about uniformity/ homogeneity in the administrative practices followed by field formations across the country.

(b) Performance Management Division:

a) To develop an effective Management Information System

(MIS) and Performance Management System (PMS) for capturing and assessing individual performances;

b) To develop performance indicators for the organization at the group and individual levels based on objective goal setting, taking into account manpower and infrastructural limitations;

c) To design a scientific appraisal system and a scheme for performance measurement, etc.;

d) To coordinate receipt of annual performance appraisals;

e) To link rewards with performance and design an appropriate reward policy;

f) To liaison with "external consultants" for developing a suitable system to track, support and monitor individual performance and maintain accountability, and

g) To review formats for annual performance appraisal (APAR) for all cadres and suggest meaningful changes to it from time to time;

(c) Capacity Building and Strategic Vision Division:

a) To identify training needs for officers at all levels and create a training needs inventory;

b) To disseminate information regarding HRD issues among officers and staff;

c) To coordinate in-service training programmes in consultation with DG, NACEN for officers and staff of the department at various service intervals (e.g. 6-9 years of service, 10-16, 17-19 and 20-30 years of service) in consultation with training institutions within and outside the country;

d) To assist the Ministry in development of viable models of 'Training Needs Analysis', 'Designs for Training' etc, and nominate of officers for training based on Training Needs Analysis in consultation with DG, NACEN;

e) To recommend officers for foreign training in those areas which are outside training programmes being conducted at present by NACEN;

f) To provide support to CBEC in the management of organizational relations including vertical relationship (within hierarchy), gender relations and prevention of discrimination and harassment on the basis of sex;

g) To manage changes for working of field formations under CBEC;

h) To form a Strategic Vision Group through inclusion of retired officers and outside experts on the subject;

i) To forecast future developments and suggest changes in the organization, personnel management and procedure to be able to respond to them; and

j) To assist the Ministry in processing the requests of the officers and staff for training programmes under the Domestic Funding Scheme of the Government of India.

II. **Infrastructure & Welfare Wing:**

(a) Infrastructure Division:

a) To function as 'nodal authority' for examination and processing of all infrastructure proposals received directly by the Division from field formations and forward them along with its recommendations to the CBEC/Ministry for further action;

b) To consider all issues pertaining to approval and sanction for infrastructural proposals including those for purchase and disposal of land, purchase and disposal of buildings, hiring of accommodation and continuation of hiring of already hired space, construction of office and residential buildings, repair / maintenance /renovation / modifications/replacement/ alternations in the department's buildings, residential complexes etc.,

c) To account and document the assets of CBEC through the creation, maintenance and regular updation of an Asset Register;

d) To consolidate and project budgetary requirement for ready built office space and residential accommodation for departmental staff to CBEC;

e) To ensure conformity of infrastructure proposals, (whether in process or sanctioned) with policy guidelines and administrative instructions pertaining to their sanction;

f) To secure as a link between the CBEC and its field formations by communicating the observations/ queries/ approvals/sanctions of the Ministry on the submitted proposals to the field formations.

(b) Welfare Division:

a) To identify and recommend welfare measures to the CBEC;

b) To process proposals received from field formations for sanction of funds by the Governing Body of the Welfare Fund;

c) To coordinate with the Directorate of Logistics and Principal CCA's office for accounting of funds to be allocated between the Welfare Fund and the Special Equipment Fund;

d) To manage superannuation of employees especially regarding their psychological, emotional and financial aspects (by arranging training through NACEN and/ or outside experts to psychologically prepare the employees on the verge of superannuation for life after retirement from service and proper management of retirement benefits);

e) To prepare and maintain an inventory of specialization areas and skills of retiring officers, and advise them about exploring ministries and public sector undertakings, connected to their respective fields of knowledge and experience; and

f) To disseminate information concerning welfare schemes/ measures being promoted/ implemented by the CBEC among officers and staff.

III. Expenditure Management Cell:

a) To issue the Budget Circular as prescribed by the Budget Division, Department of Economic Affairs;

b) To examine the Budget proposals received from various constituent formations /units under the Grant;

c) To consolidate the position at each stage of the Budget exercise i.e. Budget Estimates (BE), Revised Estimates (RE) and Final Requirement (FR) and submit the same to FA (Finance) for further action;

d) To allocate object head wise approved provisions to respective Budget controlling authorities;

e) To prepare the Statement of Budget Estimates (SBEs) for inclusion in the relevant Budget documents;

f) To monitor the progress in Expenditure vis-à-vis Sanctioned Grant and submit the Monthly and Quarterly Expenditure Review to FA (Finance) for further action;

g) To propose Re-appropriation orders, surrender of savings etc. to FA (Finance) for concurrence/approval of the competent authority;

h) To finalize the Appropriation Accounts in consultation with Principal CCA, CBEC and submit to FA (Finance) for concurrence;

i) To take necessary action in respect of the examination by the Standing Committee on Finance on Detailed Demand for Grants;

j) To take action in respect of Audit references in Expenditure matters, for example Action Taken Notes on Audit Paras /PAC Paras etc.

k) Any other matter related to the above.

E. National Academy of Customs, Excise and Narcotics

(a) To impart training to direct recruits and to arrange refresher courses for departmental officers:

(b) To assist in formulation of training policies and to implement the policies approved by the Board by devising schemes and syllabi of studies for training of direct recruits and departmental officers; and,

(c) To arrange study tours of Customs and excise officers from neighboring countries under United Nations Development Programme.

F. Directorate General of Vigilance

(a) To monitor the vigilance cases against the officers of Customs and Central Excise formations;

(b) To maintain proper surveillance on the officials of doubtful integrity; and,

(c) To maintain close liaison with the Central Bureau of Investigation, Directorate General of Revenue Intelligence and vigilance and anti-corruption in order to ensure that the programmes on vigilance and anti-corruption are implemented in all Commissionerates of customs, central excise and narcotics formations.

G. Directorate of Systems and Directorate of Data Management

(a) Directorate of Systems

To look after all aspects of the implantation of customs, central excise and service tax computerization projects including acquisition of hardware, development and maintenance of software, training of personnel and monitoring of expenditure budget on computerization at the central and field levels.

(b) Directorate of Data management

(i) To collect and consolidate data and statistics pertaining to realization of revenue from indirect taxes and advise the Ministry and the Board in forecasting budget estimates; and

(ii) To collect statistics for compilation of statistical bulletins and statistical yearbook in respect of revenue, arrears, seizures, court cases etc. pertaining to indirect taxes.

H. Directorate of Audit

(a) To provide direction for evolution and improvement of audit techniques and procedures;

(b) To ensure effective and efficient implementation of new audit system by periodic reviews;

(c) To coordinate with the external agencies as well as other formations within the Department;

(d) To suggest measures to improve tax compliance;

(e) To gauge the level of audit standards and assesses satisfaction;

(f) To evolve the policy for development of a sound database as well as enhancing the skills of the auditors with a view to making the audit effective and meaningful;

(g) To aid and advise the Board in policy formulation and to guide and prove functional directions in planning, coordination and supervision of audits at local levels;

(h) To collate and disseminate the relevant information; and,

(i) To implement EA-2000 audits and related projects like risk management, CAAP audits etc.

I. Directorate General of Safeguards

(a) To investigate the existence of serious injury or threat of serious injury to the domestic industry as a consequence of increased imports of an article into India;

(b) To identify the article liable for safeguard duty;

(c) To submit the findings, provisional or otherwise, to the Central Government regarding ‘serious injury’ OR ‘threat of serious injury’ to the domestic industry consequent upon increased imports of an article from the specified country.

(d) To recommend the following;

(i) The amount of duty which, if levied, would be adequate to remove the ‘injury’ or ‘threat of injury’ to the domestic industry;

(ii) The duration of levy of safeguard duty and where the period so recommended is more than a year, to recommend progressive liberalization adequate to facilitate positive adjustment; and,

(e) To review the need for continuance of safeguard duty.

J. Directorate General of Export Promotion

(a) To interact with the Export Promotion Councils for various categories of export to sort out the difficulties being faced by the genuine exporters;

(b) To function in close liaison with allied agencies concerned with the exports to ensure that genuine exporters get the full advantages of the export schemes without any difficulties;

(c) To monitor the performance of the field formations through monthly and quarterly returns, like duty foregone statements, drawback payment statements and quarterly drawback payment statements and to compare and compile the same to enable the Ministry to review the policy;

(d) To carry out the appraisal studies to examine the efficacy of the existing legal provisions/ rules and procedures and suggest to the Ministry about the changes to be made, if any;

(e) To conduct post-audit of the Brand Rate fixed by the concerned commissioners and carry out physical verification of selected cases independently or with the help of the central excise formations;

(f) To conduct post audit of the select cases of duty free imports allowed under various Export Promotion Schemes in the customs and central excise formations; and,

(g) To work in close coordination with the Board with the Customs-IV Section and FTT Section of the Boardȏs office that deals with 100% EOUs/EPZ Units/SEZ Units and various Technology parks and the schemes relating to the export of gems and jewellery.

K. Directorate General of Service Tax

(a) To monitor the collections and assessments of service tax;

(b) To study the administration of service tax in the field and to suggest measures to increase revenue collections;

(c) To undertake study of law and procedures

(d) To form a database and,

(e) To inspect the Service Tax Cells in the Commissionerates.

L. Directorate General of Valuation

(a) To assist and advise the Board in the implementation and monitoring of the working of the WTO Agreement on Customs Valuation;

(b) To build a comprehensive valuation database for internationally traded goods using past precedents, published price information or prices obtained from other authentic sources;

(c) To disseminate the price information on a continuing basis to all customs formations for online viewing as a means of assistance for day to day assessments with a view to detecting and preventing under valuation as also for enabling assessments to be finalized speedily;

(d) To monitor valuation practices at various customs formations and bring to the notice of the Board the significant and emerging pricing patterns and to suggest corrective policy or other measures, where needed;

(e) To maintain liaison with the Valuation Directorates of other customs administrations and customs officers posted abroad;

(f) To study international price trends of sensitive commodities and pricing patterns of transnational corporations (e.g. transfer pricing) and Indian ventures with foreign collaborations and help evolve a system to combat planned under valuation as well as valuation frauds; and,

(g) To carry out inspection of the field formations to determine whether the valuation norms as evolved by the Directorate of Valuation are uniformly applied across the country.

M. Directorate of Publicity and Public Relations

a) To prepare, revise and publish the statutory and departmental manuals;

(b) To consolidate the instructions issued by the Board in technical and administrative matters of customs and central excise;

(c) To compile the important judgments delivered by High Courts and the Supreme Court on matters relating to indirect taxes;

(d) To update all departmental manuals through correction lists etc;

(e) To undertake publicity with a view to educating the public about indirect taxes through brochures, posters, hoardings, radio, TV and press media.

N. Directorate of Logistics

(a) To inspect, assess and evaluate the effectiveness of the staff deployed on anti-smuggling duties in the Commissionerates and in vulnerable areas;

(b) To monitor, coordinate and evaluation the progress in cases of adjudications, prosecutions and rewards to informers and officers in various Commissionerates and to watch the progress in disposal of confiscated goods involved in prosecution cases;

(c) To plan and assess the need for staff training, equipments, vehicles, vessels, communications or other resources required for anti smuggling work in various Commissionerates and to evaluate their operational efficiency; and,

(d) To deal with the matters concerning acquisition, procurement, purchase, repair and reallocation of such equipment.

O. Directorate of Legal Affairs

(a) To function as the nodal agency to monitor the legal and judicial work of the Board;

(b) To create a data bank of all the cases decided by the various benches of the Tribunal and monitor cases effectively in order to ensure that the field formations recommend filing of appeals only in deserving cases and not on the issues already decided by the Supreme Court or High Courts and accepted by the department;

(c) To ensure that all orders of the Tribunal are examined by the field formations and timely proposal for filing appeal are sent to the Board wherever necessary and the report about acceptance of an order is sent to the Chief Commissioner.

(d) To intimate the field formations about important decisions of the various High Courts, which are finally accepted by the Department, and about the important decisions of the Supreme Court so that unnecessary litigation work on the issues already settled is not created by the field formations;

(e) To create a database pertaining to the cases pending in various High Courts. The appellant/respondent Commissioners will assist the Directorate in creating and updating the database pertaining to the High Court cases;

(f) To prepare panels of standing counsels/ panel counsels for various High Courts on the basis of feedback received from the field formations. However, the role of the Directorate is restricted to making recommendations only and the final decision regarding approval of the panel / appointment of the Standing Counsels rests with the Ministry; and

(g) To keep an approved panel of eminent lawyers well versed with customs and central excise laws as well as administration, who may not be on the regular panel of the government but may be engaged by the department for handling important cases.

P. Office of the Chief Commissioner (AR)

(a) To receive the cause list of cases from the Tribunal registry and distribute case files among Authorised Representatives (ARs);

(b) To monitor the efficient representation by ARs in all listed cases before the benches of the CESTAT;

(c) To coordinate with and call for cross objections, clarifications and confirmations from the Commissionerates concerned;

(d) To maintain coordination with the President, CESTAT, and

(e) To exercise administrative control over ARs and attend to the administrative matters pertaining to the Commissioner(AR) office including its regional offices at Mumbai, Kolkata, Chennai and Bangalore.

Q. Central Revenues Chemical Laboratory

To analyze samples of goods, and to render technical advice to the Board and its field formations, in regard to the nature, characteristics and composition for various goods.

9.2 Revenue collections in F.Y 2012-13

The total indirect tax collections during 2012-13 was Rs.474566 crore against the Budget Estimate (BE) of Rs.505044 crore and Revised Estimate (RE) of Rs.469546 crore. The overall growth in indirect tax collections in 2012-13 was nearly 20.9% over 2011-12. The major head-wise details of indirect taxes are given below.

9.2.1 Customs Duty

The RE was fixed at Rs 164853 crore against the BE of Rs.186694 crore in 2012-13. The actual collections during 2012-13 was Rs 165289 crore, represented a growth of 10.7% over actual collections in 2011-12.

9.2.2 Central Excise Duty

In view of economic slowdown the R.E was lowered to Rs 171996 crore against BE of Rs. 194350 crore in 2012-13. The actual collections during 2012-13 was Rs. 176676 crore, represented a growth of 21.3% over actual collections in 2011-12. The standard excise rate was increased from 10% to 12% w.e.f 17th March, 2012 in the Union Budget 2012.

9.2.3 Service Tax

In view of high buoyancy in service tax, the R.E was fixed at Rs 132697 crore against the BE of Rs. 124000 crore in 2012-13. The actual collections of service tax during 2012-13 was Rs. 132601 crore, represented a growth of 36.0% over actual collections in 2011-12. The rate of service tax was increased from 10% to 12% w.e.f. 1st April 2012, and the ôNegative Listô approach to taxation of services was introduced with effect from 1st July, 2012 during the Union Budget 2012.

9.2.4 Revenue trends in F.Y 2013-14 (April to December):

In the financial year 2013-14, the indirect tax revenue during April-December, 2013-14 has shown a growth of 6.2% over actual collections of April-December, 2012-13. However, Customs, Central Excise and Service tax have represented a growth of 6.7%, (-) 4.5% and 20.0% respectively during April to December 2013-14 over the corresponding period last year.

The trends of revenue collection from indirect taxes since 2010-11 are given below:

Year Wise Trends of Indirect Tax Revenue Collection (₹ in Crore)

Sl. No.	Major Head	2010-11	2011-12	2012-13 (Prov.)	*April-December (Prov.)	
					2012-13	2013-14
I.	CUSTOMS					
	BE	115000	151700	186694	186694	187308
	RE	131800	153000	164853		
	Actuals	135813	149328	165289	118393	126285
	% achievement of BE	118.1	98.4	88.5	63.4	67.4
	% achievement of RE	103.0	97.6	100.3		
	% growth over last year	63.0	10.0	10.7		6.7
II.	UNION EXCISE					
	BE	132000	164116	194350	192864	195937
	RE	137778	150696	171996		
	Actuals	138299	145607	176676	124016	118405
	% achievement of BE	104.8	88.7	90.9	64.3	60.4
	% achievement of RE	100.4	96.6	102.7		
	% growth over last year	33.5	5.3	21.3		-4.5
III.	SERVICE TAX					
	BE	68000	82000	124000	124000	180141
	RE	69400	95000	132697		
	Actuals	71016	97509	132601	91900	110313
	% achievement of BE	104.4	118.9	106.9	74.1	61.2
	% achievement of RE	102.3	102.6	99.9		
	% growth over last year	21.6	37.3	36.0		20.0
IV.	INDIRECT TAX					
	BE	315000	397816	505044	503558	563386
	RE	338978	398696	469546		
	Actuals	345127	392444	474566	334309	355003
	% achievement of BE	109.6	98.6	94.0	66.4	63.0
	% achievement of RE	101.8	98.4	101.1		
	% growth over last year	40.7	13.7	20.9		6.2

Source: Receipts Budget/PrCCA.
**Exclusive of cesses under Central Excise not administered by CBEC, D/o Revenue.*
Changes in Budget 2013-14

9.3 Goods and Services Tax:

Work is in progress in respect of the Government's proposal for introduction of a nationwide Goods and Services Tax. Committees constituted by the empower committee for examination of issues relating to IGST, exemptions ,place of supply rules etc, are studying the various aspects of GST.

9.4.1 Customs

9.4.1.1 A. General

1) Baggage Rules have been amended to.-

(i) raise the duty free allowance in respect of jewellery for an Indian passenger who has been residing abroad for over one year or a person who is transferring his residence to India from Rs.10,000 to Rs.50,000 in case of a gentleman passenger and from Rs.20,000 to Rs.1,00,000 in case of a lady passenger.

(ii) raise the duty free allowance for crew member of vessel/aircraft from Rs.600 to Rs.1500.

9.4.1.2 B. Sector special changes:

I. Agriculture/Agro Processing /Plantation sector:

1) Basic customs duty on dehulled oat grain has been reduced from 30% to 15%.

2) Basic customs duty on hazel nuts has been reduced from 30% to 10%.

3) Export duty of 10% on de-oiled rice bran oil cake has been withdrawn.

4) Basic customs duty on broken cashew kernels [0801 32 10] has been fixed at Rs.60 per kg or 45%, whichever is higher

5) Basic customs duty on whole cashew kernels [0801 32 20] and others [0801 32 90] has been fixed at Rs.75 per kg or 45%, whichever is higher.

6) Basic customs duty on import of raw and white/ refined sugar has been increased from 10% to 15%.

7) Concessional basic customs duty of 5% has been provided to sugar beet seeds.

II. Automobiles:

1) Basic customs duty on new passenger cars and other motor vehicles (high end cars) with CIF value more than US$ 40,000 and/or engine capacity exceeding 3000cc for petrol run vehicles and exceeding 2500 cc for diesel run vehicles has been increased from 75% to 100%.

2) Basic customs duty on motor cycle with engine capacity of 800cc or more has been increased from 60% to 75%.

III. Metals & Polymers:

1) Export duty has been levied on ilmenite, unprocessed at 10% and on ilmenite, upgraded at 5%.

2) Export duty has been levied on bauxite at 10%.

3) Basic customs duty has been reduced from 10% to 5% on stainless steel wire cloth stripe and from 7.5% to 5% on wash coat, for use in the manufacture of catalytic convertors and their parts.

4) Full exemption from export duty has been provided to galvanized steel sheets falling under certain sub-headings, retrospectively w.e.f. 01.03.2011.

5) Basic customs duty on titanium dioxide falling under heading 28.23 has been enhanced from 7.5% to 10%.

6) Basic customs duty on iron or steel scrap including stainless steel scrap (CTH 7204) and aluminium scrap (CTH 7602) has been increased from Nil to 2.5%.

7) Exemption from special additional duty (Special CVD) on brass scrap has been withdrawn.

8) Basic customs duty on polymers (CTH 3901, 3902, 3903 and 3904) including ethylene vinyl acetate (EVA) has been increased from 5% to 7.5%.

IV. Precious metals:

1) Basic customs duty has been reduced from 10% to 2% on pre-forms of precious and semi-precious stones.

2) Basic customs duty has been increased from 8% to 10% on gold and from 6% to 10% on silver.

3) Additional duty of customs (CVD) on gold ores and concentrates and gold dore bar for use in the manufacture of standard gold has been increased from 6% to 8%.

4) Basic customs duty leviable on articles of jewellery and parts thereof, of precious metal

or of metal clad with precious metal and articles of goldsmithsô or silversmithsô wares and parts thereof, of precious metal or of metal clad with precious metal has been increased from 10% to 15%.

V. Capital goods /Infrastructure:

1) Basic customs duty on steam coal has been increased from Nil to 2% and CVD from 1% to 2%.

2) Basic customs duty on bituminous coal has been reduced from 5% to 2% and CVD from 6% to 2%.

3) Basic customs duty has been reduced from 7.5% to 5% on 20 specified machinery for use in leather and footwear industry.

4) Basic customs duty has been exempted on liquefied natural gas (LNG) and natural gas (NG) imported for supply to a generating company for generation of electrical energy.

5) The description and capacities of certain mega power projects has been altered and the name of Neyveli New Thermal Power Station have been added so as to extend the customs duty exemption (BCD and CVD) to goods required for setting up of the said mega power projects.

VI. Aircraft & Ships:

1) Basic Customs Duty on yachts and motor boats has been increased from 10% to 25%.

2) Time limit for consumption of imported goods by ship repair units has been extended from 3 months to 1 year.

3) Time period for consumption/installation of parts and testing equipments imported for maintenance, repair and overhaul (MRO) of aircrafts by units engaged in such activities has been extended from 3 months to 1 year.

4) The basic customs duty exemption to parts and testing equipments for maintenance, repair and overhaul of aircrafts has been extended to parts and testing equipments for maintenance, repair and overhaul of aircrafts and parts thereof.

VII. Environment protection:

1) Full exemption from basic customs duty has been provided to lithium ion automotive battery for manufacture of lithium ion battery packs for supply to the manufacturers of hybrid and electric vehicles.

2) Time period of exemption (Nil BCD, CVD of 6% and Nil SAD) for the specified parts of electric and hybrid vehicles has been extended by 2 more years up to 31st March, 2015.

VIII. Textiles:

1) Basic customs duty on raw silk (not thrown), of all grades has been increased from 5% to 15%.

2) Basic customs duty has been reduced from 7.5% to 5% on textile machinery & parts.

IX. Electronics/Hardware:

1) Basic customs duty on Set Top Boxes for TV has been increased from 5% to 10%.

X. Sports :

1) Full exemption from basic customs duty and additional customs duty has been provided to trophy imported by National Sports Federation recognized by the Department of Sports and Youth Affairs or any Sports Body registered under Societies Registration Act, in connection with any international tournament held in India

2) Full exemption from basic customs duty and additional customs duty has been provided to specified anti-doping and dope testing related equipment in relation to anti-doping and dope testing imported by National Anti-Doping Agency.

XI. Health:

1) Full exemption from basic customs duty and additional customs duty has been provided to specified goods imported under the Revised National Tuberculosis Control Programme (RNTCP) funded by the Global Fund to Fight AIDS, TB and Malaria (GFATM)

XII. Miscellaneous:

1) Exemption from education cess and secondary & higher education cess on aircraft and aircraft parts, soyabean oil, olive oil etc. has been withdrawn.

2) Republic of Haiti has been included in the list of LDCs which are enjoying duty free access under the DFTP Scheme.

3) Deeper tariff concessions has been provided in respect of specified goods imported from Malaysia under the India-Malaysia

Comprehensive Economic Cooperation Agreement (IMCECA).

4) Import of Hilsa fish from Myanmar under India-ASEAN Free Trade Agreement has been allowed at a concessional duty of 5%.

9.4.2 Central Excise

9.4.2.1 Proposals involving changes in Rates of Duty

I. **Agriculture /Agro processing/Plantation sector**:

1) Full exemption from excise duty has been provided on tapioca sago (sabudana) and tapioca starch manufactured and consumed captively in the manufacture of tapioca sago.

2) Full exemption from excise duty has been provided on henna powder or paste, not mixed with any other ingredient.

3) Excise duty on jaggery powder has been reduced from 12% to 2% (without CENVAT) and 6% (with CENVAT).

II. Automobiles:

1) Excise duty on SUVs has been increased from 27% to 30%.

2) Excise duty on truck chassis (8706 00 42) has been reduced from 14% to 13%.

III. Metals:

1) Excise duty of 4% has been levied on silver manufactured from zinc/lead smelting.

2) Compounded levy on stainless steel “Patta Patti” has been increased from Rs 30,000 per machine per month to Rs 40,000 per machine per month.

3) It has been clarified that the item “trimmed or untrimmed sheets or circles of copper intended for use in the manufacture of handicrafts or utensils” presently leviable to excise duty at Rs. 3500 per MT includes copper and copper alloys including brass.

IV. Aircraft & Ships:

1) Full exemption from excise duty has been provided on ships and other vessels. Consequently, there will be no CVD on these ships and vessels when imported.

2) Steel supplied to the Indian shipyards manufacturing ships and vessels [CETH 8901, 8902, 8904, 8905 (except sub heading 8905 20) or 8906] in accordance with the provisions of section 65 of Customs Act, 1962 has been exempted from excise duty subject to fulfillment of certain conditions.

V. Textiles:

1) Full exemption from excise duty has been provided on hand made carpets and carpets and other textile floor coverings of coir or jute, whether or not handmade.

2) “Zero excise duty route”, as existed prior to Budget 2011-12, has been restored in respect of branded readymade garments and made ups. The “zero excise duty route” is in addition to the CENVAT route presently available.

VI. Health:

1) Branded Ayurvedic medicaments and medicaments of Unani, Siddha, Homeopathic or bio-chemic system have been brought under MRP based assessment with abatement of 35% from MRP.

2) Full exemption from excise duty has been provided to the scheduled formulations as defined under the Drugs Price Control Order (DPCO), 2013 which are subjected to re-printing, re-labeling, re-packing or stickering, in a premises which is not registered under the Central Excise Act, in pursuance of the provisions contained in the said Drugs Price Control Order (DPCO).

3) Full exemption from excise duty has been provided to specified goods procured domestically under the Revised National Tuberculosis Control Programme (RNTCP) funded by the Global Fund to Fight AIDS, TB and Malaria (GFATM)

VII. Electronics/Hardware:

1) Excise duty on mobile phones of retail sale price exceeding Rs 2000/- has been increased from 1% to 6%.

2) Full exemption from excise duty has been provided to specified goods required for the manufacture of rotor blades and intermediates, parts and sub-parts of rotor blades, for wind operated electricity generators.

VIII. Precious metals:

1) Excise duty on gold bars, other than tola bars, manufactured from gold ore or concentrate or gold dore bar has been increased from 7% to 9%.

IX. Capital goods/Infrastructure:

1) The description and capacities of certain mega power projects has been altered and the name of Neyveli New Thermal Power Station has been added so as to extend the excise duty exemption to goods required for setting up of the said mega power projects.

X. MSME Sector:

1) Full exemption from excise duty has been provided to clay bricks (CETH 69010010) and roofing tiles (CETH 69051000).

2) Full exemption from excise duty has been provided to ceramic building bricks.

3) Particle/Fibre Board manufactured from agricultural crop residues has been exempted from excise duty.

4) Excise duty on flattened bamboo boards and bamboo flooring tiles has been reduced from 12% to 2% without CENVAT credit and 6% with CENVAT credit.

XI. Miscellaneous:

1) Excise duty on cigarettes has been increased by about 18% on all cigarettes except cigarettes of length not exceeding 65 mm. Cigars and cigarillos duty has also been similarly raised.

2) Excise duty on marble tiles and slabs has been increased from Rs 30 per sq. mtr to Rs 60 per sq. mtr.

3) Full exemption from excise duty has been provided to intermediate goods manufactured and consumed captively by exempted units under Area Based Exemption Scheme in Himachal Pradesh and Uttarakhand.

4) Duty free sale of goods manufactured in India has been allowed to the international passengers or members of crew at the Duty Free Shops located at the arrival / departure hall of International Airports.

5) Full exemption from excise duty has been provided to specified supplies to Departments and Laboratories of the Central Government and State Government, other than a hospital, based on the essentiality certificate issued by the head of the institute and without the requirement of registration of such Department / Laboratory with the Department of Scientific & Industrial Research (DSIR).

9.4.3 Service Tax

9.4.3.1 Amnesty scheme:

To encourage voluntary compliance to broaden the service tax base, VCES scheme was launched during the year. As a part of scheme, one time amnesty has been provided by way of (i) waiver of interest and penalty; and (ii) immunity from prosecution, to the stop filers, non-filers or non-registrants or service providers who have not disclosed true liability in their returns filed during the period from October 2007 to December 2012, provided such persons pay the ‘tax dues’ The scheme became operational on 10th May 2013 and the declaration regarding tax dues were received till 31st December, 2013. About Rupees 7500 crore have been declared by 65000 persons. 50% of the amount so declared is realizable by 31st December 2013.

9.4.3.2 Advance ruling:

Scope of advance ruling has been extended to cover resident Public Limited companies.

9.4.3.2 Retrospective exemption:

Retrospective exemption was extended to the Indian Railways on the service tax leviable on various taxable services provided by them during the period prior to 01.10.2012.

9.4.3.4 Rationalization of abatement:

Earlier value of taxable service was prescribed as 25% of the gross amount charged for all constructions services where the value of land was included in the amount so charged from the service recipient. The abatement was rationalized, so that in respect of high end constructions service portion liable to tax will be 30% of the gross amount.

9.4.3.5 Review of exemptions: The following exemptions were rationalized:

- So far, the exemption limit prescribed for charitable organizations, providing service towards any other object of general public utility was Rs.25 lakh per annum. After 1st April 2013, they will be covered by the threshold exemption.
- Exemption provided to restaurants other than those having (i) air-conditioning and (ii) license to serve liquor, has been rationalized; condition regarding ‘license to serve liquor’ has been omitted. Therefore, with effect from 1st April, 2013, service tax is leviable on taxable service provided in restaurants with air-conditioning or central air heating in any part of the establishment at any time during the year.
- The following exemptions have been withdrawn:

  a) Services provided by an educational institution by way of renting of immovable property.

b) Temporary transfer or permitting the use or enjoyment of a copyright relating to cinematographic films was fully exempt so far. Now, this exemption has been restricted to exhibition of cinematograph films in a cinema hall/theatre.

c) Services by way of vehicle parking to general public.

d) Services provided to Government, a local authority or a governmental authority, by way of repair or maintenance of aircraft.

9.4.4 Trade Facilitation Measures

CBEC has been constantly undertaking both legislative and administrative measures at simplification and trade facilitation in keeping with its policy objectives. Some of the recent changes include:-

9.4.4.1 Central Excise:

Å Circular No. 967/01/13-CX dated 1st January, 2013 was issued to bring about uniformity and certainty in the measures to be taken for recovery of confirmed demand during pendency of stay applications.

Å Notifications No. 07-09/2013 CE (NT) dated 30/5/2013 were issued to allow duty free sale of goods manufactured in India to international passengers and members of the crew at the duty free shops located at International Airports. Circular No. 970/04/13-CX dated 23rd May, 2013 was issued to prescribe the procedure in this regard.

Å Notification No. 12/2013 CE (NT) dated 27/09/2013 was issued to amend sub rule 3 (5A) of Cenvat Credit Rules, 2004 so as to provide that if capital goods are cleared as wastes or scrap, the manufacturer shall pay an amount equal to duty leviable on transaction value. This removes a major grievance of the trade post some amendments made in 2012.

Å Notification No. 14/2013 CE (NT) dated 22/11/2013 was issued to amend rules 8, 9 and 10 of the Central Excise Valuation (Determination of Price of Excisable Goods) Rules, 2000 to bring about clarity.

Å Notification No. 15/2013 CE (NT) dated 22/11/2013 was issued to reduce the threshold limit for mandatory E-payment of Central Excise duty from Rs. 10 lakh to Rs. 1 lakh with effect from 1st January, 2014.

Å Notification No. 01/2014 CE (NT) dated 08/01/2014 was issued to amend rule 3 of Cenvat Credit Rules, 2004 thereby requiring the manufacturer seeking remission of duty to reverse the Cenvat Credit taken or inputs services used in or in relation to the manufacture of the goods on which duties are sought to be remitted.

Å Notifications No. 8 to 11/2014 CE (NT) dated 28/02/2014 were issued to allow for Central Excise registration of an importer who issues an invoice on which Cenvat Credit can be taken. These notifications are effective from 1/4/2013.

Å Notifications No. 13 to 16/2012 CE (NT) dated 21/03/2014 were issued to empower the Chief Commissioner of Central Excise to impose restrictions in certain types of cases as a deterrent measure. Earlier, this power was vested in Member (Central Excise), CBEC. This will take care of a major grievance of the trade that the officer imposing the restriction is not hearing the parties, thereby violating the principles of natural justice.

Å Circular No. 973/07/13-CX dated 04th September, 2013 was issued to clarify that there is no need for payment of amount (around 6 %) under rules 6 (3) of Cenvat Credit Rules, 2004 in respect of the domestic clearances utilizing certain duty credit scrips. This clarification would boost the clearance of indigenously manufactured goods to domestic consumers utilizing these scrips.

Å Circular No. 974/08/13-CX dated 17th September, 2013 was issued to prescribe strict Guidelines for Arrest and Bail under Central Excise Act, 1944, so as to minimize misuse of the arrest provisions.

Å Circular No. 976/10/13-CX dated 12th December, 2013 was issued on the issue of extension of warehousing and acceptance of LUT (letter of undertaking) in place of Bank Guarantee for export warehousing for Status Holder Manufacturer Exporters.

Å Circular No. 978/2/2014-CX, dated the 7th January, 2014 was issued to clarify that Education Cess and Secondary and Higher Education Cess are not to be calculated on cesses which are levied under Acts administered by Department/ Ministries other than Ministry of Finance (Department of Revenue) but are only collected by the Department of Revenue in terms of those Acts.

Å Circular No. 979/03/2014-CX, dated the 15th January, 2014 was issued to clarify certain issues arising out of the judgement of Hon'ble Supreme Court dated 29/08/2012 in the case of M/s Fiat India Ltd. This will bring about uniformity in the implementation of the judgement by the field formations.

Å Instruction F.No. 267/78/13-CX.8 dated 11th December, 2013 was issued directing that assessing officers as well as the first appellate authority should dispose of all the objections while adjudicating upon refund claims so as to avoid unnecessary delays.

9.4.4.2 Customs

Å Self assessment on the lines of Central Excise and Service Tax has been introduced this year in Customs with a view to simplify the procedures and speed up cargo clearance.

Å For faster clearance of courier goods, the Courier Imports and Exports (Electronic Declaration and Processing) Regulations, 2010, providing for registration of authorized couriers and prescribing conditions required to be fulfilled, have been issued.

Å In order to further facilitate importers and exports, CBEC began on a pilot basis, 24X7 Customs clearance with effect from September 1st. 2012(1.9.2012) at identified Air Cargo Complexes (Bangalore, Chennai, Delhi and Mumbai) and Seaports (Chennai, JNPT, Kandla and Kolkata) in respect of following categories of imports and exports:

(a) Facilitated Bills of Entry where no examination and assessment is required; and

(b) Factory stuffed export containers and export consignment covered by Free Shipping Bills.

This scheme was later on extended to other 17 Air cargo complexes where EDI facility is available. Further, all export goods were allowed clearance at four airports (Bangalore, Chennai, Delhi and Mumbai) on 24x7 basis.

Å RMS in Exports: On similar lines of RMS in Imports, the RMS in exports was introduced with effect from 15.07.2013.The objective of RMS in exports was to enable low risk consignments to be cleared based on self assessment of the declarations by exporters. This will enable the department to enhance the level of facilitation and speed up the process of cargo clearance. By expediting the clearance of compliant export cargo, the RMS for exports will contribute to reduction in dwell time, thereby achieving the desired objective of reducing the transaction cost in order to make the business internationally competitive. Currently, RMS (Exports) is operational at 88 locations where EDI is functional (except at JNCH).

Å Single Window: CBEC has decided to implement Single Window Scheme as a common interface for filing electronic declarations by traders to meet requirements of all regulatory agencies. The information relevant to regulatory agencies will be disseminated through secured electronic messages. The scheme aims to reduce dwell time and transaction cost while increasing transparency and optimal utilization of resources. After assessing technical feasibility and availability of IT infrastructure, a pilot project has been initiated with FSSAI and Plant Quarantine authorities with effect from 30.09.2013 at ICD Tughlakhabad wherein data exchange amongst agencies is being done.

Å Import of pets: Board has re-examined the policy of import of two pets by passengers in view of representations received and decided, with effect from 15.04.2013, to allow import of two pet animals as baggage only to persons transferring their residence to India after two years of continuous stay abroad in terms of Baggage Rules, 1998 subject to production of the required health certificate from the country of origin and examination of said pets by the concerned Quarantine Officer. Import of animals (pets) in general would continue to be governed by DGFT policy.

Å Mandatory e-payment of Customs duty: It was decided to make e-payment of duty mandatory for importers registered under óAccredited Clients Programmeô and importers paying customs duty of one lakh rupees or more per Bill of Entry with effect from 17.09.2012.

Å Authorized Economic Operator (AEO) Programme: AEO Programme was rolled out in November 2012 after successfully testing pilot. The Programme is developed in line with SAFE FOS with an objective to secure global supply chain (end to end).The scheme provides preferential treatment to AEO holders in terms of less examination and faster clearance subject to their adherence to tax compliance and meeting prescribed security criterion. As of now, 5(five) Authorizations under AEO Programme have been granted. India has also signed AEO ï óMutual Recognition Agreementô (MRA) with Hong Kong which may lead to extending reciprocal benefits to the trade recognized by Member states under their respective AEO Programmes. MRA with South Korea, USA and Taiwan is also under consideration.

Å Disposal of fire arms imported as baggage under TR facility: It has been decided to allow passengers importing a firearm as baggage on transfer of residence to dispose the same after ten years of import. The disposal will be to persons legally entitled to possess the firearm.

9.4.4.3 Service Tax

Å A new Service Tax Commissionerate in Mumbai was created to cater to the increased workload and serve the assessees more amicably.

Å E-payment of service tax and e-filing of ST -3 returns have been made mandatory for assessees having paid a total service tax of Rs. ten lakh or more including the amount paid by utilization of CENVAT credit, in the preceding financial year.

Å Powers of adjudication of Service Tax cases involving service tax upto Rs. 1 lakh in a show cause notice, except in respect of issues relating to taxability of services, valuation of services and cases involving extended period has been conferred on Superintendents.

Å Service Tax Return Preparer Scheme has been operationalized for the benefit of such service tax assesses as may not have requisite in-house facility.

Å Point of Taxation Rules has been prescribed to determine the point in time when the service is deemed to be provided so as to reduce litigation and simplify the levy.

Å Refund: During the period April, 2013 to February 2014, Rs.43767 Crore has been disbursed as drawback and refund. 28.4% growth is observed in drawback and refund disbursements during the current year, compared to the corresponding period of the previous year.

Å SEZ- refund of service tax: Procedure for refund of service tax paid on taxable service used in the export goods arising out of authorised operations in SEZ has been simplified. Now, such refundable service tax can also be claimed as cenvat credit.

Å Cenvat Credit Rules - simplification: (i) to enable refund of accumulated Cenvat credit to the service providers taxed on reverse charge basis, a detailed notification has been issued prescribing the procedure, safeguards and conditions, under Rule 5B of the Cenvat Credit Rules; (ii) Method of distribution of common input service credit has been simplified by amending Rule 7 of Cenvat Credit Rules, 2004. Taxpayers need not calculate the turnover of each month for each unit to distribute the credit; further, it is not required to ascertain the units to which common input services are being used.

Å Advance ruling: scope extended to cover resident public limited companies; a notification is being issued for this purpose, under section 96A (b) (iii) of the Finance Act, 1994.

Exemptions in the interest of social sector:

(i) Life insurance services provided under Janashree Bhima Yojana and Aaam Admi Bhima Yojana schemes, meant for people below poverty line;

(ii) Services provided by the National Skill Development Corporation (NSDC), Sector Skill Council (SSC) approved by the NSDC, an assessment agency and a training partner approved by the NSDC or the SSC.

(iii) A limited period ad-hoc service tax exemption has been extended to hotel industry in the flood affected state of Uttarakhand till 31st March 2014.

(iv) Scope of service tax exemption made available for construction of dam has been extended by a rationalizing the definition of ógovernmental authorityô

(v) On the request of the Ministry of Health, service tax exemption provided to health sector has been expanded to include services provided by cord blood banks by way of preservation of stem cells.

9.4.5 Central Excise

9.4.5.1 Facilitation Measures

i) Notification No. 12/2013 CE (NT) dated 27/09/2013 was issued to amend sub rule 3 (5A) of CENVAT Credit Rules, 2004 so as to provide that if capital goods are cleared as waste or scrap, the manufacturer shall pay an amount equal to duty leviable on transaction value. This removes a major grievance of the trade post some amendments made in 2012.

ii) Notification No. 14/2013 CE (NT) dated 22/11/2013 was issued to amend rules 8, 9 and 10 of the Central Excise Valuation (Determination of Price of Excisable Goods) Rules, 2000 to bring about clarity.

iii) Notifications No. 8 to 11/2014 CE (NT) dated 28/02/2014 were issued to allow for Central Excise registration of an importer who issues an invoice on which Cenvat Credit can be taken. These notifications are effective from 1/4/2013.

iv) Notifications No. 13 to 16/2012 CE (NT) dated 21/03/2014 were issued to empower the Chief Commissioner of Central Excise to impose restrictions in certain types of cases as a deterrent measure. Earlier, this power was vested in Member (Central Excise), CBEC. This will take care of a major grievance of the trade that the officer imposing the restriction is not hearing the parties, thereby violating the principles of natural justice.

v) Circular No. 973/07/13-CX dated 04th September, 2013 was issued to clarify that there is no need for payment of amount (around 6 %) under rules 6 (3) of Cenvat Credit Rules, 2004 in respect of the domestic clearances utilizing certain duty credit scrips. This clarification would boost the clearance of indigenously manufactured goods to domestic consumers utilizing these scrips.

vi) Circular No. 976/10/13-CX dated 12th December, 2013 was issued on the issue of extension of warehousing and acceptance of LUT (letter of undertaking) in place of Bank Guarantee for export warehousing for Status Holder Manufacturer Exporters.

vii) Circular No. 978/2/2014-CX, dated the 7th January, 2014 was issued to clarify that Education Cess and Secondary and Higher Education Cess are not to be calculated on cesses which are levied under Acts administered by Department/ Ministries other than Ministry of Finance (Department of Revenue) but are only collected by the Department of Revenue in terms of those Acts.

viii) Circular No. 979/03/2014-CX, dated the 15th January, 2014 was issued to clarify certain issues arising out of the judgement of Hon'ble Supreme Court dated 29/08/2012 in the case of M/s Fiat India Ltd. This will bring about uniformity in the implementation of the judgement by the field formations.

9.4.5.2 Other Measures

i) Notifications No. 07-09/2013 CE (NT) dated 30/5/2013 were issued to allow duty free sale of goods manufactured in India to international passengers and members of the crew at the duty free shops located at International Airports. Circular No. 970/04/13-CX dated 23rd May, 2013 was issued to prescribe the procedure in this regard.

ii) Notification No. 15/2013 CE (NT) dated 22/11/2013 was issued to reduce the threshold limit for mandatory E-payment of Central Excise duty from Rs. 10 lakh to Rs. 1 lakh with effect from 1st January, 2014.

iii) Circular No. 974/08/13-CX dated 17th September, 2013 was issued to prescribe strict Guidelines for Arrest and Bail under Central Excise Act, 1944, so as to minimize misuse of the arrest provisions.

9.4.6 Customs

9.4.6.1 Customs Trade Facilitation Measures

The Department of Revenue has undertaken number of initiatives for trade facilitation in the recent past.

9.4.6.2 Self Assessment

Self Assessment of Customs duty by importer or exporters was introduced vide Finance Act, 2011. This is paradigm shift from assessment by Departmental officers to a trust based system of self- assessment. The objective is to expedite release of imported / export goods. The interest of revenue in terms of ensuring correct declarations and duty payment is ensured by an electronic Risk Management System (RMS) that identifies risky consignments for assessment or examination or both. This is supported by a comprehensive audit at the premises of an importer or exporter. An immediate result of the shift to Self Assessment is the increase in the facilitation level of consignments imported through Air, Sea and Inland Container Depots (ICDs) from 60%, 50%and 40% to 80%, 70% and 60%, respectively. Thus, ordinarily majority of imported goods will be allowed clearance without Customs intervention. Self Assessment is a major trade facilitation measures that would result in significant reduction in the time taken for clearance of imported/export goods through Customs and associated transaction costs.

9.4.6.3 On Site Post Clearance Audit (OSPCA) Scheme

'On Site Post Clearance Audit' (OSPCA) has been implemented w.e.f.1 October, 2011 in case of the importers registered under the Customs. This has facilitated specified importers, who now do not have to get their documents audited at the Custom Houses. During the financial year 2012-13, audit of 215 units under OSPCA was conducted which resulted in detection of short levy of Rs 120.61 Crore, of which Rs 2.91Crore was recovered.

9.4.6.4 Authorized Economic Operator (AEO) Programme

This programme has been developed to enable businesses involved in the international trade to reap the following benefits:

- Secure supply chain from point of export to import;
- Ability to demonstrate compliance with security standards when contracting to supply overseas importers/exporters;
- Enhanced border clearance privileges in MRA (Mutual Recognition Agreement) partner countries;

Å Minimal disruption to flow of cargo after a security related disruption;

Å Reduction in dwell time and related costs; and

Å Customs advice/assistance if trade faces unexpected issues with Customs of countries with which we have MRA.

The AEO programme applies to economic operators such as importer, exporter, logistics provider, Customs House Agent.

AEO programmes have been implemented by other Customs administrations that give AEO status holders preferential Customs treatment in terms of reduced examination, faster clearances and other benefits. Thus, our AEO programme is expected to result in Mutual Recognition Agreements (MRA) with these Customs administrations. MRAs would ensure our export goods get due Customs facilitation at the point of entry in the foreign country. Apart from securing supply chain, the benefits include reduction in dwell time and consequent cost of doing business. AEO programme has been rolled out with effect from 16.11.2012. Indian Customs and Hong Kong Customs have signed ôMutual Recognition Arrangementö to recognise their respective AEO Programmes for reciprocal benefits of trade in November 2013. The numbers of AEO certified entities at the end of the financial year 2013-14 are five.

9.4.6.5 Indian Customs EDI Gateway:

ICEGATE exchanges voluminous trade data through more than 127 EDI messages with 19 categories of Institutional /Trade partners and other Govt. Agencies like Port Authorities (IPA), Custodians (Sea Air and ICDs), Banks, Airlines, Shipping lines, Importers/Exporters, CHAs, Pr. CCA, DGFT, Ministry of steel, RBI, DGOV, DGCI&S, CONCORE, CRIS etc. Remote EDI Systems (RES) of ICEGATE provides not only door step services to all these trade/institutional parterres in respect to filing of documents and tracking system, it also provides services from their premises to reply queries raised by the Customs officers during processing of documents for clearance or for sanction of drawback. It has reduced transaction cost of Importers/Exporters and inventory cost of production lines/suppliers significantly. Almost 8 lacs Importers/Exporters and CHAs are using RES services for filing more than 11 million documents(SB/BE/IGM/EGM/CGM), Query Reply in more than 50 lacs cases, transmitting more than 4 Million 1^{st} print files to the importers/CHAs and more than 9 million acknowledgments annually. Customs duty payment through e-gateway has touched 99% of total transaction of EDI. ICEGATE portal received more than 3 billion hits annually on account of document tracking and document filing serves. It provides 24x7x365 Helpdesk and Support to the application for users. More than 18000 Crore incentives (Drawback and Service Tax refund on account of export) are disbursed through Scrolls transmitted to the Banks through ICEGATE.

RMS and ICES 1.5 applications have improved Risk Management System and system assessment process in almost 65% of import and 90% of export consignments are facilitated through RMS. Further, it also provides Compulsory Compliance Requirement in respects to other laws and statutes enforced by Customs. Due to RMS implementation at more than 89 custom locations dwell time of customs clearance has reduced and enforcement of law has been tightened without having human interface in it.

9.4.6.6 24x 7 Deployments of Customs Officers

24x7 Customs clearance operation has been introduced with effect from 1.09.2012 on pilot basis at select ports (Chennai, Kolkata, JNP, Kandla) and airports (Chennai, Mumbai, Delhi and Bangalore) for the following categories of import/ export:

(a) Facilitated Bills of Entry where no examination and assessment is required; and

(b) Factory stuffed export containers and export consignment covered by Free Shipping Bills.

The 24 x7 Customs Clearance facilities were further extended to 17 air cargo complexes having EDI facility. Also, as further trade facilitation measure, 24X7 clearance facility was extended to all types of export goods at Air cargo complexes at Chennai, Mumbai, Delhi and Bangalore.

9.4.6.7 Risk Management System (RMS) in Exports:

CBEC has introduced Risk Management System (RMS) in Export in 88 Customs locations where the Indian Customs EDI Systems (ICES) is operational. RMS in Exports is major trade facilitation measure and important Business Process Re-engineering initiative of the department. The RMS in exports will enable low risk consignments to be cleared based on self assessment of the declarations by exporters. This will enable the department to enhance the level of facilitation and speed up the process of cargo clearance. By expediting the clearance of compliant export cargo, the RMS for exports will contribute to reduction in dwell time, thereby achieving the desired objective of reducing the transaction cost in order to make the business internationally competitive.

9.4.6.8 Interactive Customs Website

Customs has developed an interactive user friendly Customs website to enable importers or exporters to ascertain effective rate of customs duty as well as requirements of other regulatory agencies.

9.4.7 Service Tax

Å A scheme called the Service Tax Voluntary Compliance Encouragement Scheme (VCES) was introduced in the 2013-14 Budget. This was a one - time amnesty scheme for the assessees to declare their tax dues for the period 01.10.2007 to 31.12.2012 and pay the same in two instalments. At least 50% of the tax dues had to be paid by 31.12.2013 and the balance by 30.06.2014. Payment beyond 30.06.2014 and up to 31.12.2014 would attract interest. By doing so the declarant would get immunity from penalty, interest and other proceedings.

Å Following assessees were not eligible to avail benefit of VCES Scheme, 2013.

(i) Assessee who have filed returns and disclosed the true liability but have not discharged such liability in full or part thereof;

(ii) Assessee to whom SCN issued under Section 72, 73 or 73A;

(iii) Assessee against whom enquiry/ investigation had been initiated or is pending as on 1st March, 2013;

(iv) Assessee against whom audit under the provisions of Chapter V of the Finance Act, 1994 has been initiated and is pending as on 01st March, 2013;

Å As per provisional figure 66062 applications were received under this scheme and Rs 3961.51 crores were collected.

9.5 Drawback Division

9.5.1 Functions of Drawback Division are as under:

i. Fixation of All Industry rates of Duty Drawback;

ii. Monitoring of sanction and disbursal of drawback by the field formations; and

iii. Liaisoning with the DGFT on all export promotion (EP) schemes, their operationalization and monitoring (except SEZ, EOU and Gem and Jewellery schemes which are being monitored by the DGEP).

9.5.2 Achievements during the year:

The major work done by the Drawback Division during the period 01.11.2012 to 31.10.2013.

9.5.3 Foreign Trade Policy

(A) The import of catalyst was allowed under EPCG Authorization vide Notification no. 3/2013-Customs dated 13.02.2013.

(B) Vishakhapatnam Airport and Kattupalli (Tamil Nadu) port were included in the list of Airports/ ports in Export Promotion customs Notifications vide notification no. 4/2013-Customs dated 14.02.2013 and notification no. 20/2013-Customs dated 03.04.2013 respectively.

(C) Two notifications nos. 5/2013-Customs and 6/ 2013-customs both dated 18.02.2013 issued to implement post export EPCG duty credit scheme under Chapter 5 of Foreign Trade Policy (FTP).

(D) Two notification no. 2/2013-Central Excise and 3/2013-Central Excise both dated 18.02.2013 issued to enable the use of duty credit scrips (granted under post export EPCG Duty Credit Scheme under Chapter 5 of the FTP) for procuring goods from domestic manufactures by debit of central excise duties in the scrip, subject to conditions specified the exemption notifications.

(E) Norms for execution of bank guarantee in respect of EPCG schemes were relaxed vide circular no. 8/2013 dated 04.03.2013.

(F) The Annual Supplement 2013-14 to the Foreign Trade Policy 2009-14 was announced by Ministry of Commerce on 18th April, 2013 and the changes were implemented vide Notification Nos. 21/ 2013-Cus, 22/2013-Cus, 23/2013-Cus, 24/2013-Cus, 14/2013-Central Excise,15/2013-Central Excise, 6/2013-Service Tax, 7/2013-Service Tax, 8/2013-Service Tax, all dated 18.4.2013 , 17/ 2013-Central Excise and 29/2013-Cus, both dated 16.5.2013 32/2013-Customs, 21/2013-Central Excise and 11/2013- Service Tax, all dated 13.6.2013 and Notification No. 46/2013-Customs dated 26.09.2013. Among the changes implemented are:-

(i) A single zero duty EPCG scheme for all sectors was notified. This rationalized and harmonized the earlier two EPCG schemes of zero and 3% duty. The definition of œxport obligationô is made stricter. Units in Jammu and Kashmir have been permitted lowered specific EO like the units North Eastern States and Sikkim. The restrictions on simultaneously availing TUFS and single zero duty EPCG have been removed. Consequently, a single Post Export EPCG Duty Credit Scrip Scheme was also notified. In this, all duties are paid in cash at time of import and the basic duty is granted as remission in the form of a duty credit scrip in proportion to export obligation fulfilled

(ii) The usage of duty credit scrips that would be issued under the Incremental Exports

Incentivisation Scheme on annual basis for 2013-14 (a variant of the Focus Market Scheme), was notified by amendment to Focus Market Scheme;

(iii) The freely transferable reward scrips (FMS, FPS, VKGUY) were enabled for utilization for payment of service tax on procurement of services;

(iv) Import of cars, etc as commercially registered Tourist vehicles for hotel and tourism industry was brought under usage of Served From India Scheme (SFIS) scrip and it was deleted from the EPCG scheme.

(v) Exemption from anti-dumping duty and safeguard duty under Duty Free Import Authorization (DFIA) was made applicable only in case of actual user. On transfer of DFIA this facility was withdrawn.

(vi) Under Served from India Scheme (SFIS) duty credit scrips, in the case of service provider who is also engaged in manufacturing activity, the import of capital goods including spares related to its manufacturing sector business has been permitted, subject to certain conditions.

(vii) In the case of Agri. Infrastructure Incentive Scrip (AIIS) issued to Status Holders, transferability of the scrip to a supporting manufacturer has been allowed, subject to certain conditions.

(viii) Under Status Holders Incentive Scrip (SHIS) issued to Status Holders, the transferability of the duty credit scrip has been allowed within the group company which is a manufacturer, subject to certain conditions.

(ix) 36 Notifications pertaining to Advance Licences, DEEC, Advance Authorisations, DFIA and EPCG Schemes for the Policy period 1992-1997 to 2004-2009 amended for implementing the option to close cases of default in EO notified by the DGFT.

(G) Foreign Post Office, New Delhi included as port of export in Export Promotion customs Notifications vide notification no. 38/2013-Customs dated 26.07.2013.

9.5.4 Drawback Schedule

The All Industry Rates of Duty Drawback Schedule 2013-14 has been notified w.e.f. 21.09.2013 vide notification no. 98/2013-Cus (N.T.) dated 14.09.2013. The salient features of the Schedule are:-

(a) All Industry Rate (AIR) of Duty Drawback on many items that were already covered under the drawback schedule prior to incorporation of erstwhile DEPB items have been reduced and on few items like gold and silver jewellery, silk yarn, silk fabric, silk garments and made-ups, wooden art-ware etc. have been increased.
The residuary AIR of 1% (composite) and 0.3% (customs) has been provided to hitherto Nil rated items under chapters 4, 15, 22, few items in chapter 24 and casein and its derivatives in chapter 35. AIR has also been provided to articles of silver (silversmithsôwares) subject to similar conditions as applicable to gold/silver jewellery and the Notes and Conditions (22)/(23) of the said Notification shall also have relevance.

(b) The specific rate provided to Ethanol/ENA under tariff item no. 22071090 has been changed to *ad valorem* 1% (composite) and 0.3% (customs). *Ad valorem rates* have been provided to certain items of chapter 37 and imitation jewellery of chapter 71.

(c) Though, the existing residuary rate of 1% ad valorem (composite) and 0.3% (customs) continues, the higher residuary rates have been reduced from 1.5% to 1.3% (customs) or from 2% to 1.7% (customs), as the case may be.

(d) The process of realignment of rates, on items incorporated in the drawback schedule from the erstwhile DEPB scheme, is continued along with rationalizing these rates. In general, AIR on these items have been reduced including some to the applicable residuary rate. In the case of certain electronic goods of chapter 84, 85 or 93, the residuary rate has been provided at 1% (customs).

(e) In the case of most tariff items with *ad valorem* all industry rates above 2%, the rates have been supplemented with drawback caps.

(f) Separate tariff entries have been created for cotton bags, grey and dyed knitted fabrics of cotton, of MMF, of blend where cotton predominates and of blends where MMF predominates, grey and dyed cotton fabrics with lycra, womenôs/girlsôtops, embroidered fabrics of MMF, imitation jewellery of glass, multi-speed complete bicycle with geared hubs, cranks made of aluminum, single speed chain wheel and crank (crank made of aluminum), pillows/cushions/ quilts/pouffles filled with poly-fil/polyfill, etc. A few tariff items have also been replicated with same rates and caps under different four digit levels and descriptions of certain tariff items have been modified to address classification issues.

(g) AIR of Duty Drawback have been provided on milk, milk products , casein and its derivatives and AIR withdrawn on wheat.

9.5.5 Other aspects relating to Drawback

Vide instructions dated 11.10.2013, Board's instructions dated 26.08.2005 issued form F.No. 609/110/2005-DBK regarding grant of provisional brand rate, were reitreated and a time limit of seven days was fixed for issue of provisional brand rate letter in case claim is made under Rule 7 of the Drawback Rules, 1995.

9.6 International Customs Cooperation

9.6.1 A Memorandum of Understanding between the Government of the Republic of India and the Government of Malaysia on Mutual Administrative Assistance in Customs Matters was signed between the Customs administrations of India and Malaysia.

9.6.2 An Agreement between the Government of the Republic of India and the Government of Turkey on Cooperation and Mutual Assistance in Customs Matters was signed between the Customs administrations of India and Turkey.

9.6.3 The Amendments to the Memorandum of Understanding between the Central Board of Excise and Customs and the Australian Customs Service on Customs Cooperation and Mutual Administrative Assistance in Customs Matters were signed.

9.6.4 These Agreements/MoUs facilitate and provide a legal basis for exchange of information among Customs administrations, for prevention, investigation and combating customs offences.

9.6.5 An Agreement was signed to enable use of Carnet System for temporary duty-free admission of goods between India and Taipei.

9.6.6 Sale of indigenous goods through duty free shops in international airports on par with imported goods has been operationalized.

9.6.7 The Customs Act, 1962 has been suitably amended to allow for re-export of goods through Post, which were earlier imported by any mode of transport and warehoused. A scheme for allowing exports through Posts under Export Promotion Reward Schemes has been operationalized.

9.7 Public Accounts Committee

9.7.1 During the current financial year 2012-13, 234 Draft Audit Paras (DAPs) of A, B & D category (Central Excise & Service Tax were received from C&AG office.

9.7.2 Out of these, Ministry's comments on 44 DAPs of A category and 04 of D category have been sent to C&AG office of India. While 46 DAPs of B category have been disposed. Out of 23 Audit Paras, Action Taken Note (ATN) on 17 Audit Paras have been sent to C&AG office. Out of 17 Action Taken Note sent to Audit, 7 Audit Paras have already been settled by C&AG. Not a single non-current Compliance Audit Para is pending with this office.

9.7.3 Performance Audit Report No.09 of 2013 (Levy and collection of Service Tax on Imports of Services) was laid in the Parliament on 13.08.2013. Ministry's Action Taken Note on this Performance Audit Report has been sent to Audit on 3.12.2013.

9.7.4 Sub-committee-IV of the Public Accounts Committee (2013-14) was constituted to examine the subject "Follow up on Audit Report & Civil Ministries related Audit Paras", not selected by the PAC for detailed examination. The Sub-committee had started examination of Non-compliance by Ministries/ Departments in timely submission of Action Taken Notes on the Non-selected paragraphs of the C&AG during the year 2013-14. Ministry's Detailed Background Note (DBN) on the above was sent to Lok Sabha Secretariat on 30.10.2013.

9.7.5 Further, it may be stated that after finalisation of ATN/settled by C&AG , the same is being uploaded in the portal of Monitoring Cell regularly during the year on the direction of Committee of Secretaries (CoS).

9.8 Anti – Smuggling Unit

9.8.1 The following measures have been introduced with a view to help detect and curb evasion of Customs duty and frauds:

a) India has signed various Customs Mutual Assistance Agreements and Memoranda of Understanding with various countries to promote sharing of intelligence and provide investigation assistance to curb duty evasion.

b) Customs Overseas Intelligence Network (COIN) provides actionable intelligence for facilitating seizures of offending goods and to detect evasion of Customs duty.

c) Use of National Import Database (NIDB) helps in detecting under – valuation of imported goods, which has been reported to be the oft-used route for Customs commercial frauds.

d) Intelligence Support System (ISS) provides for development of intelligence and for analyzing macro-level inputs into macro level workable intelligence. This system has resulted in detection of commercial fraud and evasion of customs duty.

e) In order to disseminate information about new modus operandi, DRI shares details of important cases booked by it through issuance of alert circulars. These alert circulars are also used for targeting in the Risk Management Framework. The field formations and DRI also share the information /intelligence and details of cases with other agencies directly as well as by reporting to the Central Economic Intelligence Bureau (CEIB) and at Regional Economic Intelligence Councils (REIC) meetings.

f) The Department has been coordinating with concerned airports for online capture and implementation of Currency Declaration Forms (CDF) applications at other airports-

i. An application (named Currency Declaration Form or CDF) has been implemented in Bangalore, Cochin, Hyderabad, Mumbai, Delhi, Chennai international airports.

ii. The application enables capture of details of currency declared by passengers at the time of arrival or departure from international airports.

iii. The CDF application will enable transmission of data to departments such as DRI, FIU, etc.

iv. A fresh application for the CDF functionality has been developed and the first round of UAT (User Acceptance Testing) has been done.

v. This application is shortly being made available to the user as a module within the ICES application along with relevant guidelines.

g) An Advance Passenger Information System (APIS), is being maintained by MHA. Joint consultations were held between officials of BoI/ MHA, DG (System) and CBEC and accordingly, connectivity between the BoI switch and Customs PC at Delhi Airports has also been established. The APIS application for CBEC is being developed of data about 'Look Out Circulars' by DRI will contain data pertaining to 'suspect' passengers for discreet enquiry by Customs officials, profiling of passengers based on risk rules shared by DRI and will facilitate insertion of targets by officials at local level. NIC (BoI) has developed a part of the software and is in the process of completing the other parts. An APIS application developed by NIC has been ported on the PC installed at the IGI Airport, New Delhi and is being tested. The modified application is expected to be rolled out by January, 2013 after testing.

9.8.2 Procurement of Anti – Smuggling Equipments

a) Fixed X– Ray Container Scanners: - Ministry has sanctioned installation and commissioning of 4 Advanced X – Ray Inspection Systems (AXIS) at Mumbai, Chennai, Kandla and Tuticorin sea ports. The port-wise supply, construction, commissioning etc. of four fixed X-Ray scanners is expected to be completed by March - June 2014.

b) Mobile Gamma Ray Container Scanner: - Ministry has sanctioned installation and commissioning of 3 Mobile Gamma Ray Scanners at Kandla, Chennai and Tuticorin. They are expected to be completed by March, 2014.

c) A proposal for deployment of three Drive– through (Road) Container Scanners having higher throughput of about 120 containers per hour at major ports like Nhava Sheva, Cochin and Mundra Port and one Pilot Rail Scanner at Gateway of Nhava Sheva is under consideration.

d) Acquisition of 109 new marine vessels: - The Department has acquired 109 new generation marine patrolling vessels in replacement of the existing old vessels to enable the Department in discharging its statutory function, i.e. the prevention/detection of movement, of contraband goods, including arms, ammunition, explosives, and narcotic drugs etc. across the country's sea borders. The position regarding deployment of different categories of vessels is as under: -

i. Category I vessels: All 24 vessels have been deployed at Mumbai (03), Goa (02), Mangalore (03), Cochin (04), Pune (Ratnagiri) (02), and one vessel each at Ahmedabad (Umargaon), Jamnagar (Okha), Kandla, Vizag, Chennai, Trichy (Tuticorin), Trichy (Nagapatinam), Kolkata, Vishakhapatnam – II and Bhubaneswar – I Commissionerate.

ii. Category II vessels: All 22 vessels of Category II have been deployed at Mumbai, Jamnagar, Ahmedabad, Pune Commissionerate (Ratnagiri), Mangalore, Goa, Kandla , Chennai and Kolkata.

iii. Category IIIA & IIIB vessels: All the 63 vessels (30 vessels in Cat IIIA & 33 vessels in Cat IIIB) have been deployed at Mumbai (07), Goa (02), Mangalore (02), Pune (04), Cochin (04), Ahmedabad (02), Jamnagar (02), Kandla (02), Chennai (03), Vishakhapatnam (01), Vishakhapatnam – II (02), Guntur (01), Trichy (10), Kolkata (10), Bhubaneswar (02), Patna (03) and Shillong (06) Nos.

e) High Energy X-Ray Cargo/ Pallet Scanners (HEXS): - CBEC has approved procurement of four High energy X-Ray Cargo Inspection Systems/ Pallet Scanners for installation in the Trade Facilitation Centres at Salamabad and Chakan-da-Bad at the Indo-Pak border in J & K. Two machines have been installed at Chakan-da-Bad. Other two machines to be installed shortly at TFC Salamabad SAT.

f) Procurement of 87 X ï Ray Baggage Inspection Systems (XBISs): - Sanction has been accorded for purchase of 87 X ï Ray Baggage Inspection Systems (XBISs) and same have been received for their deployments in the customs field formations such as Airports, Air Cargo Complexes, Sea Ports/ ICDs, LCSs, FPOs and CFSs/ UB Centres. The requirements of field formations for 76 additional new generation XBIS is under approval for initiating application under GNIT.

g) Carat Meters: - Administrative Approval and Financial Sanction for procurement of 18 Carat Meters to Evaluate the purity of Gold and Silver under Drawback scheme for installation at Customs Houses (Air Cargo Complexes) specified for export of Gold & Silver jewellery under Duty document has been prepared and the same has been set to Ministry of Law for vetting. These equipments are likely to be deployed in next financial year.

9.8.3 Anti ï Smuggling Performance of DRI and Commissionerateï At a Glance - The Anti- Smuggling performance of DRI and field formations is given below. This includes details of Seizures made and persons detained by Customs Authorities.

From Outright Smuggling angle, the sensitive commodities, prone to smuggling, on the basis of cases detected in the past include Narcotics & Other Psychotropic Substances, Gold, FICN, Red Sanders, Memory Cards etc. The major commodities prone to evasion in terms of commercial frauds are Betel Nuts, Parts & Accessories, Non Edible Crude Palm Oil, Iron Ore Concentrate, Aircrafts, Cigarettes, Ozone Depleting Substances (R -22 Gas), Garments & Accessories etc.

Anti-Smuggling Performance (₹ in Crore)

Sr.no.	Item of Work	2011-12		2012-13		2013-14 Up to Dec. 2013	
		Number	Value/Duty	Number	Value/Duty	Number	Duty
1	Seizures	25537	4522.89	28317	3079.43	7561	25535.71
	Gold	486	46.43	871	99.34	299	6237.37
	Narcotics	480	1711.93	470	969.15	113	13726.45
	FICN (Face Value)	25	2.64	21	2.23	00	00
	Others	23797	728.37	26375	386.24	7149	5571.89
	Commercial Fraud	749	2033.52	580	1622.47	112	31107.79
2	Commercial Fraud Cases Detected	5333	2198.20	5390	5970.38	864	17812.76
	Under Valuation	558	498.84	1961	320.2	71	647.42
	Mis-declaration	1386	913.32	1217	2673.12	240	5737.93
	Misuse of DEEC/Advance License Scheme	6	14.02	11	139.99	1	18.78
	Misuse of DEPB Scheme	59	25.42	18	22.94	0	0
	Misuse of EPCG Scheme	30	82.41	25	231.85	2	373.32
	Misuse of EOU/EPZ/SEZ Scheme	9	9.88	9	44.13	1	6.13
	Misuse of Drawback Scheme	138	31.06	175	825.82	38	3575.16
	Misuse of end-use & other notifications	104	343.34	220	1609.92	67	1363.48
	Others	3043	279.91	1754	102.41	482	9665.70
3	Duty Recovered	6243	610.63	6757	1603.52	976	4656.96
4	Persons arrested	597		575		231	
5	Persons detained	35		28		5	

9.9 Dispute Resolution – Litigation Policy

9.9.1 In tune with National Litigation Policy, the Central Board of Excise & Customs has taken key initiatives in making the entire litigation process efficient and streamlining the business processes so as to reduce the quantum of litigation, by not contesting matters involving revenue amounts below specified threshold limits. Detailed instructions and guidelines have been issued by the Board to all field formations prescribing threshold limits for filing of appeal by the department in Tribunal, High Court and Supreme Court. Thus, no appeal is ordinarily required to be filed in the Tribunal if the revenue involved is Rs. 1 lakh or below. Similarly, threshold limits for High Court and the Supreme Court, is now prescribed at Rs. 2 lakh and Rs. 5 lakh respectively.

9.9.2 Enhancement of the powers of the Single Member Bench of the Tribunal

In the Budget 2013, legislative amendment were carved out in the Central Excise Act, 1944, Customs Act, 1962 and the Finance Act, 1994 to enhance the powers of the Single Member Bench of the Tribunal to hear/ disposal of cases involving amount upto Rs 50 Lakhs. Earlier this limit was Rs 10 Lakhs). This is expected to expedite quick disposal of cases pending in the Tribunal.

9.9.3 Creation of 6 new Benches of the Tribunal

The Government has approved creation of six additional benches, one each at Delhi, Mumbai & Chennai and one each at new places in Chandigarh, Allahabad & Hyderabad in November, 2013. The work of making these new benches operational is under way.

9.9.4 Statement of cases pending in different FORA

NO.OF CASES PENDING AS ON : 31.12.2013 (₹ in Crore)

SL. No.	Appellate Forum	Total No. of Deptt. Appeals	Total Amount Involved In Deptt. Appeals	Total No. of Party's Appeals	Total Amount Involved In Party's Appeals	Grand Total No Of Appeals (D+P)	Grand Total Amount Involved
1	Supreme Court	2061	7378.59	1143	2858.84	3204	10237.43
2	High Courts	6772	6990.27	7743	8741.70	14515	15731.97
3	CESTAT	19908	16278.14	47667	92591.18	67575	108869.32
	Total	28741	30647	56553	104191.72	85294	134838.72
4	Commissioner Appeal	4112	861	31320	8101.77	35432	8962.77
	Grand Total (1+2+3+4)	32853	31508	87873	112293.49	120726	143801.49

9.9.5 Information about the performance/achievements in Departmental SLPs

Period	SLP		
	Number of proposals received	Number of SLP filed	Number of cases where High Court orders were accepted
2005- 06	171	100	71
2006- 07	317	220	97
2007-08	303	185	118
2008-09	360	343	17
2009-10	387	331	56
2005- 06	171	100	71

9.10 Publicity

Highlights of the performance and achievements during the year (1st April - 31st December, 2013):

9.10.1 Publicity

The Directorate placed massive multi-media campaigns in English, Hindi and major regional segments to publicize important schemes, provisions & amendments for the taxpayerô s education and to inculcate the culture of voluntary compliance amongst taxpayers.

9.10.2 Print Media: Advertisements – Newspapers

The Department launched Service Tax Voluntary Compliance Encouragement Scheme, 2013 (VCES) providing immunity to Service Tax assessees from interest, penalties etc. on truthful declaration of pending dues (of period 1st October, 2007 to 31st December, 2012), affording them opportunity to pay due service tax in two installments first, at least half of dues before 31st December, 2013 and remaining half by 30th June, 2014 without interest or by 31st December, 2014 with interest from 1st July, 2014 onwards.

Under the directions of the Honôble Finance Minister, the Directorate was assigned to extensively publicise the Scheme for the information & guidance of Service Tax assessees. The Directorate was allocated additional funds to the tune of Rs. 45.42 crores under the Publicity head towards production of creatives and release of campaigns.

The Directorate planned comprehensive 3600 multi-media strategy in furtherance of this objective. As per directions of the Ministry, the high-pitch campaign involved release of over 80 to 85 advertisements through print media during the period.

Apart from the VCES, campaigns were undertaken on other schemes and clarifications e.g. óAEOô on Authorized Economic Operator Programme, CBECôs major initiative towards establishing Customs Business Partnership; Reverse Charge on payment of Service Tax by Service Recipients; last/extended dates for filing of Service Tax returns.

The media plan for these campaigns covered English, Hindi and regional segments on all India basis.

9.10.3 Advertisements – Magazines

The Directorate utilized other print media options to extend the reach of the campaign on VCES. Advertisements were placed in reputed general category and service sector specific periodicals e.g. Rail Bandhu; Airports India; Business Today; Business India; Competition Success Review; Business World; India Today; Discover India; Inside Outside; Auto Car India; Outlook; Outlook Business; Outlook Money; Pratiyogita Darpan; Chitralekha; Shubh Yatra; Jet Wing (in-flight); Chartered Accountant General; Outlook Traveller; FHRAI; Cargo Talk; PC Quest; Vivaha; CREADI; Society Interior; Trav Talk; Hair & Beauty; Smart Photography; Good Homes; Lonely Planet; Franchise India; Images Business of Fashion; Images Retail; Grih Sundari; The Week; Travel & Leisure; etc.

9.10.4 Electronic Media: On VCES

The Directorate produced and placed three 35-seconder TV Commercials [titled óVCES-Iô, óVCES-II (Father-Daughter)ô, óVCES-IIIô] on VCES, 2013 for telecast.

Later, in pursuance of the Ministryôs directions, the Directorate produced TVCs [óIrrfan-Ladooô, óVinay-Anjaanô, óVinay-Laparwahiô, óIjjatô, and óNaamô (all 40-seconders)] and [óSchoolô, óBeauty Saloonô, óFather & Sonô, and óDriverô (all 45-seconders)] during the period in question.

The media plan for these TVCs comprised leading Hindi, English and regional language News/ Business News channels, Lok Sabha TV, DD News, DD National, etc.

9.10.5 Outdoor/Misc. Media:

Radio: Radio spots [óVCES-Iô, óVCES-IIô, and óVCES-IIIô, óNamumkinô (45-seconders)] and [óCome Onô (40-seconder)] on Service Tax VCES were produced over this period by the Directorate and placed for leading FM Radio Frequencies covering important centres throughout the country.

Outdoors: Campaigns were placed through Digital Media (3600 LEDs), Hoardings, Bus Queue Shelters, Master Poles, Underpass Hoardings, Unipoles, etc. for high visibility areas like airports, railway stations, commercial hubs, market places, complexes, etc. for dissemination of provisions of VCES on rotation basis during the period.

Internet: Monster banners / Home page advertisements / TV Commercials on Service Tax Voluntary Compliance Encouragement Scheme, 2013 were placed at regular intervals on popular websites e.g. economictimes.com; moneycontrol.com; yahoo.co.in; divyabhaskar.com; jagran.com; *oneindia.com; bhaskar.com; crickbuzz.com; crickinfo.com*; *and taxindiaonline.com* during the period.

SMS Campaign: were undertaken on last/ extended date/s of filing Service Tax and Central Excise returns were also undertaken.

9.10.6 Publication (1st April, 2013 to 31st December, 2013)

The Directorate brought out following publications at the behest of Central Board of Excise & Customs and other formations:

9.10.7 Tax Payerôs Information Publications

(i) An informative booklet óDuty Drawback, 2013-14ô (CBEC).

(ii) An informative pamphlet óIntellectual Property Rights Measures by Indian Customs (IPR-Pamphlet)ò (CBEC).

(iii) An informative booklet óSurkshit, 2013ô at the behest of DG Systems, New Delhi.

(iv) Informative Posters on óAuthorised Economic Operator Programmeô for DG Inspection, New Delhi.

(v) An informative leaflet on óAuthorized Economic Operator Programmeô(CBEC).

(vi) Booklet on Service Tax Voluntary Compliance Encouragement Scheme, 2013 (VCES) on behalf of CBEC.

(vii) Flyers on Voluntary Compliance Encouragement Scheme (VCES) were printed at the behest of CBEC, New Delhi.

(viii) An informative booklet on óSafeguardô at the behest of DG Safeguard, New Delhi.

(ix) Booklet óStandard Operating Procedure on Litigation in Appellate Forumsô at the behest of Directorate of Legal Affairs, New Delhi.

9.10.8 Departmental Publications

(i) Monthly editions of óCBEC Digestô, containing Customs, Central Excise and Service Tax Notifications, Circulars and Administrative orders.

(ii) óVidhi Vartaô on behalf of Directorate of Legal Affairs, New Delhi.

(iii) óService Tax Audit Manual, 2011ô on behalf of DG Audit, New Delhi.

(iv) óManual for Quality Assurance Reviewï 2007ô on behalf of DG Audit, New Delhi.

(v) óManual for Customs on Site-Post-Clearance Audit-2011ô DG Audit, New Delhi.

(vi) óComputer Assisted Audit Programme CAAP Manual-2009ô(DG Audit, New Delhi).

(vii) Monthly óECS Law Reporter Vol. II, No. I & 2ô 2013 (CESTAT, New Delhi).

(viii) Monthly booklets óAudit Bulletinô February & March, 2013 (DG Audit, New Delhi).

(ix) ñCompliance Audit Report No. 24 of 2010-11 and 31 of 2011-12 (CBEC).

(x) óAsset Register, 2013ô(DG HRD, New Delhi).

(xi) óCustoms Manual, 2013ô was printed at the behest of CBEC.

(xii) A booklet óCC Conference of Customs on Customs Tariff and Allied Matters, 5-6 June, 2013ô was printed at the behest of CBEC.

(xiii) Information booklet óCC/DG of CCE & Service Tax on 17-18th July, 2013ô was printed at the behest of CBEC.

(xiv) A brochure on ñCC Conference 17-18th July, 2013ò on behalf of CBEC.

(xv) A brochure on óImproving Sustainability of adjudication orders passed in relation to evasion cases in Central Excise, Customs and Service Tax before CESTAT and Courts of Lawô was printed at the behest of CESTAT, New Delhi.

(xvi) Coffee Table Book of the Directorate of Revenue Intelligence, released on 9th Dec., 2013

(xvii) Sampark-2014 (telephone directory)

(xviii) Mini Sampark

9.10.9 Human Resource Development Publications

(i) óAnnual Report 2011-12ô(DG CEI, New Delhi).

(ii) Quarterly issues of in-house journal óICE Magazineô

Promotional Publication

(i) Annual Calender

9.10.10 CBEC Pavililon at IITF-2013

The Directorate set up a Pavilion at the Indian International Trade Fair-2013, held at Pragati Maidan, New Delhi, from 14th to 27th November, 2013. The pavilion showcased the three taxes Customs, Central Excise and Service Tax with special focus on Service Tax Voluntary Compliance Encouragement Scheme, 2013. The Pavilion comprised separate Help Desks on Customs and Central Excise/Service Tax/VCES manned by departmental officers to handle the queries of the visiting trade & public. Varied information was put up through panels, translites, rotors, blowups and screens playing departmental films/commercials. Activities like painting competitions, mime shows, quiz competitions, tatoo painting were conducted at periodic intervals to attract the visitors. The visitors giving correct answers to the department related information were given mementos. Updated brochures/flyers: FAQs on VCES; Guide For Travellers; Reward Scheme for Informers; Convenience @ACES; Green Customs; Appellate Procedures in Customs, Central Excise & Service Tax; icegate e-commerce portal; Advance Ruling Scheme, etc. were kept for free distribution to trade and public.

The Pavilion attracted a huge and consistent footfall throughout the fair and was quite successful in its desired aim of publicizing the VCES and promoting public awareness about the role and working of the department. The Pavilion begged the Bronze Medal for excellence in display in the Government Departments category. The award was presented by the Honôble Union Minister Shri Farooq Abdullah.

9.11 Directorate General Of Inspection Customs & Central Excise

9.11.1 Origin of the Directorate General

This Directorate General was constituted in 1939, as part of the Board office for conducting periodical inspections and for advising the Board on technical questions and on standardization of organization and procedure in the

Customs houses and the Central Excise Commissionerates. It was separated from the Board on 1st April, 1946 and given the status of an attached office.

9.11.2 Itôs Charter of Duties

The main functions of the Directorate General of Inspection are:-

- To study the working of the Customs, Central Excise Departmental machinery throughout the country
- To suggest measures for improvement of its efficiency and rectification of important defects in it through inspection and by laying down procedures for smooth functioning
- To carry out Inspection to determine whether the working of the field formation are as per Customs and Central Excise procedures and to make recommendations in respect to the procedural flaws, if any noticed
- To suggest measures for improvement in functioning of the field formations
- Nodal office for implementation of Official Language Policy of Government.

9.11.3 Performance highlights

9.11.3.1 Inspection of field formations:

Board has revised the norms of frequency for inspection of field formation Central Excise, Customs and Service Tax vide meeting BMB 32/ 2010 dated 12.5.10. As per the new norms, DGICCE is to inspect the Commissionerate headquarter once in three years. Additional inspections would be based on careful profiling of the risk parameters. Each Commissionerate shall be inspected each year by either DGICCE or jurisdictional Chief Commissioners. For this DGICCE shall form annual inspection plan allocating Commissionerates for inspection to DGCCI or Chief Commissioner. Accordingly an annual plan is prepared for the year.

As per approved annual CX action plan for the year 2013-14, 36 Central Excise Commissionerate have been scheduled for inspection by H.Q and its Regional Units. The remaining 68 CX formations have been allocated to jurisdiction Chief Commissioners.

As per approved annual Customs action plan for the year 2013-14, 20 Customs Commissionerates have been scheduled for inspection by H.Q and its Regional Units, The remaining 16 CUS formations have been allocated to jurisdiction Chief Commissioners.

9.11.3.2 Implementation of official language policy:

As per the letter F. No. A-11019/34/2001-AdIV (Pt) dated 02.08.2005 issued by CBEC, Department of Revenue, DGICCE is entrusted to function as nodal agency of Central Board of Excise for implementing various works relating to Hindi (Rajbhasha) in the field formations and to coordinate with Grih Mantralya (Rajbhasha vibhag). These directions have been approved by Chairman (CBEC).

In 2012-13, the following major work for promotion of the Official Language was undertaken as per above directions:-

- Conducted 53 inspections of different field formations with respect to implementation of Official Language policy during the year.
- Meetings of Parliamentary Committee on Official Language were coordinated and attended.
- Translation of CHA Model paper in Hindi.
- Translation of DGICCEôs website in Hindi.
- Hindi day/Hindi week was celebrated and various competitions were held.
- Workshops were conducted in DGICCE and one for its regional units.
- Two Rajbhasha Sammelans, one at Guwahati and another at Mysore were conducted.

9.11.3.3 Implementation Plan for 2013-2014

- Official language inspections of the offices under CBEC are proposed to be conducted as per the Annual Targets 2013-2014 of Department of Official Language, Ministry of Home Affairs.
- Participation in forthcoming meetings of Honôble Parliamentary Committee on Official Language at Raipur Commissionerate, Haldwani Division, Kolhapur Commissionerate, Customs (P) Division Agartala and Jhansi Division from time to time.
- Hindi workshops will be conducted.
- OLIC meetings will be organized as per the Annual Targets of DOL. Till date, three meetings have been organized in the month of April, June and September.
- Hindi week / Hindi fortnight was organized in the month of September, 2013.

9.11.4 Process and sanction refund to Government of Nepal

DGICCE processes the central excise duty rebate claims of the Govt. of Nepal under a procedure called Duty Rebate Procedure (DRP) as prescribed by Notfn. No. 21/2004-CE (NT) dated 06.09.2004.

The rebate of central excise duty is governed by the Protocol to the Treaty of Trade between India & Nepal in terms of Protocol III of the Article III of the said Treaty.

The amount refunded to the Government of Nepal from 20.08.2009 onwards is as under:-

Year	Amount of refund	Number of invoices processed
2008-09	₹ 186 Crore	38,000
2009-10	₹ 178 Crore	41,000
2010-11	₹ 203 Crore	43,000
2011-12	₹ 202 Crore	73,500
2012-13	₹ 241 Crore	57,110
2013-14 (upto Oct'13)	₹ 48 Crore	7,517

9.11.5 Process and sanction refund to Royal Government of Bhutan (RGoB)

The work undertaken by DGICCE in respect of Bhutan exports are categorized in two parts:

(i) Refund of Excise duty to RGoB

(ii) Export to Bhutan for Govt. aided projects

As per the Agreement on Trade and Commerce between the Royal Government of Bhutan and Government of India, there is free trade and commerce between the two countries of goods produced in either country, Article VIII of the Agreement provides that: "*Each of the Government agree to provide appropriate refund to be mutually decided annually in respect of excise duties on goods of its origin exported to another".*

In pursuance of the above provision, the GOI (MEA) has been annually paying refund of excise duties collected on goods exported from India to Bhutan. On reference from MEA, exercise to work out approximate refund amount is undertaken by DGICCE. The documents regarding claim of refund from RGoB are sent from MEA to the Board which in turn are sent to DGICCE.

Year (Jan-Dec)	Amount of refund
2009 (for the year 2006	₹ 107 Crore
2010 (for the year 2007	₹ 128 Crore
2011 (for the year 2008 & 2009)	₹ 234 Crore
2012 (for the year 2010 &2011)	₹ 306 Crore

9.11.6 Results Framework Document (RFD) formulation and monitoring

9.11.6.1 Results Framework Document (RFD) is a programme by Performance Management Division (PMD) of the Cabinet Secretariat. The RFD is an understanding between the Minister and the Secretary to the Department as to what are its key objectives for the next year, the actions that are proposed to achieve the objectives and the success indicators that are set to measure the progress.

9.11.6.2 Background: Based on the recommendation of the Second Administrative Reform Commission, the Prime Minister approved the outline of a "Performance Monitoring and Evaluation System (PMES) for Government Departments" in September 2009. Under PMES, each department is required to prepare a Results-Framework Document (RFD).

9.11.6.3 The Board approved CBEC RFD for 2012-13 in June 2012 after the approval of the Department of Revenue. The percentage weightage for each objective indicated the inter se priority. The targeted rating to be achieved was 'Very Good'.

9.11.6.4 The percentage weightage for each objective indicated the inter se priority. The targeted rating to be achieved was 'Very Good'. A range of values was given to rate performance from 'Excellent' to Poor'.

9.11.6.5 Results achieved:

CBEC scored 74.2 marks out of 100 in external assessment in 2012-13. Results are available on CBEC website.

9.11.6.6 RFD 2013-14

Secretary, (Revenue) has approved CBEC RFD 2013-14 in August, 2013. The first half yearly report has been sent to Board on 29.10.2013. The updated report shall be sent in November, 2013 with more data from action owners.

9.11.7 Coordinating update of all CBEC manuals

9.11.7.1 Vide BMB No. 62/09 issued vide F.No. 296/04/2009-CX-9 dated 20.10.2009 and 23.10.2009, the work of updating CBEC Manuals is being coordinated by DGICCE. The manuals update is delegated to specific Zonal Chief Commissioners/ Directors General.

9.11.7.2 Monthly Technical Report (MTR) compilation

Two reports are compiled and monitored at DGICCE. These are:

Monthly Technical Report for CX and Customs covers all key areas including Arrears of revenue, Disposal, Adjudication, Call Book, Refund, Audit paras, Provisional assessments, Bonds and Court Cases which give month wise C.C Zone's highest pendency of number of cases and revenue involvement. The data is collected from 23 CX zones and 13 Customs zones and is analyzed for high level pendency with monthly trends.

MTR for Service Tax is compiled by DGST.

9.11.7.3 Monitoring of Adjudication cases

Monitor adjudication pendency of cases over 1 year and with revenue of 1 Cr: This Directorate General monitors pendency of adjudication cases pending for more than one year and also cases involving revenue of more than Rs. one crore.

9.11.7.4 Implement AEO programme in CBEC

The Authorized Economic Operator (AEO) programme has been developed pursuant to guidelines of the World Customs Organization (WCO) adoption of SAFE Framework of Standards in 2005.

The Indian AEO programme has been launched by the CBEC with issue of the Circular No.37/2011, dated 23.08.2011 and DGICCE has been designated as the Nodal Office for implementation of the AEO Programme. ADG (DGICCE) HQ Delhi is the programme implementation Manager. The full fledge AEO programme was rolled out by CBEC vide Circular No. 28/2012, dated 16.11.2012.

This programme may provide businesses with an internationally recognized quality mark that will indicate:

Å Their secure role in the international supply chain

Å Efficiency of procedures and record keeping

Å Compliant nature

An entity with an AEO status may, therefore, be considered a secure trader and a reliable trading partner by Indian Customs as per the guideline incorporated in the Circular No.28/2012, dated 16.11.2012.

The AEO Programme is for different categories of economic operators, such as, Importers, Exporters, Customs House Agents, etc. The programme certifies the operators after due verification of application.

The intention is to give AEO certified operators a preferential treatment in terms of less Customs examination, relaxed procedural requirements etc. This is subject to the authorized operators maintaining security standards and compliance requirements as stipulated, and informing the AEO Programme Manager within 30 days in case of any significant change in business or business processes.

The AEO certificate shall be granted after detailed pre-certification verification and validation done by AEO programme Team of DGICCE. The certification will be based on 4 criteria:

(i) Establish a record of compliance in respect of Customs and other legal provisions

(ii) Demonstrate satisfactory systems of managing commercial and, where appropriate, transport records

(iii) Be financially solvent

(iv) Demonstrate satisfactory systems in respect of security and safety standards.

The authorization shall normally be granted within 90 days of receipt of complete application if the same is found to be acceptable and not deficient in any material particulars. The programme also provides for circumstances under which the authorization may be considered for revocation or suspension.

The prescribed specific benefits to AEO compliance clients are as follows in terms of the Board circular:

(a) Importers:

Å Reduced examination and inspection with AEO status holder being given higher facilitation than that available to ACP Clients.

Å Acceptance of pre-arrival import declarations.

(b) Exporters:

Å Reduced examination and inspection.

Å Acceptance of export declarations without bringing goods into Customs area.

(c) Warehouse Owners:

Å Faster approvals for a new warehouse.

Å Reduced audit.

(d) Custom House Agents:

Å Acceptance of pre-arrival import declarations for client importers.

(e) Logistics Providers (Carriers / Forwarders):

Å Transit of goods without case by case permissions.

Å Transit of goods without Customs escort.

In the pilot project of Indian AEO programme, 3 entities were certified with AEO certificate. Details of these entities are as under:

On the basis of pilot project, the Indian AEO programme was rolled out full fledged by the CBEC with issue of the Circular No. 28/2012-Customs, dated 16.11.2012.

S. No.	Name of Certified Unit	Date of Certification
1.	M/s IBM India Ltd.	18.07.2012
2.	M/s LG Electronics India Ltd.	18.07.2012
3.	M.s Ennore Cargo Containers Ltd.	18.07.2012

18 applications have been so far received for grant of AEO status out of which 01 applicant namely, M/s SEMCO ELECTRIC PVT. LTD. has withdrawn the application citing technical reasons. 01 application by Max Shipping and Forwarding Pvt. Ltd. has been rejected for failure to submit complete application within a reasonable time. 01 application of M/s BOSCH Ltd has been rejected for infringement of legal compliance. The rest of the applications are at different stage of document verification/onsite validation at AEO Centers at Regional Units as well as headquarters. Status of these applications is as under:

Summary:

1.	No. of applicants:	-	18	
2.	Application returned/withdrawn	-	01	(Sl. No. 18)
3.	Application still not complete	-	09	(Sl. No. 3, 4, 8, 11, 12, 13, 14, 15 & 17)
4.	Complete application where site visit is due	-	01	(Sl. No. 16)
5.	Complete application where site visit has been done	-	07	
	(i) AEO status granted	-	00	
	(ii) AEO status rejected /put on hold	-	02	(Sl. No. 01, 02)
	(iii) Pre-certification process underway	-	05	(Sl. No. 5,6, 7,9 & 10)

9.12.1 Systems and Computerization

The e-governance projects already implemented and those under implementation by the CBEC are in line with the proposed vision of the National e-Governance plan. Most of the projects undertaken by CBEC have targeted the tax payers and other stake holders such as importers and exporters, Customs House Agents, manufacturers and service providers. In these initiatives, the department is guided by the following principles:

Å Citizen-centric delivery of services through ñsingle windowò interface.

Å Providing services on an ñanytime, anywhereò basis.

Å Ushering in Transparency and Accountability.

Å Simplification of Procedures.

Å Reduction in Transaction Costs.

Å Minimization of manual interface.

Å Encouraging voluntary compliance.

Å Synergy between various Tax Systems.

Efforts are being made to make an overview of the Department available over the internet and through various service centers. Integrated service delivery is also being attempted by integrating processes, cutting across diverse field formations under CBEC and also by integrating with partner agencies such as Banks, Airlines, Custodians, CONCOR, etc.

9.12.2 Details of Completed Activities / Services

S.No	Activity	Brief Account
1.	Online registration of Central Excise Assessees	To enable the taxpayer to register online as Central Excise Assessee On the website www.aces.gov.in [Currently available to users in 104 Commssionerates.]
2.	Online registration of Service Tax Assessees	To enable the taxpayer to register online as Service Tax Assessee On the website www.aces.gov.in [Currently available to users in 104 Commssionerates.
3.	Online filing of Central Excise Claims, Intimations & Permissions	To enable the taxpayer to file online Claims, Intimations & Permissions On the website www.aces.gov.in [Currently available to users in 104 Commissionerates]
4.	Online filing of Central Excise Returns	To enable the taxpayer to file their Central Excise Returns with CBEC over the Internet. On the website www.aces.gov.in [Currently available to users in 104 Commissionerates.]
5.	Online filing of Service Tax Returns	To enable the taxpayer to file their Service Tax Returns with CBEC over the Internet. On the website www.aces.gov.in [Currently available to users in 104 Commissionerates.

6.	e-payment of Central Excise Duty	To enable the tax payer to make online e– payment by directing the user to the EASIEST website (https://cbec.nsdl.com/EST/InputPageForEPaymentServlet) or to the website of assessee's preferred bank. On the website www.aces.gov.in
7.	Online registration with ACES	To enable the tax payer to register online for transacting electronically with the Central Excise or Service Tax Department through ACES. [Currently available to users in 104 Commissionerates.] On the website www.aces.gov.in
8.	Online registration of Non – Assessee with ACES	To enable Non – Assessees such as Merchant exporters to register with ACES to transact with the Department On the website www.aces.gov.in [Currently available to users in 104 Commissionerates.]
9.	Online training on ACES	To enable assessees, non–assessees & other users to be familiar with the ACES through online tutorials (Learning Management Software), User Manuals and FAQs. On the website www.aces.gov.in
10.	Web-viewing and Web-tracking of status of Central Excise / Service Tax documents	To enable tax payer & users to view or to ascertain the status of their Central Excise / Service Tax documents filed through ACES On the website www.aces.gov.in
11.	Service Desk facility for ACES	To provide the users the facility of Service Desk to solve their problems in using ACES by calling national toll free No.1800-425-4251 (on working days between 9 AM to 7 PM & 9.00 am to 2.30 pm on Saturdays) or by sending e-mails to aces.servicedesk@icegate.gov.in. [As on 31.10.2013 , 6,42,428 issues have been received out of which 6,42,195 have been resolved and percentage of resolution is 99.96 %]
12.	Electronic credit of Duty Drawback and Service Tax Refund	To enable the taxpayer to receive electronic credit of the amount due directly into his account with any bank. This is enabled in the Indian Customs EDI System ICES Exports.
13.	Dissemination of information relating to the indirect taxes through web.	To enable the taxpayers to obtain up to date information relating to Customs, Central Excise & Service Tax laws, forms, etc through internet. On the websites www.cbec.gov.in, www.aces.gov.in and https://www.icegate.gov.in
14.	Online registration of Importers/ Exporters/ CHAs	To enable the taxpayer to register online as Trading Partner for transacting electronically with the Customs is available on the website www.icegate.gov.in. The user has to be registered at ICEGATE in order to file BE, SB, IGM, CGM, EGM etc. Registration is free.
15.	Online filing of Customs documents such as BE, SB, IGM, EGM, CGM, SGM etc.	The number of documents filed through Remote EDI System (RES) has been consistently rising and in the FY 2009-10 ICEGATE handled total 8.3 million documents. During 2011-12, the number of documents filed through ICEGATE crossed 9.19 millions. In the FY 2012-13 total 10.15 million documents were filed. In the financial year 2013-14 (up to Nov. 2013) 8.05 million documents have been filed. Presently most preferred format for filing at ICEGATE is proprietary flat file message formats however; option to use the other schemas such as XML & UN-EDIFACT message formats are also available to trade. In ICEGATE Upgrade project, schemas for XML & UN-EDIFACT message formats are being developed. Total 120 major customs locations are covered in Customs EDI System. In addition, the upgraded ICEGATE also allows filing, Amendments and Query Reply Messages Online through ICEGATE for ICES 1.5 locations and also gives the facility to take the printout of the 1st Copy of the Bill of Entry and the Challan for Duty payment at the Service Centre as well as at the user's preferred location such as house / office etc.

16.	Electronic filing options	There are three options for filing the documents 1. E-Mails (SMTP ï Simple Mail Transfer Protocol) 2. Web Upload 3. FTP (File Transfer Protocol)
17.	Online acknowledgement	Acknowledgements of the documents filed through RES are communicated electronically to the users at their email addresses.
18.	Recent new message / facility additions a. Goods Registration Message b. Multiple transaction and mandatory e-payment c. Migration of all old application running through Kandla Server to new infrastructure (ICES 1.5) d. Message of data to Pr. CCA e. Migration of Message exchange with DGFT from old server to SFTP.	Various new messages with Custodians as well as other agencies have been developed and started. Development and commissioning of new applications in place of old existing application related to DGFT took place. New e-gateway e-payment of customs duty has also been started.
19.	e-payment of Customs Duty	ICEGATE enables the tax payer to make multiple payments at one go through new e-gateway. Almost 98.5% customs duty paid through at EDI locations comes through e-gateway.
20.	Electronic messages for Customs Duty payment in the bank.	The prompt electronic messages to the bank containing the Duty Payment Challan details as soon as the BE is assessed and due for Duty payment enables prompt duty payment by the tax payers by visiting the bank and the reverse message of duty payment from the bank and its integration into messaging enables import goodsô clearance without hassle and reduces transaction costs.
21.	Web-tracking of status of Documents filed electronically	Facility of Tracking documents at ICEGATE and ICES level is available. Tax payers/ users view their documents status through www.icegate.gov.in tracking system. Online tracking system includes: Å BE status tracking Å SB status tracking Å Container based tracking Å BL tracking Å IGM/ SGM/ CGM tracking Å EGM tracking Å tracking of queries raised in BE Å tracking of queries raised in SB Å Inquiry Module for Service Centre users for ICES 1.5 locations also runs through ICEGATE Å Challan tracking Å IEC tracking Å License status tracking etc. Å CHA PAN based enquiry Å DBK scroll tracking and Å SB wise DBK enquiry

22.	Online Information sharing and authentication with DGFT	The Customs department shares following information with DGFT in the Ministry of Commerce through ICEGATE: Å IEC (Importer Exporter Code) issued by DGFT Å Shipping bill data transmission to DGFT by Customs for the issue of Licenses Å Import Export Licenses issued by DGFT Å Verification of licenses issued by DGFT with the relevant Customs Shipping Bills and its integration into the ICES
22(a).	IEC status with ICEGATE	To enable the taxpayer to ascertain on the Internet whether his IEC (Importer/Exporter Code) issued by DGFT has been received at ICEGATE. On the website www.icegate.gov.in
22(b).	Online verification of DEPB licenses	To enable online transmission of Shipping bills to DGFT and receipt and verification of DEPB licences issued by DGFT and their receipt through electronic message from DGFT has resulted in doing away with the manual verification of DEPB licences. On the website www.icegate.gov.in
22(c).	Online verification of DES / EPCG Licences	To enable online receipt of DES/EPCG Licences issued by DGFT and their receipt through electronic message from DGFT has resulted doing away with the manual verification of these licences. The relevant SBs and Bill of Entries are also transmitted to DGFT for issuance of EODC by DGFT. On the website www.icegate.gov.in
23.	Online information sharing with other Govt. Agencies	Customs shares information with following Govt. Agencies online: • RBI • DGCI&S (Ministry of Commerce) • Pr. CCA • DGOV • DRI • Ministry of Steel etc.
24.	Publication of DTR	ICEGATE publishes DTR on the website in view of Notification No. 18/2012.
25.	Customs Duty Calculator	As a measure of facilitation, Customs Duty Calculator has been providing at the ICEGATE and CBEC website, which not only provide rate and calculation of different types of customs duty chapter headings wise, it also gives details of Compulsory Compliance Requirement and relevant Notifications etc.
26.	Transhipment module	To enable online transmission of SMTP portion of IGM from automated gateway ports to automated ICDs
27.	API (Application Program Interface) for the ICES	API (Application Program Interface) for the Customs EDI by way of publication of: Å Communication Guidelines With ICEGATE for ICES 1.0 and ICES 1.5 Å Code List / Directories such as port code,AD code, and currency code directories etc. Å PAN Based CHA (Custom House Agents) Data
28.	Registration for IPR (Intellectual Property Rights)	The registration once done for an IPR at ICEGATE is valid for all the ICES sites. It is also Free.
29.	Helpline facility for ICEGATE transactions	To provide a Helpline for problems faced by taxpayers in transacting with the department through ICEGATE. The ICEGATE Helpdesk is functional round the clock.

30.	Online training on ICEGATE / Self help	Sample formats of messages as per the requirement of trade and FAQs are also provided on the ICEGATE website www.icegate.gov.in
31.	24X7 helpdesk facility	The ICEGATE also provides 24X7 helpdesk facility to the trade users through dedicated toll free number. In the year 2011-12 the helpdesk received more than 137005 e-mails and 107324 calls. In the year 2012-13 it received 169330 calls and 132173 mails. Helpdesk has received 1,36,922 calls and 1,01,429 mails in the year 2013-14 up to Nov. 2013.
32.	EASIEST	The Electronic Accounting System in Excise and Service Tax (EASIEST) project was launched in March 2007 and made operational in all Central Excise and Service Tax Commissionerates from April, 2007. The objective is to make available accurate tax payment data from banks for revenue and tax payer accounting. Under this system, data through all modes of payment including e-payment is captured by banks in the agreed format and uploaded in electronic form and made available to the Department. For improving data quality of Internet payments the EASIEST e-payment portal was developed. This is a web based feature which interfaces with the e-payment portals of the tax collecting banks. It is operational since November 2008. The various validations of the challans are done at this level before forwarding it to the bank's site for the financial transaction. Since September 2010, the assessee code has been made mandatory for making EASIEST payments. As on date, 27 banks are authorized and have got linked with this portal. During the financial year 2012-13, about 59.83 Lakh challans were uploaded by the banks. In respect of the current financial year 2013-14 (upto 2nd December 2013), 32.87 Lakh challans have been uploaded. 98% of the revenue in Central Excise and 89% of revenue in Service tax was through e-payment. Outcomes of the project 1. With the implementation of EASIEST, it has become possible to ascertain the gross revenue collection figures for Central Excise and Service Tax on a daily basis by the senior management in CBEC. Web- based MIS have been developed to monitor the tax collection. 2. Capture of the unique Assessee Code in EASIEST data enables accounting of the tax paid by each taxpayer. 3. Automation in Central Excise and Service Tax (ACES) project has automated the workflow in the Central Excise and Service Tax Commissionerates. The data from EASIEST are used by the ACES application and it helps in system-based verification of tax payment. 4. As part of the EASIEST project, the taxpayer is able to verify the status of tax payment over internet. This not only increases transparency but also provides a sense of confidence in the taxpayers that the taxes paid are correctly credited. Resources available on the websites for taxpayers • In ACES Application (aces.gov.in), a link is provided to NSDL website (https://cbec.nsdl.com/EST) to facilitate Assessee Code Based Search, Challan Status, Gateway for E-payment of CE & ST, FAQs and Downloads (GAR-7 Format with Accounting Codes for payment). • easiest-cbec@nic.in has been created to handle queries of the taxpayers and banks • Frequently Asked Questions (FAQs) on EASIEST on http// cbec.gov.in

- Facility for online verification of tax payment status on https://cbec.nsdl.com.
- Facility for verification of assessee registration details like name, address, and location codeô using the link óAssessee Code Based Search on https://cbec.nsdl.com

EASIEST MIS Reports

The EASIEST MIS are web based reports which can be used to monitor the tax collection as well as quality of data. The reports are user friendly and simple to use and can be exported to excel or printed and are sortable. The following broad categories of reports are available for EASIEST:

1. EASIEST Collection reports which show collections based on the challan data of Central Excise Duty and Service Tax uploaded by banks. The types of report under this category are:

Report	Information Available	Levels
Summary Report	• Gross collection amount • Accounting code wise breakup • current and previous year figures and growth percentage thereof	• All India
Chief Commissionerwise collection Report	• Excise and Service Tax collection • Accounting code wise breakup • current and previous year figures and growth percentage thereof	• All India • Chief Commissioner • Commissioner
Top Assessee Report Top 25/50/100/500/1000 taxpayers for selected period	• Payments by Top taxpayers • Major Accounting code wise top tax payers • Minor account code-wise and service-wise top taxpayers • e-payment and physical payments	• All India • Chief Commissioner • Commissioner (with option to ascertain upto Division / Range) • In respect of exclusive ST Commissionerate User, Top Assessee Report can be generated upto 5000 top taxpayers • Challan Wise details are available in respect of such top tax payers
e-payment Report	• e-payment and physical payments • Accounting code wise breakup • The % of e-payment as compared to physical payment.	• All India • Chief Commissioner • Commissioner

		2. EASIEST Coverage reports are for monitoring data quality and show the coverage of EASIEST data in terms of funds and bank branches. The types of report under this category are: • Fund Settlement Statistics Report • Branch Coverage Statistics Report • Fund Settlement Statistics (Monthwise) • Revenue Report as per RBI All India users like Chairperson, Members, D.Gs can view such reports. This would helps in generation of bank-wise summary of Gross Revenue settled with RBI vis-à-vis Gross revenue uploaded into NSDL. This enables monitoring of the revenue accounting in the respective financial year besides keeping a watch on the banks (also month-wise) on their delay in either upload of challan (revenue) into NSDL or fund settlement with RBI. The individual branches are also monitored on their upload or failure to upload challan or NIL challan data into NSDL. Revenue Report as per RBI (newly added report during June 2013) would help the top officers in CBEC to know the bank wise summary of Gross Revenue, Refund and Net Revenue for both Central excise and Service Tax as per fund settlement with RBI. This is the revenue reported to the Govt. Exchequer. 3. EASIEST Deficiency reports are based on the error records uploaded by banks and give details branch wise of the various kinds of errors rectified. 4. Invalid Assessee Code report is for monitoring data quality and gives bank wise details of the invalid Assessee Codes for all India, Chief Commissionerate and Commissionerate during a month. This is applicable for the challans tendered prior to September 2010, after which the system generated Assessee Code has been made mandatory. 5. Assessee Code View report would facilitate viewing of details of revenue payment by the assessee in respect of any financial year - summary and individual challan payment (including minor duty head payment details)

9.12.3 Brief details of on-going Projects are as under:

S.No.	On- Going Projects	Brief Account
1.	Automation of Central Excise and Service Tax(ACES)	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 been rolled out in all 104 Commissionerates on 23.12.2009. e-filing of returns has been made mandatory for all Central Excise & Service Tax assessees w.e.f 01.10.2011 vide Notification No. 21& 22/2011-CX dtd. 14.09.11 and 43/2011-S.Tax dtd. 25.08.2011. Till 31.10.2013, 36,53,575 Central Excise Returns and 43,81,378 Service Tax Returns got filed in ACES, besides 1,16,046 Registration applications in Central Excise & 10,37,273 in Service Tax. Further 1,02,573 claims of Refund and 2,49,010 Claims and Intimation applications have been filed in ACES.

		In order to help the users, CBEC has set up a Service Desk with a National Toll-free No 1800 425 4251, which can be accessed by both the departmental officers and taxpayers between 9 AM to 7 PM on all working days. Besides, they can send e-mails (24X7) to aces.servicedesk@icegate.gov.in. All the calls / e-mails are logged by the Service Desk Agents, who are issued unique ticket numbers. If these Agents cannot resolve the issues at their end, they can escalate it to different teams namely the application team, Network team or the Hardware team for necessary action. CBEC teams closely monitor the progress of work in the Service Desk, analyse the issues and issue suitable instructions for early resolution. The close monitoring by the CBEC team has resulted in a very high degree of resolution. Till 31.10.2013, 6,42,428 issues were received in Service Desk, out of which 6,42,195 (99.96%) issues have been resolved. The DGS has signed MOUs with Institute of Chartered Accountants (ICAI), Institute of Cost Accountants (ICAI) and Institute of Companies Secretaries (ICSI) to set up Certified Facilitation Centers across India. These CFCs assist those assessees, who do not possess requisite expertise or infrastructure, to transact their business in ACES. Currently, around 1160 such CFCs are operating in about 350 cities across India and the services are available on payment of prescribed services charges for various services such as digitisation of paper documents and on-line filing/ uploading of documents such as Application for Registration, Returns, Claims, Permissions and Intimations etc. in ACES. CBEC held series of workshops and training programmes in different parts of the country by collaborating with different local Chambers of Commerce and Industry/Trade Associations and Institutes. Learning Management Software (LMS), a self-learning online tutorial has been hosted on the ACES website to teach users how to use ACES. User Manuals and FAQs have also been hosted on the ACES website. A new facility has been provided to all the departmental officers to view the details of Shipping Bills (SBs) and AREs relating to exports made under ARE-1/ARE-2. This facility would help Central Excise Officers in verification of proof of export submitted by the manufacturer and thus reduce time for release of Bond/LUT and consequential sanction of rebate claims.
2.	Augmentation of Computer infrastructure within the department	An All India Wide Area Network linking more than 37,000 Departmental users to the National Data Centre, Data Replication and Disaster Recovery 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 at 523 sites. The work at remaining 16 sites is in progress. Helpdesks have been provisioned to address user complaints on WAN and LAN issues. Alternate WAN Connectivity at 20 critical CBEC locations is being provisioned by M/s Tata Communications Ltd. This will ensure 100% availability of network at these locations.

	System Integration	The project is implemented and is in maintenance phase • Three National Data Centres are in operation with System uptime of greater than 99%. There is centralised monitoring and security management on a 24*7*365 basis. • All centralised business software applications such as the Indian Customs EDI system (ICES), the Central Excise and Service Tax application (ACES), EDW, etc. are being hosted from these National Data Centres. The system supports about 37000 internal users and has about 30 Lakh registered external users (taxpayers). • Websites hosted - The corporate website (cbec.gov.in), e-commerce portal (icegate.gov.in) and the ACES website (aces.gov.in) are running from this central infrastructure and they get more than 217 crore hits in the current FY 2013-14 till 11th Dec 2013. • New applications/taxpayer services such as Currency declaration Form (CDF) and Interactive tariff are hosted on the central IT infrastructure. • A 24*7*365 SI helpdesk is in operation for Infrastructure and resolution of end user problems. A total of 31302 tickets were logged at the SI helpdesk in 2013-14 up to September 2013. • A Single Sign-on (SSO) application supporting more than 37000 registered users has also been implemented for providing policy based access for CBEC's officers to different applications. • Owned email domain – webmail.icegate.gov.in mail messaging solution has been implemented from the Data Centre to provide official mail accounts to over 20,000 internal users. • A Network & IT Operations Centre (NOC) has been set up for providing support to applications users and pro-active monitoring of the infrastructure. • Augmented SI infrastructure enabled the launch of RMS Export application at pilot locations ICD Patparganj and ICD Mulund • All of CBEC's production databases across Customs , Central Excise and Service tax (ICES , ACES, RMS, ICEGATE) and user identity management were successfully upgraded at Primary and DR sites without any interruptions to operations. Disaster Recovery (DR) drill held on 13-15th September 2013 - Live transactions were successfully carried out from the DR site and also replicated back to the Primary site without any issues.
	Local Area Network	Local Area Network Connectivity has been provided to CBEC users in about 1177 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 are able to securely connect/access the central computing facility.

3.	Data Warehouse (DW)	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 is the first of its kind in the field of taxation in India. 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 be a single repository for Indirect Tax data providing a holistic nation-wide 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. There is no requirement for technical expertise to extract these reports or query the data from the DW portal and 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. Additionally, the DW project team has also successfully implemented the TAX 360 project which 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. Other States such as Gujarat have requested for implementation of similar projects for their States.
4.	e-payment of Customs duties	E-payment of Customs Duties has been made mandatory for payment of more than Rs 1 lakh duty per Bill of Entry and for all ACP importers. Facility of e-payment is available as an option for all other importers also.
5.	Electronic Data Interchange (EDI)	The upgraded version of the Customs EDI System (ICES, version 1.5) has been implemented at 116 Customs locations. The number of documents file in the period April 2012 to March 2013 is as follows: Bills of Entry : 3274117 Shipping Bills: 5446697 Import General Manifests: 281142 Export General Manifests: 158934
6.	Goods and Services Tax Network (GSTN)	The implementation of GST requires (i) integration of indirect tax IT systems at Centre and States to provide standard and uniform interface to the tax payers and (ii) a robust settlement mechanism amongst the States and the Centre particularly in the context of the inter-state trade of goods and services (IGST). This is possible only when there is a strong IT Infrastructure and Service backbone which enables capture, processing and exchange of information amongst the stakeholders (including tax payers, States and Central Government, Banks and RBI).

To give a concrete shape to these objectives, the Directorate General of Systems and Data Management has played the role of a Secretariat to the Empowered Group on IT Infrastructure for GST (EG) which included representatives from seven States.

Approval from Cabinet was sought for incorporation of GSTN based on the consensus achieved on the various aspects related thereto. The Cabinet accorded its approval for incorporation of GSTN in April, 2012. Government of India also approved a grant-in-aid of Rs 315 crore towards expenditure for the initial setting up and functioning of GSTN for a three year period after incorporation.

Subsequent to the Cabinet approval and in accordance with the structure approved by Cabinet, GSTN was incorporated as a Section 25 (not-for-profit), private limited company on 28 March, 2013. While Government holds 49% equity in GSTN, private financial institutions namely, HDFC Ltd., HDFC Bank Ltd., NSE Strategic Investment Corporation Ltd., ICICI Bank Ltd. LIC Housing Finance Ltd. hold remaining 51% equity. As per the structure of GSTN, a private institution cannot hold more than 10% equity in GSTN except that one private entity may hold up to 21% equity.

The maximum strength of Board of GSTN could be 14 Directors. Out of the 14 Directors, 7 Directors (including the Chairman) are Government nominees/appointees. Out of the remaining 7 Directors, 3 are to be appointed by private entities holding equity in GSTN, 3 will be independent Directors and a CEO will be appointed through an open selection process by the Board of GSTN.

GSTN would be the exclusive national agency responsible for delivering Indirect Tax-related services (during Pre as well as Post GST regime) integrating Centre and States. Since GSTN would be handling with sensitive and confidential data, Government has retained its strategic control over GSTN through various measures including having its representatives in Board of GSTN, retaining the power to appoint the chairman of the Board of GSTN, allowing casting / second vote to Chairman, subjecting several strategic decisions to be passed only through ¾ of the majority of the shareholders of GSTN (Government holds 49% equity in GSTN) and deputing Government officers at strategic positions in GSTN.

DG (Systems) is also coordinating a Pilot Project through NSDL covering Centre and States for GST implementation under the aegis of the EG . The following tasks have been completed ï

- óAs-IsôStudy of IT infrastructure & Processes for Centre and all States / UTs
- PAN analysis of existing Dealer data for all States / UTs and Centre
- Development and Testing of the prototype modules for GST Registration, Return, Payments, payment reconciliation, credit verification and inter-state settlement. These modules are based on the interim business processes which are under discussion between Centre and States.

		➢ Testing of GST prototype modules: Multiple rounds of testing of prototype GST core modules (Registration, Return and Payments) were conducted by teams from DG Systems, CBEC (Delhi & Chennai) and dealers from Centre and State Tax administrations. Around 700 dealers & commercial tax officers from Pilot States (June-October 2012 and March 2013) and 200 dealers from Centre (June-September 2012 and March 2013) participated in the testing. Dealers from the following tax formations under CBEC participated in the workshops and testing of GST prototypes: Å Chennai Service tax Commissionerate Å Chennai ï II Commissionerate Å Chennai LTU Commissionerate Å Chennai ï III (Ranipet & Vellore) Commissionerate Å Bangalore ï I Commissionerate Å Bangalore LTU Commissionerate Valuable feedback/suggestions were received from various stakeholders adding to the learning from the GST Pilot Project. Based on the recommendation of the EG, a committee comprising of representatives from DoS, O/o Pr CCA, RBI, SBI and NSDL under the Chairmanship of DG Systems was constituted in November 2011 for finalizing the payment processes under GST. The committee met five times since its creation and based on their deliberations came up with a Draft Discussion Paper (version 7) on the payment, accounting and related banking arrangements for implementation of GST. While this paper has been used as the basis for the prototype modules, work is currently underway in developing the next version of the Draft Discussion Paper on GST Payment processes.
7	ICEGATE	ICEGATE is an application project that fulfils the department's EC/EDI and data communication requirements. ICEGATE is a portal that provides e-filing services to the trade and cargo carriers and other clients of Customs Department. It creates Single Window environment and provide door step services. The domain of Single window system is getting expended in terms of data exchange with from many other agencies like PQIS, FSSAI, Pr. CCA, RBI. 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 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. The National Import Database (NIDB) and Export Commodity Database (ECDB) for Directorate of Valuation are also being serviced through ICEGATE. All electronic documents/ messages being handled by the ICEGATE are processed at the Customs' end by the Indian Customs EDI System (ICES), which is running at 120 customs locations. In addition to e-filing, ICEGATE also provides host of other services like e-payment, on-line registration for IPR, Document Tracking status at Customs EDI, online verification of DEPB/DES/EPCG licences, IE code status, PAN based CHA data and links to various other important websites/information pertaining to the Customs business.

9.12.4 The projects of CBEC have also helped in making the process of assessment of goods transparent due to the following features:-

(a) Document status information through use of Tele-enquiry system, Touch Screen Kiosks, SMS, display of Document status on TV monitors and on local web sites leading to greater transparency in the monitoring of shipments by trade.

(b) Transparency engendered through Document Tracking, Status Query and Help Desks at ICEGATE.

(c) Information dissemination through departmental websites: www.cbec.gov.in, www.icegate.gov.in, www.aces.gov.in .

9.13 Risk Management Systems (RMS)

9.13.1 As a measure of trade facilitation and effective enforcement through intelligent interdiction of only high risk cargo for customs examination, an Inter Ministerial Group (IMG) of finance, commerce and shipping ministries recommended implementation of Risk Management System (RMS) along with an assured customs clearance procedure for special clients having good track record and who meet specified criteria identified by the Customs.

9.13.2 Accordingly, the Central Board of Excise and Customs (CBEC) developed a risk management system in-house and starting with Air Cargo Complex, Sahar, Mumbai in December 2005, implemented it in 23 major Customs sea ports/airports covering about 85% of India's international trade. To operationalize the risk management system, the CBEC had issued a circular (43/2005 – Cus) on 24.11.2005.

9.13.3 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.

9.13.4 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.

9.13.5 All the qualified importers, who have demonstrated capacity and willingness to comply with the laws Customs department is required to implement and registered with the Risk Management Division, established vide the CBEC circular 23/2007 – Customs dated 28.06.2007 to implement the risk management system, under the Accredited Clients Programme (ACP), introduced vide the CBEC circular 42/2005 – Customs dated 24.11.2005, get assured facilitation. Except for a nominal percentage of consignments selected on a random basis by the RMS, or cases where specific intelligence is available or where a specifically observed pattern of non-compliance is required to be addressed, the ACP importers are allowed clearance on the basis of self assessment. There are 326 such ACP importers as on 01.11.2013. The CBEC vide circular 29/2010 – Customs dated 20.08.2010 extended the Accredited Clients Programme to the status holders under the Foreign Trade Policy.

9.13.6 Upon introduction of RMS, the erstwhile Concurrent Audit was replaced by Post Clearance Audit. Post Clearance Audit is carried out only on Bills of Entry selected by the Risk Management System for such audit. To take the post clearance audit to next level, the CBEC has introduced onsite post clearance audit (OSPCA). To begin with the onsite post clearance audit will be limited to ACP clients.

9.13.7 The implementation of RMS has revolutionized the customs import clearance process by cutting down the clearance times drastically. This measure has brought about drastic reduction in the dwell time of cargo and transaction costs for importers, and improved their global competitiveness. Thanks to remote filing of import documents using the internet web portal of Indian Customs www.icegate.gov.in , introduction of e-payment facility and implementation of RMS, today the Indian importers are able to clear their goods within a few hours.

9.13.8 In recognition of the impact the RMS made on the public delivery standards in general and customs clearance in particular, the Prime Minister's Award for Excellence in Public Administration was conferred for the year 2007-08 to the "Implementation of Risk Management System in Customs".

9.13.9 With the migration of ICES from version 1.0 to version 1.5 and from the earlier distributed environment to central environment at Delhi, the RMS application, which was running on a server located at RMD, Mumbai had also been moved to the central server at Delhi. A new version of Risk Management System (RMS 3.1) compatible with the ICES 1.5 version was developed.

9.13.10 The new version of Risk Management System (RMS 3.1) is operational in 88 Customs locations (as on 01.12.2013) including those 23 locations where old version (RMS 2.7) was in existence.

9.13.11 The Risk Management System (RMS) in Export has been launched as a pilot project at two sites viz. ICD Patparganj and CFS Mulund on 15.07.2013 and later at ACC, Sahar Mumbai on 15.10.2013. RMS in Export has further been implemented at 11 locations on 13.11.2013 and another 11 locations on 02.12.2013. Therefore, RMS

Export is presently functional at 25 locations. RMS in Export is scheduled to be launched at all the remaining ICES locations where RMS in Import is functional, in December 2013.

9.13.12 Introduction of RMS in Exports is a measure of trade facilitation and for selective screening of only high risk consignments for Customs control. With the introduction of RMS, the present practice of routine verification of self-assessment and examination of Shipping Bills will be discontinued and the focus will be on quality assessment, examination and Post clearance Audit of Shipping Bills selected by the RMS. Basic objectives and proposed benefits of implementation of RMS in Export processing are:

- To expedite the Customs clearance of compliant export consignments by way of concentrating only on risky shipments for subjection to assessment and examination thereby facilitating trade and reducing the transaction cost.
- Proper mechanism for enforcement of prohibitions and restrictions related to export of goods.
- Correct and timely disbursement of drawback and other export incentives.
- Compliance of Other Governmental Department (OGD) laws and procedure for time being in force.

9.13.13 The Risk Management System for courier clearances has been developed and is ready for implementation.

9.13.14 ARTS (Automated Recording and Targeting System) module of IPR, which has been implemented in the early 2008, has been further fine-tuned and made more user-friendly. The Centralised Bond Management module of ARTS has been implemented.

9.13.15 A module for IGM based selection of containers for scanning on arrival at JNPT, Nhava Sheva was also developed by the Risk management Division and successfully implemented. The entire application was migrated to the central server and made it compatible with RMS 3.1.

9.13.16 Implementation of RMS in Export Promotion Schemes

- Risk Management System in Export Promotion Schemes, covering about 28 such schemes, has been implemented at all 88 RMS locations as of now and the RMD officers have been in constant touch with the field formations to ensure effective and hassle-free implementation and operation in respect of above EDI locations.

9.13.17 RMS Training Programmes

The Risk Management Division has been in the forefront of training Customs officers of various countries. Tax authorities from Israel have been been to RMD. In addition, the RMD officers have visited many Customs field formations in the country and imparted on the job training to the Customs officers. The RMD officers have also actively associated in the RMS training programmes of NACEN, Faridabad, & Mumbai. RMD has imparted training to newly recruited Class I officers.

9.13.18 ARTS for enforcement of IPR provisions

- ARTS (Automated Recording and Targeting System) module of IPR, which has been implemented in the early 2008, has been further fine-tuned and made more user-friendly.
- The Centralised Bond Management module of ARTS has been implemented.

9.13.19 IGM based Container Scanning

- A module for IGM based selection of containers for scanning on arrival at JNPT, Nhava Sheva has been developed by the Risk management Division and successfully implemented.

9.13.20. Accredited Clients Programme (ACP)

9.13.20.1 The Central Board of Excise & Customs (CBEC) has introduced Risk Management based solution as the Risk Management System (RMS) with the "Accredited Clients Programme" (ACP) as its major component. The objective of the programme is to grant assured facilitation to importers who have demonstrated capacity and willingness to comply with the laws Customs department is required to implement. With the implementation of the RMS, this programme has replaced all existing schemes for facilitation in the sites where RMS is implemented. The Risk Management based solution as the RMS with the ACP has been implemented for the import cargo clearance in the country w.e.f. November, 2005 vide Board's circular No. 42/2005-Cus. dated 24.11.2005 issued vide F.No. 450/66/2005-Cus IV.

9.13.20.2 The objective of the RMS is to enable the department to strike an appropriate balance between trade facilitation and enforcement of law relating to Customs, Excise and Service tax. Under the RMS, Bills of Entry filed by importers in the Indian Customs EDI System (ICES) are processed for risk and about 70% of the consignments are allowed clearance based on the importer's self-assessment without examination, after checking the marks and numbers on the packages or in the case of Full Container Load (FCL Cargo), the container numbers and seals, and after taking over the relevant documents from the importers. Other consignments are routinely going for Appraisement or Examination or both depending on the evaluation of risk by the RMS.

9.13.20.3 Importers accredited under the Accredited Clients Programme form a separate category to which assured facilitation is being provided. Except for a nominal percentage of consignments selected on random basis by the RMS, or cases where specific intelligence is available or where a specifically observed pattern of non-compliance is required to be addressed, the ACP status holders are being allowed clearance on the basis of self-assessment i.e. as a matter of course, clearance is being allowed on the basis of the importer's declarations, and without examination of goods. Further, this benefit has been made available only to the registered Accredited Clients at all the ports in the country where EDI and the RMS are operational. This measure has certainly brought about drastic reduction in the dwell time of cargo and transaction costs for such importers.

9.13.20.4 For qualifying for the ACP, the applications have to satisfy any one of the criteria set out at para 7 of the Board's Circular No. 42/2005-Cus. dated 24.11.2005. Further, the accreditation is being granted for a period of one year at a time and is renewable thereafter upon a review of the compliance record of the Accredited Client.

9.13.20.5 The importers who have been granted the ACP status are required to maintain high level of compliance. It is closely monitored by the Risk Management Division in co-ordination with the Commissioners of Customs and where compliance levels fall, the importer is first informed for improvement. In case of persistence non-compliance, the importer is deregistered from the Programme.

9.13.20.6 The ACP is a major element of the Risk Management strategy of the department whereby certain importers are identified as highly compliant who are titled as ACP Client and are given assured facilitation by the RMS. Thus, the ACP has been designed to provide recognition and the incentive of facilitation to importers who maintain high levels of compliance. Total number of ACP status holders as on 01.11.2013 is 326.

9.13.20.7 Upon introduction of RMS, Concurrent Audit has been replaced by Post Clearance Audit (PCA) for all importers other than ACP status holders. Post Clearance Audit is being carried out on Bills of Entry selected by the Risk Management System. In the case of ACP status holders compliance is verified through On-site PCA (OSPCA) which is conducted post clearance in the business premises of the importer.

9.13.21 Compulsory compliance requirements

A consolidated database of compulsory compliance requirements (CCRs) arising out of the Customs Act and various other allied enactments administered by other government departments (OGDs) and implemented by Customs at borders have been made available to public through the CBEC website. It also includes import duty calculator for all goods. With the help of this database, an importer can know the Customs duty to be paid including compliance requirements to be met under various enactments as applicable to the commodity to be imported.

9.14 Sevottam

9.14.1 As a part of the Central Government initiative to improve the quality of public services, the Central Board of Excise & Custom (CBEC) has been identified as one of the 10 organization with large citizen interface to implement the quality management system for public services. This is based on Indian of Standard IS 15700: 2005, prepared by the Bureau of Indian Standards (BIS), under the name of "SEVOTTAM".

9.14.2 An 'Implementation Committee', was set up in August, 2007 by the Board (CBEC) with the Director General of Inspection (DGI) as its Chairman, to carry out the task of 'Sevottam' implementation.

9.14.3 The Citizen's Charter, revised in terms of the requirements of IS 15700: 2005 (Quality Management Systems – Requirements for Service Quality by Public Service Organizations) was prepared by the Implementation Committee and issued on 1st December, 2008 after approval from the Board. Further, on date 31.10.2012, service standard for release of seized document has been revised. The service organizations are also required to establish a documented procedure for complaints handling process. After detailed presentation and deliberations CBEC has adopted the Centralized Public Grievance Redress and Monitoring (CPGRAM) System in May, 2009.

9.14.4 Creation of delivery infrastructure to meet Citizens' Charter promises is identified as essential to sustain services. CBEC decided to do it in phases. Accordingly in phase-I, four formations i.e. Central Excise Commissionerate Delhi-I, Customs Commissionerate (I&G), Delhi, Service Tax Commissionerate Delhi & Directorate General of Inspection as Apex Office, were identified by the Core Group / Implementation Committee in its meeting held on 16th June, 2009 as Pilot Commissionerates for implementation of Sevottam. A Service Quality Manual (SQM) was, therefore, approved by CBEC for replicating capability at all field formations.

9.14.5 After Internal assessment of Service delivery with time norms at all the pilot Commissionerates and gaps identified, the BIS has awarded the Pilot Commissionerates Sevottam Certificate License no. CRO/SQSC/L-8000035 as per IS 15700:2005 on 4th November, 2010.

9.14.6 In Phase-II, 20 more Commissionerates were selected by the Board vide letter dt.11th Oct., 2010 for Sevottam Roll Out as below.

- Central Excise Commissionerate Ahmedabad-I,III, Rajkot, Delhi-II, Delhi-III, Rohtak, Mumbai-III, Belapur & Jaipur-I

Å <u>Customs Commissionerates</u> Bangalore, Mangalore, Chennai (Sea-Import), Chennai (Sea-Export), Chennai (Airport & Air Cargo), Delhi (ICD), Mumbai (Airport), Mumbai (Import), Mumbai (Export), Mumbai (General) & Kolkata (Port)

9.14.7 Out of these, this office has applied to BIS for Belapur CX, Rajkot CX, Ahmedabad I CX, Ahmedabad III CX, Mumbai III CX, Delhi III CX, Jaipur I CX and Mumbai (Airport), Bangalore CUS, Mangalore CUS, Chennai (Airport & Air Cargo) and Mumbai General (Mulund CFS) Commissionerates for Sevottam certification as they have completed Sevottam work. Hyderabad-III Commissionerate implemented Sevottam their own and they are also certified by the BIS.

As such, at present, we have 7 offices Sevottam Certified with 5 more Sevottam ready in phase II.

9.14.8 Training on Sevottam have been organized by BIS / NACEN at NITS Noida, Bhopal, Jaipur, Mumbai, Kanpur, Nagpur, Bangalore & Chennai etc. for sensitizing the officers of Customs & Central Excise. Specific training at Commissionerate have been organized at Chandigarh, Delhi, Mumbai, Hyderabad, Bangalore, Kolkata, Bhubaneswar, Guwahati, Shillong, Vadodara, Jaipur, Chennai and Mysore.

9.14.9 Start of phase III:

Board vide letter F.No. 296/34/2010-CX9 date 18.11.2011 has decided to roll out SEVOTTAM in 47 new formations in phase III. This includes 29 CX formations, 12 Custom Houses and 6 Service Tax formations.

Out of these, Chandigarh CX I has already been certified. In addition Aurangabad CX & Vizag CX I are at BIS audit stage.

9.14.10 Present status:

At present, we have 13 offices that are Sevottam Certified with 8 more at BIS audit stage.

BIS has completed renewal audit in October/ November 2013 of selected Commissionerate i.e. Delhi Customs (I & G), Hyderabad-III (CX), Jaipur-I (CX), Belapur (CX) and DGICCE, Hqrs., New Delhi (Apex Office) and the auditors has recommended for renewal of licence as per IS 15700:2005.

9.14.11 Next Steps

To pro-actively provide hand holding support to Commissionerates in Ph ï II & Ph ï III of Sevottam & to adjudge their progress, an action plan has been chalked out to visit 4 zones during October, 2013 to November, 2013 and cover the Commissionerates. Further the inspection teams of CX and Customs are tasked to cover Sevottam review when these go to inspect field formations as per 2013-14 annual inspection plan.

The overall position is as under:

Phase-I (Pilot) (Certified) (Nov. 2010)	**Phase-II Vide CBEC F.No. 296/34/2010-CX.9 dated 11.10.2010) (On going since October, 2010**	**Initiated Sevottam by itself (Suo Moto)**	**Phase-III (Vide CBEC F.No.296/34/2010-CX9 dated18.11.2011) (October 2011 onwards)**		
			Central Excise	**Customs**	**Service Tax**
1. DGICCE 2. Delhi-I (CX) 3. Delhi (ST) 4. Delhi Customs (Import & General)	<u>CENTRAL EXCISE</u> *1. Ahmedabad-I (Certified) (May 12)* *2. Ahmedabad-III (Certified) (June 12)* *3. Rajkot (Certified) (June 12)* *4. Mumbai-III (Certified) (June 12)* *5. Belapur (Certified) (June 12)* 6. Delhi-II 7. Delhi-III (at BIS Audit) 8. Rohtak *9. Jaipur-I (Certified) (May 12)*	*1. Hyderabad-III CX (Certified) (June 11)* 2. Hyderabad-I CX (at BIS Audit) 3.Hyderabad (Appeals) 4. Ahmedabad -II CX	1. Bangalore-I 2. Bhopal 3. Indore 4. Bhubaneswar-I 5. Bhubaneswar-II *6. Chandigarh-I (Certified 28.03.13)* 7. Chennai-I 8. Thiruvanan-thapuram 9. Coimbatore 10. Hyderabad-II 11. Jaipur-II 12. Siliguri 13. Allahabad	30. Ahmedabad (Customs) 31. Kandla 32. Tuticorin 33. Cochin Customs 34. Delhi Customs (IGI Airport) 35. Amritsar 36. Kolkata (Airport & Admn.) 37. Nhava Sheva (Import)	42. Ahmedabad-(ST) 43. Bangalore- (ST) 44. Chennai- (ST) 45. Kolkata- (ST) 46. Mumbai - (ST-I) 47. Mumbai ï (ST-II)

	CUSTOMS *10. Mumbai (Airport) (Certified) (June 12)* 11. Bangalore (at BIS Audit) 12. Mangalore (Going to apply to BIS) 13. Chennai (Sea-Import) 14. Chennai (Sea-Export) 15. Chennai (Airport & Air Cargo) (Going to apply to BIS) 16. Delhi (ICD) 17. Mumbai (Import) (Zone-I) 18. Mumbai (Export) (Zone-I) 19. Mumbai (General)(Zone-I) (at BIS Audit) 20. Kolkata (Port)		14. Lucknow (CX) 15. Mangalore 16. Mysore 17. Meerut-I 18. Meerut-II *19. Aurangabad (Certified 01.07.13)* 20. Nagpur 21. Pune-I 22. Pune-III 23. Patna 24. Ranchi 25. Guwahati 26. Shillong 27. Surat-I 28. Surat-II 29. Visakhapatnam-I (Going to apply to BIS)	38. Nhava Sheva (Export) 39. Mumbai Air Cargo (Import) 40. Mumbai Air Cargo (Export) 41. Lucknow (Customs)	

Sl. No.	Phase	Allotted by CBEC	Central Excise	Customs	Service Tax	Certified	With BIS Audited	Audit by DGICCE
1.	Phase-I	3	1	1	1	4	-	-
2.	Phase-II	20	9	11	-	7	5	8
3.	Suo Moto	-	4	-	-	1	1	-
4.	Phase-III	47	29	12	6	2	2	8
	Total	**70**	**43**	**24**	**7**	**14**	**8**	**16**

Note: *Units at Sl. No. 6, 8, 13, 14,16,17,18 & 20 internal audit conducted by DGICCE Phase – II*
Units at Sl. No. 1, 11, 20, 29,30,36,43 & 45 internal audit conducted by DGICCE Phase- III

9.15 E-Helpline

In view of the emphasis laid by the Hon'ble FM on the importance of removing administrative and technical hurdles/irritants of the trade, e-helplines have been created in each Customs & Central Excise Zone through their websites.

9.16 Grievance Redressal Machinery

9.16.1 CPGRAMS (Centralized Grievance Redress and Monitoring System) in the CBEC has been adopted on 6th May, 2009 wherein a taxpayer can redress their grievance concerning any of field office through a common online portal. Public Grievance Offices at the field offices have also been appointed in each of the field Zone to look into the tax payer grievance. Grievances on the portal of CPGRAMS are received through President's Secretariat, DARPG (Department of Administrative Reforms and Public Grievances), Department of Revenue and directly from the complainant also. The CPGRAMS has improved accessibility to the tax payer. Commissioner (Coordination) CBEC has been appointed as a nodal officer of CPGRAMS as well as CPENGRAMS (Centralized Pensioners Grievance Redress And Monitoring System) for public grievance in CBEC.

9.16.2 Apart from the above, for dealing with complaints against corrupt practices, the department has a separate vigilance organisation headed by the Directorate General of Vigilance. Any complaint of corruption against the officer can be lodged with the D.G. Vigilance at new Delhi or the Zonal Units of the Directorate of Vigilance. Each field formation has an officer designated as the Public Relations Officers (PRO) who can approached for seeking information on any technical or administrative matter. A system of Public Grievance Committees (PGC) also exists in all the Custom and Central Excise Commissionerates. In the Custom Houses apart from the PGC, there is also an institution of Watch Dog Committee. This Committee is chaired by the Commissioner and takes up all cases of grievances of individual members of the trade or the public for resolution. Regional Advisory Committees are constituted in all Commissionerates as a forum for interaction with the trade and address issues.

9.17 Gender issues/Empowerment of women

Gender Issues/Empowerment of Women and girl child

9.17.1 A Committee has been constituted in each Commissionerate/ Directorate on the recommendations of Hon'ble Supreme Court and the National Commission for Women, to look after the complaints of women employees regarding sexual harassment.

9.17.2 The Directorate General of Human Resource Development has taken certain specific initiatives for welfare of women.

9.17.3 The amount granted as ex-gratia financial assistance to the widows/dependents of the Departmental officials (in case of death during anti-evasion/anti-smuggling/anti-narcotics operations or death in harness) has been enhanced w.e.f 03.10.2012. During the financial year 2013-14, an amount of Rs. 1,21,00,000/- was sanctioned in 96 cases as ex-gratia financial assistance to the wives/dependents of the employees who died while in service.

9.17.4 A scheme for support of Girl Child is in operation for reimbursement of Tuition fee to one girl child of Head Havaldar, Havaldar, Sepoy and Multi-tasking Staff (erstwhile Group 'D') for Certificate/Diploma/ Degree Level Courses. During the financial year 2013-14, an amount of Rs. 8,84,300/- was sanctioned as reimbursement of Tuition Fee of girls from the Welfare Fund.

9.17.5 In Cash Award scheme, the eligibility criterion for the girl child has been relaxed since the year 2007-08 wherein they require marks 5% lower than boys for grant of Cash Awards. The amount of Cash Award granted to girls is Rs.1,000/- more than the boys.

9.17.6 During the financial year 2013-14, out of total 2440 Cash Awards granted, 1474 Cash Awards involving an amount of Rs. 55,56,000/- were granted to the girl children.

9.17.7 Under the revised Scholarship Scheme, eligibility criterion has been relaxed since the year 2006-07 for the girl child in terms of the rank they obtain in the Entrance Test/Examination. During the current financial year, out of total of 471 Scholarships granted, 179 scholarships involving an amount of Rs. 31,95,897/- were granted to the girl children.

9.18 Activities undertaken for disability sector, SCs and STs and other weaker section of society

9.18.1 The policy of reservations for SCs/STs/OBCs and disabled persons in Government employment, in direct recruitment and promotion, has been followed in letter and spirit. The matters concerning representation of SCs/ STs/OBCs and Persons with Disabilities in CBEC are attended on priority and their grievances are redressed. Two statements showing representation of Scheduled Caste, Scheduled Tribes and other Backward Castes and representation of the persons with disabilities, as on 1 January, 2013 in CBEC, are given in Annexure I & II.

9.18.2 Cash Award Scheme: the meritorious children of departmental officials are given Cash Awards on the basis of their performance in Board Examinations of class 10th & 12th. Under that scheme, the eligibility criterion has been relaxed for SC/ST/OBC categories. The eligibility criterion has been relaxed by 10% for SC/ST category and 6% for OBC category.

9.18.3 During the current financial year 2013-14, out of 2440 total Cash Awards granted, 948 Cash Awards involving an amount of Rs. 53,09,000/- have been granted to the children of Department officials belonging to SC/ ST/OBC categories.

9.18.4 Scholarship Scheme: A scholarship scheme is in operation in which scholarship to the children of officers/ staffs of the Department are granted for pursuing under graduate professional courses. Under Scholarship Scheme, the eligibility criterion has been relaxed for the children of Departmental officers/staff belonging to SCs/ STs/OBCs categories, i.e they are eligible for grant of scholarship irrespective of ranks once they secure admission on the basis of common entrance test.

9.18.5 Scholarships are also granted to the children of the Departmental officials where admissions have been secured by them on the basis of the percentage secured in the 12th exams. The eligibility criterion has been relaxed for the children belonging to the SC/ST/OBC categories, wherein the SC/ST category candidates require 10% lower, and that of OBC category 6% lower, than the percentage required for general category for grant of scholarships.

9.18.6 During the financial year 2013-14, out of total 471 scholarships granted, 114 scholarships involving an amount of Rs. 21,31,236/- have been granted to the children of Departmental officials belonging to SC/ST/ OBC categories.

10. Customs, Excise & Service Tax Appellate Tribunal

10.1 Functions/ working of the Organisation

10.1.1 The Customs, Excise & Service Tax Appellate Tribunal (earlier Customs Excise & Gold (Control) Appellate Tribunal) was created to provide an independent forum to hear the appeals against orders and decisions passed by the Commissioners of Customs & Excise under the Customs Act, 1962, Central Excise Act, 1944 and Gold (Control) Act, 1968. The Gold (Control) Act, 1968 has now been repealed. Presently Service Tax appeals have been included. The Tribunal is also having appellate jurisdiction in Anti dumping matters and the special bench headed by the President, CESTAT, hears the appeals against the orders passed by the designated authority in the Ministry of Commerce. The Head Quarter as well as the Principal Bench of the Tribunal is situated at Delhi and other regional benches are situated at **Mumbai, Kolkata, Chennai, Bangalore and Ahmedabad.** As on 31.10.2013, there was a pendency of 7,305 appeals and in order to ensure the speedy disposal of appeals and for the benefit of the litigants and the Industry of various regions, the Ministry of Finance, vide notification no. 7/2013 has notified the creation of additional six benches of Customs Excise & Service Tax Appellate Tribunal **at Chandigarh, Allahabad and Hyderabad** in addition to one each at Delhi Mumbai and Chennai.

10.1.2 Each bench consists of a Judicial member and a Technical Member. To expedite the disposal of small cases with financial stake involving upto Rs. 50,00,000/- [Rs. Fifty lacs], wherein no question of rate of duty or valuation issue is involved, a single member bench is also constituted. The Tribunal is the appellate authority hearing appeals arising against the order of the Commissioner of Customs, Excise, Service Tax and Commissioner (Appeals) order. An appeal against the Tribunal's order lies before the Hon'ble Supreme Court in respect of issues such as Classification, valuation etc.

10.1.3 As a result of an amendment by the Finance Act, 1995 the distinction between the special benches and other benches was done away with and now any bench of two or more members is competent to hear all the matters which were earlier being heard at Delhi except anti-dumping matters.

10.1.4 The Tribunal is headed by the Hon'ble President. There is one post of Vice-President and 31 posts of Members (Judicial) and Members (Technical).

10.2 Highlights of the performance and achievements during the year

Inspite of various constraints, including several vacancies, of Members & required staff, the disposal of the appeals has not been affected. A comparative statement showing the institution and disposal of appeals is given below :

Year	Institutions		Disposal	
	Appeals	Stay	Appeal	Stay
From January 2013 to December 2013	22761	16167	11973	16263

10.3 Effective steps have been taken to dispose appeals wherein high stakes are involved, by setting up of circuit benches at various centres thereby reducing the pendency of appeals.

On creation of additional six benches vide notification dated 1.11.2013, and sanction of additional posts, steps have also been taken to set up the benches and fill up the vacant posts. Once the new benches start functioning, the disposal rate can be increased and thereby reducing the pendency of appeals considerably.

10.4 Regarding development of North Eastern Region, since Tribunal is a higher judicial appellate body to hear the appeals in the matters of Customs, Excise, Service Tax and Anti-dumping and no bench of the Tribunal is situated in the north-eastern regions, hence, on the point the Tribunal has no information.

10.5 Facilities as stipulated by the Government of India vide its Orders/circulars issued from time to time are being extended to the disability sector & SCs/STs & other weaker sections of the society.

10.6 As per the O.M. No.13018/4/2009-Estt.(L) dated 08/07/2009 of DOPT, all facilities are being extended to female employees of this Tribunal. To redress the grievances of women, a complaint committee under the Chairmanship of Hon'ble Smt. Archana Wadhwa, Member (Judicial), CESTAT, has been constituted.

10.7 The website of the Tribunal was launched in August 2003 and now the cause lists and orders of the Tribunal are being displayed on it. Important judgments are being highlighted specially in separate ICON. Efforts are being made to streamline all the benches of the Tribunal. As for developments which have taken place in the current financial year are like timely updation of judgements and cause list and other informations on day to day basis. To put more information in the website, this Tribunal has undertaken the task in close coordination with NIC. Some of the areas which are left for computerization in respect of this Tribunal will be sorted out in near future. In line with the DOPT O.M. No. 1/6/2011 dated 15.4.2013, steps have been taken to upload the information on the website of the Tribunal for the benefit of the public.

10.8 The Tribunal is trying to strictly adhere to the FRBM Act and rules and limit its expenditures to the budget allocated for the Tribunal. However, due to escalation in prices of various items/ services and sanction of additional benches, the Tribunal had some problem in restricting expenditures to the overall ceiling. However, sincere efforts are being put forward to control the budget for the coming year.

11. Customs & Central Excise Settlement Commission

11.1 Function and Working of the organization

11.1.1 The Central Government have constituted the customs & Central Excise Settlement Commission under section 32 of the Central Excise Act 1944 vide notification No.40/99-CX(NT) dated 09.06.99 and 41/99-CX(NT). The Commission consists of the Principal Bench presided over by the Chairman at New Delhi and 3 Additional Benches at Chennai, Mumbai and Kolkata presided over by Vice Chairman with 2 Members in each Bench. The present sanctioned strength of the commission is 118 officers and staff – 30 each for New Delhi, Mumbai and Kolkata and 28 for Chennai. The commission functions in the Department of Revenue as an attached office of the Ministry of Finance.

11.1.2 The basic objective in setting up of the Settlement Commission is to expedite payments of Customs and Excise duties involved in disputes, by avoiding costly and time consuming litigation process and to give an opportunity for tax payers who may have evaded payment of duty to come clean. Settlement Commission is, therefore, set up as an independent body, manned by experienced tax officers of "integrity and outstanding ability", capable of inspiring confidence in the Trade and Industry and entrusted with the responsibility of defining and safeguarding "Revenue Interest."

11.1.3 Settlement Commission has thus given an opportunity for providing a channel for expeditious settlement of tax disputes under the Customs & Central Excise laws in a spirit of conciliation, rather than prolonging them through adversarial attitude. Any assessee, importer or exporter desirous of settling a tax dispute by the Settlement Commission has to invoke the jurisdiction of the Settlement Commission voluntarily, making full and true disclosure of the duty liability accepted by him and in turn for the same, the Settlement Commission is vested with the powers to grant him immunity either fully or partially from penalty and fine under the provisions of the Central Excise Act, 1944 and the Customs Act 1962 and immunity from prosecution under the provisions of above Acts.

11.1.4 By the Finance Act, 2007, drastic amendments were made in the provisions relating to settlement under the Central Excise Act, 1944 and the Customs Act, 1962. This has considerably reduced the scope of the cases in which the assessee, importers and exporters can seek the settlement of the disputes. However, these amendments were reversed in the Budget, 2010, whereby the Settlement Commission was once again allowed to settle cases involving clandestine removal in Central Excise and in respect of those cases of Customs where goods had not been mentioned in bill of entry. This has resulted in increase in number of applications being filed in this Commission seeking settlement.

11.2 Highlights of the Performance and achievements of the Commission during the Year is given below:

No. of applications received during year (up to December, 2013)	No. of applications disposed during the year	Duty Settled (₹ in crore) during the year
1661	1414	603.605

11.3 Highlights of the Performance and achievements of the Commission during the period 01.1.2014 to March, 2014.

No. of applications received from 1.1.2014 to March,2014	No. of applications disposed during 1.1.2014 to March, 2014	Duty Settled (₹ in crore) during 1.1.2014 to March, 2014
431	691	181.33

12. Authority for advance Rulings (Central Excise, Customs & Service Tax)

12.1 Function / working of the Organisation and set-up of the Division, including its various Advisory Boards and Councils.

12.1.1 A scheme of Advance Rulings (Central Excise, Customs & Service Tax) was incorporated in the Customs Act, 1962, the Central Excise Act, 1944 and in the Finance Act, 1994 by the Finance Acts of 1999 and 2003 to provide for issue of binding Rulings, in advance, on Customs, Central Excise and Service Tax matters. The scheme is intended to provide certainity to intending investors. Statutory changes have been brought out to expand the ambit of the Authority over a period of time.

12.1.2 Authority for Advance Rulings (Central Excise, Customs & Service Tax), is a high level quasi-judicial body comprising of a retired judge of the Supreme Court of India and two Members of Additional Secretary rank, who have wide experience in technical and legal matters.

12.1.3 Under the scheme of Advance Rulings the following categories of investors are eligible to apply for a ruling:

(a) a non-resident investor setting up a joint venture in India in collaboration with a non-resident or a resident;

(b) a resident setting up a joint venture in India in collaboration with a non- resident;

(c) a wholly owned subsidiary Indian company of which the holding company is a foreign company;

(d) a joint venture in India, that is to say a contractual arrangement whereby two or more persons undertake an economic activity which is subject to joint control and one or more of the participants or partners or equity holders is non-resident having substantial interest in such arrangement.

(e) A resident falling within any such class or category of persons as the Central Government may by notification in the official gazette specify in this behalf. The Central Government has specified the following categories of persons as being eligible to seek advance rulings:-

(i) Any Public Sector Company;

(ii) Residents proposing to import goods under the project import facility (heading 9801 of the Customs Tariff) for seeking rulings under the Customs Act,1962;

(iii) Residents proposing to import goods from Singapore under the Comprehensive Economic Co-operation Agreement for seeking rulings on origin of goods under the Customs Act,1962.

(iv) Resident Public Limited Company.

12.1.4 Advance rulings can be sought in respect of the following questions/issues:-

i. Classification of goods under the Customs Tariff Act, 1975, and Central Excise Tariff Act, 1985 and taxable services under Chapter V of the Finance Act, 1994;

ii. Principles of valuation under the Customs Act, 1962, and the Central Excise Act, 1944;

iii. Valuation of taxable services for charging service tax under the Finance Act, 1994;

iv. Applicability of notifications issued under the Customs Act, 1962, Customs Tariff Act, 1975, Central Excise Act, 1944 and Central Excise Tariff Act, 1985 having a bearing on the rate of duty and notifications issued under Chapter V of the Finance Act, 1994;

v. Admissibility of input-tax credit under Central Excise Law;

vi. Admissibility of credit of Service Tax ;

vii. Determination of origin of goods in terms of the rules notified under the Customs Tariff Act, 1975 and matter related thereto;

viii. Determination of liability to pay duties of excise on any goods under Central Excise Act, 1944;

ix. Determination of the liability to pay service tax on a taxable service under the provisions of Chapter V of the Finance Act, 1994.

12.1.5 The process of obtaining an advance ruling is simple, inexpensive and transparent. A fee of Rs. 2500/- has to be deposited through a Demand Draft with each application. Obtaining a ruling is highly expeditious as the Authority is statutorily required to deliver the same within 90 days of receipt of an application. Rulings are pronounced after providing an opportunity of being heard by the Authority and in pursuance of other accepted judicial norms.

12.1.6 Advance Rulings pronounced by Authority are binding on the departmental officers engaged in assessment of goods and services and on the applicant, and hence rule out possibilities of disputes and litigation, subsequently. Advance Rulings are not appealable either by the department or the applicant, under the Customs, Central Excise and Service tax laws. An Advance Ruling remains valid unless there is a change in law or the facts on the basis of which the ruling was pronounced.

12.1.7 Advance rulings would indicate, in advance, the duty liability in respect of an óactivityô, viz. óimportô or óexportô under the Customs Act, óproductionô or ómanufactureô of goods under the Central Excise Act and ótaxable servicesô under the Service Tax law, proposed to be undertaken by an applicant. (Service Tax is administered by Central Excise officers).

12.2. Targets and Highlights of the Performance and Achievements for the calendar year 2013 (For the period 01.01.2013 to 31.12.2013)

12.2.1 There is no targets fixed in respect of functioning and activity of the Authority for Advance Rulings. However, the Authority has received Thirty Two applications seeking advance ruling during the period from 01.01.2013 to 31.12.2013. During the said period, the total number of applications for pronouncement of advance rulings with the Authority was Forty Eight including Sixteen of the previous year. Out of Forty Eight, Twelve applications have already been disposed off.

12.2.2 During the period supra, the ambit of the authority was widened and the following amendments were made as follows:

i. Section 23A of the Central Excise Act, 1944 was amended so as to include the ñpublic limited companyò as valid applicant in the category of ôResidentò to seek Advance Rulings vide Notification No.04/2013-CE(NT) dated 01.03.2013. Similarly in the matter of Service Tax, the notification No. 04/2013-ST dated 01.03.2013 was issued to include ñpublic limited companyò as valid applicant.

ii. Vide clause 58 of Finance Bill, 2013 section 28E of the Customs Act, 1962 was amended to substitute clause (*a*), namely:ð

(*a*) ó ñactivityò means import or export and includes any new business of import or export proposed to be undertaken by the existing importer or exporter, as the case may be;ô

iii. Vide clause 85 of the Finance Bill, 2013 section 23A of the Central Excise Act, 1944 was amended so as for clause (*a*), the following clause shall be substituted, namely:-ð

(*a*) óñactivityòmeans production or manufacture of goods and includes any new business of production or manufacture proposed to be undertaken by the existing producer or manufacturer, as the case may be;ô

iv. Vide clause 86 of the Finance Bill, 2013, in section 23C of the Central Excise Act, in sub-section (*2*), in clause (*e*), for the words ñadmissibility of credit of excise dutyò, the words ñadmissibility of credit of service tax paid or deemed to have been paid on input service or excise duty" shall be substituted.

v. Vide clause 87 of the Finance Bill, 2013, in section 23F of the Central Excise Act, in sub-section (*1*), for the word, figures and letter ñsection 28-Iò, the word, figures and letter ñsection 23Dòshall be substituted.

12.3 Performance/achievements upto the last year :

12.3.1 The Authority became functional in the financial year 2002-03. The Customs (Advance Rulings) Rules, 2002 and Central Excise (Advance Rulings) Rules, 2002 were notified vide Notification Nos. 55/2002-Cus (N.T.) and 28/2002-Central Excise (N.T.) both dated 23.08.2002. The Service Tax (Advance Rulings) Rules were notified vide Notification No. 17/2003-S.Tax (N.T.) dated 23.07.2003. The procedure to regulate the functioning of the Authority was laid down vide Authority for Advance Rulings (Procedural) Rules, 2003 issued vide Notification No. 1/2003-AAR dated 21.03.2003. Consequent upon the expansion in the scope of advance rulings and the experience gained, these Rules were streamlined and superseded vide Authority for Advance Rulings (Central Excise, Customs and Service Tax) Procedure Regulations, 2005 issued vide Notification No. 1/2005-AAR dated 07.01.2005.

12.3.2 The first application for seeking an advance ruling was received on 20.11.2002. During the period 20.11.2002 to 31.12.2012, 173 applications were received, out of which rulings were pronounced in 95 cases (71 relating to Customs, 15 relating to Central Excise and 09 relating to Service Tax). During this period, orders were also issued in 60 cases (25 relating to Customs issued under section 28I (2) of the Customs Act, 1962, 09 relating to Central Excise issued under section 23 D(2) of the Central Excise Act, 1944 and 26 relating to Service Tax issued under section 96 D(2) of the Finance Act, 1994). Two applications were withdrawn by the applicants within 30 days for which no formal orders permitting withdrawal were required to be issued under the provisions relating to advance rulings. Sixteen applications were pending as on 31.12.2012.

12.4 In addition to the above, the requisite information for the period 01.01.2014 to 31.03.2014 is as follows:

12.4.1 The Authority has received 03 applications seeking advance ruling during the period from 01.01.2014 to 31.03.2014. During the said period, 01 application was disposed off. As on 31.03.2014, 38 applications were pending with the Authority for pronouncement of Rulings/ Orders.

13. CENTRAL BOARD OF DIRECT TAXES

13.1 ORGANIZATION AND FUNCTIONS

The Central Board of Direct Taxes (CBDT), created by the Central Boards of Revenue Act 1963, is the apex body entrusted with the responsibility of administering direct tax laws in India. The CBDT consists of a Chairman and six Members. It is the cadre controlling authority for the Indian Revenue Service and the controlling authority for the Income Tax Department. In its functioning, the CBDT is assisted by the following Directorates:

(i) Principal Directorate General of Income Tax (Administration)

- a) Directorate of Income Tax (PR, PP&OL)
- b) Directorate of Income Tax (Recovery)
- c) Directorate of Income Tax (Income Tax)
- d) Directorate of Income Tax (TDS)
- e) Directorate of Income Tax (Audit)

(ii) Principal Directorate General of Income Tax (Systems)

(iii) Principal Directorate General of Income Tax (Logistics)

- a) Directorates of Income Tax (Infrastructure)
- b) Directorate of Income Tax (Expenditure Budget)

(iv) Principal Directorate General of Income Tax (Legal & Research)

(v) Principal Directorate General of Income Tax (Training)

(vi) Principal Directorate General of Income Tax (HRD)

- (a) Directorate of Income Tax (HRD)
- (b) Directorate of Income Tax (O&MS)

(vii) Principal Directorate General of Income Tax (Vigilance)

(viii) Directorate General of Income Tax (Risk Assessment)

13.1.1 Various Principal Chief Commissioners and 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) supervise the investigation machinery, which is tasked to curb tax evasion and unearth unaccounted money. CCIT (Exemptions) supervises the work of exemption and Principal CCIT (International Taxation) supervises the work in the field of International Tax and transfer pricing. Director General of Income Tax (Intelligence & Criminal Investigation) is engaged in the work of gathering intelligence and investigating crimes having income tax aspects. Principal Chief Commissioners of Income Tax/Directors General of Income Tax are assisted by Chief Commissioners, Principal Commissioners and Commissioners of Income Tax/Directors of Income Tax within their jurisdictions. Commissioners of Income Tax also perform appellate functions, adjudicating disputes between tax payers and assessing officers. The Income Tax department has presence in 530 cities and towns across India. With a taxpayer base of around 3.6 crore, the Income Tax department interfaces with almost every urban family in the country.

13.1.2 With modern information technology as a key driver, the CBDT is implementing a comprehensive computerization programme in the Income Tax Department. The programme is aimed to establish a taxpayer friendly regime, increase the tax-base, improve supervision and generate more revenue for the Government.

13.2 DIRECT TAX COLLECTIONS

i. The collection of direct taxes has increased from Rs. 3,33,818 crore in FY 2008-09 to Rs 6,38,490 crore in FY 2013-14 at an average annual growth of 12.72%. In FY 2007-08 the share of direct taxes exceeded the share of indirect taxes for the first time contributing around 52.75% of the Central Taxes. This trend has continued since then. During FY 2012-13 the share of Direct Taxes to the Total Central taxes Collection (excluding Taxes on Union Territories) was 54.07%.

ii. The cost of collection measured in terms of total administrative cost as compared to the revenue generated has decreased from 0.67% to 0.59% in the period 2008-09 to 2012-13.

iii. During the FY 2012-13, the department collected Rs. 23,995 crore from arrear demand which is 1.53% higher than the collection of the previous Financial Year. With respect to current demand, collection for FY 2012-13 is Rs.40,815 crore (provisional) as against Rs.41,369 crore in FY 2011-12.

Table: Budget Estimate and Actual Collection of Direct Taxes during the Financial Years 2011-2012, 2012-2013 & 2013-14 (Provisional)

(Rs in Crore)

Sl No	Taxes	FY 2011-12		FY 2012-13		FY 2013-14	
		Budget Estimate	Actual Collection	Budget Estimate	Actual Collection	Budget Estimate	Actual Collection#
1	Corporate Tax	3,59,990	3,22,816	3,73,227	3,56,326	4,19,520	3,94,677
2	Taxes on Income (Incl. STT, FBT, BCTT)	1,72,026	1,70,343	1,95,786	2,01,487	2,47,639	2,42,806
3	Wealth Tax	635	788	1244	845	950	1,007
	Total	532,651	4,93,947	5,70,257	5,58,658	6,68,109	6,38,490

Note: #Figure for the F.Y. 2013-14 is Provisional.

Table: Arrear & Current Demand of Corporate Income Tax and Personal Income Tax for Financial Years 2011-2012 and 2012-2013

(Rs in Crore)

	Financial	Financial Year 2011-12	Financial Year 2012-13
A	Total Outstanding Demand	4,78,863	580326
B	Reason wise Analysis 1. Amount Not Fallen Due 2. Amount difficult to recover including amounts stayed by I.T. Authorities, Courts etc.	 70,445 3,87,614	 94,146 4,66,854
C	Net Collectible Demand (A-B)	20,804	19,326

Table: BE-RE-Actual Collection

BUDGET ESTIMATES, REVISED ESTIMATES AND ACTUAL COLLECTIONS						
Financial Year	**Budget Estimates**	**Revised Estimates**	**Actual Collections**	**Growth Rate of Actual Collns over last year**	**%age of Budget Estimates Achieved**	**%age of Revised Achieved**
			(In Rs. Crore)			
2000-01	72105	74467	68305	17.85%	94.73%	91.73%
2001-02	85275	73972	69198	1.31%	81.15%	93.55%
2002-03	91585	82445	83088	20.07%	90.72%	100.78%
2003-04	95714	103400	105088	26.48%	109.79%	101.63%
2004-05	139510	134194	132771	26.34%	95.17%	98.94%
2005-06	177077	170077	165216	24.44%	93.30%	97.14%
2006-07	210684	229272	230181	39.32%	109.25%	100.40%
2007-08	267490	304760	312213	35.64%	116.72%	102.45%
2008-09	365000	345000	333818	6.92%	91.46%	96.76%
2009-10	370000	387008	377546	13.10%	102.04%	97.56%
2010-11	430000	446000	445962	18.12%	103.71%	99.99%
2011-12	532651	500651	493947	10.76%	92.73%	98.66%
2012-13	570257	565835	558658	13.10%	97.97%	98.73%
2013-14 *	668109	636318	638490	14.29%	95.57%	100.34%

** Source : CGA, these figures for the F.Y. 2013-14 are Provisional and subject to change. Other data Source : Receipt Budgets*

COST OF COLLECTION			
FINANCIAL YEAR	TOTAL COLLECTIONS	TOTAL EXPENDITURE (Revenue)	Exp as % of Colln
	(Rs. Crores)	(Rs. Crores)	
2000-01	68,305	929	1.36%
2001-02	69,198	933	1.35%
2002-03	83,088	984	1.18%
2003-04	105,088	1050	1.00%
2004-05	132,771	1138	0.86%
2005-06	165,216	1194	0.72%
2006-07	230,181	1349	0.59%
2007-08	314,330	1687	0.54%
2008-09	333,818	2248	0.67%
2009-10	378,063	2726	0.72%
2010-11	446,935	2698	0.60%
2011-12	493,946	2979	0.60%
2012-13	5,58,658	3278	0.59%

DIRECT TAX GDP RATIO

(Rs. In Crore)

FINANCIAL YEAR	NET COLL.OF DIRECT TAXES.	GDP CURRENT MARKET PRICE	DIRECT TAX GDP RATIO	GDP GROWTH RATE	TAX GROWTH RATE	BUOYAN CY FACTOR
2000-01	**68305**	2102376	3.25%	**7.70%**	**17.85%**	2.32
2001-02	**69198**	2281058	3.03%	**8.50%**	**1.31%**	0.15
2002-03	**83088**	2458084	3.38%	**7.76%**	**20.07%**	2.59
2003-04	**105088**	2754621	3.81%	**12.06%**	**26.48%**	2.19
2004-05	**132771**	3239224	4.10%	**17.59%**	**26.34%**	1.50
2005-06	**165216**	3693369	4.47%	**13.99%**	**24.44%**	1.75
2006-07	**230181**	4294706	5.36%	**16.31%**	**39.32%**	2.41
2007-08	**312213**	4987090	6.26%	**16.12%**	**35.64%**	2.21
2008-09	**333818**	5630063	5.93%	**12.89%**	**6.92%**	0.54
2009-10	**377546**	6477827	5.83%	**15.06%**	**13.10%**	0.87
2010-11	**445962**	7795314	5.72%	**20.34%**	**18.12%**	0.89
2011-12	**493947**	9009722	5.48%	**15.58%**	**10.76%**	0.69
2012-13	**558658**	10113281	5.52%	**12.25%**	**13.10%**	1.07

13.3 Results Framework Document (RFD) 2013-14

The Central Board of Direct Taxes has through its RFD for the FY 2013-14 reiterated its commitment to focused effective and meaningful implementation of the taxpayer services that will also facilitate voluntary compliance. The RFD for FY 2013-14 has the following objectives:

i) Better Communication with taxpayers

ii) Better management and development of human resources in the Income Tax Department to enhance taxpayer services.

iii) Strengthening IT enabled services for taxpayers.

To achieve these objectives, specific goals were set for six Directorates General i.e. Directorate General of Human Resource Development, Directorate General of Systems, Directorate General of Administration, Directorate General of Vigilance, Directorate General of Legal & Research and Directorate General of Logistics to ensure that tangible and recordable progress is made within the specified time lines. The progress on RFD was monitored vis-a-vis the commitments made in the document.

13.4 ANNUAL CONFERENCE

The 29th Annual Conference of Chief Commissioners and Directors General of Income Tax was held on 28th & 29th May, 2013. In his keynote address, the Finance Minister emphasized on the role of tax revenue in building a strong economy. He stressed upon technology and intelligence-based tax collection which would yield better results and provide non-invasive methods of tax collection. He also emphasized stability and clarity in tax laws, focus on big taxpayers and non filers and improved performance in litigation.

13.5 DIRECT TAXES ADVISORY COMMITTEES

With a view to encouraging mutual understanding between taxpayers and Income tax officials and to advise the Government on measures for removing the difficulties of general nature pertaining to Direct Taxes, a Central Direct taxes Advisory Committee (CDTAC) at Delhi and 64 Regional Direct Taxes Advisory Committees (RDTAC) exist at important stations. Representatives of Trade and Professionals Associations are also nominated to these Committees. The term of these Committees is two years from the date of their constitution.

13.6 Measures to combat Tax evasion

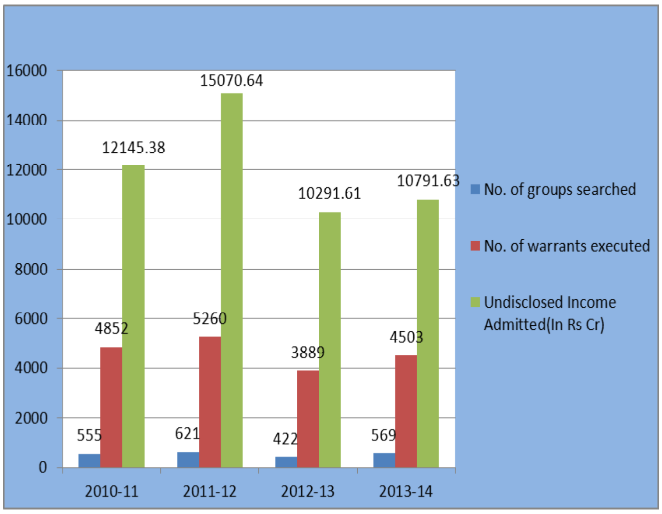
13.6.1 Search, Seizure & Surveys and Assessments

Searches and surveys are the most potent tools to unearth unaccounted income, unaccounted assets and to collect evidence relating to tax evasion. 621 groups were searched in the financial year 2011-12, whereas in the financial year 2012-13, 422 groups were searched. The number of search warrants executed has also fallen in approximately the same ratio; from 5260 in the financial year 2011-12 to 3889 in the financial year 2012-13. The income detected and disclosed per search group is higher in the financial year 2012-13 as compared to preceding years.

Recent searches have revealed newer and innovative approaches of tax evasion. The uncovering of these activities is likely to pay rich dividends to the department in coming years. For example, organized and deep investigations into accommodation entry operators, particularly in Kolkata and Delhi, have yielded a deep and widespread vein of data that has been mined, and it would be exploited in the current and future years also, to establish substantial tax evasion by a large number of tax payers. Similarly in the real estate development sector, a number of large tax payers have avoided payment of taxes in the garb of joint development agreements. No capital gain is paid on transactions of land, although possession of land already vests in beneficial owners and legal owners of land have by now enjoyed most, if not all, of sale proceeds of the land.

There has been a marked increase in the number of surveys from 3706 in F. Y. 2011-12 to 4630 in F. Y. 2012-13. Substantially higher unaccounted income was detected in such surveys. Unaccounted income detected per survey has gone up from Rs 1.77 crore in F. Y. 2011-12 to Rs 4.18 crore in F. Y. 2012-13.

The trend in respect of number of warrants executed, assets seized and undisclosed income admitted in the searches conducted during last 4 FYs [2009-10 to 2013-14] is as per the following graph:-

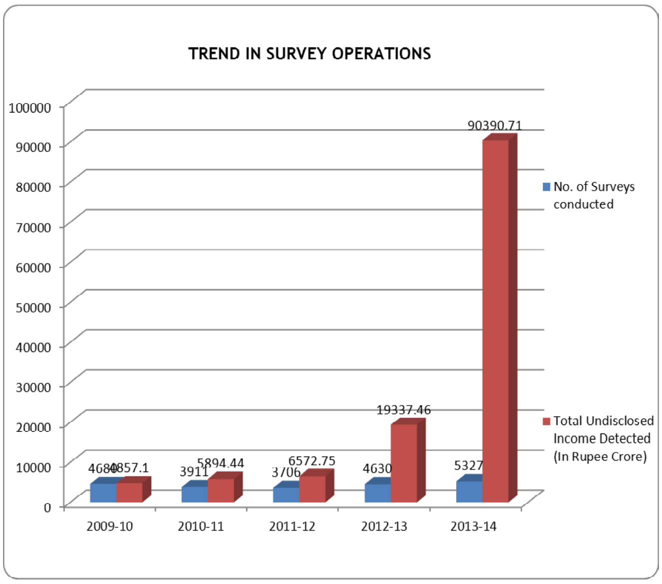


The statistics in respect of number of surveys conducted and undisclosed income detected in the surveys conducted during last 4 FYs (2009-10 to 2013-14) is as under:-

Financial Year	No. of surveys conducted	Undisclosed income detected (In Rs. crore)*
2010-11	3911	5894.44
2011-12	3706	6572.75
2012-13	4630	19337.46
2013-14	5327	90390.71**

** Figures are provisional*

*** Rs.71195 crore pertains to Cairn India survey case of Delhi*

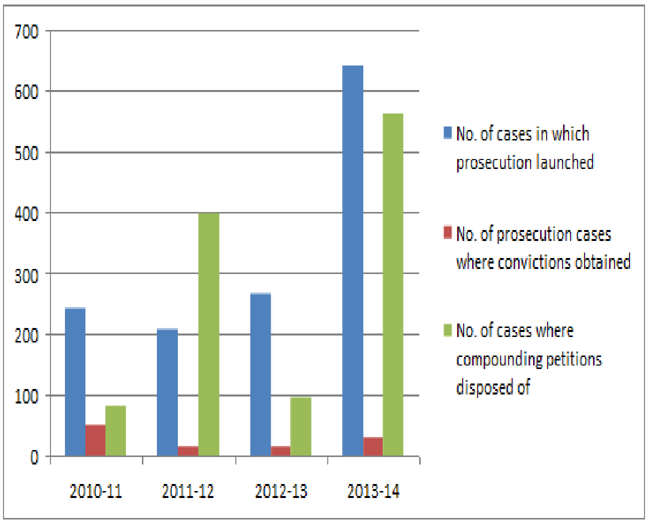


** Figures are provisional.*

*** Out of Rs 90390.71 crore, Rs.71195 crore pertains to Cairn India survey case of Delhi*

There has been substantial increase in the number of prosecutions launched for violation of Direct tax laws during FY 2013-14 as compared to the earlier year. The statistics w.r.t. prosecutions in the last 3 financial years are as follows:

Financial Year	No. of which prosecution launched	No. of prosecution cases where convictions obtained	No. of Cases where compounding petitions disposed
2010-11	244	51	83
2011-12	209	14	397
2012-13	283	15	205
2013-14	641	28	561



13.6.2 Study on estimation of unaccounted income / wealth both inside and outside the country

The Government has commissioned a study, inter alia, on estimation of unaccounted income both inside and outside the country. The study is being conducted by National Institute of Public Finance and Policy (NIPFP), National Council of Applied Economic Research (NCAER) and National Institute of Financial Management (NIFM). Final study reports are expected to be received shortly.

13.6.3 Expenditure Monitoring During Elections

CBDT is coordinating with the Election Commission of India (ECI) for tracking and monitoring expenditure on elections.

13.6.4 Inputs from FIU-IND

Inputs received from FIU-IND have been beneficially used in many cases investigated by the Income Tax Department. Sustained investigations based upon some of the inputs have resulted in successful search and seizure operations.

13.6.5 Investigation into issues emerging out of revelations made by International Consortium of Investigative Journalists

International Consortium of Investigative Journalists (ICIJ) has recently uploaded information on its website www.icij.org, inter alia, containing particulars of certain entities including trusts, funds, companies created in offshore locations such as British Virgin Islands, etc. Such information contains particulars of 513 Indian addresses with names, etc. who prima facie appear to be connected with some of the offshore entities. However, such information does not reveal particulars of financial transactions of the offshore entities or Indian persons. Income-tax authorities have started enquiries in the above matter. Further action under Direct Tax laws would follow on completion of such enquiries.

13.6.6 Investigation into issues emerging out of National Spot Exchange Limited (NSEL) Payment Crisis

Recently, trading on NSEL was suspended which was followed by payment crisis to the investors. NSEL owes about Rs 5570 crore to investors. NSEL provided a list of 24 borrowers who owe Rs 5570 crore to NSEL. Income Tax Department [ITD] carried out nationwide surveys under section 133A of the Income Tax Act, 1961 on these 24 borrowers on 22.08.2013. The survey has revealed that go downs were either empty or reported amount of stocks were not available. In some cases, investigation has revealed that money received from NSEL was utilized for various other purposes such as investment in properties, repayment of loans, etc. Further investigation is under progress.

However, the role of Income Tax Department in preventing and checking the menace of such frauds is limited to the extent that the entities/persons involved may be subjected to investigation from the perspective of violations of the Income-tax Act, 1961 where the primary focus is investigation for tax evasion. The consequences under the Income Tax Act, 1961 primarily relate to óncomeô Whenever such cases are detected, information is shared with the regulators concerned, viz. FMC, SEBI,ED, etc.

13.6.7 Up-gradation of ITDMS and Uploading of latest data

An Integrated Taxpayer Data Management System (ITDMS) was designed as a data mining software to profile a taxpayer. It enables the users to build a near 360 degree profile of taxpayers. A project was taken up to upgrade the existing system to deal with high volumes of data and to generate more linkages. The improved version is giving better linkages and is able to handle a higher quantum of data.

13.7 WIDENING OF TAX BASE, ASSESSMENT AND REFUNDS

13.7.1 Widening of Tax Base:

The number of new assessees added during the F.Y. 2013-14 upto 31.12.2013 is 4,57,468 and upto 28.2.2014 is 4,94,846. Statistics showing the number of effective assessees over the last 7 years is as follows:

S. No.	Financial Year	Total number of assessees as on 31st March of F.Y. (in lacs)
1.	2007-08	326.87
2.	2008-09	333.98
3.	2009-10	347.73
4.	2010-11	355.48
5.	2011-12	363.45
6.	2012-13	373.77
7.	2013-14 (as on September 2013)	316.24

Source: No. of new assessees added- CAP-II, Effective assessees: DGIT(logistics)

13.7.2 Disposal of Refund claims:

After processing of returns, the number of refunds granted is as follows:

S. No.	Financial Year	Number of refunds enc.ashed (in lacs)
1.	2011-12	105.45
2.	2012-13	82.15
3.	2013-14	103.48

Source: DGIT(Systems)

13.8. JUDICIAL WORK

The statistics regarding the disposal of appeals by the Commissioner of Income tax (A) for FY 2013-14 is as follows:

	F.Y. 2011-12	F.Y. 2012-13	F.Y. 2013-14
No. of cases disposed of by CsIT (A)	75,518	85,049	87,770
High Demand cases disposed of by CsIT (A)	21,805	31,835	27,277
Total number of cases pending before CsIT (A) at the end of F.Y.	230,616	199,390	215,174
Number of high Demand Cases in total cases pending before CsIT (A) at the end of F.Y.	17,665	35,049	42,322
Amount locked up in total appeals pending at the end of year. (Rs. In Crore)	242,182	259,556	287,443

13.8.1 The statistics regarding the pendency and institution of appeals in ITAT/HC/SC for FY 2013-14 (Till quarter ending December 2013) is as follows:

Details of Pendency of appeals and new appeals instituted during last three years						
FY	2011-12		2012-13		2013-14	
	Pendency as on 1/4/11*	Appeals Instituted during 2011-12	Pendency as on 1/4/12*	Appeals Instituted during 2012-13	Pendency as on 1/4/13*	Appeals Instituted during 2013-14(upto December 2013)**
ITAT	30999	20865	31299	21993	31914	16131
HC	34812	5720	29129	6725	31488	5867
SC	5740	1202	5844	868	5865	524

*Pendency as on 1st April figure taken from the quarter ending June report for each FY

**Report for Quarter ending March,2014 has not been finalised yet.

Note: Pendency and new appeals instituted includes both filed by the assessees as well as by the department

13.8.2 The statistics regarding the engagement of counsels for FY 2013-14 is as follows:

During the last 3 years, statistics related to engagement of:			
Category of counsels	F.Y. 2011-12	F.Y. 2012-13	F.Y. 2013-14
Standing Counsels	82	23	97
Prosecution Counsels	17	10	7
Special Counsels	86	59	73

13.8.3 As to the Highlights of the performance and achievements of the ITJ Division during the year are as follows:

(i) Earlier there was no mechanism available to find out the appeals/SLP filed by the assessee because of which the Department was not able to place its views from the first hearing/admission stage of the appeal/SLP. **Instruction No.8/2013** was issued which laid down not only the procedure to be followed in case of SLPs filed by the taxpayer, but also to bring about effective and uniform approach for handling such appeals.

(ii) In order to rationalize the workload, of Departmental Representatives (DR) before ITAT, an in depth study was carried out on the existing parameters on workload and need for change in the present economic scenario. **Instruction No. 9/2013** was issued laying down the parameters for allocation of work between the CIT (DRs) and the Sr. DRs for representation before ITAT.

(iii) Proposal for Constitution of panel of Special Counsels to represent Income Tax Department in cases relating to International Taxation or Transfer Pricing before High Courts, Authority for Advance Rulings (AAR) or other judicial forums was approval by the Board and the MoS(R) and is pending with Ministry of Law & Justice.

(iv) As the existing Instruction on the subject of engagement of Special Public Prosecutors, was more than a decade old it was felt necessary that fresh guidelines should be issued after carrying out requisite study of present legal scenario. **Instructions for engagement of Special Public Prosecutors** was drafted and after approval by the Board and the MoS(R), it is pending with Ministry of Law & Justice for concurrence.

(v) **The National Judicial Reference System:** The Central Board of Direct Taxes has taken up an initiative to set up a ìNational Judicial reference Systemò(NJRS), which will be a unified database containing all appeals and decisions of the ITAT, HCs and the Supreme Court of India in Direct Tax matters. The objective is to improve litigation management in the department with the help of technology. As the initial attempt to identify and implementation agency through an open tender did not fructify, renewed efforts were made during the financial year to put the project back on track. All aspects of the project were reviewed in consultation with the Department of Electronics and Information Technology, Department of Expenditure, the IFU, besides internal consultations with the Directorate of Systems and officers posted in the field. A fresh tender was initiated in October 2013. The bid process has been completed and the contract for the Implementation of the project has been awarded to a consortium led by M/s. NSDL e-Governance

Infrastructure Ltd. in April 2014. The Implementation agency is required to execute the project within 6 months and it shall be responsible for the O&M for a period of five years thereafter.

(vi) **Institutional Mechanism for Forming Departmental View on Contentious Legal Issues**: An Institutional Mechanism had been created vide OM dated 28/8/2012 by the CBDT with a view to provide clarity on contentious legal issues, promote consistency of approach on a given issue and reduce litigation. It comprises a Central Technical Committee (CTC) at Delhi and Regional Technical Committees (RTC) in each CCIT (CCA) region. During the year, the mechanism has been institutionalized and RTCs have been set up. The Central Technical Committee has received a total of 32 references for formation of a departmental view in several contentious issues. Regular meetings of the RTCs and the CTC are being held. The departmental view is being provided to the field formations by way of circulars wherever required. Two such circulars have been issued. **Circular No. 7/DV/2013** was issued to bring clarity on the provisions of section 10A/10AA/10B/10BA of the Income-tax Act, with regard to applicability of Chapter IV of the Act and set off and carry forward of losses and **Circular No. 10/DV/2013 dated 15.12.2013** was issued in which the controversy created by recent judgments on the question whether the term ñ*payable*òin s. 40(a)(ia) includes the amounts that have already been paid during the year or it refers only to the amounts outstanding as at the year end, has been analyzed. Where it is felt that there is a need for an amendment in the Act, a suitable reference is being made to the division concerned of CBDT. In all, five references were made for amendment to the TPL division of CBDT.

13.9. Legislative Measures

Major Changes made by Finance Act, 2013

Rates of taxation

13.9.1 Basic exemption limit in the case of individual, HUF, association of persons, body of individuals and artificial juridical person has been retained at Rs. 2 lakhs**.**

13.9.2 The rates for deduction of income-tax at source during the financial year 2013-14 from certain incomes other than ñsalariesòhave been specified in Part II of the First Schedule to the Act. The rates for deduction of income-tax at source during the financial year 2013 -14 will continue to be the same as those specified in Part II of the First Schedule to the Finance Act, 2012 except that in case of certain payments made to a non-resident (other than a company) or a foreign company, in the nature of income by way of royalty or fees for technical services, the rate shall be twenty-five percent. of such income instead of ten percent. Also, the newly inserted section 194LD provides for reduced rate of 5 per cent of withholding tax as against the normal rate of 20 per cent on interest payable in respect of a rupee denominated bond of an Indian company or a Government security if the payment is made to a Foreign Institutional Investor (FII) or a Qualified Foreign Investor (QFI).

13.9.3 The tax deducted at source in the following cases shall be increased by a surcharge for purposes of the Union indicated below:-

(i) In case of every non-resident person not being a company, the rate of surcharge is ten percent of tax where the income or aggregate of such income paid or likely to be paid and subject to the deduction exceeds one crore rupees.

(ii) In case of payments made to foreign companies, the rate of surcharge is two per cent of such income tax where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees but does not exceed ten crore rupees. In case where such income or the aggregate of such incomes paid or likely to be paid to a foreign company and subject to the deduction exceeds ten crore rupees, the rate of surcharge is five percent.

(iii) No surcharge on tax deducted at source shall be levied in the case of an individual, Hindu undivided family, association of persons, body of individuals, artificial juridical person, co-operative society, local authority, firm being a resident or a domestic company.

(iv) Education Cess on income-tax shall continue to be levied for the purposes of the Union at the rate of two per cent of income-tax and surcharge, if any, in the cases of persons not resident in India including foreign companies. In addition, the amount of tax deducted and surcharge shall be further increased by an additional surcharge called Secondary and Higher Education Cess on income-tax at the rate of one per cent in all such cases.

(v) The rates for deducting income-tax at source from Salaries and computing advance tax during the financial year 2013-14 have been specified in Part III of the First Schedule to the Act. These rates are also applicable for charging income-tax during the financial year 2013-14 on current incomes in cases where accelerated assessments have to be made. The basic exemption limit, the rates of tax and slabs of income for various categories remain the same as in financial year 2012-13.

(vi) In the case of every individual, Hindu undivided family, association of persons, body of individuals, artificial juridical person, co-operative society, firm and local authority, the amount of income-tax computed shall be increased by a surcharge at the rate of ten percent. of such income-tax in case of a person having a total income exceeding one crore rupees. However, the total amount payable as income-tax and surcharge on total income exceeding one crore rupees shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

(vii) Education Cess on Income-tax and Secondary and Higher Education Cess on income-tax shall be levied at the rate of two per cent and one per cent respectively of the amount of income tax and surcharge. No marginal relief shall be available in respect of Education Cess and Secondary and Higher Education Cess.

(viii) In case of a domestic company, the rate of income-tax is thirty per cent of the total income. The tax computed shall be enhanced by a surcharge of five per cent where such domestic company has total income exceeding one crore rupees but not exceeding ten crore rupees. Surcharge at the rate of ten per cent shall be levied if the total income of the company exceeds ten crore rupees. In the case of a foreign company, the tax rate shall be forty per cent. The tax computed shall be enhanced by a surcharge of two per cent only where such company has total income exceeding one crore rupees but does not exceed ten crore rupees. Surcharge at the rate of five per cent shall be levied if the total income of the company other than domestic company exceeds ten crore rupees.

(ix) However, marginal relief shall be allowed in the case of every company to ensure that (i) the additional amount of income-tax payable, including surcharge, on the excess of income over one crore rupees is limited to the amount by which the income is more than one crore rupees, (ii) the total amount payable as income-tax and surcharge on total income exceeding ten crore rupees shall not exceed the total amount payable as income-tax and surcharge on a total income of ten crore rupees, by more than the amount of income that exceeds ten crore rupees.

(x) Education Cess on Income-tax and Secondary and Higher Education Cess on income-tax shall be levied at the rate of two per cent and one per cent respectively of the amount of income-tax computed including surcharge. No marginal relief shall be available in respect of Education Cess and Secondary and Higher Education Cess.

(xi) Where additional income-tax has to be paid under section 115-O or section 115-QA or sub-section (2) of section 115R or section 115TA of the Income-tax Act, that is to say, on distribution of dividend by domestic companies or distribution of income by a company on buy-back of shares from shareholders or on distribution of income by a mutual fund to its unit holders or on distribution of income by a securitization trust to its investors, the additional tax so payable shall be increased by a surcharge of ten percent of such tax. The rate in respect of section 115-O and sub-section (2) of section 115R has been enhanced from five percent of tax for the previous year. Section 115QA and section 115TA have been newly inserted in the Income-tax Act, 1961.

A. Other major changes by the Finance Act, 2013

I. Additional Resource Mobilisation

Amendment	Rationale for Amendment
Taxation of Income by way of Royalty or Fees for Technical Services	Section 115A of the Income-tax Act provides for determination of tax in case of a non-resident taxpayer where the total income includes any income by way of Royalty and Fees for technical services (FTS) received under an agreement entered after 31.03.1976 and which are not effectively connected with permanent establishment, if any, of the non-resident in India. Prior to amendment of section 115A by the Act, the tax was payable on the gross amount of income at the rate of ï (i) 30% if income by way of royalty or FTS is received in pursuance of an agreement entered on or before 31.05.1997; (ii) 20% if income by way of royalty or FTS is received in pursuance of an agreement entered after 31.05.1997 but before 01.06.2005; and (iii) 10% if income by way of royalty or FTS is received in pursuance of an agreement

entered on or after 01.06.2005.

India has tax treaties with 87 countries, majority of tax treaties allow India to levy tax on gross amount of royalty at rates ranging from 10 per cent to 25 per cent, whereas the tax rate as per section 115A is 10 per cent. In some cases, this has resulted in taxation at a lower rate of 10 per cent even if the treaty allows the income to be taxed at a higher rate.

In order to correct this anomaly, the tax rate in case of non-resident taxpayer, in respect of income by way of royalty and fees for technical services as provided under section 115A, has been increased from 10 per cent to 25 per cent. This rate of 25 per cent shall be applicable to any income by way of royalty and FTS received by a non-resident, under an agreement entered after 31.03.1976, which is taxable under section 115A.

This amendment takes effect from 1st April, 2014 and will, accordingly, apply in relation to the assessment year 2014-15 and subsequent assessment years.

Commodities Transaction Tax

Commodities Transaction Tax (CTT) has been introduced vide Chapter VII of the Act and has come into force from 1st July, 2013 as notified vide Notification S.O. 1768(E) dated 19th June, 2013. The CTT Rules, 2013 have been notified vide Notification S.O. 1769 (E) dated 19th June, 2013. CTT is levied on taxable commodities transactions entered into in a recognised association.

õTaxable commodities transactionôhas been defined to mean a transaction of sale of commodity derivatives in respect of commodities other than agricultural commodities traded in recognised associations. CTT is to be collected on taxable commodities transactions by the recognised associations.

Agricultural commodities which are not liable to CTT are almond, barley, cardamom, castor seed, channa/gram, copra, coriander/dhaniya, cotton, cotton seed oilcake/ kapasia khali, guar seed, isabgul seed, jeera, kapas, maize feed, pepper, potato, rape/mustard seed, raw jute, red chilli, soya bean/seed, soyameal, turmeric, wheat.

The tax is levied at the rate, given in the Table below, on taxable commodities transactions undertaken by the seller as indicated hereunder:-

TABLE

S.No.	Taxable commodities transaction	Rate	Payable By
(1)	(2)	(3)	(4)
1.	Sale of commodity derivative	0.01 per cent	Seller

The provisions with regard to collection and recovery of CTT, furnishing of returns, assessment procedure, power of assessing officer, chargeability of interest, levy of penalty, institution of prosecution, filing of appeal, power to the Central Government, etc. have also been provided. Further, section 36 of the Income-tax Act has been amended to provide that an amount equal to the commodities transaction tax paid by the assessee in respect of the taxable commodities transactions entered into in the course of his business during the previous year shall be allowable as deduction, if the income arising from such taxable commodities transactions is included in the income computed under the head ð Profits and gains of business or profession.

Sub-section (5) of section 43 of the Income-tax Act has also been amended to provide that eligible transaction in respect of trading in commodity derivatives carried out in a recognised association shall not be deemed to be speculative transaction. The eligible transaction shall include only those transactions in commodity derivatives which are subject to CTT. An *Explanation* has been inserted to provide that the expression ð commodity derivative shall have the meaning assigned to it under Chapter VII of the Act.

The amendments in sections 36 and 43 of the Act take effect from 1st April, 2014 and will, accordingly, apply in relation to the assessment year 2014-15 and subsequent assessment years.

I. Measures to promote socio-economic growth

Amendment	Rationale for Amendment
Extension of sunset date under section 80-IA for the power sector	Rationale for Amendment Under the provisions contained in the clause (iv) of sub-section (4) of section 80-IA, before amendment by the Finance Act,2013 a deduction of profits and gains is allowed to an undertaking which,ð (a) is set up in any part of India for the generation or generation and distribution of power if it begins to generate power at any time during the period beginning on 1st April, 1993 and ending on 31st March, 2013; (b) starts transmission or distribution by laying a network of new transmission or distribution lines at any time during the period beginning on 1st April, 1999 and ending on 31st March, 2013; (c) undertakes substantial renovation and modernization of the existing network of transmission or distribution lines at any time during the period beginning on 1st April, 2004 and ending on 31st March, 2013. With a view to provide further time to such undertakings to commence the eligible activity for availing the tax incentive, the above provisions have been amended so as to extend the terminal date by a further period of one year i.e. up to 31st March, 2014. These amendments take effect from 1st April, 2014 and will, accordingly, apply in relation to the assessment year 2014-15 and subsequent assessment years.
Incentive for acquisition and installation of new plant or machinery by manufacturing company	In order to encourage substantial investment in plant or machinery, a new section 32AC has been inserted in the Income-tax Act to provide that where an assessee, being a company,- (a) is engaged in the business of manufacture of an article or thing; and (b) invests a sum of more than Rs.100 crore in new assets (plant or machinery) during the period beginning from 1st April, 2013 and ending on 31st March, 2015, then, the assessee shall be allowedð (i) for assessment year 2014-15, a deduction of 15 percent of aggregate amount of actual cost of new assets acquired and installed during the financial year 2013-14, if the cost of such assets exceeds Rs.100 crore;

(ii) for assessment year 2015-16, a deduction of 15 percent of aggregate amount of actual cost of new assets, acquired and installed during the period beginning on 1st April, 2013 and ending on 31st March, 2015, as reduced by the deduction allowed, if any, for assessment year 2014-15.

The phrase 'new asset' has been defined as new plant or machinery but does not include-

(i) any plant or machinery which before its installation by the assessee was used either within or outside India by any other person;

(ii) any plant or machinery installed in any office premises or any residential accommodation, including accommodation in the nature of a guest house;

(iii) any office appliances including computers or computer software;

(iv) any vehicle;

(v) ship or aircraft; or

(vi) any plant or machinery, the whole of the actual cost of which is allowed as deduction (whether by way of depreciation or otherwise) in computing the income chargeable under the head 'Profits and gains of business or profession' of any previous year.

Further, the suitable safeguards have been provided to restrict the transfer of the plant or machinery for a period of 5 years. However, this restriction shall not apply in a case of amalgamation or demerger but shall continue to apply to the amalgamated company or resulting company, as the case may be.

This amendment takes effect from 1st April, 2014 and will, accordingly, apply in relation to the assessment year 2014-15 and subsequent assessment years.

Exemption from wealth tax to agricultural land situated in urban area.

Finance Act, 1992 amended the provisions of Wealth-tax Act with effect from 1st April, 1993 to provide that wealth tax shall be levied only on certain specified assets. The definition of assets on which wealth tax is leviable inter alia includes urban land. As per this definition urban land means land situated in the jurisdiction of municipality or cantonment board or land situated in notified area. However, certain categories of urban land such as land on which construction of a building is not permissible, land held for industrial purpose, land held as stock in trade, have been excluded from the definition of urban land. Normally on agricultural land, either no construction is allowed or allowed only for a specific purpose (mainly for agricultural needs), but no specific exemption has been provided to the agricultural land. Recently it has been held by the Hon'ble Supreme Court that agricultural land situated in urban area is liable for wealth tax. As the wealth tax is levied only on unproductive assets, there was no intention to levy wealth tax on the agricultural land which cannot be termed as unproductive assets.

In view of the above, the definition of urban land in the Wealth-tax Act, 1957 has been amended to specifically provide that wealth tax is not leviable on urban land which is,

(i) classified as agricultural land in the records of the Government; and

(ii) used for agricultural purposes.

This amendment takes effect retrospectively from 1st April, 1993.

I. Relief and welfare measures

Amendment	Rationale for Amendment
Exemption to income of Investor Protection Fund of depositories	Under the provisions of SEBI (Depositories and Participants) Regulations, 1996, as amended in 2012, the depositories are mandatorily required to set up an Investor Protection Fund. Section 10(23EA) of the Income-tax Act, 1961 provides that income by way of contributions from a recognised stock exchange received by an Investor Protection Fund set up by the recognised stock exchange shall be exempt from taxation On similar lines, a new clause (23ED) has been inserted in section 10 of the Income-tax Act, 1961 wherein it has been provided that income, by way of contribution from a depository, of the Investor Protection Fund set up by the depository in accordance with the regulations prescribed by SEBI will not be included while computing the total income subject to same conditions as are applicable in respect of exemption to an Investor Protection Fund set up by recognised stock exchanges. However, where any amount standing to the credit of the fund and not charged to income-tax during any previous year is shared wholly or partly with a depository, the amount so shared shall be deemed to be the income of the previous year in which such amount is shared. This amendment takes effect from 1st April, 2014 and will, accordingly, apply in relation to assessment year 2014-15 and subsequent assessment years.
Pass through Status to certain Alternative Investment Funds	Section 10(23FB) of the Income-tax Act, 1961 before its amendment by the Act, provided that any income of a Venture Capital Company (VCC) or Venture Capital Fund (VCF) from investment in a Venture Capital Undertaking (VCU) shall be exempt from taxation. Section 115U of the Income-tax Act, 1961 provides that income accruing or arising or received by a person out of investment made in a VCC or VCF shall be taxable in the same manner as if the person had made direct investment in the VCU. These sections provide a pass through status (i.e. income is taxable in the hands of investors instead of VCF/VCC) only to the funds which satisfy the investment and other conditions as are provided in SEBI (Venture Capital Fund) Regulations, 1996. Further the pass through status is available only in respect of income which arises to the fund from investment in VCU, being a company which satisfies the conditions provided in SEBI (Venture Capital Fund) Regulations, 1996. The SEBI (Alternative Investment Funds) Regulations, 2012 (AIF regulations) have replaced the SEBI (Venture Capital Fund) Regulations, 1996 (VCF regulations) from 21st May, 2012. In order to provide pass through status to similar venture capital funds which are registered under new regulations and subject to same conditions of investment restrictions in the context of investment in a venture capital undertaking, section 10(23FB) has been amended to provide thatð (i) the existing VCFs and VCCs (i.e. which have been registered before 21/05/2012) and are regulated by the VCF regulations, as they stood before repeal by AIF regulations, would continue to avail pass through status as currently available. (ii) in the context of AIF regulations, the Venture Capital Company shall be defined as a company and Venture capital fund shall be defined as a fund set up as a trust, which has been granted a certificate of registration as Venture Capital Fund being a sub-category of Category I Alternative Investment Fund and satisfies the following conditions:- (a) at least two-thirds of its investible funds are invested in unlisted equity shares or equity linked instruments of venture capital undertaking. (b) no investment has been made by such AIFs in a VCU which is an associate company. (c) units of a trust set up as AIF or shares of a company set up as AIF, are not listed

	on a recognised stock exchange. (iii) in the context of AIF regulations, the Venture Capital Undertaking shall be defined in the manner as defined in the Alternative Investment Funds Regulations. This amendment has been made effective retrospectively from 1st April, 2013 and will, accordingly, apply in relation to assessment year 2013-14 and subsequent assessment years.
Exemption of income received in India in Indian currency by a foreign company	Clause (48) of section 10 of the Income-tax Act, 1961 was introduced by the Finance Act, 2012 with effect from 01.04.2012. This clause provides exemption to a foreign company in respect of any income received by it in India in Indian currency on account of sale of crude oil to any person in India. The above clause was introduced in national interest so that payment can be made in Indian currency to foreign companies for import of crude oil. Similar facility is required in relation to certain other goods and services. Accordingly, clause (48) of section 10 of the Income-tax Act, 1961 has been amended to provide that income received in India in Indian currency by a foreign company on account of sale of goods or rendering of services, as may be notified by the Central Government, to any person in India shall also be exempt subject to the existing conditions mentioned in the said clause. This amendment takes effect from 1st April, 2014 and will, accordingly, apply in relation to the assessment year 2014-15 and subsequent assessment years.
Exemption of National Financial Holdings Company Limited	The Specified Undertaking of Unit Trust of India (SUUTI) was created vide the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 as the successor of Unit Trust of India (UTI). Exemption from Income-tax was available to SUUTI in respect of its income up to 31st March, 2014. SUUTI has been succeeded by a new company wholly owned by the Central Government. It has been incorporated on 7th June, 2012 as National Financial Holdings Company Limited (NFHCL). In order to provide the exemption on the lines of SUUTI to NFHCL, clause (49) has been inserted in section 10 of the Income-tax Act, 1961 to grant exemption to NFHCL in respect of income accruing, arising or received on or before 31.03.2014. This amendment has been made effective retrospectively from 1st April, 2013 and will, accordingly, apply in relation to the assessment year 2013-14 and assessment year 2014-15.
Lower rate of tax on dividends received from foreign companies	Section 115BBD of Income-tax Act provides for taxation of gross dividends received by an Indian company from a specified foreign company (in which it has shareholding of 26 per cent or more) at the rate of 15 per cent if such dividend is included in the total income for the Financial Year 2012-13 i.e. Assessment Year 2013-14. The above provision was introduced as an incentive for repatriation of income earned by residents from investments made abroad subject to certain conditions. In order to continue the tax incentive for one more year, section 115BBD has been amended to extend the applicability of this section in respect of income by way of dividends received from a specified foreign company in Financial Year 2013-14 also, subject to the same conditions. This amendment takes effect from 1st April, 2014 and will, accordingly, apply in relation to the assessment year 2014-15.
Removal of the cascading effect of Dividend Distribution Tax (DDT)	Section 115-O of the Income-tax Act provides for taxation of distributed profits of a domestic company. It provides that any amount declared, distributed or paid by way of dividends, whether out of current or accumulated profits shall be liable to be taxed at the rate of 15 per cent. The tax is known as Dividend Distribution Tax (DDT). Such distributed dividend is exempt in the hands of recipients.

	Section 115BBD of Income Tax Act provides for taxation of gross dividends received by an Indian company from a specified foreign company (in which it has shareholding of 26 per cent or more) at the rate of 15 per cent. Section 115-O provides that the tax base for DDT (i.e. the dividend payable in case of a company) is to be reduced by an amount of dividend received from its subsidiary if such subsidiary has paid the DDT which is payable on such dividend . This ensured removal of cascading effect of DDT in a multi-tier structure where dividend received by a domestic company from its subsidiary (which is also a domestic company) is distributed to its shareholders. Section 115-O has been amended in order to remove the cascading effect in respect of dividends received by a domestic company from a similarly placed foreign subsidiary (i.e. the foreign company in which domestic company holds more than fifty per cent of equity share capital). It has been provided that where the tax on dividends received from the foreign subsidiary is payable under section 115BBD by the holding domestic company then, any dividend distributed by the holding company in the same year, to the extent of such dividends, shall not be subject to Dividend Distribution Tax under section 115-O of the Income-tax Act. This amendment takes effect from 1st June, 2013.
Taxation of Securitization Trusts	Section 161 of the Income-tax Act provides that in case of a trust if its income consists of or includes profits and gains of business then income of such trust shall be taxed at the maximum marginal rate in the hands of trust. The special purpose entities set up in the form of trust to undertake securitization activities were facing problem due to lack of special dispensation in respect of taxation under the Income-tax Act. The taxation at the level of trust due to existing provisions was considered to be restrictive particularly where the investors in the trust are persons which are exempt from taxation under the provisions of the Income-tax Act like Mutual Funds. In order to facilitate the securitization process, a special taxation regime has been provided in respect of taxation of income of securitization entities, set up as a trust, from the activity of securitization. Section 10 of the Income-tax Act has been amended and also a new Chapter XII-EA has been inserted therein for providing a special tax regime. The salient features of the special regime are:- (i) In case of securitization vehicles which are set up as a trust being a ?Special purpose distinct entity under SEBI (Public Offer and Listing of Securitized Debt Instruments) Regulations, 2008 or 'Special Purpose Vehicle' in the form of trust (not as a company or other entity) under the guidelines on securitization of standard assets issued by RBI and the activities of which are regulated by either SEBI or RBI, the income from the activity of securitization of such trusts will be exempt from taxation. (ii) The securitization trust will be liable to pay additional income-tax on income distributed to its investors on the lines of income distribution tax levied in the case of mutual funds. The additional income-tax shall be levied at the rate of 25 per cent in case of distribution being made to investors who are individual and HUF and at the rate of 30 per cent in other cases. No additional income-tax shall be payable if the income distributed by the securitization trust is received by a person in whose case income, irrespective of its nature and source, is not chargeable to tax. For instance, in the case of income being distributed to a mutual fund, whose income from all sources are exempt under section 10(23D) of the Income-tax Act, no additional income tax shall be payable. (iii) Consequent to the levy of distribution tax, the distributed income received by the investor will be exempt from tax under section 10 (23DA) of the Income-tax Act. (iv) The securitization trust will be liable to pay interest at the rate of one per cent for every month or part of the month on the amount of additional income-tax not paid within the specified time.

	(v) The person responsible for payment of income or the securitization trust will be deemed to be an assessee in default in respect of the amount of tax payable by him or it in case the additional income-tax is not paid to the credit of Central Government. This amendment takes effect from 1st June, 2013.
Income by way of interest on certain bonds and Government securities	Considering the current account deficit situation and the need to have foreign investment in India in rupees, a new section 194LD has been inserted in the Income-tax Act to provide for reduced rate of 5 per cent of withholding tax as against the normal rate of 20 per cent on interest payable on or after the 1st day of June, 2013 but before the 1st day of June, 2015 in respect of a rupee denominated bond of an Indian company or a Government security if the payment is made to a Foreign Institutional Investor (FII) or a Qualified Foreign Investor (QFI). It has been further provided that interest rate on rupee denominated bonds of an Indian company should not exceed the threshold limit to be notified by the Government. This rate has been notified vide Notification 56/2013 dated 29th July 2013 as below: (i) in case of bonds issued before the 1st day of July, 2010, the rate of interest shall not exceed 500 basis points (bps) over the Base Rate of State Bank of India as on the 1st day of July, 2010. (ii) in case of bonds issued on or after the 1st day of July, 2010, the rate of interest shall not exceed 500 basis points (bps) over the Base Rate of State Bank of India applicable on the date of issue of the said bonds. This amendment takes effect from 1st June, 2013.
Rebate of Rs. 2000 for individuals having total income upto Rs. 5 lakh	With a view to provide tax relief to the individual tax payers who are in lower income bracket, a tax rebate has been provided to an assessee, being an individual resident in India and having total income not exceeding five lakh rupees. The rebate shall be equal to the amount of income-tax payable on the total income for any assessment year or an amount of two thousand rupees, whichever is less. Consequently any individual having income up to Rs. 2,20,000 will not be required to pay any tax and every individual having total income above Rs. 2,20,000/- but not exceeding Rs. 5,00,000/- shall get a tax rebate of Rs. 2000/-. Section 87A has been inserted in the Income-tax Act, 1961, and Section 87 of the said Act has also been consequentially amended. These amendments take effect from 1st April, 2014 and will, accordingly, apply in relation to the assessment year 2014-15 and subsequent assessment years.
Raising the limit of percentage of eligible premium for life insurance policies of persons with disability or	Under the provisions contained in clause (10D) of section 10 of the Income-tax Act, 1961 before amendment by the Finance Act, 2013 any sum received under a life insurance policy, including the sum allocated by way of bonus on such policy, is exempt, subject to the condition that the premium paid for such policy does not exceed ten per cent of the 'actual capital sum assured'. Similarly as per the provisions of sub-section (3A) of section 80C of the Income-tax Act, prior to its amendment by the Finance Act,2013 the deduction under the said section is available in respect of any premium or other payment made on an insurance policy of up to ten per cent of the 'actual capital sum assured'. The above limit of ten per cent was introduced through the Finance Act, 2012 and applies to policies issued on or after 1st April, 2012. Some insurance policies for persons with disability or suffering from specified diseases provide for an annual premium of more than ten per cent of the actual capital sum assured. Due to the limit of ten per cent, these policies are ineligible for exemption under clause (10D) of section 10 of the Income-tax Act. Moreover in such cases, the deduction under section 80C is eligible only to an extent of the premium paid up to 10 percent of the 'actual capital sum assured'. In view of the above, it has now been provided that any sum including the sum allocated

	by way of bonus received under an insurance policy issued on or after 01.04.2013 for the insurance on the life of any person who is (i) a person with disability or a person with severe disability as referred to in section 80U, or (ii) suffering from disease or ailment as specified in the rules made under section 80DDB, shall be exempt under clause (10D) of section 10 of the Income-tax Act, if the premium payable for any of the years during the term of the policy does not exceed 15 percent of the actual capital sum assured. Sub-section (3A) of section 80C of the Income-tax Act has also been amended so as to provide that the deduction under the said section on account of premium paid in respect of a policy issued on or after 01.04.2013 for insurance on the life of a person referred to above shall be allowed to the extent of the premium paid but does not exceed fifteen percent. of the actual capital sum assured. This amendment takes effect from 1st April, 2014 and will, accordingly, apply in relation to the assessment year 2014-15 and subsequent assessment years.
Deduction for contribution to Health Schemes similar to CGHS	Section 80D of the Income -tax Act, before its amendment by the Finance Act,2013 inter alia, provided that the whole of the amount paid in the previous year out of the income chargeable to tax of the assessee, being an individual, to effect or to keep in force an insurance on his health or the health of his family or any contribution made towards the Central Government Health Scheme (CGHS) as does not exceed in the aggregate fifteen thousand rupees, is allowed to be deducted in computing the total income of the assessee. It has been noticed that there are other health schemes of the Central and State Governments, which are similar to the CGHS but no deduction is available to the subscribers of such schemes. In order to bring such schemes at par with the CGHS, section 80D has been amended. The benefit of deduction under this section within the said limit shall be available in respect of any payment or contribution made by the assessee to such other health scheme which has been notified by the Central Government in this behalf. This amendment takes effect from 1st April, 2014 and will, accordingly, apply in relation to the assessment year 2014-15 and subsequent assessment years.
Expanding the scope of deduction and its eligibility under section 80CCG	Section 80CCG of the Income-tax Act, before its amendment by the Finance Act, 2013, inter-alia, provided that a resident individual who has acquired listed equity shares in accordance with the scheme notified by the Central Government, shall be allowed a deduction of fifty per cent of the amount invested in such equity shares to the extent that the said deduction does not exceed twenty five thousand rupees. The deduction is one-time and is available only in one assessment year in respect of the amount so invested. The deduction is available to a new retail investor whose gross total income does not exceed ten lakh rupees. Rajiv Gandhi Equity Savings Scheme has been notified under section 80CCG. With a view to liberalize the incentive available for investment in capital markets by the new retail investors, the provisions of section 80CCG have been amended so as to provide that investment in listed units of an equity oriented fund shall also be eligible for deduction in accordance with the provisions of section 80CCG. For this purpose "equity oriented fund" shall have the meaning assigned to it in clause (38) of section 10 of the Income-tax Act. It has been further provided that the deduction under section 80CCG of the Income-tax Act shall be allowed for three consecutive assessment years, beginning with the assessment year relevant to the previous year in which the listed equity shares or listed units were first acquired by the new retail investor whose gross total income for the relevant assessment year does not exceed twelve lakh rupees. The modified Rajiv Gandhi Equity Savings Scheme has also been notified on 18th December, 2013.

	This amendment takes effect from 1st April, 2014 and will, accordingly, apply in relation to the assessment year 2014-15 and subsequent assessment years. Under the provisions of section 80G of the Income-tax Act, before its amendment by the Finance Act,2013, an assessee is allowed a deduction from his total income in respect of donations made by him to certain funds and institutions. The deduction is allowed at the rate of fifty per cent of the amount of donations made except in the case of donations made to certain funds and institutions specified in clause (i) of sub-section (1) of said section 80G, where deduction is allowed at the rate of one hundred per cent. In the case of donations made to the National Children's Fund, a deduction at the rate of fifty per cent of the amount so donated was allowed. Donations to Funds which are of national importance have been generally provided a deduction of one hundred per cent of the amount donated. As the National Children's Fund is also a Fund of national importance, the section has been amended to provide a hundred per cent deduction in respect of any sum paid as donation to the said Fund in computing the total income of an assessee. This amendment takes effect from 1st April, 2014 and will, accordingly, apply in relation to assessment year 2014-15 and subsequent assessment years.
Deduction in respect of interest on loan sanctioned during financial year 2013-14 for acquiring residential house property	Under the provisions of section 24 of the Income-tax Act, before amendment by the Act, income chargeable under the head Income from House Property is computed after making the deductions specified therein. The deductions specified under the aforesaid section are as under:- i. A sum equal to thirty per cent of the annual value; ii. Where the property has been acquired, constructed, repaired, renewed or reconstructed with borrowed capital, the amount of any interest payable on such capital. It has also been provided that where the property consists of a house or part of a house which is in the occupation of the owner for the purposes of his own residence or cannot actually be occupied by the owner by reason of the fact that owing to his employment, business or profession carried on at any other place, he has to reside at that other place in a building not belonging to him, then the amount of deduction as mentioned above shall not exceed one lakh fifty thousand rupees subject to the conditions provided in the said section. Keeping in view the issue of affordable housing for families, an additional benefit for first home-buyers has been provided by inserting a new section 80EE in the Income-tax Act relating to deduction in respect of interest on loan taken for residential house property. Section 80EE provides that in computing the total income of an assessee, being an individual, deduction shall be allowed on account of interest payable on loan taken by him from any financial institution for the purpose of acquisition of a residential house property. The deduction under the said section shall not exceed one lakh rupees and shall be allowed in computing the total income of the individual for the assessment year beginning on 1st April, 2014 and in a case where the interest payable for the previous year relevant to the said assessment year is less than one lakh rupees, the balance amount shall be allowed in the assessment year beginning on 1st April, 2015. The deduction shall be subject to the following conditions:- (i) the loan is sanctioned by the financial institution during the period beginning on 1st April, 2013 and ending on 31st March, 2014; (ii) the amount of loan sanctioned for acquisition of the residential house property does not exceed twenty-five lakh rupees; (iii) the value of the residential house property does not exceed forty lakh rupees; (iv) the assessee does not own any residential house property on the date of sanction of the loan. It is also provided that where a deduction under section 80EE is allowed for any assessment year, in respect of interest referred to in sub-section (1), deduction shall not be

	allowed in respect of such interest under any other provisions of the Income Tax Act for the same or any other assessment year. The term ?financial institution? has been defined to mean a banking company to which the Banking Regulation Act, 1949 applies including any bank or banking institution referred to in section 51 of that Act or a housing finance company. The term ?housing finance company? has been defined to mean a public company formed or registered in India with the main object of carrying on the business of providing long-term finance for construction or purchase of houses in India for residential purposes. This amendment takes effect from 1st April, 2014 and accordingly applies in relation to the assessment year 2014-15 and assessment year 2015-16.
Securities Transaction Tax (STT)	Securities Transaction Tax (STT) on transactions in specified securities was introduced vide Finance (No.2) Act, 2004. Section 98 of the Finance (No.2) Act, 2004 has been amended to reduce STT rates in the taxable securities transactions as indicated hereunder:- **TABLE**

No.	Nature of Taxable securities transaction	Payable by	Existing Rates (in per cent)	Proposed Rates (in per cent)
(1)	(2)	(3)	(4)	(5)
1.	Delivery based purchase of units of an equity oriented fund entered into in a recognised stock exchange in India	Purchaser	0.1	Nil
2.	Delivery based sale of units of an equity oriented fund entered into in a recognised stock exchange in India	Seller	0.1	0.001
3.	Sale of a futures in securities	Seller	0.017	0.01
4.	Sale of a unit of an equity oriented fund to the mutual fund	Seller	0.25	0.001

These amendments in the rates of securities transaction tax will be effective from 1st June, 2013 and will accordingly apply to any transaction made on or after that date.

IV. Measures for Widening of Tax Base and Anti-tax avoidance measures

Amendment	Rationale for Amendment
Additional Income-tax on distributed income by company for buy-back of unlisted shares	The provisions of Section 2(22) (e) of the Income-tax Act, before its amendment by the Finance Act,2013 provide the definition of dividends for the purposes of the Income-tax Act. Section 115- O provides for levy of Dividend Distribution Tax (DDT) on the company at the time when company distributes, declares or pays any dividend to its shareholders. Consequent to the levy of DDT the amount of dividend received by the shareholders is not included in the total income of the shareholder. The consideration received by a shareholder on buy-back of shares by the company is not treated as dividend but is taxable as capital gains under section 46A of the Act. A company, having distributable reserves, has two options to distribute the same to its shareholders either by declaration and payment of dividends to the shareholders, or by way of purchase of its own shares (i.e. buy back of shares) at a consideration fixed by it. In the first case, the payment by company is subject to DDT and income in the hands of shareholders is exempt. In the second case the income is taxed in the hands of shareholder as capital gains. Unlisted Companies, as part of tax avoidance scheme, resort to buy back of shares instead of payment of dividends in order to avoid payment of tax by way of DDT particularly where the capital gains arising to the shareholders are either not chargeable to tax or are taxable at a lower rate.

	In order to curb such practice, a new Chapter XII-DA has been inserted in the Income-tax Act to provide that the consideration paid by the company for purchase of its own unlisted shares which is in excess of the sum received by the company at the time of issue of such shares (distributed income) will be charged to tax and the company would be liable to pay additional income-tax at the rate of 20 per cent of the distributed income paid to the shareholder. The additional income-tax payable by the company shall be the final tax on similar lines as dividend distribution tax. The income arising to the shareholders in respect of such buy back by the company would be exempt under section 10 (34A) of the Income-tax Act where the company is liable to pay the additional income-tax on the buy-back of shares. These amendments take effect from 1stJune, 2013.
Taxability of immovable property received for inadequate consideration	Sub clause (b) of clause (vii) of sub-section (2) of section 56 of the Income-tax Act, before its amendment by the Finance Act, 2013 inter alia, provided that where any immovable property is received by an individual or HUF without consideration, the stamp duty value of which exceeds fifty thousand rupees, the stamp duty value of such property would be charged to tax in the hands of the individual or HUF as income from other sources. The said provision does not cover a situation where the immovable property has been received by an individual or HUF for inadequate consideration. Accordingly, the provisions of clause (vii) of sub-section (2) of section 56 have been amended so as to provide that where any immovable property is received for a consideration which is less than the stamp duty value of the property by an amount exceeding fifty thousand rupees, the difference between the stamp duty value of such property and the consideration, shall be chargeable to tax in the hands of the individual or HUF as income from other sources. Considering the fact that there may be a time gap between the date of agreement and the date of registration, it has been provided that where the date of the agreement fixing the amount of consideration for the transfer of the immovable property and the date of registration are not the same, the stamp duty value may be taken as on the date of the agreement, instead of that on the date of registration. This exception shall, however, apply only in a case where the amount of consideration, or a part thereof, has been paid by any mode other than cash on or before the date of the agreement fixing the amount of consideration for the transfer of such immovable property. This amendment takes effect from 1st April, 2014 and accordingly, applies in relation to the assessment year 2014-15 and subsequent assessment years.
Tax Deduction at Source (TDS) on transfer of certain immovable properties (other than agricultural land)	There is a statutory requirement under section 139A of the Income-tax Act read with rule 114B of the Income-tax Rules, 1962 to quote Permanent Account Number (PAN) in documents pertaining to purchase or sale of immovable property for value of Rs.5 lakh or more. However, the information furnished to the Income-tax Department in Annual Information Returns by the Registrar or Sub- Registrar indicate that a majority of the purchasers or sellers of immovable properties, valued at Rs.30 lakh or more, during the financial year 2011-12 did not quote or quoted invalid PAN in the documents relating to transfer of immovable property. Under the provisions of the Income-tax Act, prior to its amendment by the Finance Act,2013 tax is required to be deducted at source on certain specified payments made to residents by way of salary, interest, commission, brokerage, professional services, etc. On transfer of immovable property by a non-resident, tax is required to be deducted at source by the transferee. However, there is no such requirement on transfer of immovable property by a resident except in the case of compulsory acquisition of certain immovable properties. In order to have a reporting mechanism of transactions in the real estate sector and also to collect tax at the earliest point of time, a new section 194-IA has been inserted in the Income-tax Act to provide that every transferee, at the time of making payment or crediting of any sum as consideration for transfer of immovable property (other than agricultural land) to a resident transferor, shall deduct tax, at the rate of 1 per cent of such sum. In order to reduce the compliance burden on the small taxpayers, it has also been

	provided that no deduction of tax under this provision shall be made where the total amount of consideration for the transfer of an immovable property is less than fifty lakh rupees. Further, in view of the provisions of section 203A every person deducting tax under this newly inserted section 194-IA would have required to obtain Tax Deduction and Collection Account Number (TAN). In order to reduce the compliance burden on the deductor deducting tax under this section, it is provided that the provisions of section 203A shall not apply to a person required to deduct tax in accordance with the provisions of section 194-IA. This amendment takes effect from 1st June, 2013.
Computation of income under the head "Profits and gains of business or profession" for transfer of immovable property in certain cases	Under the provisions of the Income-tax Act, when a capital asset, being immovable property, is transferred for a consideration which is less than the value adopted, assessed or assessable by any authority of a State Government for the purpose of payment of stamp duty in respect of such transfer, then such value (stamp duty value) is taken as full value of consideration under section 50C of the Income-tax Act. However, these provisions do not apply to transfer of immovable property, held by the transferor as stock-in-trade. Accordingly, a new section 43CA has been inserted in the Income tax Act which provides that where the consideration for the transfer of an asset (other than capital asset), being land or building or both, is less than the stamp duty value, the value so adopted or assessed or assessable shall be deemed to be the full value of consideration for the purposes of computing income under the head ?Profits and gains of business or profession. It has also been provided that where the date of an agreement fixing the value of consideration for the transfer of the asset and the date of registration of the transfer of the asset are not the same, the stamp duty value may be taken as on the date of the agreement for transfer and not as on the date of registration for such transfer. However, this exception shall apply only in those cases where amount of consideration or a part thereof for the transfer has been received by any mode other than cash on or before the date of the agreement. This amendment takes effect from 1st April, 2014 and will, accordingly, apply in relation to the assessment year 2014-15 and subsequent assessment years.

V. Rationalization measures

Amendment	Rationale for Amendment
Tax Residency Certificate	Section 90 of the Income-tax Act empowers the Central Government to enter into an agreement with the Government of any foreign country or specified territory outside India for the purpose of - (i) granting relief in respect of double taxation, (ii) exchange of information and (iii) recovery of taxes. Further section 90A of the Income-tax Act empowers the Central Government to adopt any agreement between specified associations for above mentioned purposes. In exercise of this power, the Central Government has entered into various Double Taxation Avoidance Agreements (DTAAs) with different countries and has adopted agreements between specified associations for relief of double taxation. The scheme of interplay between DTAA and domestic legislation ensures that a taxpayer, who is resident of one of the contracting country to the DTAA, is entitled to claim applicability of beneficial provisions either of DTAA or of the domestic law. Sub-section (4) of sections 90 and 90A of the Income-tax Act inserted by Finance Act, 2012 make submission of Tax Residency Certificate (TRC) containing prescribed particulars, as a condition for availing benefits of the agreements referred to in these sections. Concerns were expressed by Tax Authorities of other countries, as well as stakeholders that different countries issue TRC as per their practice and law. Therefore, the TRCs issued by different countries may not contain all the particulars which were mandatorily required to

be included under section 90(4) or 90A (4) of the Income-tax Act.

In order to address the concerns expressed, sub-section (4) has been amended to omit the requirement that the prescribed particulars are to be mandatorily part of the certificate to be issued by the foreign government. Therefore, TRC issued by different countries in their respective formats would meet the requirement of sub-section (4). However, sub-section (5) has been introduced in sections 90 & 90A of the Income-tax Act to provide that the taxpayer shall be required to furnish such other documents and information as may be prescribed. This has been prescribed vide Notification 47/2013 dated 26th June 2013 amending Rule 21AB of Income-tax Rules, 1962.

These amendments have been made retrospectively from 1st April, 2013 and will, accordingly, apply in relation to the assessment year 2013-14 and subsequent assessment years.

GENERAL ANTI-AVOIDANCE RULE (GAAR)

The General Anti Avoidance Rule (GAAR) was introduced in the Income-tax Act by the Finance Act, 2012. The substantive provisions relating to GAAR are contained in Chapter X-A (consisting of sections 95 to 102) of the Income-tax Act. The procedural provisions relating to mechanism for invocation of GAAR and passing of the assessment order in consequence thereof are contained in section 144BA. The provisions of Chapter X-A as well as section 144BA would have come into force with effect from 1st April, 2014.

A number of representations were received against the provisions relating to GAAR. An Expert Committee was constituted by the Government with broad terms of reference including consultation with stakeholders and finalizing the GAAR guidelines and a road map for its implementation. The Expert Committee's recommendations included suggestions for legislative amendments, formulation of rules and prescribing guidelines for implementation of GAAR. The major recommendations of the Expert Committee have been accepted by the Government, with some modifications. Some of the recommendations accepted by the Government required amendment in the provisions of Chapter X-A and section 144BA.

In order to give effect to the recommendations, the following amendments have been made in GAAR provisions inserted in the Income-tax Act through the Finance Act, 2012:-

(A) The provisions of Chapter X-A and section 144BA will come into force with effect from April 1, 2016 as against the current date of April 1, 2014. The provisions shall apply from the assessment year 2016-17 instead of assessment year 2014-15.

(B) An arrangement, the main purpose of which is to obtain a tax benefit, would be considered as an impermissible avoidance arrangement. The provision of section 96 providing that it should be 'the main purpose or one of the main purposes' has been amended accordingly.

(C) The factors like, period or time for which the arrangement had existed; the fact of payment of taxes by the assessee; and the fact that an exit route was provided by the arrangement, would be relevant but not sufficient to determine whether the arrangement is an impermissible avoidance arrangement. The provisions of section 97 which provided that these factors would not be relevant have been amended accordingly.

(D) An arrangement shall also be deemed to be lacking commercial substance, if it does not have a significant effect upon the business risks, or net cash flows of any party to the arrangement apart from any effect attributable to the tax benefit that would be obtained but for the application of Chapter X-A. The provisions as contained in section 97 have been amended to provide that an arrangement shall also be deemed to lack commercial substance if the condition provided above is satisfied.

(E) The Approving Panel shall consist of a Chairperson who is or has been a Judge of a High Court; one Member of the Indian Revenue Service not below the rank of Chief Commissioner of Income-tax; and one Member who shall be an academic or scholar having special knowledge of matters such as direct taxes, business accounts and

	international trade practices. The provision of section 144BA that the Approving Panel shall consist of not less than three members being income-tax authorities and an officer of the Indian Legal Service has been amended accordingly. (F) The directions issued by the Approving Panel shall be binding on the assessee as well as the income-tax authorities and no appeal against such directions can be made under the provisions of the Act. The provisions of section 144BA providing that the direction of the Approving Panel will be binding only on the Assessing Officer have been amended accordingly. (G) The Central Government may constitute one or more Approving Panels as may be necessary and the term of the Approving Panel shall be ordinarily for one year and may be extended from time to time up to a period of three years. The provisions of section 144BA have been amended accordingly. (H) The two separate definitions in the provisions of section 102, as inserted by Finance Act, 2012 namely 'associated person' and 'connected person' have been combined and there is only one inclusive provision defining a 'connected person'. The provisions of section 102 have been amended accordingly. Consequential amendments in other sections relating to procedural matters have also been made. Further, GAAR rules have been notified vide Notification No.75/2013 dated 23rd of September, 2013 These amendments take effect from 1st April, 2016 and will, accordingly, apply in relation to the assessment year 2016-17 and subsequent assessment years.
Rationalization of tax on distributed income by the Mutual Funds	Under the provisions of section 115R of the Income-tax Act, before its amendment by the Finance Act, 2013any amount of income distributed by the specified company or a Mutual Fund to its unit holders is chargeable to additional income-tax. In case of any distribution made by a fund other than equity oriented fund to a person who is not an individual and HUF, the rate of tax is 30 per cent whereas in case of distribution to an individual or an HUF it is 12.5 per cent or 25 per cent depending on the nature of the fund. In order to provide uniform taxation for all types of funds, other than equity oriented fund, the rate of tax on distributed income has been increased from 12.5 per cent to 25 per cent in all cases where distribution is made to an individual or a HUF. Further in case of an Infrastructure debt fund (IDF) set up as a Non-Banking Finance Company (NBFC) the interest payment made by the fund to a non-resident investor is taxable at a concessional rate of 5 per cent. However in case of distribution of income by an IDF set up as a Mutual Fund the distribution tax is levied at the rates described above in the case of a Mutual Fund. In order to bring parity in taxation of income from investment made by a non-resident Investor in an IDF whether set up as a IDF-NBFC or IDF-Mutual Fund, section 115R has been amended to provide that tax at the rate of 5 per cent on income distributed shall be payable in respect of income distributed by a Mutual Fund under an IDF scheme to a non-resident Investor. These amendments take effect from 1st June, 2013.
Keyman insurance policy	The provisions of clause (10D) of section 10 of the Income-tax Act, 1961 before amendment by the Finance Act, 2013, inter alia, exempt any sum received under a life insurance policy other than a keyman insurance policy. Explanation 1 to the said clause (10D) defines a keyman insurance policy to mean a life insurance policy taken by a person on the life of another person who is or was the employee of the first-mentioned person or is or was connected in any manner whatsoever with the business of the first-mentioned person. It has been noticed that the policies taken as keyman insurance policy are being assigned to the keyman before its maturity. The keyman pays the remaining premium on the policy and claims the entire sum received under such policy as exempt on the ground that the

	policy is no longer a keyman insurance policy. The exemption under section 10(10D) is claimed for policies which were originally keyman insurance policies but during the term these were assigned to some other person. The Courts have also noticed this loophole in law. With a view to plug the loophole and check such practices to avoid payment of taxes, the provisions of clause (10D) of section 10 of the Income-tax Act, 1961 have been amended to provide that a keyman insurance policy which has been assigned to any person during its term, with or without consideration, shall continue to be treated as a keyman insurance policy and consequently would not be eligible for any exemption under section 10(10D) of the Income-tax Act. The amendment will take effect from 1st April, 2014 and will, accordingly, apply in relation to assessment year 2014-15 and subsequent assessments years.
Contribution not to be in cash for deduction under section 80GGB & section 80GGC	Under section 80GGB of the Income-tax Act, before its amendment by the Finance Act, 2013, any sum contributed by an Indian company to any political party or an electoral trust in the previous year, is allowed as deduction in computing the total income of such Indian company. A similar deduction is available to an assessee, being any person other than local authority and artificial juridical person under section 80GGC. No specific mode was provided for making such contribution. With a view to discourage cash payments by the contributors, the provisions of aforesaid sections have been amended to provide that no deduction shall be allowed under section 80GGB and 80GGC in respect of any sum contributed by way of cash. This amendment takes effect from 1st April, 2014 and will, accordingly, apply in relation to the assessment year 2014-15 and subsequent assessment years.
Deduction for additional wages in certain cases	Section 80JJAA, before amendment by the Finance Act, 2013 provided for a deduction of an amount equal to thirty per cent of additional wages paid to the new regular workmen employed in any previous year by an Indian company in its industrial undertaking engaged in manufacture or production of article or thing. The deduction is available for three assessment years including the assessment year relevant to the previous year in which such employment is provided. No deduction under this section is allowed if the industrial undertaking is formed by splitting up or reconstruction of an existing undertaking or amalgamation with another industrial undertaking. The tax incentive under section 80JJAA was intended for employment of blue collared employees in the manufacturing sector whereas in practice, it is being claimed for other employees in other sectors also. Therefore, the provisions of section 80JJAA have been amended so as to provide that the deduction shall be available to an Indian Company deriving profits from manufacture of goods in a factory. The deduction shall be of an amount equal to thirty per cent of additional wages paid to the new regular workmen employed by the assessee in such factory, in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided. It has also been provided that the deduction under this section shall not be available if the factory is hived off or transferred from another existing entity or acquired by the assessee company as a result of amalgamation with another company. This amendment takes effect from 1st April, 2014 and will, accordingly, apply in relation to assessment year 2014-15 and subsequent assessment years.
Extension of time for approval in Part A of the Fourth Schedule to the Income-tax Act, 1961	Rule 4 in Part A of the Fourth Schedule to the Income-tax Act provides for conditions which are required to be satisfied by a Provident Fund for receiving or retaining recognition under the Income-tax Act. One of the requirements of rule 4 as contained in clause (ea) is that the establishment has to be notified by the Central Provident Fund Commissioner under section 1(4) of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952

	[EPF & MP Act] and has obtained exemption under section 17 of the said Act. Rule 3 in Part A of the Fourth Schedule to the Income-tax Act provides that the Chief Commissioner or the Commissioner of Income-tax may accord recognition to any provident fund which, in his opinion, satisfies the conditions specified under the said rule 4 and the conditions which the Board may specify by rules. The first proviso to sub-rule (1) of rule 3, prior to its amendment by the Act, inter alia, specified that in a case where recognition under the Income-tax Act has been accorded to any provident fund on or before 31st March, 2006, but such provident fund does not satisfy the conditions set out in clause (ea) of rule 4 on or before 31st March 2013, the recognition to such fund shall be withdrawn. A number of applications were pending with the Employees' Provident Fund Organization (EPFO) for grant of exemption under section 17 of EPF & MP Act. With a view to provide further time to the EPFO to decide on the pending applications seeking exemption under section 17 of the EPF & MP Act, the first proviso has been amended , so as to extend the time limit from 31st March, 2013 to 31st March, 2014. This amendment takes effect retrospectively from 1st April, 2013.
Enabling provisions for facilitating electronic filing of annexure-less return of net wealth	Section 14 of the Wealth-tax Act provides for furnishing of return of net wealth as on the valuation date in the prescribed form and verified in the prescribed manner setting forth particulars of the net wealth and such other particulars as may be prescribed. Currently, certain documents, reports are required to be furnished along with the return of net wealth under the provisions of Wealth-tax Act read with the provisions of Wealth-tax Rules. Sections 139C and 139D of the Income-tax Act contain provisions for facilitating filing of annexure-less return of income in electronic form by certain class of income-tax assesses. In order to facilitate electronic filing of annexure-less return of net wealth, new sections 14A and 14B have been inserted in the Wealth-tax Act on similar lines. Consequently, the provisions of section 46 of the Wealth-tax Act which provide for rule making powers of the Board have also been amended. These amendments take effect from 1st June, 2013.
Disallowance of certain fee, charge, etc. in the case of State Government Undertakings	The provisions of section 40 of the Income-tax Act, 1961 before its amendment by the Act, specifies the amounts which shall not be deducted in computing the income chargeable under the headð Profits and gains of business or profession. The non-deductible expense under the said section also includes statutory dues like fringe benefit tax, income-tax, wealth-tax, etc. Disputes have arisen in respect of income-tax assessment of some State Government undertakings as to whether any sum paid by way of privilege fee, license fee, royalty, etc. levied or charged by the State Government exclusively on its undertakings are deductible or not for the purposes of computation of income of such undertakings. In some cases, orders have been issued to the effect that surplus arising to such undertakings shall vest with the State Government. As a result it has been claimed that such income by way of surplus is not subject to tax. It is a settled law that State Government undertakings are separate legal entities than the State and are liable to income-tax. In order to protect the tax base of State Government undertakings vis-à-vis exclusive levy of fee, charge, etc. or appropriation of amount by the State Governments from its undertakings, section 40 of the Income-tax Act has been amended to provide that any amount paid by way of fee, charge, etc., which is levied exclusively on, or any amount appropriated, directly or indirectly, from a State Government undertaking, by the State Government, shall not be allowed as deduction for the purposes of computation of income of such undertakings under the head 'Profits and gains of business or profession'. The expression 'State Government Undertaking' for this purpose includes ? (i) a corporation established by or under any Act of the State Government; (ii) a company in which more than fifty per cent of the paid-up equity share capital is held by the State Government;

	(iii) a company in which more than fifty per cent of the paid-up equity share capital is held by the entity referred to in clause (i) or clause (ii) (whether singly or taken together); (iv) a company or corporation in which the State Government has the right to appoint the majority of the directors or to control the management or policy decisions, directly or indirectly, including by virtue of its shareholding or management rights or shareholders agreements or voting agreements or in any other manner; (v) an authority, a board or an institution or a body established or constituted by or under any Act of the State Government or owned or controlled by the State Government. This amendment takes effect from 1st April, 2014 and will, accordingly, apply in relation to the assessment year 2014-15 and subsequent assessment years.
Clarification of the phrase "tax due" for the purposes of recovery in certain cases	Section 179 of the Income-tax Act provides that where the tax due from a private company cannot be recovered from such company, then the director (who was the director of such company during the previous year to which non-recovery relates) shall be jointly and severally liable for payment of such tax unless he proves that the non-recovery of tax cannot be attributed to any gross neglect, misfeasance or breach of duty on his part. This provision is intended to recover outstanding demand under the Income-tax Act of a private company from the directors of such company in certain cases. However, some courts have interpreted the phrase 'tax due', used in section 179, does not include penalty, interest and other sum payable under the Income-tax Act. In view of the above, it has been clarified that for the purposes of the said section 179, the expressionð tax due includes penalty, interest or any other sum payable under the Income-tax Act. Amendment on the similar lines for clarifying the expression 'tax due' has also been made to the provisions of section 167C of the Income-tax Act. These amendments take effect from 1st June, 2013.
Clarification for amount to be eligible for deduction as bad debts in case of banks	Under the provisions of section 36(1)(viia) of the Income-tax Act, before amendment by the Act, in computing the business income of certain banks and financial institutions, deduction is allowable in respect of any provision for bad and doubtful debts made by such entities subject to certain limits specified therein. The limit specified under section 36(1)(viia)(a) of the Income-tax Act restricts the claim of deduction for provision for bad and doubtful debts for certain banks (not incorporated outside India) and certain cooperative banks to 7.5 percent of gross total income (before deduction under this clause) of such banks and 10 percent of the aggregate average advance made by the rural branches of such banks. This limit is 5 percent of gross total income (before deduction under this clause) under sections 36(1)(viia)(b) and 36(1)(viia)(c) for a bank incorporated outside India and certain financial institutions. Provisions of clause (vii) of sub-section (1) of section 36 of the Income-tax Act provides for deduction for bad debt actually written off as irrecoverable in the books of account of the assessee. The proviso to this clause provides that for an assessee, to which section 36(1)(viia) of the Income-tax Act applies, deduction under said clause (vii) shall be limited to the amount by which the bad debt written off exceeds the credit balance in the provision for bad and doubtful debts account made under section 36(1) (viia) of the said Act. The provisions of section 36(1)(vii) of the Income-tax Act are subject to the provisions of section 36(2) of the said Act. The clause (v) of sub-section (2) of section 36 of the Income-tax Act provides that the assessee, to which section 36(1)(viia) of the said Act applies, should debit the amount of bad debt written off to the provision for bad and doubtful debts account made under section 36(1) (viia) of the Income-tax Act. Therefore, the banks or financial institutions are entitled to claim deduction for bad debt actually written off under section 36(1)(vii) of the Income-tax Act only to the extent it is in excess of the credit balance in the provision for bad and doubtful debts account made under section 36(1)(viia) of the said Act. However, certain judicial pronouncements have created doubts about the scope and applicability of proviso to clause (vii) of sub-section (1) of section 36 of the Income-tax Act and held that the proviso to clause (vii) of sub-section (1) of section

	36 of the Income-tax Act applies only to provision made for bad and doubtful debts relating to rural advances. Section 36(1)(viia) of the Income-tax Act contains three sub-clauses, i.e. sub-clause (a), sub-clause (b) and sub-clause (c) and only one of the sub-clauses i.e. sub-clause (a) refers to rural advances whereas other sub-clauses do not refer to the rural advances. In fact, foreign banks generally do not have rural branches. Therefore, the provision for bad and doubtful debts account made under clause (viia) of sub-section (1) of section 36 and referred to in proviso to clause (vii) of sub-section (1) of section 36 and clause (v) of sub-section (2) of section 36 of the Income-tax Act applies to all types of advances, whether rural or other advances. It has also been interpreted that there are separate accounts in respect of provision for bad and doubtful debt under clause (viia) for rural advances and urban advances and if the actual write off of debt relates to urban advances, then, it should not be set off against provision for bad and doubtful debts made for rural advances. There is no such distinction made in clause (viia) of sub-section (1) of section 36 of the Income-tax Act. In order to clarify the scope and applicability of provision of clause (vii), (viia) of sub-section (1) and sub-section (2), an Explanation in clause (vii) of sub-section (1) of section 36 has been inserted stating that for the purposes of the proviso to clause (vii) of sub-section(1) of section 36 and clause (v) of sub-section (2) of section 36, only one account as referred to therein is made in respect of provision for bad and doubtful debts under clause (viia) of sub-section (1) of section 36 and such account relates to all types of advances, including advances made by rural branches. Therefore, for an assessee to which clause (viia) of sub-section (1) of section 36 applies, the amount of deduction in respect of the bad debts actually written off under clause (vii) of sub-section (1) of section 36 shall be limited to the amount by which such bad debts exceeds the credit balance in the provision for bad and doubtful debts account made under clause (viia) of sub-section (1) of section 36 without any distinction between rural advances and other advances. This amendment takes effect from 1st April, 2014 and will, accordingly, apply in relation to the assessment year 2014-15 and subsequent assessment years.
Amendment in the definition of Capital Asset	The provisions contained in clause (14) of section 2, before amendment by the Finance Act, define the term "capital asset" as property of any kind held by an assessee, whether or not connected with his business or profession. Certain categories of properties including agricultural land have been excluded from this definition. Sub-clause (iii) of clause (14) of section 2 provides that (a) agricultural land situated in any area within the jurisdiction of a municipality or cantonment board having population of not less than ten thousand according to last preceding census, or (b) agricultural land situated in any area within such distance not exceeding eight kilometers from the local limits of any municipality or cantonment board as notified by the Central Government having regard to the extent and scope of urbanization and other relevant factors, forms part of capital asset. Item (b) of sub-clause (iii) of clause (14) of section 2 has been amended so as to provide that the land situated in any area within the distance, measured aerially (shortest aerial distance), (I) not being more than two kilometers, from the local limits of any municipality or cantonment board referred to in item (a) and which has a population of more than ten thousand but not exceeding one lakh; or (II) not being more than six kilometers, from the local limits of any municipality or cantonment board referred to in item (a) and which has a population of more than one lakh but not exceeding ten lakh; or (III) not being more than eight kilometers, from the local limits of any municipality or cantonment board referred to in item (a) and which has a population of more than ten lakh, shall form part of capital asset. The expression "population" has also been defined to mean population according to the last preceding census of which the relevant figures have been published before the first day of the previous year. Similar amendments are also carried out in clause (IA) of section 2 of the Income-tax Act,

	1961 relating to the definition of "agricultural income" and in respect of the definition of "urban land" in the Wealth-tax Act, 1957. These amendments will take effect from 1st April, 2014 and will, accordingly, apply in relation to Assessment year 2014-15 and subsequent assessment years.
Application of seized assets under section 132B	The provisions contained in section 132B of the Income-tax Act, before amendment by the Act, inter-alia, provide that seized cash may be adjusted against any existing liability under the Income-tax Act, Wealth-tax Act, Expenditure-tax Act, Gift-tax Act and Interest-tax Act and the amount of liability determined on completion of assessments pursuant to search, including penalty levied or interest payable and in respect of which such person is in default or deemed to be in default. Various courts have taken a view that the term ?existing liability includes advance tax liability of the assessee, which is not in consonance with the intention of the legislature. The legislative intent behind this provision is to ensure the recovery of outstanding tax/interest/penalty and also to provide for recovery of taxes/interest/penalty, which may arise subsequent to the assessment pursuant to search. Accordingly, said section 132B has been amended to clarify that the existing liability does not include advance tax payable in accordance with the provisions of Part C of Chapter XVII of the Income-tax Act. This amendment takes effect from 1st June, 2013.
Replacement of terms "Foreign Exchange Regulation Act, 1947" and "Foreign Exchange Regulation Act, 1973" with "Foreign Exchange Management Act, 1999"	Section 138 of the Income-tax Act provides for disclosure of information in respect of assesses. Sub-clause (i) of clause (a) of sub-section (1) of the said section, inter-alia, provides that the Board or any Income-tax authority specified by it may furnish or cause to be furnished to any officer or body performing any functions under any law relating to dealings in foreign exchange as defined in section 2(d) of the Foreign Exchange Regulation Act, 1947, any information so as to enable him to perform his functions under that law. Foreign Exchange Regulation Act, 1947 (FERA) referred to in the said section was repealed in 1973 and was substituted by Foreign Exchange Regulation Act, 1973. In 1999 a new Act, Foreign Exchange Management Act, 1999 (FEMA) was introduced. The definition of foreign exchange in FERA, 1947 has under gone slight modification in FEMA, 1999. The term foreign exchange is defined in clause (n) of section 2 of FEMA, 1999. In view of the above, sub-clause (i) of clause (a) of sub-section (1) section 138 of the Income-tax Act has been amended to provide that foreign exchange shall have the meaning as assigned to it in section 2(n) of FEMA, 1999. Similar amendments have been made in sections 10(4), 10(4B), 10(15), 10A, 10B, 48, 115AB, 115C, and 196A of the Income-tax Act. This amendment will take effect from 1st April, 2013.
Return of Income filed without payment of self-assessment tax to be treated as defective return	The provisions contained in sub-section (9) of section 139, before amendment by the Act, provide that where the Assessing Officer considers that the return of income furnished by the assessee is defective; he may intimate the defect to the assessee and give him an opportunity to rectify the defect within a period of fifteen days. If the defect is not rectified within the time allowed by the Assessing Officer, the return is treated as an invalid return. The conditions, the non-fulfillment of which renders the return defective have been provided in the Explanation to the aforesaid sub-section. Section 140A provides that where any tax is payable on the basis of any return, after taking into account the prepaid taxes, the assessee shall be liable to pay such tax together with interest payable under any provision of this Act for any delay in furnishing the return or any default or delay in payment of advance tax, before furnishing the return. It has been noticed that a large number of assesses furnish their returns of income without payment of self-assessment tax. With a view to ensure compliance of the provisions of section 140A, the Explanation to sub-section (9) of section 139 of the Income-tax Act has been amended to provide that the

	return of income shall be regarded as defective unless the tax together with interest, if any, payable in accordance with the provisions of section 140A has been paid on or before the date of furnishing of the return. This amendment takes effect from 1st June, 2013.
Direction for special audit under sub-section (2A) of section 142	Sub-section (2A) of section 142 of the Income-tax Act, before its amendment by the Act, inter-alia, provided that if at any stage of the proceedings, the Assessing Officer having regard to the nature and complexity of the accounts of the assessee and the interests of the revenue, is of the opinion that it is necessary so to do, he may, with the approval of the Chief Commissioner or Commissioner, direct the assessee to get his accounts audited by an accountant and to furnish a report of such audit in the prescribed form. The expression ð nature and complexity of the accounts? has been interpreted in a very restrictive manner by various courts. Sub-section (2A) of section 142 has been amended to provide that if at any stage of the proceedings before him, the Assessing Officer, having regard to the nature and complexity of the accounts, volume of the accounts, doubts about the correctness of the accounts, multiplicity of transactions in the accounts or specialized nature of business activity of the assessee, and the interests of the revenue, is of the opinion that it is necessary so to do, he may, with the previous approval of the Chief Commissioner or the Commissioner, direct the assessee to get his accounts audited by an accountant and to furnish a report of such audit in the prescribed form. This amendment takes effect from 1st June, 2013.
Exclusion of time in computing the period of limitation for completion of assessments and reassessments	Section 153 of the Income-tax Act, inter-alia, provides the time limit for completion of assessment and reassessment of income by the Assessing Officer. Explanation to section 153 provides that certain periods specified therein shall be excluded while computing the period of limitation for the purposes of the said section. Under the provisions of clause (iii) of Explanation 1 to section 153 of the Income-tax Act, prior to its amendment by the Act, the period commencing from the date on which the Assessing Officer directs the assessee to get his accounts audited under sub-section (2A) of section 142 and ending with the last date on which the assessee is required to furnish a report of such audit, is excluded in computing the period of limitation for the purposes of assessment or reassessment. However, it did not provide for exclusion of time in case the direction of the Assessing Officer as aforesaid is set aside by the court. Accordingly clause (iii) of Explanation 1 to section 153 has been amended to provide that the period commencing from the date on which the Assessing Officer directs the assessee to get his accounts audited under sub-section (2A) of section 142 and ending with the last date on which the assessee is required to furnish report of such audit under that sub-section; or where such direction is challenged before a court, ending with the date on which the order setting aside such direction is received by the Commissioner, shall be excluded in computing the period of limitation for the purposes of section 153. Similarly, clause (viii) of Explanation I to section 153 of the Income-tax Act, before its amendment by the Act, provided for exclusion of the period commencing from the date on which a reference for exchange of information is made by an authority competent under an agreement referred to in section 90 or section 90A and ending with the date on which the information so requested is received by the Commissioner or a period of one year, whichever is less, in computing the period of limitation for the purposes of section 153. At times more than one reference for exchange of information is made in one case and the replies from the foreign Competent Authorities are also received in parts. In such cases, there will always be a dispute for counting the period of exclusion i.e. whether it should be from the date of first reference for exchange of information made or from the date of last reference. Similar dispute may also arise with regard to the date on which the information so requested is received. With a view to clarify the above situation, the aforesaid clause (viii) of Explanation 1 to section 153 has been amended to provide that the period commencing from the date on

	which a reference or first of the references for exchange of information is made by an authority competent under an agreement referred to in section 90 or section 90A of the Income-tax Act and ending with the date on which the information requested is last received by the Commissioner or a period of one year, whichever is less, shall be excluded in computing the period of limitation for the purposes of section 153. Similar amendments have also been made in Explanation to section 153B of the Income-tax Act relating to time limit for completion of search assessment. These amendments take effect from 1st June, 2013.
Time limit for completion of assessment or reassessment where reference is made to Transfer Pricing Officer.	Sections 153 and 153B of the Income-tax Act, inter alia, provide the time limit for completion of assessment and reassessment of income by the Assessing Officer. Time limits have been provided for completion of assessment or reassessment under sections 143(3), 147, 153A, 153C etc. of the Income-tax Act. These time limits get extended if a reference is made under section 92CA of the Income-tax Act to the Transfer Pricing Officer (TPO) during the course of assessment/reassessment proceedings. These time limits are either from the end of financial year in which notice for initiation of the proceeding was served or from the end of the assessment year to which the proceedings relate. Vide Finance Act, 2012 the period of limitation as provided in sections 153 and 153B of the Income-tax Act was extended by three months. In all the cases where reference under section 92CA of the Income-tax Act was made to the Transfer Pricing Officer the period of limitation was extended to one year from the existing 9 months. Similar amendments were made in other parts of section 153 and section 153B of the Income-tax Act wherever reference of section 92CA was made. As a result of insertion of 3rd proviso in sub-section (1) of section 153 an anomaly arose. In a case relating to assessment year 2009-10, where a reference was made under section 92CA of the Income-tax Act and the TPO passed the order before 01.07.2012, it could not get covered by the 3rd proviso which was inserted vide Finance Act 2012. Further, it could not get covered by 2nd proviso either. Therefore, it found a place only in 153(1) (a) as per which the time limit would be two years from the end of assessment year i.e. upto 31.03.2012. Therefore, it did not get the benefit of one extra year as was intended. Further, before amendments vide Finance Act 2012 this case would have been covered under 2nd proviso and the time limit for completion would have been 31-12-2012 (33 months). Thus, with the insertion of 3rd proviso vide Finance Act 2012 the time limit got reduced from 31-12-2012 to 31-03-2012. This was not the intent of the legislature. In view of the above, the provisions of 3rd proviso to sub-section (1) of section 153 of the Income-tax Act have been amended to provide that in case the assessment year in which the income was first assessable is the assessment year commencing on the 1st day of April, 2009 or any subsequent assessment year and during the course of the proceeding for the assessment of total income, a reference under sub-section (1) of section 92CA of the Income-tax Act is made, the provisions of clause (a) shall, notwithstanding anything contained in the first proviso, have effect as if for the words two years, the words three years had been substituted. Similar amendments have been made in sub-section (2), sub-section (2A) of section 153 and section 153B of the Income-tax Act where similar anomaly arose due to amendments carried out vide Finance Act, 2012 in the said sections. The amendments take effect retrospectively from 1st July, 2012.
Meaning of "person responsible for paying" under Chapter XVII	Chapter XVII of the Income-tax Act, 1961 deals with collection and recovery of tax. Section 204 of the Income-tax Act defines the expression "person responsible for paying". As per clause (iia) of the said section 204 the expression "person responsible for paying" in case of any sum payable to a non-resident Indian, being any sum representing consideration for the transfer by him of any foreign exchange asset, which is not a short-term capital asset, means the authorised dealer responsible for remitting such sum to the non-resident Indian or for crediting such sum to his Non-resident (External) Account maintained in accordance with

	the Foreign Exchange Regulation Act, 1973 and any rules made thereunder. The expression authorised dealer as mentioned above has been defined in the Explanation to the said section as having the meaning as assigned to it in clause (b) of section 2 of the Foreign Exchange Regulation Act, 1973. Further, in the Explanation, reference has been made to Foreign Exchange Regulation Act, 1973. In 1999, Foreign Exchange Management Act, 1999 (FEMA) was introduced and it replaced the Foreign Exchange Regulation Act, 1973. In FEMA, the expression "authorised dealer" has been replaced by "authorised person". In view of the replacement of the Foreign Exchange Regulation Act, 1973 by the Foreign Exchange Management Act, 1999, an amendment in section 204 of the Income-tax Act has been made whereby the words "authorised dealer" have been replaced by the words "authorised person". Further "authorised person" has been defined to have the meaning as assigned to it in clause (c) of section 2 of the Foreign Exchange Management Act, 1999. This amendment takes effect from 1st April, 2013.
Exemption from requirement of furnishing PAN under section 206AA to certain non-resident bond holder.	Under section 194LC of the Income-tax Act, the payment of interest by an Indian company to a non-resident on money borrowed in foreign currency under a loan agreement or through issue of a long term infrastructure bond is subject to deduction of tax at the rate of 5 per cent instead of general rate of deduction of tax at the rate of 20 per cent. Under section 206AA of the Act, if such non-resident does not provide his Permanent Account Number (PAN) to the payer, then the tax is required to be withheld at the rate of 20 per cent. Considering the practical difficulties in obtaining PAN by the non-resident bondholders, section 206AA has been amended to provide that provisions of section 206AA of the Income-tax Act shall not apply to interest paid to a non-resident on long-term infrastructure bonds referred to in section 194LC of the Income-tax Act. This amendment takes effect from 1st June, 2013.
Removal of exemption from levy of Tax Collection at Source (TCS) to cash sale of any coin or any other article weighing 10 grams or less	Finance Act, 2012 amended the provisions of section 206C of the Income-tax Act to provide that the seller of bullion or jewellery shall collect tax at the rate of 1 per cent of sale consideration from every buyer of bullion or jewellery if sale consideration exceeds two lakh rupees or five lakh rupees respectively and the sale is in cash. Further, it has also been provided that bullion shall not include any coin or any other article weighing 10 grams or less. As threshold of sales consideration for levy of TCS on cash sale of bullion has already been provided, there was no justification for providing separate exemption from levy of TCS to cash sale of any coin or any other article weighing 10 grams. In view of the above, section 206C has been amended to withdraw the separate exemption from levy of TCS provided to cash sale of any coin or any other article weighing 10 grams. This amendment takes effect from the 1st June, 2013.
Appointment of President of the Appellate Tribunal	The provisions of section 252 of the Income-tax Act, inter-alia, provide for the constitution of Income Tax Appellate Tribunal (ITAT), the qualification of judicial members and accountant members, the appointment of president, senior vice-presidents and vice presidents etc. Sub-section (3) of section 252 provides that the Central Government shall appoint the Senior Vice-President or one of the Vice-Presidents of the Appellate Tribunal to be the President thereof. The choice of the President is confined only to Senior Vice-President or one of the Vice Presidents as the President. In order to provide for a wider choice in the selection of a suitable candidate for the post of President of the tribunal an amendment has been carried out to include persons from judiciary. Accordingly, the provisions of sub-section (3) of section 252 have been amended to provide that the Central Government shall appoint a person who is a sitting or retired Judge

	of a High Court and who has completed not less than seven years of service as a Judge in a High Court; or the Senior Vice-President or one of the Vice-Presidents of the Appellate Tribunal, to be the President thereof. The amendment takes effect from 1st June, 2013.
Penalty under section 271FA for non-filing of Annual Information Return	Section 285BA of the Income-tax Act mandates furnishing of annual information return by the specified persons in respect of specified transactions within the time prescribed under sub-section (2) thereof. Sub-section (5) of the section empowers the Assessing Officer to issue notice if the annual information return has not been furnished by the due date. Section 271FA of the income-tax Act, prior to its amendment by the Act, provided that if a person who is required to furnish an annual information return, as required under sub-section (1) of section 285BA of the Income-tax Act, fails to furnish such return within the time prescribed under that sub-section, the income-tax authority prescribed under the said sub-section may direct that such person shall pay, by way of penalty, a sum of one hundred rupees for every day during which the failure continues. Section 271FA of the income-tax Act has been amended to provide that if a person who is required to furnish an annual information return, as required under sub-section (1) of section 285BA of the income-tax Act, fails to furnish such return within the time prescribed under sub-section (2) thereof, the income-tax authority prescribed under sub-section (1) of the said section may direct that such person shall pay, by way of penalty, a sum of one hundred rupees for every day during which the failure continues. It is further provided that where such person fails to furnish the return within the period specified in the notice under sub-section (5) of section 285BA, he shall pay, by way of penalty, a sum of five hundred rupees for every day during which the failure continues, beginning from the day immediately following the day on which the time specified in such notice for furnishing the return expires. This amendment takes effect from 1st April, 2014.

13.10 INTERNATIONAL TAXATION

13.10.1 Negotiation of DTAAs and TIEAs

The Foreign Tax and Tax Research (FT&TR) Division negotiates and finalizes the tax agreements, i.e. Double Taxation Avoidance Agreements (DTAAs) and Tax Information Exchange Agreements (TIEAs). During the calendar year 2013 (updated upto 31st March, 2014), following work has been done in this regard:

(a) Three new DTAAs with Ethiopia, Uruguay, Albania and Latvia came into force on 21.2.2013, 21.6.2013, 4.12.2013 and 28.12.2013 respectively, taking the total number of DTAAs in force to 88 as on 31st March, 2014. The new DTAAs, which have been signed but have not yet entered into force are Columbia (signed on 13.5.2011), Bhutan (signed on 4.3.2013), Macedonia (signed on 17.12.2013), and Fiji (signed on 30.1.2014 - came into force on 29.4.2014).

(b) A new revised DTAA replacing the existing DTAA with Romania came into force on 26th December, 2013.

(c) A new revised DTAA replacing the existing DTAA was signed with Malta on 10.4.2013 in Malta. A new revised DTAA between India and Sri Lanka, replacing the existing DTAA was signed on 22nd January, 2013

(d) Six new TIEAs with Argentina (28.1.2013), Gibraltar (11.3.2013), Monaco (27.3.2013), Bahrain (11.4.2013), Belize (18.12.2013) and Liechtenstein (20.1.2014) came into force during the year, taking total number of TIEAs in force to 16 as on 31st March, 2014. The TIEAs which are signed but not yet in force are with San Marino (signed on 19.12.2013).

(e) Following amending Protocols to amend the existing DTAAs, primarily to bring the provisions on Exchange of Information to the international standards (including exchange of banking information and information without domestic interest) came into force

   i. Amending Protocol with Malaysia came into force on 26th December, 2012 and was notified on 29th January, 2013

   ii. Amending Protocol with U.A.E. came into force on 12th March, 2013 and was notified on 12th April, 2013

   iii. Amending Protocol with Bangladesh came into force on 13th June, 2013 and was notified on 4th July, 2013

   iv. Amending Protocol with Sweden came into force on 16th August, 2013

   v. Amending Protocol with Australia came into force on 2nd April, 2013 and was notified on 20th September, 2013

vi. Amending Protocol with the United Kingdom came into force on 27th December, 2013

(f) Following amending Protocols to amend the existing DTAAs , primarily to bring the provisions on Exchange of Information to the international standards were signed

i. Amending Protocol with Poland signed on 29th January, 2013, in Warsaw, Poland

ii. Amending Protocol with Sweden signed on 7th February, 2013, in Stockholm, Sweden

iii. Amending Protocol with Bangladesh signed on 16th February, 2013, in Dhaka, Bangladesh

iv. Amending Protocol with Romania signed on 8th March, 2013 in Romania

v. Amending Protocol with Morocco signed on 8th August, 2013 in New Delhi, India

vi. Amending Protocol with South Africa signed on 26th July, 2013 in Pretoria, South Africa

vii. Amending Protocol with Denmark signed on 10th October, 2013 in Copenhagen, Denmark

viii. Amending Protocol with Brazil signed on 15th October, 2013 in Brasilia, Brazil

13.10.2 Instruments for Exchange of Information

The key element to international tax co-operation to prevent tax evasion and avoidance is exchange of information for tax purposes and the DTAAs/TIEAs are the legal instruments to facilitate such co-operation and provide a legal obligation to the requested State to provide assistance to the requesting State. This legal obligation also arises from multilateral instruments, such as the Multilateral Convention on Mutual Administrative Assistance in Tax Matters and the SAARC Limited Multilateral Agreement.

The Multilateral Convention on Mutual Administrative Assistance in Tax Matters, signed on 26th January, 2012, was ratified on 2nd February, 2012 and has entered into force for India on 1st June, 2012. Till 31st March, 2014, 66 countries have signed the Convention, four have signed letters of intention to sign and 13 jurisdictions are now covered by way of territorial extension. 36 signatory countries have now deposited their instruments of ratification. The Multilateral Convention provides wide ranging administrative assistance amongst the parties to the Convention in the areas of exchange of information, including assistance in collection of taxes, automatic exchange of information and tax examination abroad. India is the first country outside the block of OECD and Council of Europe to join this Convention and has also been nominated as vice chair of its Coordinating body.

The SAARC (South Asian Association for Regional Cooperation) Member States have signed a Limited Multilateral Agreement on Avoidance of Double Taxation and Mutual Administrative Assistance in tax matters on 13th November, 2005 and came into effect from 01.04.2011.

Under the DTAAs/TIEAs/Multilateral Agreements, the tax authorities can request information relevant for determination, assessment and collection of taxes, recovery and enforcement of tax claims and investigation or prosecution of tax matters, from a number of jurisdictions as summarized below.

India's Exchange of Information Instruments as on 31st March, 2014

No.	Jurisdiction	Type of EOI agreement	Date signed	Date in force
1.	Afghanistan	SAARC Multilateral Agreement	13.11.2005	19.5.2010
2.	Albania	Double Taxation Convention (DTC)	08.07.2013	4.12.2013
	Multilateral Convention	1.3.2013	1.12.2013	
3.	Andorra	Multilateral Convention	05.11.2013	Not yet in force in Andorra
4.	Anguilla	Multilateral Convention	Extension	
			by the United Kingdom	01.03.2014
5.	Argentina	Taxation Information Exchange		
		Agreement ("TIEA")	21.11.2011	28.01.2013
		Multilateral Convention	03.11.2011	01.01.2013
6.	Armenia	DTC	31.10.2003	09.09.2004
7.	Aruba	Multilateral Convention	Extension	
			by the Netherlands	01.09.2013
8.	Australia	DTC	25.07.1991	30.12.1991
		Protocol	16.12.2011	02.04.2013
		Multilateral Convention	03.11.2011	01.12.2012
9.	Austria	DTC	08.11.1999	05.09.2001
	Multilateral Convention	29.5.2013	Not yet in force in Austria	
10.	Bahamas	TIEA	11.02.2011	01.03.2011
11.	Bahrain	TIEA	31.05.2012	11.04.2013
12.	Bangladesh	DTC	27.08.1991	27.05.1992
	Protocol	16.02.2013	13.06.2013	
	SAARC Multilateral Agreement	13.11.2005	19.05.2010	
13.	Belarus	DTC	27.09.1997	17.07.1998
14.	Belgium	DTC	26.04.1993	01.10.1997
	Multilateral Convention	04.04.2011	Not yet in force in Belgium	
15.	Belize	TIEA	18.09.2013	18.12.2013
	Multilateral Convention	29.05.2013	01.09.2013	
16.	Bermuda	TIEA	07.10.2010	03.11.2010
	Multilateral Convention	Extension by United Kingdom	01.03.2014	
17.	Bhutan	SAARC Multilateral Agreement	13.11.2005	19.05.2010
	DTC	04.03.2013	Not yet in force	
18.	Botswana	DTC	08.12.2006	30.01.2008
19.	Brazil	DTC	26.04.1988	11.03.1992
	Protocol	15.10.2013	Not yet in force	
	Multilateral Convention	03.11.2011	Not yet in force in Brazil	

20.	British Virgin Islands	Multilateral Convention	Extension	
			by United Kingdom	01.03.2014
21.	Bulgaria	DTC	26.05.1994	23.06.1995
22.	Canada	DTC	11.01.1996	06.05.1997
		Multilateral Convention	03.11.2011	01.03.2014
23.	Cayman Islands	TIEA	21.03.2011	08.11.2011
		Multilateral Convention	Extension	
			by United Kingdom	01.01.2014
24.	China	DTC	18.07.1994	21.11.1994
		Multilateral Convention	27.08.2013	Not yet in force in China
25.	Chinese Taipei (Taiwan)	DTC	12.07.2011	12.08.2011
26.	Chile	Multilateral Convention	24.10.2013	Not yet in force in Chile
27.	Colombia	DTC	13.05.2011	Not yet in force
		Multilateral Convention	23.05.2012	01.07.2014
28.	Costa Rica	Multilateral Convention	01.03.2012	01.08.2013
29.	Croatia	Multilateral Convention	11.10.2013	01.06.2014
30.	Curacao	Multilateral Convention	Extension	
			by the Netherlands	01.09.2013
31.	Cyprus	DTC	13.06.1994	21.12.1994
32.	Czech Republic	DTC	01.10.1998	27.09.1999
		Multilateral Convention	26.10.2012	01.02.2014
33.	Denmark	DTC	08.03.1989	13.06.1989
		Protocol	10.10.2013	Not yet in force
		Multilateral Convention	27.05.2010	01.06.2011
34.	Egypt (United Arab Republic)	DTC	20.02.1969	30.09.1969
35.	Estonia	DTC	19.09.2011	20.06.2012
	Multilateral Convention	29.05.2013	Not yet in force in Estonia	
36.	Ethiopia	DTC	25.05.2011	15.10.2012
37.	Faroe Islands	Multilateral Convention	Extension by Denmark	01.06.2011
38.	Fiji	DTC	30.01.2014	29.04.2014
39.	Finland	DTC	15.01.2010	19.04.2010
		Multilateral Convention	27.05.2010	01.06.2011
40.	France	DTC	29.09.1992	01.08.1994
	Multilateral Convention	27.05.2010	01.06.2012	
41.	Georgia	DTC	24.08.2011	08.12.2011
		Multilateral Convention	03.11.2010	01.06.2011

42. Germany	DTC	19.06.1995	26.10.1996
	Multilateral Convention	03.11.2011	Not yet in force in Germany
43. Ghana	Multilateral Convention	10.07.2012	01.09.2013
44. Gibraltar	TIEA	01.02.2013	11.03.2013
	Multilateral Convention	Extension	
	by the United Kingdom	01.03.2014	
45. Green Land	Multilateral Convention	Extension	
	by the Denmark	01.06.2011	
46. Greece	DTC	11.02.1965	17.03.1967
	Multilateral Convention	21.02.2012	01.09.2013
47. Guatemala	Multilateral Convention	05.12.2012	Not yet in force in Guatemala
48. Guernsey	TIEA	20.12.2011	11.06.2012
49. Hungary	DTC	03.11.2003	04.03.2005
	Multilateral Convention	12.11.2013	Not yet in force in Hungary
50. Iceland	DTC	23.11.2007	21.12.2007
	Multilateral Convention	27.05.2010	01.02.2012
51. Indonesia	DTC	07.08.1987	19.12.1987
	Revised DTC	27.07.2012	Not yet in force
	Multilateral Convention	03.11.2011	Not yet in force in Indonesia
52. Ireland	DTC	06.11.2000	26.12.2001
	Multilateral Convention	30.06.2011	01.09.2013
53. Isle of Man	TIEA	04.02.2011	17.03.2011
	Multilateral Convention	Extension	
	by the United Kingdom	01.03.2014	
54. Israel	DTC	29.01.1996	15.05.1996
55. Italy	DTC	19.02.1993	23.11.1995
	Multilateral Convention	27.05.2010	01.05.2012
56. Japan	DTC	07.03.1989	29.12.1989
	Multilateral Convention	03.11.2011	01.10.2013
57. Jersey	TIEA	03.11.2011	08.05.2012
58. Jordan	DTC	20.04.1999	16.10.1999
59. Kazakhstan	DTC	09.12.1996	02.10.1997
	Multilateral Convention	23.12.2013	Not yet in force in Kazakhastan
60. Kenya	DTC	12.04.1985	20.08.1985
61. Korea (Republic of)	DTC	19.07.1985	01.08.1986
Multilateral Convention	27.05.2010	01.07.2012	

62.	Kuwait	DTC	15.06.2006	17.10.2007
63.	Kyrgyz Republic	DTC	13.04.1999	10.01.2001
64.	Latvia	DTC	18.09.2013	28.12.2013
		Multilateral Convention	29.05.2013	Not yet in force in Latvia
65.	Liechtenstein	TIEA	28.03.2013	20.01.2014
	Multilateral Convention	21.11.2013	Not yet in force in Liechtenstein	
66.	Liberia	TIEA	03.10.2011	30.03.2012
67.	Libya	DTC	02.03.1981	01.07.1982
68.	Lithuania	DTC	26.07.2011	10.07.2012
		Multilateral Convention	07.03.2013	Not yet in force in Lithuania
69.	Luxembourg	DTC	02.06.2008	09.07.2009
		Multilateral Convention	29.05.2013	Not yet in force in Luxemberg
70.	Macau, China	TIEA	03.01.2012	16.04.2012
71.	Macedonia	DTC	17.12.2013	Not yet in force
72.	Malaysia	DTC	14.05.2001	14.08.2003
	Revised DTC	09.05.2012	26.12.2012	
73.	Maldives	SAARC Multilateral Agreement	Signed	01.04.2011
74.	Malta	DTC	13.11.2005	19.05.2010
		Revised DTC	08.04.2013	Not yet in force
		Multilateral Convention	26.10.2012	01.09.2013
75.	Mauritius	DTC	24.08.1982	06.12.1983
76.	Mexico	DTC	10.09.2007	01.02.2010
		Multilateral Convention	27.05.2010	01.09.2012
77.	Moldova	Multilateral Convention	27.01.2011	01.03.2012
78.	Monaco	TIEA	31.07.2012	27.03.2013
79.	Mongolia	DTC	22.02.1994	29.03.1996
80.	Montenegro	DTC	08.02.2006	23.09.2008
81.	Montserrat	Multilateral Convention	Extension	
		by the United Kingdom	01.10.2013	
82.	Morocco	DTC	30.10.1998	20.02.2000
		Protocol	08.08.2013	Not yet in force
		Multilateral Convention	21.05.2013	Not yet in force in Morocco
83.	Mozambique	DTC	30.09.2010	28.02.2011
84.	Myanmar	DTC	02.04.2008	30.01.2009
85.	Namibia	DTC	15.02.1997	22.01.1999
86.	Nepal	DTC	27.11.2011	16.03.2012
		SAARC Multilateral Agreement	13.11.2005	19.05.2010

87. Netherlands	DTC	30.07.1988	21.01.1989
	Protocol	10.05.2012	02.11.2012
	Multilateral Convention	27.05.2010	01.09.2013
88. New Zealand	DTC	17.10.1986	03.12.1986
	Multilateral Convention	26.10.2012	01.03.2014
89. Nigeria	Multilateral Convention	29.05.2013	Not yet in force in Nigeria
90. Norway	DTC	02.02.2011	20.12.2011
	Multilateral Convention	27.05.2010	01.06.2011
91. Oman	DTC	02.04.1997	03.06.1997
92. Pakistan	SAARC Multilateral Agreement	13.11.2005	19.05.2010
93. Philippines	DTC	12.02.1996	21.03.1994
94. Poland	DTC	21.06.1989	26.10.1989
	Protocol	29.01.2013	Not yet in force
	Multilateral Convention	09.07.2010	01.10.2011
95. Portugal	DTC	11.09.1998	30.04.2000
	Multilateral Convention	27.05.2010	Not yet in force in Portugal
96. Qatar	DTC	07.04.1999	15.01.2000
97. Romania	DTC	10.03.1987	14.11.1987
	Revised DTC	08.03.2013	26.12.2013
	Multilateral Convention	15.10.2012	Not yet in force in Romania
98. Russia	DTC	25.03.1997	11.04.1998
	Multilateral Convention	03.11.2011	Not yet in force in Russia
99. San Marino	TIEA	19.12.2013	Not yet in force
	Multilateral Convention	21.11.2013	Not yet in force in San Marino
100. Saudi Arabia	DTC	25.01.2006	01.11.2006
	Multilateral Convention	29.05.2013	Not yet in force in Saudi Arabia
101. Serbia	DTC	08.02.2006	23.09.2008
102. Singapore	DTC	24.01.1994	27.05.1994
	DTC Protocol	12.08.2011	01.09.2011
	Multilateral Convention	29.05.2013	Not yet in force in Singapore
103. Saint Maarten	Multilateral Convention	Extension by the Netherlands	01.09.2013
104. Slovak Republic	Multilateral Convention	29.05.2013	01.03.2014
105. Slovenia	DTC	13.01.2003	17.02.2005
	Multilateral Convention	27.05.2010	01.06.2011

106. South Africa	DTC	04.12.1996	28.11.1997
	Protocol	26.7.2013	Not yet in force
	Multilateral Convention	03.11.2011	01.03.2014
107. Spain	DTC	08.02.1993	12.01.1995
	Protocol	26.10.2012	Not yet in force
	Multilateral Convention	11.03.2011	01.01.2013
108. Sri Lanka	DTC	27.01.1982	19.04.1983
	Revised DTC	22.01.2013	Not yet in force
	SAARC Multilateral Agreement	13.11.2005	19.05.2010
109. Sudan	DTC	22.10.2003	15.04.2004
110. Sweden	DTC	24.06.1997	25.12.1997
	Protocol	07.02.2013	16.08.2013
	Multilateral Convention	27.05.2011	01.06.2012
111. Switzerland	DTC	02.11.1994	29.12.1994
	Protocol	30.08.2010	07.10.2011
	Multilateral Convention	15.10.2013	Not yet in force in Switzerland
112. Syria	DTC	18.06.2008	10.11.2008
113. Tanzania	DTC	27.05.2011	12.12.2011
114. Tajikistan	DTC	20.11.2008	10.04.2009
115. Thailand	DTC	22.03.1985	13.03.1986
116. Trinidad and Tobago	DTC	08.02.1999	13.10.1999
117. Tunisia	Multilateral Convention	16.07.2012	01.02.2014
118. Turkey	DTC	31.01.1995	01.02.1997
	Multilateral Convention	03.11.2011	Not yet in force in Turkey
119. Turkmenistan	DTC	25.02.1997	07.07.1997
120. Turks & Caicos	Multilateral Convention	Extension	
	by the United Kingdom	01.12.2013	
121. Uganda	DTC	30.04.2004	27.08.2004
122. Ukraine	DTC	07.04.1999	31.10.2001
	Multilateral Convention	27.05.2010	01.09.2013
123. United Arab Emirates	DTC	29.04.1992	22.09.1993
	Protocol	26.03.2007	03.10.2007
	Protocol	16.04.2012	12.03.2013
124. United Kingdom	DTC	25.01.1993	26.10.1993
	Protocol	30.10.2012	27.12.2013
	Multilateral Convention	27.05.2010	01.10.2011

125. United States	DTC	12.09.1989	18.12.1990
	Multilateral Convention	27.05.2010	Not yet in force in United States
126. Uruguay	DTC	08.09.2011	21.6.2013
127. Uzbekistan	DTC	29.07.1993	25.01.1994
	Protocol	11.04.2012	20.07.2012
128. Virgin Islands (British)	TIEA	09.02.2011	22.08.2011
129. Vietnam	DTC	07.09.1994	02.02.1995
130. Zambia	DTC	05.06.1981	18.01.1984

13.10.3 Cyprus Notified as a notified Jurisdictional Area under section 94A of the Income-tax Act, 1961

Section 94A was introduced in the Income-tax Act, 1961, through the Finance Act, 2011, in respect of transactions with persons located in notified jurisdictional area as an anti-avoidance measure. As per section 94A, the Central Government may, having regard to the lack of effective exchange of information with any country or territory outside India, specify the said country or territory as a notified jurisdictional area in relation to transactions entered into by any assessee. The rules under section 94A were notified as Income-tax (8th Amendment) Rule, 2013, through S.O. 1856 (E) dated 26th June, 2013, by inserting Rule 21AC and Form 10FC in the Income-tax Rule, 1962.

India and Cyprus have entered into an agreement for avoidance of double taxation of income and prevention of fiscal evasion which is in force since 21st December, 1994. Both the Contracting States under this agreement have a legal obligation to exchange such information as is necessary for carrying out the provisions of the agreement or of domestic laws of the Contracting States, in particular for the prevention of fraud or evasion of taxes.

Since Cyprus has not been providing the information requested by the Indian tax authorities under the exchange of information provisions of the agreement, it has been decided to notify Cyprus as a notified jurisdictional area under section 94A of the Income-tax Act, 1961 through Notification No. 86/2013 dated 1st November, 2013 published in Official Gazette through SO 4625 GI/13.

The implications of such a Notification are summarized as under:

- Ø If an assessee enters into a transaction with a person in Cyprus, then all the parties to the transaction shall be treated as associated enterprises and the transaction shall be treated as an international transaction resulting in application of transfer-pricing regulations including maintenance of documentations [Section 94A(2)].
- Ø No deduction in respect of any payment made to any financial institution in Cyrus shall be allowed unless the assessee furnishes an authorization allowing for seeking relevant information from the said financial institution [Section 94A(3)(a) read with Rule 21AC and Form 10FC].
- Ø No deduction in respect of any other expenditure or allowance arising from the transaction with a person located in Cyprus shall be allowed unless the assessee maintains and furnishes the prescribed information [Section 94A(3)(b) read with Rule 21AC].
- Ø If any sum is received from a person located in Cyprus, then the onus is on the assessee to satisfactorily explain the source of such money in the hands of such person or in the hands of the beneficial owner, and in case of his failure to do so, the amount shall be deemed to be the income of the assessee [Section 94A(4)].
- Ø Any payment made to a person located in Cyprus shall be liable for withholding tax at 30 per cent or a rate prescribed in Act, whichever is higher [Section 94A(5)].

13.10.4 Global Forum on Transparency and Exchange of Information for Tax Purposes

India is a vice-chair of the Peer Review Group (**PRG**) of the Global Forum on Transparency and Exchange of Information for Tax Purposes (**Global Forum**) and has provided valuable inputs, both in written form and also during the meetings of the PRG, for the assessments and peer review of a number of jurisdictions. The recommendations made by the Global Forum in the Peer Review Reports have resulted in changes of laws and administrative procedures of a number of countries for making them compliant with international standards on transparency and exchange of information for tax purposes.

In the thirteen meeting of the PRG held in June, 2013, Phase 2 report of India relating to practical implementation of the legal and regulatory framework for exchange of information was approved. This was followed by an on-site visit in India of the four Assessors from the Global Forum who held detailed discussions with officers of the FT&TR Division, Investigation and Assessment Wings of the Income Tax Department, RBI, SEBI, FIU and other stakeholders and examined Indiaǒs practice in providing information to our treaty partners. India received an excellent report by the PRG with no recommendations except to monitor the steps already taken to reduce delays in providing the information.

The Global Forum in its November, 2013 meeting in Jakarta, also approved the ratings for fifty jurisdictions whose Phase 2 reviews were completed. The ratings (Compliant, Largely Compliant, Partially Compliant or Non Complaint) were allocated on the following ten elements, divided into three parts, viz. (a) availability of information, (b) access to information and (c) exchanging information as also an overall rating was allocated.

Elements of Review by the Global Forum	
A. Availability of Information	
A1.	Ownership and identity information: Jurisdictions should ensure that ownership and identity information for all relevant entities and arrangements is available to the competent authorities.
A2.	Accounting information: Jurisdictions should ensure that reliable accounting records are kept for all relevant entities and arrangements.
A3.	Bank information: Banking information should be available for all account holders.
B. Access to Information	
B1.	Powers to access information: Competent authorities should have the power to obtain and provide information that is the subject of a request under an exchange of information agreement from any person within their territorial jurisdiction who is in possession or control of such information.
B2.	Rights and safeguards: The rights and safeguards that apply to persons in the requested jurisdiction should be compatible with effective exchange of information.
C. Exchanging Information	
C1.	Effective exchange: Exchange of information mechanisms should provide for effective exchange of information.
C2.	Network of agreements: The jurisdictionsô network of information exchange mechanisms should cover all relevant partners.
C3.	Confidentiality: Jurisdictionsômechanisms for exchange of information should have adequate provisions to ensure the confidentiality of information received.
C4.	Rights and safeguards: Exchange of information mechanisms should respect the rights and safeguards of taxpayers and third parties.
C5.	Timely exchange: The jurisdiction should provide information under its network of agreements in a timely manner

India was rated as "Compliant" on all the above ten essential elements and accordingly was allocated an overall rating of "Compliant". There are only nine other jurisdictions who have been rated as Compliant on all the ten essential elements. The overall ratings show that 18 jurisdictions are rated as "Compliant", 26 jurisdictions as "Largely Compliant", 2 jurisdictions as "Partially Compliant" and 4 jurisdictions as "Non-Compliant". British Virgin Islands, Cyprus, Luxembourg and Seychelles are the four jurisdictions which have been rated as overall Non-Compliant. In addition, there are still 14 jurisdictions which, in the course of their Phase 1 reviews, were determined to be unable to move to Phase 2 until their legal and regulatory frameworks for exchange of information in tax matters is improved and could therefore not yet be rated.

13.10.5 Manual on Exchange of Information and Training to Officers of CBDT

The Central Board of Direct Taxes issued Instruction No. 1 of 2013 on 17th January, 2013, on the subject "Exchange of Information for Tax Purposes with Foreign Jurisdictions – Guidelines for inbound and outbound requests". A comprehensive Manual on Exchange of Information was also used with the Instruction with a view to provide guidance to the officers in the field formations for effectively using the provisions of exchange of information for seeking information from the tax administration of a foreign jurisdiction. The Manual explains the provisions of DTAAs/TIEAs and provide detailed guidelines, including a revised Pro-forma, for making requests for information in a specific case. The other forms of administrative assistance, including Assistance in Collection of Taxes, Automatic and Spontaneous Exchange of Information, Tax Examination Aboard etc. have been explained with guidelines for utilizing the same. The Manual also gives directions for providing the information to foreign tax authorities, if a request is received from them.

The Instruction and the Manual on Exchange of Information was also discussed in the Annual Conference of the Chief Commissioners and Director Generals. It was noted that a number of steps have been taken at the policy level such as updating our existing DTAAs and entering into new DTAAs/TIEAs, making changes in the domestic laws and establishment of a dedicated cell on Exchange of Information. However, it was noted that these efforts can only bear fruit if the officers in the field formation utilize these opportunities by making requests for information from our treaty partners. It was observed that the numbers of requests made to our treaty partners, despite efforts taken in this regard recently, are not many. The numbers of requests made were only 39, 46, 92, 386, 647 and 884 during the F.Y. 2008-09, 2009-2010, 2010-11, 2011-12, 2012-13 and 2013-14 respectively. It was noted that one of the main reasons for low number of requests is that our officers are not sensitized of the increased opportunities of receiving information from our treaty partners, which now include well know tax havens and if the officers are properly sensitized and trained, the quality of assessments and investigations may improve which will result in a better compliance by the taxpayers resulting in increased revenue collection. Accordingly, it was decided to organize sensitization programme for the officers of the field formations.

The National Academy of Direct Taxes (NADT) accordingly conducted an "Auditor Sensitization Seminar" in collaboration with Global Forum at Nagpur from 31st July to 2nd August, 2013, which was inaugurated by the Chairperson, CBDT. The Seminar also developed a generic module which was used to provide training to field officers at each of the eighteen cadre controlling regions attended by one officer from each Commissioner charge. The topics covered in these training programme include (a) Broad overview of the instruments of exchange of information, (b) Recent changes at domestic and international level which would facilitate the exchange of information (c) Manual on Exchange of Information issued by the CBDT (d) What kind of information may be requested from foreign tax authorities (e) Success stories in Exchange of Information, (f) Necessity of maintaining confidentiality, etc. The respective Commissionerates will be conducting similar seminars in their respective charges. The generic module so developed at the NADT has been shared by Global Forum with other countries with a view that they may be adapted according to their specific needs. This module may also be replicated in India by the Regional Training Institutes so that the reach of the programme can be reached within India.

Training on Exchange of Information was also provided to the Probationers of the Indian Revenue Service which is now also part of the new Paper on International Taxation introduced for the 66th Batch of IRS.

13.10.6 Advance Pricing Agreement (APA)

Advance Pricing Agreement (APA) provisions, 92CC and 92CD were inserted in the Income-tax Act, 1961 by the Finance Act, 2012. Thereafter the work of preparation of APA Scheme to be notified in the Rules was undertaken. The APA rules were notified vide notification number 36/2012 dated 30.08.2012 with effect from the date of the notification. A taxpayer series on "Guidance on APA Scheme and FAQs" related to it was also prepared and released in May, 2013 by the Hon'ble Finance Minister during the Chief Commissioners

Conference. Since the notifications of the APA Scheme following number of applications for unilateral and bilateral APAs have been received:

1. FY	2. Unilateral APA applications	3. Bilateral APA applications
4. 2012-13	5. 117	6. 29
7. 2013-14	8. 206	9. 26

CBDT has signed the first batch of 5 unilateral APAs as on 31st March 2014.

An APA workshop was organized for officers of the South African Revenue Service (SARS) from 22nd to 25th July, 2013.

13.10.7 Mutual Agreement Proceedings (MAP)

Meetings for resolving cases under MAP and APA were held with various countries including USA, UK, Japan, Netherlands, Sweden and Switzerland.

One MAP/APA meeting was held with UK Competent Authorities in September, 2013. A number of cases were resolved with UK. All the bilateral APA applications pertaining to UK were discussed. This was the first round of discussion on bilateral APAs and the general road map for way forward in these cases was decided.

Two MAP/APA meetings with the Japanese Competent Authority were held in February, 2013 and September, 2013. Some cases with Japan were resolved during these meeting, thereby ensuring that the tax disputes therein are settled in an amicable manner to the satisfaction of all parties. Bilateral APA cases with Japan were also discussed and decision for exchange of position paper was agreed between the two countries.

MAP meetings were also held with Sweden in Stockholm and with Netherlands and Switzerland in India resolving some of the outstanding cases. Further, all requests received for MAP from different countries, were taken up by examining the facts and legal question and preparing and exchanging Indian position on the matter. MAP processes were initiated on requests received from Indian assessees.

A meeting with the High level delegation from the USA, including their Competent Authority was held on 9th and 10th September,2013, wherein both sides agreed to expedite the process and decided on the measures to be taken for this purpose.

13.10.8 Safe Harbour Rules

In order to reduce the increasing number of transfer pricing audits and prolonged disputes, the Finance (No.2) Act, 2009 with retrospective effect from 1.4.2009 inserted a new section 92CB to provide that determination of armõs length price under section 92C or Section 92CA shall be subject to Safe Harbour rules. Vide this amendment, the Government of India had empowered the CBDT to make Safe Harbour rules. ñSafe Harbourò was defined to mean circumstances in which the income-tax authorities shall accept the transfer price declared by the assessee.

The Prime Minister on July, 30, 2012 approved the constitution of a Committee to Review Taxation of Development Centres and the IT sector consisting of Shri N. Rangachary, Chairman of the Committee and three others (hereinafter called the Rangachary Committee) and propose the draft Safe Harbour rules.

Subsequently, the Government of India vide OM dated 12th September, 2012 approved the considered suggestion of the Rangachary Committee that it may finalize the Safe Harbour Rules in the following sector/ activities:

i. IT Sector

ii. ITES Sector

iii. Contract R&D in the IT and Pharmaceutical Sector

iv. Financial transactions-Outbound loans

v. Financial Transactions-Corporate Guarantees

vi. Auto Ancillaries-Original Equipment Manufacturers

On the basis of the recommendations of the Rangachary Committee in the first report on Taxation of Development Centres and IT Sector, CBDT has issued the following circulars:

Ø Circular No. 1/2013 dated 17th January, 2013 on issues relating to Export of Computer Software under sections 10A, 10AA and 10B of the Act.

Ø Circular No. 6/2013 dtd. 29th June, 2013 on Conditions Relevant to Identify Development Centres engaged in Contract R&D Services with Insignificant Risk.

The Government of India considered the other five reports of the Rangachary Committee and notified the Safe Harbour rules on 18th September, 2013 vide notification number S.O 2810(E). The Safe Harbour rules notified provides 20% margin for IT & ITES transactions upto Rs 500 crores and 22% for transactions above Rs 500 cr; for knowledge process outsourcing services, the Safe Harbour operating margin is 25%; for outbound loans the Safe Harbour interest rate is SBI base rate plus 150 basis point for loans advanced upto Rs 50 cr and for loans above Rs 50 cr it is SBI base rate plus 300 basis points; Safe Harbour commission or fee for corporate guarantees upto Rs 100cr is 2% and for transactions of corporate guarantee above Rs 100cr Safe Harbour is available only if the wholly owned subsidiary is rated to be adequate to highest safety and the Safe Harbour commission or fee is 1.75%. The Safe Harbour operating margin for contract R&D in software development is 30% and for contract R&D in generic pharmaceutical drugs id 29% and for the auto component manufacturer and exporter it is 12% for core auto component manufacturers/exporters and 8.5% for non-core auto components manufacturer and exporter. The Safe Harbour rules are applicable for 5 assessment years beginning from assessment year 2013-14.

13.10.9 Guidance Notes

In order to ensure a better comprehension and to bring about uniformity in approach by the Transfer Pricing Officers, guidance notes were prepared after considering the various judicial interpretations on the issue of transfer pricing and international taxation. Eight such guidance notes were issued on the following issues:

1) Guidance note 1: Importance of functional analysis in case of Transfer pricing and International taxation dated 26.06.2012

2) Guidance Note 2: Validity for CUP method of RBI and other Government Organizations royalty rate determination under transfer pricing dated 26.07.2012

3) Guidance Note 3: Transfer pricing of Corporate Guarantee dated 21.12.2012

4) Guidance Note 4: Whether economies of scale i.e. Turnover is a comparability factor dated 21.12.2012

5) Guidance Note 5: Selection and use of Extreme results comparables in determination of arm's length price dated 21.12.2012

6) Guidance Note 6: Transfer Pricing of Mining Industries dated 31.12.2012

7) Guidance Note number 7 on Transfer Pricing of Royalty was also prepared but issued only in April, 2013.

8) Guidance Note number 8 on Taxation of consideration for use of computer program as royalty was prepared and subsequently issued in April, 2013.

13.10.10 Tax Issues in G20 Meetings

In the year 2013, the tax issues were discussed extensively in the G20 meetings of the Finance Ministers and G20 Leaders, particularly on the issues of "Base Erosion and Profit Shifting", "Exchange of Information including on an Automatic basis" and "Assistance to developing countries for capacity building". The extracts from the Communiqué/declarations issued at the end of the meetings are reproduced below.

Meeting of Finance Ministers and Central Bank Governors - Moscow, 16th February, 2013

"20. In the tax area, we welcome the OECD report on addressing base erosion and profit shifting and acknowledge that an important part of fiscal sustainability is securing our revenue bases. We are determined to develop measures to address base erosion and profit shifting, take necessary collective actions and look forward to the comprehensive action plan the OECD will present to us in July. We strongly encourage all jurisdictions to sign the Multilateral Convention on Mutual Administrative Assistance. We encourage the Global Forum on Transparency and Exchange of Information to continue to make rapid progress in assessing and monitoring on a continuous basis the implementation of the international standard on information exchange and look forward to the progress report by April 2013. We reiterate our commitment to extending the practice of automatic exchange of information, as appropriate, and commend the progress made recently in this area. We support the OECD analysis for multilateral implementation in that domain."

Meeting of Finance Ministers and Central Bank Governors – Washington D.C. 19th April, 2013

"14. More needs to be done to address the issues of international tax avoidance and evasion, in particular through tax havens, as well as non-cooperative jurisdictions. We welcome the Global Forum's report on the effectiveness of information exchange. We commend the progress made by many jurisdictions, but urge all jurisdictions to quickly implement the recommendations made, in particular the 14 jurisdictions, where the legal framework fails to comply with the standard. Moreover, we are looking forward to overall ratings to be allocated by year end to jurisdictions reviewed on their effective practice of information exchange and monitoring to be made on a continuous basis. In view of the next G20 Summit, we also strongly encourage all jurisdictions to sign or express interest in signing the Multilateral Convention on Mutual Administrative Assistance in Tax Matters and call on the OECD to report on progress. We welcome progress made towards automatic exchange of information which is expected to be the standard and urge all jurisdictions to move towards exchanging information automatically with their treaty partners, as appropriate. We look forward to the OECD working with G20 countries to report back on the progress in developing of a new multilateral standard on automatic exchange of information, taking into account country-specific characteristics. The Global Forum will be in charge of monitoring. We welcome the progress made in the development of an action plan on tax base erosion and profit shifting by the OECD and look forward to a comprehensive proposal and a substantial discussion at our next meeting in July."

Meeting of Finance Ministers and Central Bank Governors – Moscow 20th July, 2013

"Addressing Base Erosion and Profit Shifting (BEPS), Tackling Tax Avoidance, Promoting Automatic Exchange of Information, and Fighting Non-cooperative Jurisdictions

Ensuring that all taxpayers pay their fair share of taxes is a high priority in the context of fiscal sustainability, promoting growth, and the needs of developing countries to build capacity for financing development. Tax avoidance, harmful practices and aggressive tax planning have to be tackled. The spread of the digital economy also poses challenges for international taxation. We fully endorse the ambitious and comprehensive Action Plan submitted at the request of the G-20 by the OECD aimed at addressing base erosion and profit shifting (BEPS) with a mechanism to enrich the Plan as appropriate . We welcome the establishment of the OECD/G20 BEPS project and encourage all interested countries to participate. We look forward to regular reporting on the development of proposals and recommendations to tackle the issues identified in the Action Plan and commit to take the necessary individual and collective action with the paradigm of sovereignty taken into consideration. We acknowledge that effective taxation of mobile income is one of the key challenges. Profits should be taxed where functions driving the profits are performed and where value is created. In order to minimize BEPS, we call on member countries to examine how our own domestic laws contribute to BEPS and to ensure that international and our own tax rules do not allow or encourage multinational enterprises to reduce overall taxes paid by artificially shifting profits to low-tax jurisdictions.

We commend the progress recently achieved in the area of tax transparency and we fully endorse the OECD proposal for a truly global model for multilateral and bilateral automatic exchange of information. We are committed to automatic exchange of information as the new, global standard and we fully support the OECD work with G20 countries aimed at setting such a new single global standard for automatic exchange of information. We ask the OECD to prepare a progress report by our next meeting, including a timeline for completing this work in 2014. We call on all jurisdictions to commit to implement this standard. We are committed to making automatic exchange of information attainable by all countries, including low-income countries, and will seek to provide capacity building support for them. We call on all countries to join the Multilateral Convention on Mutual Administrative Assistance in Tax Matters without further delay. We look forward to the practical and full implementation of the new standard on a global scale. All countries must benefit from the new transparent environment and we call on the Global Forum on Exchange of Information for Tax Purposes to work with the OECD task force on tax and development, the World Bank Group and others to help developing countries identify their need for technical assistance and capacity building. We are looking forward to the Global Forum establishing a mechanism to monitor and review the implementation of the global standard on automatic exchange of information. We urge all jurisdictions to address the Global Forum's recommendations and especially the fourteen where the legal framework fails to comply with the standard without further delay. We ask the Global Forum to draw on the work of the FATF in connection with beneficial ownership, and also ask the Global Forum to achieve the allocation of overall ratings regarding the effective implementation of information exchange upon request at its November meeting and report to us at our first meeting in 2014."

Leaders' Declaration – Moscow – 6th September, 2013

"Addressing Base Erosion and Profit Shifting, Tackling Tax Avoidance, and Promoting Tax Transparency and Automatic Exchange of Information

50. In a context of severe fiscal consolidation and social hardship, in many countries ensuring that all taxpayers pay their fair share of taxes is more than ever a priority. Tax avoidance, harmful practices and aggressive tax planning have to be tackled. The growth of the digital economy also poses challenges for international taxation. We fully endorse the ambitious and comprehensive Action Plan – originated in the OECD – aimed at addressing base erosion and profit shifting with mechanism to enrich the Plan as appropriate. We welcome the establishment of the G20/OECD BEPS project and we encourage all interested countries to participate. Profits should be taxed where economic activities deriving the profits are performed and where value is created. In order to minimize BEPS, we call on member countries to examine how our own domestic laws contribute to BEPS and to ensure that international and our own tax rules do not allow or encourage multinational enterprises to reduce overall taxes paid by artificially shifting profits to low-tax jurisdictions. We acknowledge that effective taxation of mobile income is one of the key

challenges. We look forward to regular reporting on the development of proposals and recommendations to tackle the 15 issues identified in the Action Plan and commit to take the necessary individual and collective action with the paradigm of sovereignty taken into consideration.

We commend the progress recently achieved in the area of tax transparency and we fully endorse the OECD proposal for a truly global model for multilateral and bilateral automatic exchange of information. Calling on all other jurisdictions to join us by the earliest possible date, we are committed to automatic exchange of information as the new global standard, which must ensure confidentiality and the proper use of information exchanged, and we fully support the OECD work with G20 countries aimed at presenting such a new single global standard for automatic exchange of information by February 2014 and to finalizing technical modalities of effective automatic exchange by mid-2014. In parallel, we expect to begin to exchange information automatically on tax matters among G20 members by the end of 2015. We call on all countries to join the Multilateral Convention on Mutual Administrative Assistance in Tax Matters without further delay. We look forward to the practical and full implementation of the new standard on a global scale. We encourage the Global Forum to complete the allocation of comprehensive country ratings regarding the effective implementation of information exchange upon request and ensure that the implementation of the standards are monitored on a continuous basis. We urge all jurisdictions to address the Global Forum recommendations in particular those 14 that have not yet moved to Phase 2. We invite the Global Forum to draw on the work of the FATF with respect to beneficial ownership. We also ask the Global Forum to establish a mechanism to monitor and review the implementation of the new global standard on automatic exchange of information.

Developing countries should be able to reap the benefits of a more transparent international tax system, and to enhance their revenue capacity, as mobilizing domestic resources is critical to financing development. We recognize the importance of all countries benefitting from greater tax information exchange. We are committed to make automatic exchange of information attainable by all countries, including LICs, and will seek to provide capacity building support to them. We call on the Development Working Group in conjunction with the Finance Track, to work with the OECD, the Global Forum and other IOs to develop a roadmap showing how developing countries can overcome obstacles to participation in the emerging new standard in automatic exchange of information, and to assist them in meeting the standard in accordance with the action envisaged in the St Petersburg Development Outlook. The Working Group should report back by our next meeting. Working with international organizations, we will continue to share our expertise, help build capacity, and engage in long-term partnership programmes to secure success. In this respect, we welcome the OECD Tax Inspectors without Borders initiative, which aims to share knowledge and increase domestic capacities in developing countries in the tax area. Finally, we are committed to continue to assist developing countries, including through the IOs, in identifying individual country needs and building capacity in the area of tax administration (in addition to automatic exchange of information) and encourage such support to be developing country led.ò

In Moscow, a ñTax Annexeò was also issued with the Leaderôs declaration, which is given below.

TAX ANNEXE TO THE SAINT PETERSBURG G20 LEADERS DECLARATION

1. **The G20 has been at the forefront of efforts to establish a more effective, efficient and fair international tax system since they declared the era of bank secrecy over at the G20 London Summit in April 2009**. In an increasingly borderless world, strengthening international cooperation in tax matters is essential to ensuring the integrity of national tax systems and maintaining trust in governments.

2. **The Global Forum on Transparency and Exchange of Information for Tax Purposes has played a critical role in ensuring that the international standard of exchange of information on request endorsed by the G20 is implemented effectively around the world.** Since the Global Forum responded in 2009 to the G20ôs call to ensure rapid implementation of its standards of transparency and exchange of information, the Global Forum has completed 113 peer review reports and has issued over 600 recommendations for improvement, with more than 300 of those recommendations having been acted upon to date. The number of jurisdictions that have committed to implement the standards and have joined the Global Forum has increased to 120. All but 14 of the jurisdictions reviewed have advanced to Phase 2 reviews, thus demonstrating the effectiveness of the peer review process in achieving the implementation of the standards. Those 14 jurisdictions are urged to implement the Global Forumôs recommendations without further delay. In July 2013, G20 Finance Ministers and Central Bank Governors asked the Global Forum to give overall ratings of exchange of information on request at its meeting in November 2013. The Global forum will draw on the work of FATF on beneficial ownership and ensure that all countries have information regarding the beneficial ownership of entities operating in their jurisdictions.

3. **The G20 has now endorsed the development of a new global tax standard: to automatic exchange of information.** At the Cannes Summit in 2011, the G20 agreed to consider exchanging information automatically

for tax purposes on a voluntary basis. In 2012, the Los Cabos Summit welcomed the OECD report on automatic exchange and encouraged all countries to join this practice. Given the developments in the Global Forum and other recent advances, it is now time to migrate to a more ambitious, more efficient and higher standard, which is automatic exchange of information. Recent developments involving undisclosed foreign bank accounts have also highlighted the urgent need to move to this new standard which the Global Forum will monitor to ensure its effective implementation. In July 2013, G20 Finance Ministers and Central Bank Governors fully endorsed the ambitious OECD proposal for a truly global model for multilateral and bilateral automatic exchange of information for tax purposes and declared their commitment to automatic exchange of information as the new global standard. The OECD has initiated work with G20 countries to develop the new single global standard for automatic exchange of information. G20 Finance Ministers and Central Bank Governors have mandated the OECD to provide a progress report at the October Finance Ministers' meeting, including a timeline for completing this work in 2014. The new standard (included in a Model Competent Authority Agreement) will be presented at G20 Finance Ministers and Central Bank Governors' meeting in February 2014. There is a clear need for the practical and full implementation of this new tax standard on a global scale. The Global Forum will establish a mechanism to monitor and review the implementation of the new standard on automatic exchange of information and will be working with the OECD Task Force on Tax and Development, the World Bank Group and others to help developing countries identify their need for technical assistance and capacity building.

4. The next challenge regarding automatic exchange of information is now to get all jurisdictions to commit to this standard and put it into practice. Calling on all other jurisdictions to join us by the earliest possible date, we are committed to automatic exchange of information as the new global standard, which must ensure confidentiality and the proper use of information exchanged, and we fully support the OECD work with G20 countries aimed at presenting such a new single global standard for automatic exchange of information by February 2014 and to finalizing technical modalities of effective automatic exchange by mid-2014. In parallel, we expect to begin to exchange information automatically on tax matters among G20 members by the end of 2015. **The multilateral Convention is** key to ensuring rapid implementation of the new standard and to enabling developing countries to benefit from the new more transparent environment. In 2009 the OECD and the Council of Europe swiftly responded to the G20's call for a multilateral instrument by amending the Convention on Mutual Administrative Assistance in Tax Matters in 2010 to meet international standards and to allow all countries with domestic laws that are sufficient to uphold the confidentiality of tax information to join. All G20 countries have led by example in signing this Convention and to date more than 70 countries and jurisdictions are covered or are likely to be covered by the Convention, including significant financial centres. The Convention is a powerful tool in the fight against tax evasion and allows for all forms of cooperation in tax matters, including automatic exchange of information. We expect all jurisdictions to join the Convention without further delay.

5. **International collective efforts must also address the tax base erosion resulting from international tax planning.** Base erosion and profit shifting (BEPS) relates chiefly to instances where the interaction of different tax rules result in tax planning that may be used by multinational enterprises (MNEs) to artificially shift profits out of the countries where they are earned, resulting in very low taxes or even double non-taxation. These practices, if left unchecked, undermine the fairness and integrity of our tax systems. They fundamentally distort competition, because businesses that engage in cross-border BEPS strategies gain a competitive advantage compared with enterprises that operate mostly at the domestic level. Fair, transparent and efficient tax systems are not only key pillars for sound public finances, they also provide a sustainable framework for dynamic economies. For these reasons, G20 Leaders identified the need to address BEPS as a priority in their tax agenda at the Los Cabos Summit in June 2012. Additionally, we must achieve better international coordination on taxes. In this regard, we must move forward in fighting BEPS practices so that we ensure a fair contribution of all productive sectors to the financing of public spending in our countries.

6. **International tax rules, which date back to the 1920's, have not kept pace with the changing business environment, including the growing importance of intangibles and the digital economy.** In response to a G20 mandate, the OECD Secretary-General provided a report in February 2013 outlining the issues related to BEPS, and has now presented an ambitious and comprehensive Action Plan developed with G20 members aimed at addressing BEPS, with a mechanism to enrich the Plan as appropriate. Countries will need to examine how their domestic tax laws contribute to BEPS and to ensure that international and domestic tax rules do not allow or encourage multinational enterprises to reduce overall taxes paid by artificially shifting profits to low-tax jurisdictions. A G20/OECD BEPS Project has been established through which all non OECD G20 countries will participate on an equal footing to develop proposals and recommendations to tackle the 15 issues identified in the Action Plan. G20 Leaders commit themselves to a swift implementation and they

also have a vital role to play in urging other countries to join with us and to take the necessary individual and collective actions to implement these proposals and recommendations in a timely manner. G20 Leaders appreciate the swift and effective response by the OECD in advancing the BEPS agenda and urge the OECD to work closely with G20 countries for the proper implementation of this Project.

7. **The Action Plan aimed at addressing BEPS sets forth an ambitious agenda to examine the following fundamental aspects of the international tax rules**:

Ø **First, changes to international tax rules must be designed to address the gaps between different countries' tax systems, while still respecting the sovereignty of each country to design its own rules**. Instruments will be developed to neutralize hybrid mismatches and arbitrage; recommendations will be developed regarding best practices in the design of domestic legislation to protect the tax base of countries against shifting of profits to no or low taxation jurisdiction (through strengthening or introducing so called ñCFCò rules ï Controlled Foreign Companies); and recommendations will be developed regarding rules to prevent base erosion through interest deduction.

Ø **Second, the existing international tax rules on tax treaties, permanent establishment, and transfer pricing will be examined to ensure that profits are taxed where economic activities occur and value is created.** The action plan is designed to establish anti-treaty shopping provisions and develop changes to the definition of the permanent establishment (that is, whether there is sufficient nexus to allow a charge to tax) to prevent BEPS. Three actions are identified in the area of transfer pricing to put an end to the divorce between the location of profits and the location of real activities. Importantly, there is recognition that although the existing transfer pricing rules appropriately allocate income in many instances, special measures, either within or beyond the armôs length principle, may be required to address certain specific difficulties arising in the current system.

Ø **Third, more transparency will be established, including through a common template for companies to report to tax administrations on their worldwide allocation of profits and tax.** It also requires more transparency between governments, with the need for countries to disclose rulings and other tax benefits to their partners, and disclosure by taxpayers of aggressive tax planning arrangements. The Action Plan also provides mechanisms to collect better data so as to be able to measure BEPS and carry out the relevant economic analyses.

Ø **Fourth, all the actions are expected to be delivered in the coming 18 to 24 months.** To ensure that the recommendations may be implemented quickly, the OECD will be developing a multilateral instrument for interested countries to amend their existing network of bilateral treaties.

8. **Developing countries must reap the benefits of the G20 tax agenda.** The G20-led efforts can advance efforts to improve domestic resource mobilization. The Global Forum on Transparency and Exchange of Information, the OECD Task Force on Tax and Development, the World Bank Group and other international organizations are key partners who can assist developing countries identify their needs for technical assistance and capacity building in implementing of the transparency and exchange of information standards, including through the multilateral Convention and automatic exchange of information. These efforts will help developing countries secure the corporate tax revenue they need to foster long-term development. The OECDôs Tax Inspectors Without Borders initiative to assist tax administrations of developing countries plays a useful role in this regard. Finally, we are committed to continue to assist developing countries, including through the IOs, in identifying individual country needs and building capacity in the area of tax administration (in addition to automatic exchange of information) and encourage such support to be developing country led.

9. International taxation issues do not stop at addressing double non-taxation. We encourage continued discussion on other tax matters among tax administrators.

13.10.11 Base Erosion and Profit Shifting (BEPS)

Base Erosion on account of shifting of profits outside the jurisdiction where the economic activities deriving the profits are performed, and where value is created, has been a concern for the developing and emerging economies for long and has now been acknowledged and appreciated by the developed countries also as a serious cause of concern. Launch of the G20/OECD Project on Base Erosion and Profit Shifting underscores the point that the international standards on taxation, including on transfer pricing, have not kept pace with larger economic integration across borders and rapid development of information and communication technologies, and have provided opportunities to Multi National Enterprise to minimize their tax burden, which in many cases are not intended by the current rules. This has an adverse effect on (a) Governments as their tax revenues are impacted (b) on individuals as they have to bear a greater share of the tax burden and (c) on domestic companies as they are at a competitive disadvantage by paying disproportionally high taxes. The BEPS project is looking at whether the current rules allow for the allocation of taxable profits to locations different from those where the actual business activity takes place and if not, what could be done to change this.

At the request of G20 Finance Ministers, in July 2013 the OECD, working with G20 countries, launched an Action Plan on BEPS, identifying 15 specific actions needed in order to equip governments with the domestic and international instruments to address this challenge. The plan recognizes the importance of addressing the borderless digital economy, and will develop a new set of standards to prevent double non-taxation. The work on BEPS marks a turning point in the history of international co-operation on taxation. The existing system works well in many cases, but over time it has also revealed weaknesses that need to be addressed. The work aims at doing that, with a focus on the need to align taxing right with economic substance. It also aims at ensuring coherence of tax rules on an international level as well as transparency in the relationship between taxpayers and tax authorities and tax authorities among themselves. Last but not least, it highlights the importance of certainty for taxpayers and the need to work on more effective dispute resolution mechanisms.

The Action Plan provides for 15 actions to be undertaken to put an end to double non-taxation and ensure that profits are taxed where the economic activities that generate them are carried out and where value is created. Actions range from tightening anti-abuse measures in tax treaties and domestic laws to a revision of the current transfer pricing rules. It also includes work on the challenges posed by the digital economy, the need for better data and related economic analyses, work on harmful preferential tax regimes and the development of a multilateral instrument to implement the measures developed in the course of the BEPS work. To ensure that the actions can be implemented quickly, a multilateral instrument to amend bilateral tax treaties will be developed. This Action Plan was fully endorsed by the G20 Finance Ministers and Central Bank Governors at their July 2013 meeting in Moscow as well as the G20 heads of state at their meeting in Saint-Petersburg in September 2013. The actions outlined in the plan are aimed to be delivered within the coming 18 to 24 months and are summarized below:

Action	Expected Output	Deadline	Responsible body
1- Address the Tax Challenges of the Digital Economy	Report identifying key issues raised by the digital economy and possible actions to address them	September 2014	Task Force on the Digital Economy
2- Neutralise the effects of hybrid mismatch arrangements	Changes to the Model Tax Convention	September 2014	Working Party 1
	Recommendations regarding the design of domestic rules	September 2014	Working Party 11
3- Strengthen CFC rules	Recommendations regarding the design of domestic rules	September 2015	Working Party 11

4- Limit Base Erosion via Interest Deductions and other financial payments	Recommendations regarding the design of domestic rules	September 2015	Working Party 11
	Changes to the Transfer Pricing Guidelines	December 2015	Working Party 6
5 - Counter harmful tax practices more effectively, taking into account transparency and substance	Finalize review of member country regimes	September 2014	Forum on Harmful Tax Practices
	Strategy to expand participation to non-OECD members	September 2015	
	Revision of existing criteria	December 2015	
6- Prevent Treaty Abuse	Changes to the Model Tax Convention	September 2014	Working Party 1
	Recommendations regarding the design of domestic rules	September 2014	
7- Prevent the artificial avoidance of PE status	Changes to the Model Tax Convention	September 2015	Working Party 1, in consultation with Working Party 6
8- Assure that Transfer Pricing Outcomes are in Line With Value Creation / Intangibles	Changes to the Transfer Pricing Guidelines and possibly to the Model Tax Convention	September 2014	Working Party 6
	Changes to the Transfer Pricing Guidelines and possibly to the Model Tax Convention	September 2015	
9- Assure that Transfer Pricing Outcomes are in Line With Value Creation / Risks and Capital	Changes to the Transfer Pricing Guidelines and possibly to the Model Tax Convention	September 2015	Working Party 6
10- Assure that Transfer Pricing Outcomes are in Line With Value Creation / Other High-risk transactions	Changes to the Transfer Pricing Guidelines and possibly to the Model Tax Convention	September 2015	Working Party 6
11- Establish methodologies to collect and analyse data on BEPS	Recommendations regarding data to be collected and methodologies to analyse them	September 2015	Working Party 2

12- Require taxpayers to disclose their aggressive tax planning arrangements	Recommendations regarding the design of domestic rules	September 2015	Working Party 11
13- Re-examine Transfer Pricing Documentation	Changes to Transfer Pricing Guidelines and Recommendations regarding the design of domestic rules	September 2014	Working Party 6
14- Make dispute resolution mechanisms more effective	Changes to the Model Tax Convention	September 2015	Working Parties 1 and 6
15- Develop a Multilateral Instrument	Report identifying relevant public international law issues	September 2014	Informal Group of Experts
	Develop a multilateral instrument	December 2015	Interested Parties

India, as also all other non-OECD G20 countries, are involved in the BEPS Project on an equal footing with OECD countries. Indian delegates are attending various meetings of the Working Parties and Focus Groups and are presenting their point of view. The following Focus Groups have been constituted for preparation of draft reports for consideration of the Working Parties

Working Party 1	Artificial Avoidance of PE status
	Treaty Abuse
	Dispute Resolution
Working Party 6	Risk, characterization and methods
	Hard to value intangibles and cost contribution arrangements
	Financial transactions including loans, financial and performance guarantees, insurance arrangements and similar matters
	Transfer pricing Documentation
Working Party 11	Hybrid Mismatch Arrangements
	Controlled Foreign Companies
	Interest Deductions and other Financial Payments
	Mandatory Disclosure Rules

India is member of all the above-mentioned Focus Groups. In addition, Indian delegates are also contributing to the work of Task Force on Digital Economy and Forum on Harmful Tax Practices. India is also vice-chair of the Working Party 11 on Aggressive Tax Planning.

Out of the eight non-OECD G20 countries, four countries, i.e., Brazil, China, India and South Africa were elected as members of the Bureau Plus of the Committee of Fiscal Affairs (CFA) of the OECD and thus Indian delegates are participating in taking policy decisions in the CFA on the issues relating to BEPS.

13.10.12 Relationship with OECD

In addition to working with OECD in the BEPS Project, India has relationship with OECD in other matters relating to taxation, which is summarized below:

(a) Committee of Fiscal Affairs: India is one of the few countries which have been extended an "observer" status in the Committee of Fiscal Affairs of the OECD, which takes all the policy decisions in the field of direct taxes. Indian representatives have attended two meetings of the CFA in 2013

(b) Working Party Meetings of OECD: Indian representatives have participate in the following working party meetings of the OECD during 2013

Working Party	Area being dealt with
Working Party No. 1	Tax Conventions
Working Party No. 2	Tax Policy Analysis and Statistics
Working Party No. 6	Transfer Pricing
Working Party No. 10	Exchange of Information and Tax Compliance
Working Party No. 11	Aggressive Tax Planning

The G20 has asked the OECD to develop a single uniform standard on automatic exchange of information to be presented to the G20 Leaders and Finance Ministers. Indian delegates are attending the meetings of WP10 which is developing such a uniform standard.

(c) Forum on Tax Administration: The Forum on Tax Administration was created by the CFA of OECD in 2002 and it consists of 43 members including all G20 countries and select non-OECD countries. This is a Forum for co-operation in the areas of tax administration and tax compliance. India is member of the bureau of the FTA since 1stJanuary, 2012. The Revenue Secretary attended the meeting of the Bureau in May, 2013.

(d) Task Force on Tax and Development: In view of the call given by G20 countries for providing assistance to developing countries in the areas of taxation, the OECD has constituted an informal task force on tax and development. India has supported the work of the Task Force.

(e) The OECD has launched a pilot project on Tax Inspectors Without Borders (TIWB) with an objective to enable the transfer of tax audit knowledge and skills to tax administrations in developing countries through a real time, "learning by doing" approach. Experts - being currently serving or recently retired tax officials - will be deployed to work directly with local tax officials on current audits and audit-related issues concerning international tax matters, and to share general audit practices. Indian delegates have attended the meeting for development of TIWB feasibility study

(f) Technical Development Programmes: The OECD since 2000 have been conducting technical development programme at NADT, Nagpur. Till date, about 32 such programme has been conducted in which officers from field level participate. Two such programmes were organized in 2013 at NADT, that is, Advanced Tax Treaties from 26th to 30th August, 2013 and Advanced Transfer Pricing from 25th to 29th November, 2013.

(g) The FT&TR took initiative in sending Department's officer to various OECD training courses held at Ankara, Seoul, Vienna, Budapest and Jakarta. During the year more than 52 officers have been sent to various OECD training courses to enhance their professional expertise.

13.10.13 Cooperation with BRICS Countries on Tax Matters

The Heads of Revenue of BRICS Countries, that is, Brazil, Russia, India, China and South Africa, met in New Delhi on 17th and 18th January, 2013 and held discussions on issues relating to International Taxation, Transfer Pricing, Prevention of Cross-border tax evasion and avoidance, exchange of information, sharing of best practices in tax system administration and resolution of disputes. The meeting was inaugurated by Finance Minister of India on 17th January and was concluded on 18th January, 2013 by the Revenue Secretary. This was the first meeting of the Heads of Revenue and on conclusion of the meeting, a joint communiqué was issued in which the Revenue Heads of BRICS Countries agreed to develop greater cooperation among their tax administrations on various issues of mutual interest and concerns.

The communiqué recognized the importance of the economic and commercial links amongst BRICS Countries and the need to contribute to the strengthening of these links. Affirming the continued commitment of the BRICS Countries to promoting closer coordination and cooperation in the area of tax administration, the Heads of the Revenue identified seven areas of tax policy and tax administration, for extending their mutual cooperation. This mutual cooperation includes contribution to development of international standards on International Taxation and Transfer Pricing taking into account the aspirations of developing countries in general and BRICS Countries in particular. The other areas of cooperation are strengthening the enforcement processes, sharing of best practices and capacity building, sharing of anti-avoidance and non-compliance practices and promotion of effective exchange of information. The communiqué expressed the concerns of BRICS Countries at the erosion of the tax base by practices that involve abuse of tax treaty benefits, incomplete disclosure of information and fraudulent claims and makes a commitment to address these concerns by preventing the base erosion and profit shifting through mutual cooperation. The communiqué also expressed an agreement amongst BRICS Countries for working together towards capacity building, improvement of systems and sharing of resources, knowledge and best practices and emphasizes the spirit of cooperation and solidarity that underlies the BRICS partnership and aims at extending it to the area of tax administration in a way that will benefit the people of BRICS Countries.

The BRICS Heads of Revenue again met on the sidelines of meeting of Forum on Tax Administrators in Moscow on 17th May, 2013, in which they decided that the areas of co-operation amongst BRICS countries on both tax and customs matters should be limited to three areas. These three areas of cooperation are (a) Base Erosion and Profit Shifting (b) Common Approach on International Forum and (iii) I-T Inter Connectivity for Customs Co-operation.

13.10.14 India-Brazil-South Africa (IBSA) Revenue Administration Working Group Meeting

IBSA (India-Brazil-South Africa) Dialogue Forum is a trilateral developmental initiative between India, Brazil and South Africa to promote South-South Co-operation and brings together three democracies. The Heads of Revenue Administrations Working Group is one of the several sectoral working groups of the IBSA Dialogue Forum formed in 2006. It is to promote closer co-operation in both tax and customs matters and contribute to the IBSA Dialogue Forum. 8th meeting of IBSA Heads of Revenue Administrations Working Group (HRAWG) was held on 8th November 2013 and the 11th meeting of IBSA Revenue Administrations Steering Group (RASG) was held on 4-7 November, 2013 at Rio de Janeiro, Brazil. Cooperation in the areas of international taxation and transfer pricing, exchange of information, cooperation in multilateral fora, digital economy, aggressive tax planning and capacity building were identified and sub-groups have been constituted to work in these areas for enhanced cooperation.

13.10.15 United Nations TP Manual

The United Nations has constituted a Sub-committee on Transfer Pricing with a mandate to develop a Practical Manual on Transfer Pricing for Developing Countries. India is also a member of this Sub-committee and has been actively involved in drafting of the Transfer Pricing Manual. The UN Transfer Pricing Manual was released in May, 2013 and is expected to address the concerns of developing countries. India being one of the important developing countries/emerging economies is played an active role in the drafting of this Manual. Indian delegate to the UN Transfer Pricing Sub-committee, JS (FT & TR-I) was assigned the responsibility of drafting Chapter on "Comparability Analysis". India also submitted its paper on "Emerging Transfer Pricing Challenges in India", which forms part of the UN TP Manual.

13.10.16 Coordination with other Multilateral Agencies

India is an Associate member of Center for Inter American Tax Administration (CIAT) a multilateral organization. The efforts of CIAT are focused on cooperation between the tax administrations of different jurisdictions with a view to work jointly against international tax evasion. To fulfill this objective, CIAT organizes different activities, studies, workshops, Seminars etc. wherein the tax administrations can share their suggestions, practices, experiences, etc. Indian delegates have participated in the meetings of CIAT.

The Commonwealth Association of Tax Administrators (CATA) was established as the result of a decision taken at the meeting of the Commonwealth Finance Ministers in Barbados in 1977. India has been an important member of Commonwealth Association of Tax Administrators (CATA) since 1979. CATA's activities include organizing annual technical workshops, high quality training programmes for tax officials, in country training programmes tailored to meet the specific needs of members, publication of a quarterly Newsletter, provision of consultancy services and research facilities for members upon request, the supply of information to members, etc. India participated in the major events organized by CATA during the year and also forwarded reports on strategic objective from Indian point of view.

Indian delegation attended the ITD Global Conference on Tax and Intergovernmental Relations from 3rd to 5th December 2013 Marrakesh, Morocco, and made a presentation.

13.10.17 Issues related to policy matters on Non-resident taxation

Policy related issues arising post-budget from the amendments made in the Finance Act, 2013, on various issues including those related to tax rate on royalty and tax residency certificate were processed. Various requests were processed and dealt regarding suggestions, representations and apprehensions received from domestic stakeholders on these issues as well as other countries.

Inputs were provided on tax issues on proposed agreements, communiques, joint statements etc. received from other Ministries and Departments. Details were provided to MEA and other Ministries as requested by them from time to time.

All requests for inputs on policy issues related to non-resident taxation were processed. Policy matters related to apprehensions of Foreign Institutional Investors (FIIs), regarding impact of amendments, compliance related to tax deduction, filing of return and other issues were also processed.

13.10.18 Policy issues taken up with other Countries

The concerns received from various countries regarding the Tax Residency Certificate provisions were dealt with and the concerns of stakeholders were handled by making proposals for amendment of the Act/Rules. The matter was examined along with TPL Division and the same has now been resolved by an amendment in the Section 90 of the Income-tax Act, 1961 vide Finance Act, 2013

13.10.19 FIPB Section in FT&TR Division

During the year 2012, a new section, namely FIPB was set up in FT&TR-I Division of CBDT. This division is required to examine all FDI applications filed under 'Government Approval route' from revenue angle and forward its inputs to the FIPB Unit of Department of Economic Affairs. During the calendar year 2013, 379 proposals were processed in the FIPB section and inputs on these proposals were sent to Foreign Investment Promotion Board.

13.10.20 ANNEX - The 15 Actions to Address BEPS

ACTION 1 - Address the Tax Challenges of the Digital Economy. Identify the main difficulties that the digital economy poses for the application of existing international tax rules and develop detailed options to address these difficulties, taking a holistic approach and considering both direct and indirect taxation. Issues to be examined include, but are not limited to, the ability of a company to have a significant digital presence in the economy of another country without being liable to taxation due to the lack of nexus under current international rules, the attribution of value created from the generation of marketable location-relevant data through the use of digital products and services, the characterization of income derived from new business models, the application of related source rules, and how to ensure the effective collection of VAT/GST with respect to the cross-border supply of digital goods and services. Such work will require a thorough analysis of the various business models in this sector.

ACTION 2 - Neutralize the Effects of Hybrid Mismatch Arrangements. Develop model treaty provisions and recommendations regarding the design of domestic rules to neutralize the effect (e.g., double non-taxation, double deduction, long-term deferral) of hybrid instruments and entities. This may include: (i) changes to the OECD Model Tax Convention to ensure that hybrid instruments and entities (as well as dual resident entities) are not used to obtain the benefits of treaties unduly; (ii) domestic law provisions that prevent exemption or non-recognition for payments that are deductible by the payer; (iii) domestic law provisions that deny a deduction for a payment that is not includible in income by the recipient (and is not subject to taxation under controlled foreign company (CFC) or similar rules); (iv) domestic law provisions that deny a deduction for a payment that is also deductible in another jurisdiction; and (v) where necessary, guidance on co-ordination or tie-breaker rules if more than one country seeks to apply such rules to a transaction or structure. Special attention should be given to the interaction between possible changes to domestic law and the provisions of the OECD Model Tax Convention. This work will be coordinated with the work on interest expense deduction limitations, the work on CFC rules, and the work on treaty shopping.

ACTION 3 - Strengthen CFC Rules. Develop recommendations regarding the design of controlled foreign corporation rules. This work will be coordinated with other work as necessary.

ACTION 4 - Limit Base Erosion via Interest Deductions and Other Financial Payments. Develop recommendations regarding best practices in the design of rules to prevent base erosion through the use of interest expense, for example through the use of related-party and third-party debt to achieve excessive interest deductions or to finance the production of exempt or deferred income, and other financial payments that are economically equivalent to interest payments. The work will evaluate the effectiveness of different types of limitations. In connection with and in support of the foregoing work, transfer pricing guidance will also be developed regarding the pricing of related party financial transactions, including financial and performance guarantees, derivatives (including internal derivatives used in intra-bank dealings), and captive and other insurance arrangements. The work will be coordinated with the work on hybrids and CFC rules.

ACTION 5 - Counter Harmful Tax Practices More Effectively, Taking into Account Transparency and Substance. Revamp the work on harmful tax practices with a priority on improving transparency, including compulsory spontaneous exchange on rulings related to preferential regimes, and on requiring substantial activity for any preferential regime. It will take a holistic approach to evaluate preferential tax regimes in the BEPS context. It will engage with non-OECD members on the basis of the existing framework and consider revisions or additions to the existing framework.

ACTION 6 - Prevent Treaty Abuse. Develop model treaty provisions and recommendations regarding the design of domestic rules to prevent the granting of treaty benefits in inappropriate circumstances. Work will also be done to clarify that tax treaties are not intended to be used to generate double non-taxation and to identify the tax policy considerations that, in general, countries should consider before deciding to enter into a tax treaty with another country. The work will be coordinated with the work on hybrids.

ACTION 7 - Prevent the Artificial Avoidance of PE Status. Develop changes to the definition of PE to prevent the artificial avoidance of PE status in relation to BEPS, including through the use of commissionaire arrangements and the specific activity exemptions. Work on these issues will also address related profit attribution issues.

ACTION 8, 9, 10 - Assure that Transfer Pricing Outcomes are in Line With Value Creation

Action 8 - Intangibles. Develop rules to prevent BEPS by moving intangibles among group members. This will involve: (i) adopting a broad and clearly delineated definition of intangibles; (ii) ensuring that profits associated with the transfer and use of intangibles are appropriately allocated in accordance with (rather than divorced from) value creation; (iii) developing transfer pricing rules or special measures for transfers of hard-to-value intangibles; and (iv) updating the guidance on cost contribution arrangements.

Action 9 - Risks and Capital. Develop rules to prevent BEPS by transferring risks among, or allocating excessive capital to, group members. This will involve adopting transfer pricing rules or special measures to ensure that inappropriate returns will not accrue to an entity solely because it has contractually assumed risks or has provided capital. The rules to be developed will also require alignment of returns with value creation. This work will be coordinated with the work on interest expense deductions and other financial payments.

Action 10 - Other High-Risk Transactions. Develop rules to prevent BEPS by engaging in transactions which would not, or would only very rarely, occur between third parties. This will involve adopting transfer pricing rules or special measures to: (i) clarify the circumstances in which transactions can be re-characterized; (ii) clarify the application of transfer pricing methods, in particular profit splits, in the context of global value chains; and (iii) provide protection against common types of base eroding payments, such as management fees and head office expenses.

ACTION 11 - Establish Methodologies to Collect and Analyse Data on BEPS and the Actions to Address It. Develop recommendations regarding indicators of the scale and economic impact of BEPS and ensure that tools are available to monitor and evaluate the effectiveness and economic impact of the actions taken to address BEPS on an ongoing basis. This will involve developing an economic analysis of the scale and impact of BEPS (including spillover effects across countries) and actions to address it. The work will also involve assessing a range of existing data sources, identifying new types of data that should be collected, and developing methodologies based on both aggregate (e.g. FDI and balance of payments data) and micro-level data (e.g. from financial statements and tax returns), taking into consideration the need to respect taxpayer confidentiality and the administrative costs for tax administrations and businesses.

ACTION 12 - Require Taxpayers to Disclose Their Aggressive Tax Planning Arrangements. Develop recommendations regarding the design of mandatory disclosure rules for aggressive or abusive transactions, arrangements, or structures, taking into consideration the administrative costs for tax administrations and businesses and drawing on experiences of the increasing number of countries that have such rules. The work will use a modular design allowing for maximum consistency but allowing for country specific needs and risks. One focus will be international tax schemes, where the work will explore using a wide definition of "tax benefit" in order to capture such transactions. The work will be coordinated with the work on co-operative compliance. It will also involve designing and putting in place enhanced models of information sharing for international tax schemes between tax administrations.

ACTION 13 - Re-examine Transfer Pricing Documentation. Develop rules regarding transfer pricing documentation to enhance transparency for tax administration, taking into consideration the compliance costs for business. The rules to be developed will include a requirement that MNE's provide all relevant governments with needed information on their global allocation of the income, economic activity and taxes paid among countries according to a common template.

ACTION 14 - Make Dispute Resolution Mechanisms More Effective. Develop solutions to address obstacles that prevent countries from solving treaty-related disputes under MAP, including the absence of arbitration provisions in most treaties and the fact that access to MAP and arbitration may be denied in certain cases.

ACTION 15: Develop a Multilateral Instrument. Analyse the tax and public international law issues related to the development of a multilateral instrument to enable jurisdictions that wish to do so to implement measures developed in the course of the work on BEPS and amend bilateral tax treaties. On the basis of this analysis, interested Parties will develop a multilateral instrument designed to provide an innovative approach to international tax matters, reflecting the rapidly evolving nature of the global economy and the need to adapt quickly to this evolution.

13.11 Principal CCIT (International Taxation)

13.11.1 Introduction

The charge of Principal CCIT (Intl. Taxn.) deals with International taxation issues pertaining to entities having cross border transactions. It encompasses determination of tax on persons or businesses subject to the tax laws of different countries. The Income tax system in India imposes tax on local income and/or on worldwide income. Such system of taxation varies widely from country to country and there are no broad general rules. These variations create the potential for double taxation (where the same income is taxed by different countries) and no taxation (where income is not taxed by any country). Generally, where worldwide income is taxed, reductions or foreign credits are provided for taxes paid to other jurisdictions. With any system of taxation, it is possible to shift or re-characterize income in a manner that reduces taxation. Jurisdictions often impose rules relating to shifting income among commonly controlled parties, often referred to as transfer pricing rules. The various Directorates under Principal CCIT (Intl. Taxn.) are continuously in the process of scrutinizing the cases of cross border mergers/acquisition of companies, as and when such transactions take place to tax capital gains arising on transfer of shares consequent to merger and acquisition of companies.

13.11.2. Set-up

In order to perform the above stated functions, the set up in the charge of Principal Chief Commissioner of Income Tax (Intl. Taxn.) includes the following directorates:-

S.No.	Charge
1	Director of Income tax (Intl. Tax), Delhi- I
2	Director of Income tax (Intl. Tax), Delhi- II
3	Director of Income tax (Intl. Tax), Mumbai- I
4	Director of Income tax (Intl. Tax), Mumbai- II
5	Director of Income tax (Intl. Tax), Chennai
6	Director of Income tax (Intl. Tax), Bangalore
7	Director of Income tax (Intl. Tax & TP), Kolkata
8	Director of Income tax (Intl. Tax & TP), Pune
9	Director of Income tax (Intl. Tax & TP), Ahmedabad
10	Director of Income tax (Intl. Tax & TP), Hyderabad
11	Director of Income tax (TP), Delhi- I
12	Director of Income tax (TP), Delhi -II
13	Director of Income tax (TP), Mumbai- I
14	Director of Income tax (TP), Mumbai- II
15	Director of Income tax (TP), Chennai
16	Director of Income tax (TP), Bangalore
17	Commissioner of Income Tax (APA), New Delhi

The Government of India has been keen to provide a suitable mechanism for resolution of tax disputes between the tax department and foreign companies operating in India. In this direction, the Government inserted provisions relating to Advance Rulings vide Finance Act, 1993. For this purpose, government has constituted an Authority for Advance Rulings which is headed by a retired judge of the Supreme Court. The Authority has been doing a commendable job in pronouncing Advance Rulings. Therefore, number of cases referred to Authority for Advance Rulings are rising day by day. In order to have effective representation before the Authority for Advance Rulings for the Department, CIT (DR)(AAR), New Delhi has been specifically designated for this purpose.

However, after introduction of Advance Rulings provisions, new sections were added in the Act relating to Transfer Pricing. This has led to creation of new disputes particularly in determination of ‘Arm’s Length Price’ which is to be followed in international transactions. The Finance Act, 2009 introduced provisions relating to Dispute Resolution Panel (DRP) to provide for an alternate dispute resolution mechanism and to facilitate expeditious resolution of disputes on a fast track basis. At present, the following Dispute Resolution Panels (DRP) are in operation under the charge of Principal CCIT (Intl. Taxn.):-

S. No.	Charge
1	Dispute Resolution Panel, Delhi- I
2	Dispute Resolution Panel, Delhi- II
3	Dispute Resolution Panel, Delhi- III
4	Dispute Resolution Panel, Mumbai- I
5	Dispute Resolution Panel, Mumbai- II
6	Dispute Resolution Panel, Mumbai- III
7	Dispute Resolution Panel, Chennai
8	Dispute Resolution Panel, Bangalore
9	Dispute Resolution Panel, Kolkata
10	Dispute Resolution Panel, Pune
11	Dispute Resolution Panel, Ahmedabad
12	Dispute Resolution Panel, Hyderabad

In order to bring in more certainty and transparency in Transfer Pricing mechanism, scheme of Advance Pricing Agreement (APA), had been introduced in the union budget of the year 2012 -13. Vide CBDT order dated 06/06/2012, one CIT (APA) has been posted along with Addl CsIT and DCsIT at New Delhi, Mumbai and Bangalore.

13.11.3 Important issues/ matters dealt by the charge of Principal Chief Commissioner of Income Tax (Intl. Taxn.) during the year 2013-14-

1 Special attention was paid to settlement of audit objections, settlement and disposal of grievance petition relating to non receipt of refunds and other matters and timely disposal of applications for grant of certificates u/s 195 & 197 of the Act.

2. Verification of form No. 15CA/CB was given priority which resulted into detection of TDS defaults in 198 cases in respect of which tax demand of Rs. 326.14 crores was raised.

3. Some notable cases in which TDS defaults was noticed are given below-

I. M/s Richer Holdings Ltd. Cyprus (Sesa Goa Group) A.Y. 2008-09 Rs. 875.19 cr.

II. M/s Westglob Ltd., Mauritius (Sesa Goa Group) A.Y. 2008-09 Rs. 583.46 cr.

III. M/s Mphasis Ltd., A. Y. 2006-07 to A.Y. 2008-09 Rs. 163.07 cr.

IV. M/s Wipro Ltd., A.Y. 2007-08 to A.Y. 2012-13 Rs. 17.43 cr.

V. M/s Dr. Reddy’s Lab. Ltd., Rs. 8.45 cr.

4. Various seminars/ conferences and training programs in respect of issues relating to international taxation, transfer pricing and advance pricing agreements etc. were conducted from time to time for the benefit of the officers of the Directorate General.

13.11.4. Statistical Information

1. The statistical data on budget collection of various DsIT (Intl. Taxn.) as on 31.03.2014 - Ann. óAô

2. Information on TP adjustments - Ann. óBô& óCô

3. Information of the cases filed before the DRPs - Ann. óDô

						Anx-'A'
	Budget Collection as on 31.03.2014		**Pr.CCIT (Intl. Taxn.), New Delhi**			
						(Rs. in crores)
S.No.	**DIT**	**Collection in 2012-13**			**Collection in 2013-14**	
		Target	**Collection up to 31.03.2013**		**Target**	**Collection up to 31.03.2014**
1	DIT (IT)-I, Delhi	3313	3172.8		3700	**4251.7**
2	DIT (IT)-II, Delhi	2107	2150		2506	**2294.3**
3	DIT (IT)-I & II, Mumbai	15977	15750		18500	**17821.5**
4	DIT (IT), Ahmedabad	653	681.54		697	**632.1**
5	DIT (IT), Hyderabad	515.57	599.86		470	**535.47**
6	DIT (IT), Pune	614	597.5		741	**919**
7	DIT (IT), Kolkata	658	802.9		967	**595.1**
8	DIT (IT), Chennai	2406	1938.47		2265	**1965.35**
9	DIT (IT), Bangalore	2140	2486		2749	**2840.7**
	Total	**28383.57**	**28179.07**		**32595**	**31855.22**

Principal Chief Commissioner of Income Tax (Intl. Taxn.), Delhi
Budget Collection over the years

F.Y.	Net collection (Rs. in cr.)
2004-05	4418
2005-06	8049
2006-07	9147
2007-08	11790
2008-09	15740
2009-10	16198
2010-11	22485
2011-12	27442
2012-13	28030
2013-14	31855

Principal Chief Commissioner of Income Tax (Intl. Taxn.), Delhi

Transfer Pricing Adjustment made during F.Y. 2013-14

(Annexure-B)

S. No.	DIT Charge	No. of TP audits completed	No. of cases in which TP adjustments made	Total Amount of TP adjustment made (in INR cr.)
1.	DIT (TP)-I, New Delhi	642	376	6846.97
2.	DIT (TP)-II, New Delhi	397	188	8251.00
3.	DIT (TP)-I, Mumbai	710	316	15032.26
4.	DIT (TP)-II, Mumbai	425	256	15770.68
5.	DIT (TP), Kolkata	41	23	574.63
6.	DIT (TP), Ahmedabad	131	80	1697.41
7.	DIT (TP), Bangalore	510	330	5923.33
8.	DIT (TP), Hyderabad	162	112	1987.75
9.	DIT (TP), Chennai	375	129	959.62
10.	DIT (TP), Pune	224	110	2558.98
	TOTAL	**3617**	**1920**	**59602.63**

Ann. ćCô

Principal Chief Commissioner of Income Tax (International Taxation), Delhi

Transfer Pricing Adjustments over the years -

S.No.	TP audit year	AY	No. of TP audits completed	No. of adj. cases	% of adj. cases	Amt. of adj. (in cr.)
1	2005-06	2002-03	1061	239	23	1220
2	2006-07	2003-04	1501	337	22	2287
3	2007-08	2004-05	1768	471	27	3432
4	2008-09	2005-06	1945	754	39	7754
5	2009-10	2006-07	1830	813	44	10908
6	2010-11	2007-08	2368	1207	50.97	24111
7	2011-12	2008-09	2638	1343	50.91	44532
8	2012-13	2009-10	3171	1686	53.17	70016
9	2013-14	2010-11	3617	1920	53.08	59602
		Total	**19899**	**8608**	**43.26**	**223862**

Annexure – 'D'

Principal Chief Commissioner of Income Tax (International Taxation), Delhi

Cases filed before DRPs over the years –

S.No	FY	Total cases filed during the cycle	Amount involved (in cr.)	Amount involved (in cr.) in confirmed/ ascertainable cases
1	2009-10	1154	37595	34849
2	2010-11	938	42835	28797
3	2011-12	1041	68977	40578
4	2012-13	1070	80332	24899
5	2013-14	1015	98565	33665*

**This amount may increase as in some cases; Assessing Officers have to re-calculate the demand position.*

13.12. A&PAC Division

13.12.1 Highlights of the performance and achievements made by A&PAC Division, CBDT during the year

13.12.1.1 The Draft Paras reported by Comptroller & Auditor General (C&AG) are examined in the Ministry and Action Taken Notes (ATNs) are prepared and furnished to Audit, on which C&AG issues vetting comments, either finalising the ATN or issuing a rejoinder with comments for reconsideration. After incorporating the vetting comments of C&AG, the Ministry sends the ATNs to the Monitoring Cell (MC) under the Department of Expenditure (DOE) for placing before the Public Accounts Committee (PAC).

13.12.1.2 In case of CBDT, as on date **no draft/audit para was pending for initial reply** for reports of C&AG till Audit Report Year (ARY) 2010-11. The position of audit paras is reconciled on a monthly basis with C&AG and as on 31.12.2013 there is no pendency of draft paras for initial reply to C&AG.

13.12.1.3 As regards the **submission of draft/final ATNs** upto ARY 2010-11, the Monitoring Cell vide the O.M. No.5/1/2013-MC/240 dated 24.10.2013 has stated that ***'as far as the pending position of audit paras is concerned, Department of Central Board of Direct Taxes has done a remarkable work by reduction of huge pendency of audit paras from 2670 (during 2010-11) to 22 (2012-13) and CBDT has set an example of focused & concerted action taken and coordination between C&AG as well as Monitoring Cell for settling of the audit paras.'***

13.12.1.4 Of these 22 cases (Upto ARY 2010-11), as on 31.03.2014, 15 Draft Paras (DP's) have further been settled with CAG and ATN's have been sent to Monitoring Cell and in 07 DP's reply of CBDT has been given to CAG and are under examination of C&AG.

13.12.1.5 In addition to the above, the **Report No.15 of 2013 of C&AG** for the year ended March, 2012 has been tabled in Parliament on 23rd August, 2013 and the time period for submitting the ATNs is upto 23rd December, 2013. This Report includes 455 draft paras pertaining to **ARY 2011-12.** CBDT has received batches of the DPs included in this report since June 2012 and has acted on them expeditiously. **Out of the 455 draft paras covered in this report, initial replies have been sent to C&AG in all 455 cases, before the deadline of 23rd December, 2013. Vetting comments of C&AG are awaited in these paras.** This is the first time that CBDT has achieved the 100% target before the deadline.

13.12.2 Action Taken Reports (ATRs)

13.12.2.1 All the ATRs due as on 30-11-2013 have been sent to PAC, including the Hindi Translations. This includes the 3 Paras of the 36th Report (15th Lok sabha) and the 3 paras of the 47th Report (14th Lok Sabha). The 5 ATRs of the Para No.4.1.1 of the C & AG Report No.1 for the year 2011-12 relating to "Expenditure incurred on Interest on Refunds of Taxes" have also been sent to PAC along with vetted comments of Audit.

13.12.2.2 The 19 ATRs in respect of the 87th Report (15th Lok Sabha) was due on 28th February 2014 and has already been sent to PAC on 21st February, 2014.

13.12.2.3 Action Taken Note on PAC Para No.7 of 98th Report **(15th Lok Sabha)** on the Observations/ Recommendations of the Committee contained in their 58th report (15th Lok Sabha) on **'Non-compliance by Ministries/ Departments in timely submission of Action Taken Notes on the non-selected Audit Paragraphs (2010-11)' was sent on 31st March, 2014.**

13.12.3 The Public accounts Committee conducted detailed examination of "Non-Compliance by the Ministries/ Departments in timely submission of Action Taken Report (ATRs)/Action Taken Notes (ATNs) on the reports of the PAC and the CAG" and had commented in the past that the Ministry of Finance is silent about the effective and concrete time bound mechanism/ procedure being formulated for furnishing the Action Taken Notes within the prescribed time frame of four months from the date of laying the Audit Reports in the Parliament. As can be seen the A & PAC Division has taken steps for formulating effective and concrete time bound mechanism, which is reflected in the work being done in the division. The timely submission of the Proforma Reports is being done by issuing constant reminders to the field formations and practicing a policy of minimum delay in processing files which are put up for submission to senior authorities.

13.12.4 The fifth meeting of SAC was organised by A&PAC Division on 10.9.2013 and was chaired by Secretary (Revenue). The performance of the A& PAC Division was praised by DG (DT & Coord) CAG and it was discussed during the meeting that CBDT had done outstanding work in reducing the pendency of DP's.

13.12.5 The position in respect of audit/draft paras pertaining to the CBDT, i.e., initial reply to CAG, as on 31.03.2014 is as under:

Narration	2010-11	2011-12
Total Pendency	3	455
Replies Sent	3	455
Balance Pendency	NIL	NIL
Cumulative % of Disposal	100 %	100 %

System Reviews/appraisals

(A) Exit Conference

(i) Exit conference on performance audit of "Exemptions to Charitable Trusts and Institutions" was held on 22-05-2013. The report (Report No.20 of 2013) was tabled in Parliament on 13th December, 2013.

(ii) Exit conference on performance audit of "Assessment of Firms" was held on 06.02.2014. The report is yet to be tabled in Parliament.

(iii) Additional reply was sent to CAG on the Draft Report on performance audit of "Administration of Penalty and Prosecution" on 22-11-2013. The report (Report No.28 of 2013) was tabled in Parliament on 18.02.2014.

(B) Entry conference

(i) Entry conference on the Performance Audit of "Allowance of Depreciation and Amortization" was held on 04-09-2013.

(ii) Entry conference on "Performance of Special Economic Zones (SEZ) of India" was held on 22-11-2013.

(iii) Entry conference on the Performance Audit of ñAppreciation of third party reporting/ certification in assessment proceedingsò was held on 06.02.2014.

The outcome of these reviews is likely to be included in the C&AG Audit Report to be tabled in the Parliament during 2012-13. All CCsIT/DGsIT and concerned Directorates has been requested to issue directions to all officers in to extend full cooperation to the Audit teams of C&AG and to ensure that relevant information and records requisitioned are produced / furnished to the Audit Teams without any delay.

(C) Committee of Secretaries Meeting was held on 26.02.2014 on 'Review of Progress in submission of Action Taken Reports/Action Taken Notes on the reports of the PAC and the CAG'.

(D) The Public Accounts Committee (2012-13) had selected followings subjects under the Department of Revenue, Direct Taxes for detailed examination:-

(i) Report No.23 of 2012-13 Union Government ï Performance Audit (Department of Revenue ï Direct Taxes) ï IT Applications in Income Tax Department.

(ii) Report No.4 of 2012-13 Union Government ï Performance Audit (Department of Revenue ï Direct Taxes) ï Strengthening of Tax Base through Use of Information.

On the subjects selected, a questionnaire was received from the Lok Sabha Secretariat, PAC Branch to which a detailed reply was submitted. **Oral Evidence** before PAC on the issue of **'IT Applications in Income Tax Department'** was **held on 14.10.2013.** Subsequent to the oral evidence, list of points arising out of the oral evidence of the representatives of the Ministry of Finance (Department of Revenue) held on 14.10.2013, reply to which was compiled after coordinating with various divisions of C.B.D.T. and submitted on 12.11.2013. **Oral Evidence** before PAC on the issue of **'Strengthening of Tax Base Through Use of Information'** was **held on 3.2.2014**. Post Oral evidence, additional information on 3 issues was sent to PAC on 6.2.2014. Replies to list of points arising out of Oral Evidence, numbering 11, was sent to PAC on 21.02.2014.

13.12.6 Oral Evidence of the Secretary, Ministry of Finance (Department of Revenue) was **held on 02.09.2013** in connection with seeking revised opinion of the Ld. Attorney General of India on Para 4.1.1 of the C&AG Report No.1 for the year 2011-12, relating to **'Expenditure incurred on interest on refunds of taxes'.** The reply of the Ministry on the list of points arising out of the oral evidence held on 2.9.2013 was forwarded to the PAC Branch on 4.10.2013. This was followed by counter comments of the Ministry on the vetting comments of CAG, forwarded to PAC Branch on 1.11.2013.

13.13 DGIT (ADMINISTRATION)

There are five Directorates under DGIT (Admn.)

i) Directorate of Income Tax (Income Tax)

ii) Directorate of Income Tax (PR, PP & OL)

iii) Directorate of Income Tax (Audit)

iv) Directorate of Income Tax (Recovery)

v) Directorate of Income Tax (TDS)

13.13.1 Directorate of Income-tax (Income-tax)

The Directorate of Income-tax (Income-tax) is an attached office of the CBDT under the administrative control of the Department of Revenue, Ministry of Finance. It is headed by a Director of Income-tax who is an officer in the rank of Commissioner of Income-tax and comprises two wings, namely, Inspection Wing and Examination Wing.

13.13.1.1 Inspection Wing

The instrument of inspection is an effective tool to enhance, upgrade and sustain a high quality of work standard in the assessment/administrative units, maintenance of files/records and various record keeping systems and dealing with the public grievances. It is also an important tool for providing guidance to the officials in their work. During these Inspections, the work done in the preceding financial year is examined by the Inspecting Officer in a comprehensive manner, highlighting the achievements and shortcomings of the concerned officers in the key areas of their work, with a view to bring out the strengths and weaknesses of the work practices and thereby strengthen the administrative machinery.

A New System of Inspection came into operation vide Instruction No. 16/2008 dated 4th November, 2008 which provided for an annual comprehensive inspection of the CIT (Appeals), Range Offices and Assessing Officers for which the reports were to be made in accordance with the prescribed pro-forma in each class of inspection. Under the new system of Inspection, the following Inspections are to be carried out:

S. No.	Inspected Office	Inspecting Officer	Reviewing Officer	No. of Inspections to be done
1.	CIT (Appeals)	Concerned CCIT	-	All CIT (Appeals) working in her/his charge
2.	Addl./ JCIT	Concerned administrative CIT	Concerned CCIT	One Range Head
3.	DCIT/ACIT	Concerned administrative CIT	Concerned CCIT	Two DCsIT/ACsIT of her/his charge
4.	ITO	Concerned Range Head	Concerned CIT	Two ITOs of her/his Range

A concept paper was submitted to the CBDT in F.Y. 2012-13 wherein certain modifications/ improvements were suggested to streamline the Inspection Proformae and make it more specific and to draw up new timelines for conducting Inspections so as make the inspection exercise more effective.

A comparative analysis of inspections done since F.Y. 2010-11 onwards, till 31.12.2013 is as under:-

Financial Year	Inspection Carried out for the F. Y.	No. of Reports Received	No. of Reports Reviewed
2010-11	2008-09	1803	926
2011-12	2009-10	1554	951
2012-13	2010-11	1667	1660
2013-14	2011-12	1368	1368

* *Reports received as on date in accordance with the inspection reports due in this Directorate vide Instruction No. 16/2008 dated 4.11.2008.*

During the ongoing year (F.Y. 2013-14), an initiative has been taken by the Inspection wing to examine the Inspection Reports of the work of CsIT (Appeals) with special reference to the Quality of appellate orders as per Para 2.3.5 of the relevant Inspection pro-forma. The findings outlined in such reports are being incorporated in the monthly D.O. reports.

13.13.1.2 Examination Wing

The Examination Wing is entrusted with conducting Departmental Examinations for Assistant Commissioner of Income Tax (Probationers) and other Gazetted and Non-Gazetted cadres of Income Tax Department. The Directorate plays an important role in ensuring the conduct of Departmental Examinations in an efficient, time-bound, fair & impartial manner. The Directorate has also been constantly reviewing the Examination rules and policy/syllabus taking into accounts the new developments in the field of Income Tax and E-Governance so that capable and efficient Staff/Officers are made available to the Income Tax Department all over India.

The Examination Wing also deals with the complaints, grievances and representations of the candidates who have appeared in the Departmental Examinations conducted by the Directorate & the RTI Applications connected with Departmental Examinations.

A. Highlights of the performance/ achievements during the year :

v In April, 2013 the results of the 1^{st} Departmental (1^{st} Supplementary) Examination as well as of the 2^{nd} Departmental Examination of the 65^{th} Batch IRS Probationers were compiled and declared.

v 1^{st} Departmental Examination for ACsIT (Prob.) of 66^{th} Batch was held in the month of August, 2013. The result of the same was declared in November, 2013.

v Examination data of each candidate like name, roll number, subject code, paper set code, centre, status ï PQ, Betterment, Normal was scrutinized and wherever required, matched with previous yearsô records. Where-ever needed, process for correction of this data was initiated.

v Departmental Examination for ITOs/ITIs 2013 was smoothly conducted in the month of September, 2013 in the new objective type pattern. The total number of candidates who appeared in these exams is around 7800.

v Result of Departmental Examination for ITOs/ITIs 2013 was declared in the month of December, 2013.

B. Involvement of technology for curtailing the time taken in conducting the exams. and declaration of results:

1. A new initiative taken this year was introduction of the online receipt of Application forms of the candidate, which facilitated computerized capturing and maintenance of candidateŝ database. It also facilitated online generation of Roll Nos. and issue of admit cards. Even the last minute requests for issue of admit cards and change of centres could be entertained because of this facility.

2. The candidates were given the facility to download the admit cards from the Web-link after the same was rigorously tested to ensure error free operation.

3. The answer keys of the objective-type question papers for Departmental Examination for ITOs/ ITIs 2011 were put on the website to ensure transparency.

4. For speedy evaluation of the subjective answer sheets in respect of ITO exam, the centralized evaluation camp for one week was held in the Directorate from 21st October, 2013.

5. Copies of the Observersô order, Observer report format, examination schedule and Observersô checklist were all e-mailed to the nominated officers and telephonic confirmations of its receipt were obtained.

6. The centre wise Attendance Sheets were also uploaded on the net and the web-link, user and password were provided to all the CCIT/CIT (Exams) for downloading the Attendance Sheets for their respective centres.

7. The number of candidates for each subject per centre for ITO/ITI Exams was worked out from the finalized application data. On the basis of these details, the question papers were packed for each centre and sub-centre.

Besides conducting the Departmental Examinations for various cadres as detailed above, the following miscellaneous functions were also carried out by this Directorate ï

(a) Cases filed by the candidates on different issues relating to be conduct of Departmental Examination before various benches of the Central Administrative Tribunal/Courts were examined and processed.

(b) Review, amendment, interpretation of the Examination Rules and setting the syllabus for various Departmental Examinations was carried out. The issue of eligibility criteria of erstwhile Stenographers recruited on relaxed criteria was discussed and due clarifications were issued.

(c) The Directorate is constantly involved in implementation and review of the policy regarding Departmental Examinations and issues instructions to the Commissioners all over India where-ever required. It also answers and clarifies the queries and references received from the CCsIT (CCA)/CsIT (In-charge of Examinations) all over India.

(d) The Directorate also processes and disposes the cases of use of unfair means in the Departmental Exams of ITOs/ITIs.

13.13.2 DIRECTORATE OF INCOME TAX (PR,PP&OL)

The Directorate of Income-tax (Public Relation, Printing Publications and Official Language) is responsible for the Publicity and Public Relation, Printing and Publications and Implementation of Official Language Policy in the Income-tax Department all over India. The functional control of work relating the Compilation of Statistics has been transferred to the Director General of Income-tax (Logistics) but the administrative control over the officers and staff still remains with the DIT(PR,PP&OL).

Some of the important work done by this Directorate during the period 2013-14 is detailed below:-

(i) Increase in Channels for Publicity

Department has extended the channels of publicity to extend the reach of its campaigns by adding new publicity media like publicity through Cinema Halls across the country through more than 4000 cinema Halls. It also made effective and increased use of various media of publicity such as SMS, Web advertisement and Outdoor campaign in addition to the traditional media like Television, Radio and Print media.

In order to reach out to the daily commuters the Department has also used Metro Stations, Bus Shelters and Kiosks for its campaign.

Campaign through SMS has not only been cost effective but has helped establish one to one contact with the taxpayers or potential taxpayers. Information through SMS is specific and effective.

(ii) Shift in communication strategy of Income-tax Department

The Income Tax Department (ITD) is spread throughout the length and breadth of the country. With a large taxpayer base, it is essential to communicate with the taxpayers in order to educate them and bring awareness about the tax laws so as to promote voluntary compliance. The Directorate of Income-tax (PR,PP&OL), carries out publicity campaigns to communicate with the taxpayers.

Since last 3 years, the Department has shifted its communication strategy to portray itself not as a purely enforcement agency but also, as a service provider and major contributor in nation building. This strategy has allowed the Department to communicate effectively with the taxpayers acknowledging their contribution in building a secure, progressive and developed nation.

Several publicity campaigns were carried out by the Directorate of Income-tax (PR,PP&OL), such as **Advance Tax payment campaign, File Your Return, TDS deduction & filing of statement etc,** where the thrust has been as to how the contribution of taxpayers through timely payment of taxes helps in the process of building a progressive Nation.

(iii) Communication strategy for school children

The sensitization of young children through school curriculum and visits to schools was initiated during the last year. Visits of school children to Income Tax offices were also organized to project the Department as a taxpayer friendly organization. The Department continued these strategies to reach out to young and future taxpayers. As a part of the communication strategy for school children, the Department carried out a National Quiz Contest on a prominent National T.V. Channel. The vide Publicity for the contest was carried out through print media, radio jingles etc. There were 32 non telecast quiz programmes in different location/schools of CCsIT/CIT charge. Initial 1 hour episode was telecast on history & evolution of taxation in India. The quiz show ñTax Your Brainò was comprised of eleven episodes of half hour each and one episode was of one hour. The quiz show was started to be aired from first June, 2013 on every Saturday from 7.30 P.M. to 8.00 P.M. with repeat telecast on Sunday at 8.30 A.M. the first episode, was an informative episode covering the history and evolution of income tax in India. The quiz was anchored by Sh. Saurav Ganguly. The Grand Finale being the Final Episode was a special one hour episode of the Quiz Show ôTax your Brainö and was aired on 17th August 2013, Sunday at 8:00 PM with repeat telecast on 18th August 2013 Sunday at 10:00 AM. The episode also covered a feature on the background etc. of the finalists with interviews of their families. The episode concluded with the felicitation of the wining and runners up teams by Member (Revenue) CBDT and DGIT (Admn.) respectively.

(iv) Taxpayers' Lounge – the stall set up by Income Tax Department at India International Trade Fair 2013 – receives Prize for 'Excellence in Display' in the category of Ministries and Government Departments

Tax Payersô Lounge at India International Trade Fair, 2013 was set up by the Directorate of Income Tax (PR, PP & OL), New Delhi to educate the taxpayers about tax laws & procedures, inform them about the taxpayer services launched by the Department to make compliance to tax laws easy, and to inculcate tax payment as a value norm in the young adults and school children. The underlying theme of the pavilion was inclusive growth, which was in sync with the theme of IITF, 2013 and the Departmentôs contribution to the same was suitably brought out through displaying development of country in various fields with application of tax payments through posters and TVCs. Tax Payer Education was carried out by distribution of brochures on various tax related topics, sale of books on tax matters at nominal prices and through interaction with TRPs on specific tax queries. The Lounge also had counters for PAN application, checking of tax credit by utilizing the facility of 26AS, & e-filing of returns through e-return intermediaries. Several interactive games, quiz kiosks, drawing, painting & craft competitions for children resulted in huge turnout from school children and their parents throughout the duration of 33rd IITF.

For the first time, an LED wall (10ft.x8ft.) was installed at the lounge of the Department through which several educative/informative TVCs were displayed. Further, Department also utilized the services of 2 LEDs installed by the ITPO at its main ground, and telecast similar informative TVCs throughout the period of 33rd IITF 2013 for public awareness. **A new initiative was also put in place in this year's Lounge wherein a Nukkad Natak was staged for the public at regular intervals.** The Nukkad Natak generated huge curiosity among the public and was well received. The Pavilion attracted large number of footfalls & was widely appreciated. The Lounge was visited by numerous dignitaries including Revenue Secretary, Chairman & Members of CBDT, Members Settlement Commission, Delhi, CCsIT & CsIT among others. **The Tax Payers' Lounge was awarded by ITPO for 'Excellence in Display' and being the most interactive pavilion for dissemination of information.** The Medal & Certificate were awarded by Honôble Minister of New and Renewable Energy, Government of India on 27.11.2013 at an impressive ceremony in the presence of representatives of various foreign participants, States, PSUs, Ministries & business organizations. **This is the third award winning for Taxpayers' Lounge in three consecutive years**.

To communicate with the taxpayers, the Taxpayersô Lounge utilized all three modes of communication i.e., information, interaction and transaction. The tax tutorials running on the LCD screens, posters, pamphlets as well as Taxpayer Information series booklets and various Departmental publications such as Let Us Share (public versions) and the coffee table book commemorating 150 years of Income Tax in India were available for the Taxpayers. Taxpayers benefitted from live demonstration of services related to PAN, 26AS, TRP Scheme, e-filing, e-payment etc. The TRPs present at the stall educated the taxpayers about the scheme and resolved their basic queries on various legal as well as procedural aspects on Income Tax. The taxpayers were also provided services related to application of fresh PAN, change in PAN as well as registration for 26AS and e-filing. **For the first time, officials of CPC TDS were also present at the Lounge to educate the public about the TDS related issues.** Live quiz competitions were also held to increase public participation and were well received by the public.

During the entire period of the Trade Fair almost 90,000 to 1,00,000(approx) persons visited the Pavilion. Visitorsô books kept for obtaining feedback from the public recorded more than 2900 comments. During the 14 day period about 2065 certificates were given to children and more than 3000 prizes were given to children as well as general public for participating/winning the competitions organized at the Taxpayersô Lounge. The initiative to sensitize young minds to the importance of taxation was also widely appreciated.

(v) Taxpayers' Lounge at Mumbai

Another pavilion of the Department was set up as Taxpayers Lounge at ñ**Times Utsav", Mumbai from 4th to 13th October 2013**. The said pavilion was inaugurated by Commissioner of Income Tax, Mumbai and was visited by several dignitaries including DGIT (Admn.), New Delhi etc. Tax Payer Education was carried out by distribution of brochures on various tax related topics, sale of books on tax matters at nominal prices and through interaction with TRPs on specific tax queries. The Lounge also had counters for PAN application, checking of tax credit by utilizing the facility of 26AS, & e-filing of returns through e-return intermediaries. Nukkad Natak, Quiz kiosks, Drawing & Painting competitions for children resulted in good participation of public during ôTimes Utsavö, Mumbai. The Income Tax Lounge was highly appreciated by public at large and was successful in disseminating information of various services provided by the Income Tax Department.

The initiative to sensitize young minds toward the importance of taxation was also appreciated.

(vi) Designing, printing and distribution of Citizens' Charter

The action points of the Result Framework Document for the Department includes work relating to designing, printing and distribution of Citizensô Charter. The work of designing was completed within the given time frame and placed on the website so that the same can be downloaded easily in offices. Posters have been printed and supplied to the field formation for display at office buildings within the specified time frame.

(vii) TRP Scheme – Batch II :

The **Tax Return Preparer Scheme (TRPs)** was launched by the Government during the year 2006-07 to train unemployed and partially employed graduates from select disciplines to assist small individual and HUF taxpayers file their returns of income. The main objective of the scheme was to make one more channel for filing of return available to small taxpayers, at low cost and to bring new taxpayers into the tax net. The scope of the Scheme was enlarged in the second phase to include within its ambit filing of TDS statements, Service Tax Returns.

The Department took forward the success of this initiative by expanding the numbers and hence the reach of TRPs to larger number of locations. In order to achieve this goal, the Department selected and trained 5000 additional graduates so that they can be certified as Tax Return Preparers. On successful completion of training during November/December, 2012 an exam was conducted during January,2013. Out of 5000 candidates who were trained, 3685 candidates were declared passed. Certificate and Unique Identification Number were given to all 3685 candidates during the month of February, 2013.

Out of 5000 candidates trained during the year 2006, 3737 candidates cleared the end of the course examination. Similarly out of 5000 candidates trained during the year 2012, 3685 candidates cleared the end of the course examination. Since Department had incurred substantial expenditure in training these candidates, it was decided to conduct re-examination of 1680 candidates who were willing and eligible for appearing for the end of the course examination. The examination was conducted on 4th August, 2013 and 153 candidates have been declared passed.

The TRP Scheme has been expanded to introduce the following taxpayer services by the Department.

Setting up Tax Kiosks at various locations - The Department has trained Tax Return Preparers(TRPs) who assist individual and HUF taxpayers in preparing their returns of income. As a taxpayer friendly initiative the Department had decided to set up Tax Kiosks at various places within CCIT regions. These Tax Kiosks are manned by TRPs who handle queries of taxpayers relating to return filing, PAN applications, refund status as well as assist the taxpayers in preparing their returns of income.

Department utilized the similar services during the month of July,2013, when services of Tax Return Preparers were utilized in the various Aayakar Sewa Kendras manned by the Department. 40 TRPs gave their willingness and gave their services w.e.f.19.7.2013 to 31.7.2013 in the Civic Centre, Pratyaksh Kar Bhawan, New Delhi and filed retuned manually and electronically.

During the period April, 2013 to March, 2014 data regarding return filing is given below:

S. No.	Description	Count
1.	Total number of returns filed by the Tax Return Preparers	106540
2.	Income Declared	Rs.47,612,982,212
3.	Amount of Tax Paid (in INR)	Rs.4,756,306,395

Online Tax Help – The TRP Scheme has a Help Desk and a Toll Free Call Centre which TRPs can contact for seeking clarifications on legal issues from tax experts. In the new phase, the TRP Call Centre and Help Desk has been opened to general public under the "Online Tax Help" facility. To avail this facility a taxpayer must visit the website www.trpscheme.com and choose for online tax help. On choosing this option, the taxpayer can fill in his tax related query along with his contact details, The online query will be resolved by tax experts through Email or Phone within 24 hours. During the period January,2013 to March, 2014, 1925 online queries have been resolved.

Register for Home Visit - To avail this facility a taxpayer has to visit the website www.trpscheme.com and choose "Register for Home Visit." The taxpayers are then asked to indicate in short the help required by them and a convenient date and time when the Tax Return Preparer (TRP) can visit them for assistance. The help desk then forwards the query of the taxpayer to the nearest available TRP and fixes the appointment telephonically. The TRP then visits the taxpayer and thereby reducing their cost of compliance. The TRPs are allowed to collect fee from the taxpayers as per the TRP notification subject to a maximum of Rs.250 per return preparation. The facility for home visit by TRPs has been presently made available in few cities such as Bangalore, Chennai, Guwahati, Hyderabad, Jaipur, Kolkata, Lucknow, Mumbai, New Delhi and Patna. The facility has now been extended to 70 number of cities During the period January, 2013 to March, 2014 TRPs have made 1195 Home Visits. Department is trying to make this facility available in PAN (Presence Across Nation) subject to receipt of request from general public and presence of TRPs in the respective cities.

Deployment of Tax Return Preparers in Mega Events organized by the Income Tax Department - This year during Times Utsav, Mumbai and India International Trade Fair, Delhi, Tax Return Preparers have been deputed to handle queries of taxpayers relating to return filing, PAN applications, refund status as well as assisted the taxpayers in preparing their returns of income.

(viii) PUBLIC RELATIONS

Booklets and brochures under the "Tax Payers Information Series" have been updated to increase the awareness of the taxpayers about the provisions of tax laws and the steps taken by the government to reduce the complexities of tax laws and improve Tax Payers service.

The following Brochures (English and Hindi) were updated in year 2013:-

(i) PAN (Permanent Account Number)

(ii) Form 49A and 49AA in

(iii) One stop shop Income-tax website www.incometaxindia.gov.in

(iv) E-filing

(v) Steps to e-file Returns

(vi) Date with Direct tax 2014

(vii) Wealth tax

(viii) TDS-know Your TDS Rates for F.Y.2013-14

(ix) Know your Income tax Rates for A.Y.2014-15 (individual/HUF/AOP/Artificial Juridical Persons/firms)

(x) Ombudsman

(xi) Aayakar Sewa Kendra

(xii) Citizen Charter

(xiii) Form 26AS(Tax Credit Status)

(xiv) TDS-Tax Deductee's Guide

(xv) TDS-Tax Deductors Guide

(xvi) Tax Return Preparation Service

The following TPI Series booklets have been updated till date.

(i) Advance Pricing Agreement Guidance with FAQs.

(ii) Appeals & Procedures for filing appeals.

(iii) Income from house property (in Hindi).

(ix) LET US SHARE -VOL.VI &VII

The work relating to compilation of Let Us Share Vol.VI was undertaken and completed during the year. This edition of "Let Us Share" was published and released by Member (Revenue), CBDT on 28.10.2013. 6000 printed copies of the book were distributed to field formations. The Directorate has initiated the process of compilation of "Let Us Share Vol.VII" by issue of an O.M. Regional Committees for evaluation of the best orders and practices to be included in "Let Us Share Vol.VII" have been formed.

(x) PRINTING & PUBLICATIONS

The Directorate printed and distributed several publications for the use of Departmental officers. The important publications during the period included:

(i) Let Us Share Vol.VI (Deptt.)

(ii) Manual of Exchange of information

(iii) Manual on Infrastructure

(iv) Expenditure Budget Manual

(v) IRS Civil List 2013

(vi) Compendium of CBDT's Administrative Orders 2011

(vii) Compendium of CBDT's Administrative Orders 2012

(viii) Digest of Tribunal Decisions – Vol. I

(ix) I.T. Act & Rules and W.T. Act & Rules 2013 (English)

(x) I.T. Act & Rules and W.T Act & Rules 2013 (Hindi)

(xi) Direct Taxes Bulletins (Half-Yearly) Vol. 45(2) to 49(2) covering the period Oct., 2006 to March, 2011.

(xii) Quarterly Tax Bulletin Vol.97 to 102 covering the period July, 2011 to Dec., 2012.

(xiii) Central Action Plan 2013-14

The Publications under print are as under:

(i) Digest of Tribunal Decisions – Vol. II

(ii) Compendium of CBDT's Administrative Orders 2013

(iii) Direct Taxes Bulletins (Half yearly) – Vol. 50(1) to 52(2) covering the period April, 2011 to Oct., 2013.

(iv) Quarterly Tax Bulletin Vol.103 to 106 covering the period Jan., 2013 to Dec., 2013

Publications distributed in record time by this Directorate are as under:

(i) AHB 2014

(ii) Departmental Calendar 2014

(xi) Manual on Exchange of Information and Digest of Tribunal Decisions Vol. I

Manual on Exchange of Information and Digest of Tribunal Decisions Vol. I were published and released by the Hon'ble Finance Minister during the 29th Annual Conference of Chief Commissioners and Director Generals of Income-tax in May, 2013. Copies of these publications were later distributed to field formations during the year.

(xii) Implementation of Official Language Policy

82nd, 83rd, 84th and 85th meetings of Direct Taxes Official Language Implementation Committee were organized in time and action was ensured on the decisions taken in the meeting. Also meetings of Official Language Committee of DIT (PR,PP&OL) were organized in time and action was ensured on the decisions taken in the meeting.

Quarterly Progress Reports for various quarters were received from attached/subordinate offices of CBDT and consolidation of same was done and consolidated Quarterly Progress Report sent to the Board on time. Also review of the Quarterly Progress Reports received from various attached/subordinate offices was done.

An action was taken to purchase 07 books of Departmental writers on ethics and human values as per the decision taken in the meeting of Direct Taxes Official Language Committee.

DGIT (Admn.), New Delhi, DIT (PR, PP&OL), New Delhi, DD(OL) (HQ. Admn.), New Delhi and Assistant Director (OL)(Hqrs. Admn.) Inspected the 06, 06, 07 and 02 offices outside the Headquarter respectively, regarding Official Language. Hence Inspection of total 21 Attached/ Subordinate offices outside Headquarter were done.

Parliamentary Committee on Official Language inspected the offices of DGIT (HRD), New Delhi ; ITO Pithoragarh ; CCIT, Bareilly ; CIT, Jabalpur ; JCIT, Agartala ; JCIT, Satna ; CCIT Rajkot and CCIT Ahmedabad. Director of Income-tax (PR, PP&OL) and Dy. Director (Hq.) (Admn.) represented the Headquarters in these inspection meetings.

Advertisement issued by the Public Relation section of this Directorate in Newspaper were translated and vetting of the translation was done for publication in leading Hindi Newspapers.

All India Hindi Seminar was organised for

Assistant Directors (OL) in Baroug (Solan), Himachal Pradesh.

All India Hindi Seminar was organised for Senior/ Junior Hindi Translators in Nasik (Maharashtra).

Hindi Fortnight was organized in September, 2013. Four Hindi competitions were organized during this period. Certificates and prizes were distributed to successful candidates in Hindi Fortnight closing ceremony.

Annual Programme for year 2013-14 was circulated amongst all Cadre Controlling CCsIT/DGsIT for necessary compliance.

Cash Incentive Scheme for year 2013-14 was circulated amongst all Cadre Controlling CCsIT/DGsIT for necessary compliance.

An arrangement was made for Hindi Translation of English Booklets of TPI Series.

Hindi workshops were organised on 10.05.2013, 30.08.2013 and 13.11.2013 for imparting training to work in Hindi to Officers and Staff of this Directorate.

An order was issued to promote one senior Hindi Translator posted in Kolkata to the post of Assistant Director (OL) in pursuance of order of CAT, Kolkata.

Action is being taken in connection with allocation of posts of officials of Official Language consequent upon Cadre Restructuring of Income-tax Department.

Financial up-gradation under MACP was granted to 1 Junior Hindi Translator.

An action is being taken to grant pay scales to officials of Official Language of Income Tax Department equivalent to pay scales of officials of CSOLs in the light of decision of Supreme Court as per recommendations of Sixth Pay Commission.

An Action is being taken to send proposal to UPSC regarding Promotion from the post of Senior Hindi Translator to Assistant Director (OL).

13.13.3 Directorate of Income Tax (Audit) :-

13.13.3.1 Internal Audit

Internal audit was introduced in the Dept. with the objective of providing a second check over the arithmetical accuracy in computation of income and determination of tax. On recommendations of a committee setup under the Chairmanship o DG (Admn.), as approved by the CBDT, a new internal audit system was introduced with effect from 1st June, 2007. The new system provides for a separate specialized Internal Audit Wing in the Dept. to perform the audit work, with no overlapping between assessment and audit function. Its objectives are

a) To play a corrective role of pointing out mistakes committed during assessments and taking remedial action;

b) To exercise vigilance for prevention of mistakes having both deterrent as well as reformative effect;

c) To improve the quality of assessment, to reduce errors and omissions which are subsequently detected by Revenue Audit.

(i) In the audit structure, at present, there are 22 Commissioners of Income Tax and their team looking into audit work. There are 2 CsIT (Audit) each in the 4 metro cities and there is one CIT (Audit) with each Pr. CCIT. The CIT (Audit) is the overall in charge of the audit wing and functions under the administrative control & supervision of the Pr. CCIT/ CCIT (CCA). The audit work is carried out by special audit parties (SAP), headed by DCIT and internal audit parties (IAP) headed by ITOs. Performance targets for these audit parties are assigned by the Board. The norms of auditable cases, for internal audit, too have been prescribed by the Board (Instruction no. 3 of 2007).

(ii) The list of auditable cases is sent by the AOs to CIT (Audit) concerned by 10th of the following month. The internal audit of these cases is prescribed to be completed within 30 days. The objection is sent to the range head and the AO within a week of the audit. There after the AO proceeds to take remedial actions and then settlement of the objections with the audit wing as per the prescribed timelines.

(iii) During the FY 2013-14, 166759 cases were audited, details of work done by the different authorities are given below.

Cases Audited by the authorities			
Addl. CIT	SAP	IAP	Total
1171	8595	156993	166759

(iv) Internal Audit Objections Pending, Raised & Settled, during the year, with the revenue effect, is given below:-

No. of Objections		
	No.	Amt. (Rs. in lakh)
Raised+opening balance as on 01.04.2013	50635	1962778.59
Settled	26322	861012.07
Outstanding as on 31.04.2014	24313	1101766.51

Objection Raised/Settled & Balance 01.04.2013 to 31.03.2014 in F.Y. 2013-14

(v) **New Instructions**: - In the current year, for strengthening the role of supervisory authority in internal audit there was a revision of Instruction No. 3 of 2007 by Instruction No. 15 of 2013. New roles were assigned to CCIT (CCA)/Pr. CCIT, CIT (Audit). Now, objections raised over Rs. 1 crore/Rs. 10 crores shall require the approval of higher authorities. The higher authorities shall review the performance of internal audit wing and settlement of audit objections on a monthly basis. A monthly report on performance of internal audit and settlement is to be submitted to the Directorate of Audit.

In the Instruction the monetary limits of major & minor audit objections was revised.

(vi) **Reports:**

- **Monthly Report** : The compilation of figures of audit objections, raised and settled during the month alongwith the revenue impact, is submitted by the 22 CsIT (Audit) charges. The all India data is compiled and circulated to all the charges with a copy to Member (A & J), CBDT. The monthly report enables the supervisory authority to know the latest position of settlement and pendency of audit objections of each charge.

- **Quarterly Progress Report**: The compilation of figures relating to the performance of Internal Audit set up & Revenue Objections is reflected in the QPRs. It gives a comprehensive picture of the work done by the different echelons of the audit wing. It exhibits the comparative analysis of work of CsIT (Audit) throughout the country for a particular quarter and it helps in monitoring. A copy of this Report is sent to Member (A & J) and each Pr. CCIT/ CCIT (CCA) for action.

- **Annual Report on Internal Audit functions**: The Annual Report on Internal Audit functions was prepared for internal circulation to all CsIT (Audit) detailing and highlighting therein the quality work and the performance of internal audit set-up of the country. This is circulated during the Annual Audit Conference to the officers concerned.

- **Statement XVI:** Statistical Data for inclusion in the Report of C&AG (Statement XVI) is sent annualy.

(vii) **Inspection of work of Audit Parties):** The Inspection of work of four important stations and having Six CsIT (Audit) charge, Delhi- I&II and Kolkata-I&II Bangalore and Bhopal was carried out during the year.

(viii) **Workshops on Internal Audit** : The workshops are held to sensitize the assessing officers on the common/repeated mistakes pointed out by audit.

(ix) **Annual Conference of CsIT (Audit):** The Annual Conference of CsIT (Audit) was held on 21st October, 2013 at Mumbai. This acts as a platform for discussion on various points raised and issued faced by internal audit.

13.13.3.2 Revenue Audit Work

During the current Financial Year 2013-14, 505 Action Taken Notes were sent to the Audit and PAC Division of CBDT, these were forwarded then to the Monitoring Cell in the Ministry of Finance for settlement of objections with C&AG.

New Instruction: The Instruction No. 9 of 2006, regarding revenue audit, was revised by Instruction No. 16 of 2013 wherein now the CCIT is required to review the performance of settlement of revenue audit objection of his region on monthly basis and sent a report to Pr. CCIT/ CCIT (CCA) and latter will submit a consolidated report of his region to DIT (Audit) and CIT (A & J) by 10th of every month. Further CIT (Audit) would facilitate holding of quarterly meeting of CsIT with C & AG for facilitating early settlement of major & minor audit objections.

In the Instruction the monetary limits of major & minor audit objections was revised and brought in line with the definition of C&AG.

13.13.4 DIRECTORATE OF INCOME TAX (RECOVERY):-

The work assigned to the Directorate of Recovery can broadly be allocated under 3 heads:-

a) Monitoring collection/reduction of arrear demand and compiling and collating data relating to recovery of tax arrears arising from current and arrear demand primarily with reference to dossiers cases of demand of Rs.10 Cr. and above.

b) Processing of write off, partial write off and scaling down of arrear demand proposals received from CCIT charges.

c) Processing of BIFR/AAIFR cases in terms of granting relief/concessions under the Income Tax Act.

13.13.4.1 Recovery of arrear and current demands

a. The target of cash collection for the arrear demand during the year 2013-14 has been fixed at Rs. 61018 cr. As per the CAP of November 2013 prepared by the DOMS, cash collection out of the arrear demand is shown at Rs. 17641 Cr. as against the arrear collection of Rs. 23995 Crs. for the entire fiscal year 2012-13.

b. Two types of dossier reports are received (i) cases having demand of Rs. 10 Cr.-25 Cr.; (ii) cases having demand above Rs. 25 crore. The dossier reports of both the categories have been periodically compiled and analyzed to identify the trends and areas where further action can speed up recovery. Presently, there are 1253 dossier cases of demand exceeding Rs. 25 crore. Out of this, there are 762 cases having wholly actionable demand. Dossier cases of demand of Rs. 10 Cr. to Rs. 25 Cr. number 1297. Out of this, there are 819 cases of actionable demand. The Directorate prepares comments on all actionable dossier cases above Rs. 10 Cr. Last Analysis of all dossiers was sent to the Board on 20.12.13.

Review meetings are undertaken for discussion with the field officers on strategies for accelerating collection and recovery of outstanding demand.

c. Reply to all questions raised by the CAG/ Parliamentary Committee and Parliament on recovery matters are prepared after obtaining responses from field formations.

13.13.4.2 Special Cell

a. "Demand not under dispute":

The statistical data with the Department shows that substantial arrear demand is reflected as "Demand not under dispute". A Special Cell has been constituted for getting information regarding such cases verified at CCIT level, and to identify the reasons for non-recovery and segregate demand which is recoverable by action under the control of the tax authorities. Collection of demand is diligently monitored by this cell.

b. "Assessee not traceable" and "Assessee having no assets/ inadequate assets" for recovery:

In order to address the issue of mounting tax arrears from a policy perspective, a Committee was constituted which focused on these categories of demand. The Committee examined options for a cost effective and flexible mechanism to manage recovery of such dues and conducted a pilot study with dossier cases of demand of Rs. 10 cr. and above, and certified cases of demand above Rs. 1 cr. which were made available to the Directorate of Recovery. DIT(Systems) and FIU-IND were also approached to provide any available information for these cases from the data available with them. Pursuant to the recommendation of the Committee accepted by CBDT, a time bound methodology for dealing with cases in these categories has been instituted through the Special Cell in Directorate of Recovery. The methodology includes an exhaustive exercise at field level to explore all possible avenues to locate taxpayers/assets as also utilization of the information available with Directorate of Income Tax (Systems). Moreover, FIU-IND will be periodically approached for getting information from their data base. A process of putting the names of chronic defaulters in public domain has also been finalized. Besides, a Reward Scheme for informants who supply information resulting in collection of outstanding demand from such tax defaulters has been sent to Board for approval.

Write off matters

During the year, CBDT had decided to centralize all write off proposals in the Directorate of Recovery and accordingly there are 45 write off proposals currently pending with the Directorate. There are certain deficiencies in these proposals and field authorities have been advised to provide the clarifications/ documents/

information necessary to ensure compliance of administrative procedure for writing off.

Work is in progress regarding updating TRO's Manual.

13.13.4.3. BIFR Matters

1. The Board for Industrial and Financial Reconstruction (BIFR) is a machinery created under **The Sick Industrial Companies (Special Provisions) Act, 1985** for the purpose of detection of sick companies and to frame scheme for revival of sick companies.

2. DGIT (Admn.) is the nodal agency in all BIFR cases between CBDT and BIFR. The work on behalf of DGIT (Admn.) is done by the BIFR unit in the Directorate of Recovery, which is a coordinating agency between the BIFR and the CBDT. BIFR approves a Sanctioned Scheme for rehabilitation of a Sick Company, envisaging certain reliefs from CBDT. The report is called from the Assessing Officer and the Company to process such reliefs. The case is processed by this Directorate with the approval of the DGIT(Admn.) as the nodal agency and CBDT.

3. During the year, following efforts have been made in respect of BIFR cases:-

   a) Writ petitions / SLP have been filed in 2 cases. ` b) Appeals / MA have been filed in 16 cases before BIFR / AAIFR.

   c) Objections have been filed in 32 cases of Draft Rehabilitation Scheme before BIFR.

   d) All the statutory notices of the hearing before BIFR/AAIFR have been complied by filing written submission/representation through counsel after obtaining specific information from the company and the field authorities. During the period from 01.04.2013 to 31.12.2013 written submissions have been sent in 1159 cases to BIFR/AAIFR in response to the statutory notices of hearing.

   e) The status of outstanding demand and comments on the sickness of the case have been obtained from the field authorities. During this period, Miscellaneous Applications have been filed under section 22(1) in 32 cases before BIFR where demand is outstanding but is stuck in BIFR proceedings.

   f) The IT reliefs and concessions for the sick companies have been processed after taking necessary input from the company and field authorities. During the period from 01.04.2013 to 31.12.2013, 33 cases were processed by this Directorate for considering tax reliefs and concessions.

   g) The adverse order of BIFR/AAIFR/High Court have been challenged by filing Miscellaneous Applications/ appeal/ writ petitions/ SLPs before BIFR/ AAIFR/High Courts/Supreme Court in suitable cases. During the period 01.04.2013 to 31.12.2013, total number of MA/Appeal/Reply to the appeal/Rejoinders/Written Synopsis/SLPs have been filed before BIFR/AAIFR/High Courts/Supreme Court in 82 cases after making judicial analysis of the cases. Besides this in 29 cases MA/Appeal/Writ filed by the company/other parties have also been addressed.

4. The important legal issues decided in the favour of Department during this period are as under:-

   a. Where the Central Government is to provide financial assistance in the form of reliefs and concessions, its consent, is mandatory u/s. 19 of the SICA and this consent has to be of the nodal agency which is authorized on behalf of Central Government.

   b. On behalf of the Central Government, the nodal agency appointed by CBDT to coordinate the aspect of grant of financial concessions or financial assistance to be given to a sick industrial company would be Director General of Income Tax (Admn.).

   c. Before consent is sought, the Draft Rehabilitation Scheme (DRS) should quantify the extent of reliefs and concessions to be provided to a sick industrial company. It is necessary for BIFR to quantify the tax leviable on the total sacrifices and consider whether payment of tax on the sacrifices would adversely affect the projected profitability of the scheme and cash flows and also the viability of the company.

   d. If the sanctioned scheme envisages that the Central Government shall **consider** grant of tax reliefs and concessions, the authorities on behalf of Central Government are not required to **grant** concessions but to consider the request of the sick company objectively. After considering the reliefs and concessions, it can be either accepted fully/ partly or can be rejected.

e. If the appellant is not a party before BIFR ,the issuance of order of BIFR is treated as not communicated to the appellant in terms of Regulation 15 of the BIFR Regulation 1987 and for filing appeal before AAIFR the date of obtaining of the certified copy would be the starting point of limitation.

f. The sanctioned scheme stipulates a revival period during which all the provisions of the sanctioned scheme are to be implemented. If the provisions of the sanctioned scheme do not get implemented, the BIFR is competent u/s. 18(5) during the rehabilitation period to re-visit the sanctioned scheme and modify it through appropriate procedure as laid down under SICA i.e. through Modified Draft Rehabilitation Scheme (MDRS).

5. An exercise has been taken by this Directorate to identify cases with outstanding demand stuck in cases covered under BIFR proceedings as reported (a) by various Regions in CAP-1 in ñDemand not under disputeò and (b) in the dossiers of Rs. 10 Crore to 25 Crore and Rs. 25 Crore and above. Effort has been made to file miscellaneous applications under section 22(1) and 22A of the Sick Industrial Companies (Special Provisions) Act 1985 in all such cases for lifting embargo on recovery proceedings and seeking direction to the company not to dispose assets. The reports have been called for from field authorities.

13.13.5 Directorate of Income Tax (TDS)

13.13.5.1 Collection of TDS

Budget target for TDS collection as fixed by CCsIT (CCA) for their respective charges totals to Rs.2,43,235.32 Cr. Total TDS of **Rs.2,62,069 Cr**. has been collected for FY 2013-14 as against collection of Rs. 2,22,014 Cr for FY 2012-13. Thus, there is growth of 18.04%. These figures are exclusive of Central TDS which is transferred to Government account through Book entry and reported separately.

13.13.5.2 Initiatives of the Directorate of TDS

Directorate of TDS follows a system of monthly MIS reports. These reports are standardized and are monitored on regular basis for the purpose of analyzing performance of Charges of TDS. Apart from this, progress is also reviewed from time to time, on certain aspects viz. prosecution, compounding etc.

13.13.5.3 TDS Conferences

Directorate of TDS convenes bi-annual Conferences of CsIT (TDS). Last Conference of CsIT (TDS) was held in Ahmedabad on 6th Sept., 2013. One of the major issues which came up during the discussion was the various aspects related to recently introduced Sec.194IA. Details thereof have been submitted to the Board for further consideration.

Directorate of TDS also convenes bi-annual Meetings of Standing Committee. Last meeting of Standing Committee was convened 30th October, 2013. Standing Committee includes representatives of Trade/ Professional bodies. During these conferences and meetings various issues of TDS Administration are taken up and resolution thereof is worked out in due course.

13.13.5.4 Tax deductors' education programme

TDS Charges carry out contact programmes for various tax deductors. Upto 30.11.2013 around 600 such contact programmes have been conducted in which more than 29,000 persons participated. Deductors are sensitized through such contact programmes and are also helped in removing their doubts, if any. This enables the Deptt. to be in touch with deductors and also to monitor the compliance by the deductors. Commissioners of Income Tax (TDS) and the offices thereunder also discharge functions as focal points for the purpose of Grievances Redressal, on regular basis.

13.13.5.5 Surveys & Spot verification :

Surveys are another tool ensuring effective compliance to the TDS provisions. TDS charges carry out surveys and spot verifications from time to time. Such surveys not only detect the defaults but also this action works as a pre-emptive correction resulting into better compliance of TDS. A total of 2580 surveys/verifications have been conducted during the FY 2013-2014 up to 30.11.2013, by all the CsIT (TDS) across the country, taken together.

13.13.5.6 Prosecution & Compounding Cases:

During the Financial Year 2012-13 a total of 148 Prosecutions and Compounding Applications have been processed for violation of TDS provisions by all the CsIT (TDS), put together. These cases are at different stages before the authorities.

13.13.5.7 CPC (TDS)

A committee has been constituted by the Director General of Income Tax (Admn), New Delhi for looking into operational aspects of CPC (TDS) vis-a-vis charges of Commissioners of Income Tax (TDS). First meeting of the Committee was held on 6.12.2013 during which many suggestions were made and technical as well as procedural issues were taken up.

13.14 Directorate of Organization and Management Services (O&MS)

13.14.1 Highlights of the performance and achievements during the year.

1. Aayakar Sewa Kendra – Setting up and Certification :

Aayakar Seva Kendra (ASK) is the single window system for implementation of Citizen's Charter of the Income Tax Department and a mechanism for achieving excellence in public service delivery.

i) 57 ASKs were identified to be setup in F.Y. 2013-14. The physical infrastructure of these ASKs have been completed and they have been made operational.

ii) 21 ASKs have been certified by Bureau of Indian Standards (BIS) during F.Y. 2013-14.

2. Expansion of services covered by ASK

The following additional services have been added at all ASKs during the current financial year:

(a) All ASK centres are having at least one stand alone dedicated PC with internet connection. At present this is available only at the ASK kiosk. This facility can make all the services provided through e-portal available to the visiting taxpayers. They may include:

i) PAN enquiry

ii) Viewing of 26AS,

iii) Downloading of circulars and latest press releases for information of tax payers,

iv) Jurisdiction related enquiries

v) Checking refund status for e filed returns

(b) All RTI applications should now be received at the ASK centre. The Sevottam Software is being suitably modified by DIT (Systems) for incorporating this additional feature.

(c) A list containing names and contact numbers of all TRPs in an ASK centre is being prominently displayed for use of Taxpayers.

(d) All ASK centres are having a dedicated desk for receiving PAN/TAN applications through representatives of NSDL / UTIISL.

(e) DGIT (Systems) is evolving a system of tracking the status of applications filed at ASKs either through Aayakar Sampark Kendra or through a facility on the i-taxnet.

(f) The facility to receive appeal papers in respect of CsIT (Appeals) will be provided at ASK Centres. The issue is currently under consideration of DIT (Systems).

3. Policy for receiving Income tax return and dak through Sevottam Software

The committee to outline a policy for receiving I.T. Returns and dak through Sevottam Software on Pan India basis was constituted with the approval of Chairman CBDT on 27.06.2013 and the committee submitted its report to CBDT 15th October, 2013. CBDT has decided to conduct pilot run for receiving Income tax return and dak through Sevottam Software on 5 V-SAT stations, 5 Sevottam centres and 20 ASKs locations. Stations for the pilot run have been identified with the approval of CBDT and nodes installed wherever needed. Progress in this regard is being monitored on day to day basis.

4. Review of RFD

DIT (O&MS) is the coordinator for preparing Results Framework Document (RFD) every year and half yearly and yearly review of RFD. This year annual review of RFD for F.Y. 2012-13 was completed in the month of May, 2013 and half yearly review of achievements related to RFD for F.Y. 2013-14 has been completed in the month of October, 2013. Process for preparation of RFD for F.Y. 2014-15 is under process.

5. All India operationalization of new CAP – II :

All India operationalization of new CAP – II software has been made w.e.f September, 2013. This new software has 13 functionalities including assessment function. To make field formations familiar with functioning of new CAP – II, to training modules have been organized in the month of May and October, 2013, to train the officials of the level of JCIT/Addl. CIT, ACIT/DCIT, ITOs and T.A/Sr. T.As. Training sessions were also organized for AD/DD (Systems) working under CIT (CO) charges and CIT (CO) have been made nodal officers for conducting further training in the field formations.

13.14.2 Performance/achievements upto the last year.

(i) 132 Aayakar Sewa Kendras were set up across all buildings of the Income Tax Department upto 31-03-2013. 35 ASKs have been granted accreditation by Bureau of Indian Standards under IS: 15700.

(ii) One of the most important issues at hand was the identification and standardization of various registers used by Field Formations. Identification was done with the help of feedback received from field formations and the following 6 Registers were digitized.

(a) Internal Audit

(b) Revenue Audit

(c) Appeal

(d) Rectification

(e) Grievance

(f) Penalty.

(iii) Since DOMS was the coordinating agency for preparation of Results Framework Document, it ensured that the same is submitted and reviewed timely. All objectives, action points and targets set for this office which is one of the Directorates under DGIT (Logistics), were achieved well in time.

13.14.3 Development of North Eastern Region (containing work done on the development of North-Eastern Region and Sikkim – projects/schemes being operated and the actual expenditure thereon etc.)

Aayakar Sewa Kendras in the North Eastern Region have been set up at Guwahati, Shillong, Silchar, Sivasagar, Dimapur, Tezpur and Tinsukia till 31-03-2013.

In the current year 3 more Aayakar Sewa Kendras have been set up and made operational in Digboi, Nagaon and Dhubri.

13.14.4 E-Governance Activities.

The 12 report of 2nd ARC aimed at Citizen Centric Governance. The advent of modern technology has brought in the concept of E-Governance. The setting up of ASKs is a step towards these direction. Besides providing a Citizen Centric Governance, all communications as well as returns received in ASK mandate timely disposal which can be monitored and reviewed at the highest level. This ensures that a robust architecture of e-Governance is installed and sustained in the Income Tax Department. So receipt and distribution and disposal of Dak is being done electronically and is being monitored by superiors at regular intervals.

Online compilation and collation of various statistics of the income Tax Department in the form of CAP-I and CAP-II is being done.

13.14.5 Grievances Redressal Machinery

All the grievances of citizens received in ASKs are meant to be addressed in time. The Sevottam software on which the ASKs are functioning, ensures that all grievances are monitored to ensure that they are acted upon and disposed of within timeframe. Therefore ASKs have been a effective mechanism where receipt and disposal of grievance is being monitored through MIS statements at higher level.

13.14.6 A para on Sevottam

SEVOTTAM IS *First of Its Kind Service* aimed at promoting "Excellence in Service Delivery" through

i) Implementation, monitoring and review of citizen's charter

ii) Receipt, redressal and prevention of public grievance.

iii) Capacity building both in terms of imparting training of its employees and creating infrastructure.

Aayakar Seva Kendra (ASK) is the mechanism used by CBDT for implementing the philosophy of 'Sevottam' initiated by the PMO. Aayakar Seva Kendra (ASK) is the single window system for implementation of Citizen's Charter of the Income Tax Department and a mechanism for achieving excellence in public service delivery. The PMO had selected the Income Tax Department for fast track implementation of Sevottam in 2007. The Cabinet Secretariat has made Sevottam part of its Results Framework Document (RFD) which is being implemented in 62 central government departments. The Income Tax Department has also prepared a Results Framework Document (RFD). As per the RFD, Sevottam has been given 20% weightage in evaluating performance of the Department.

13.14.7 Documents received in ASKs are being monitor in MIS are:

i) Citizen's Charter

ii) Grievances

iii) Others

13.14.8 The following 13 key services as listed in Citizen's Charter are being monitored in ASKs :

1. Issue of refund along with interest u/s 143(1) of the I.T. Act

   (a) In case of electronically file returns

   (b) other returns

2. Issue of refund including interest from proceedings other than section 143(1) of the I.T. Act

3. Decision on rectification application

4. Giving effect to appellate/revision order

5. Acknowledgement of communications received through electronic media or by hand.

6. Decision on application seeking extension of time for tax payment or for grant of installment.

7. Issue of Tax Clearance Certificate u/s 230 of the I.T. Act

8. Decision on application for recognition/approval to provident fund/superannuation fund/gratuity fund

9. Decision on application for approval to a fund under section 10(23AAA) of the I.T. Act

10. Decision on application for registration of charitable or religious trust or institution

11. Decision on application for grant of approval to institution or fund under section 80G (5) (vi) of the I.T. Act.

12. Redressal of grievance

13. Decision on application for transfer of case from one charge to another

13.15 Directorate of Income Tax (Infrastructure)

13.15.1 Functions/working of the Organization and set-up of the Division, including its various Advisory Boards and Councils:

The Directorate was notified vide Ministry of Finance order dated 21 November, 2005. The Directorate of Income Tax (Infrastructure) is presently headed by two Directors. The functions of the Directorate include drawing up of construction programme, examination of individual proposals including drawing up a schedule of accommodation, scrutiny of plans and estimates, securing approval of expenditure Finance Committee where necessary. The Directorate also deals with the scrutiny of proposals regarding acquisition of land for construction of building, finalization of budget proposals in respect of construction, acquisition of land and purchase of buildings. Examination of proposals regarding repairs of departmental buildings and minor works, hiring of office/office-cum-residential accommodation, purchase of vehicles for the Department, including replacement and hiring of vehicles are also being dealt by the Directorate.

13.15.2 Highlights of the performance and achievements:

Projects exceeding Rs.10 crores which were accorded administrative approval and financial sanction during the year are as under:

(i) Purchase of land having area of 1945.287 sq. mtrs. (Approx 48.07 cents) for construction of new office complex for Income Tax Department at Kochi of ó.12,25,80,000/-.

(ii) Construction of 48 residential quarters (20 - Type - IV, 21 Type - Vand 07 - Type - VI) and Community Hall/Guest House for Income Tax Department at 249/1A and 249/1B Hadapsar, Pune of ó37,78,32,506/-

(iii) Enhanced cost of construction of 56 type -V residential quarters for the Income Tax Deptt. At plot 4C, G Block,Bandra Kurla Complex, Mumbai of ó89,30,74,552/-

(iv) Release of ó2,86,00,00,000/- being part payment towards the third installment in favour of Commissioner, North Delhi, Municipal Corporation, for acquisition on perpetual lease of ready built office space in Dr. S.P.M, Civic Centre, New Delhi.

(v) Construction of 38 Nos. (G+19 story) Type-VI quarters for IT Deptt. at Nangambakkam Chennai of ó38,27,29,000/-

(vi) Purchase of land form Tamil Nadu Housing Board (TNHB) for I.T office at Erode of ó12,98,05,947/-

(vii) Purchase of land for office building and residential quarters at Mohali of ó14,52,00,000/-

(viii) Construction of office building, residential quarters and guest house for I.T. Department at Belgaum of ó44,33,64,142/-

DGIT(Systems)

13.16. E- Governance Activities

With modern information technology as a key driver, the CBDT is implementing a comprehensive computerization programme in the Income Tax Department. The programme is aimed to establish a taxpayer friendly regime, increase the tax-base, improve supervision and generate more revenue for the Government.

13.16.1 Project Name: Issue of PAN

- PAN (Permanent Account Number) is a 10 digit alpha-numeric number allotted by the Income Tax Department to taxpayers and to the persons who apply for it under the Income Tax Act, 1961. This number enables the department to link all transactions of the "person" with the department. These transactions include tax payments, TDS/TCS credits, returns of income/wealth, specified transactions, correspondence, and so on. PAN, thus, acts as an identifier for the "person" with the Income tax department. In fact, PAN has now taken on the role of "identifier" beyond the Income tax department as it is now required for various activities like opening of bank account, opening of demat accounts, obtaining registration for Service Tax, Sales Tax / VAT etc.

- The services like receiving PAN application forms, verification of the documents submitted, digitizing the PAN application form, upload the data on the NCC (National Computer Centre), printing PAN cards and dispatch of PAN cards have been outsourced to Service Providers, M/s UTIITSL and M/s NSDL. The Service Providers through their network of 11,763 front offices (PAN centres), receive and process the PAN application submitted by applicants. However, the PAN is generated through robust software at National Computer Centre (NCC) of the Income Tax Department and thereafter printed and dispatched through service providers.

- The Income Tax Act permits one person to have only one PAN. To avoid issuance of duplicate PAN the data is checked for duplicity by using the software using the phonetic matching algorithm. However, it was seen that some persons have managed to obtain more than one PAN by making alteration in their personal information submitted in the PAN application form. Department has therefore decided to strengthens the verification process to ensure that no duplicate and fraudulent PANs are issued. The process of integrating AADHAAR Number issued by UIDAI with PAN data is initiated.

- New PAN application forms have been notified. FORM 49A is notified for use of Indian Citizens/ Indian Companies/Entities Incorporated in India/ Unincorporated entities formed in India whereas FORM 49AA is for Individuals not being a Citizen of India/Entities incorporated outside India/ Unincorporated entities formed outside India.

- Space for proving AADHAAR Number by PAN applicant has been added in the PAN application Form 49A. As on 31.3.2014 15,52,186 unique AADHAAR numbers have been seeded into PAN database. The work of establishment of on-line AADHAAR authentication facility is under process.

- AADHAAR card has also included in the list of valid POI and POA documents for allotment of PAN.

- A list of documents in support of Date of Birth (DOB) has been prescribed for allotment of PAN.

- PAN Verification -

(i) PAN verification facility is provided through CBDT's efiling server to Government departments through the Internet. One by one PAN verification or Bulk verification of 999 PANs in one go can be done by the users. PAN can also be verified where Name, Father's Name and DOB/DOI are known through "Know Your PAN" facility on Income-tax official web site www.incometaxindia.gov.in. PAN and Assessing officer is informed in reply for valid PANs.

(ii) Services for PAN verification is also provided by income tax PAN Service Providers(UTITSL and NSDL) to agencies such as (i) Financial Institutions, (ii) Government Agencies, (iii) Persons required to file Annual Information Returns (iv) Companies and Government Deductors of TDS for the purpose of verifying PAN of TDS/TCS deductees (v) Department of Commercial Taxes of various States (vi) Insurance Companies (vii) Educational Institutions established by Regulatory Bodies (viii) Credit Information Companies (ix)Stock Exchanges/ Commodity Exchanges/ Clearing Corporations & KYC Registration Agency (KRA)/ Central KYC Registry . This facility is on chargeable basis.

· *Achievements*:

(i) PAN database has shown steady growth in tune with economic progress. The progressive number of PANs allotted as on 31.3.2014 is 20,46,41,560. During the year 2013-14 2,81,89,450 PANs have been allotted.

(ii) PAN has taken role of National identifier. Process of integrating PAN database with other Govt. Department for various projects like e-biz a project of DIPP, pilot project on GST by CBEC and pilot project on Data Exchange between Centre & State are in progress.

13.16.2 Project Name: E-filing of Income Tax Returns

The e-filing project is an eminent e-governance and e-delivery measure taken by the Income Tax Department for providing web- enabled services to the taxpayers. The project aims at enabling e-filing of Income tax returns, audit reports and other forms of the Income Tax over Internet directly by taxpayers and through e-return intermediaries (ERIs). The project also provides other web- enabled services to facilitate public private participation in the filing of returns.

The e-filing portal https://incometaxindiaefiling.gov.in provides following personalized services to the taxpayer:

· Electronic filing of returns

· Electronic filing of other forms

· Pre-filling of returns with assessee details

· Facility to download Pre-filled XML File

· Submission of online rectifications

· Verification of status updates for receipt of ITR-V

· Submit request for Intimation

· Resend Activation Link Feature helpful if link not received or mail deleted earlier.

· Enable user to ñOpt for higher securityò

· Enable registration as a Legal Heir to e-file on behalf of the deceased

The dedicated call centre and help desk deals with query or grievance related to e-Filing. The portal also provides help and static content ñn Hindiò for users. A video link to view the e-Filing procedure is also available for tax payer and Chartered Accountant (CA). Select information is also available through mobile interface.

Electronic filing of I-T returns over the internet was enabled from AY 2006-07 and the number of returns filed electronically has risen exponentially since then. In Financial Year, 2013-14, nearly 296.81 Lakh returns were received as compared to 214.87 Lakh returns in Financial Year 2012-13, representing a growth of around 38%. The progressive achievement of e-filing scheme is as under:

Financial Year	Number of e-returns(in Lakh)	Growth
2006-07	4.0	
2007-08	22.0	450%
2008-09	48.5	120%
2009-10	52.5	8%
2010-11	91.6	74%
2011-12	164.1	79%
2012-13	214.9	31%
2013-14	296.8	38%

There has been significant growth in the New PANs getting registered on the e-filing site, showing increased used of the e-filing and other facilities through the e-filing website. The number of registered users of the e filing portal as on 31st March 2014 is about 3.64 crore.

During FY 2013-14, thirteen different audit reports have been notified to be mandatorily e-filed. The taxpayer can authorize CA in the e-filing portal to upload tax audit reports using Digital Signature (3CA, 3CB, 3CD, 3CEB, FORM 29B along with documents). The facility to e-File online and offline Form 15CA has been made available during FY2013-14. A total of 58 Forms, including all 8 ITRs are available for e-Filing. Tax Professional is a user on this portal. During FY 2013-14, 23.31 Lakh non-income tax return forms were e-filed.

13.16.3 Project Name: Centralized Processing Center (CPC) for Income Tax Returns

This CPC Project enabled Centralized Processing of all e-filed Income Tax returns and paper returns of Karnataka and Goa at Bengaluru.

The establishment of the Centralized Processing Center (CPC), Income Tax Department, Bengaluru was approved by the Union Cabinet in February 2009. By

October, 2009, the business rules for computation and financial accounting system were tested and first set of IT returns were processed. The digitization and processing of paper filed salary returns of A.Y. 2008-09 of Bengaluru were commenced by January 2010 and the processing of E-filed returns of A.Y., 2009-10 was taken up by April 2010.

Proactive project management by Directorate of Systems, along with the deep involvement and commitment of the relatively small CPC team at Bengaluru have resulted in smooth functioning of the CPC. Some operational performance statistics are presented below to showcase the staggering scale of CPC operations, implemented in a phased manner:

- Processing of 2.44 crore e-filed returns during the FY 2013-14 till 31st March, 2014.
- Processing of 5 crore e-filed returns in 4 Years of its operations, which is far in excess of 2.7 crore e-filed returns it was envisaged to process in 5 years as per the initial projections.
- Achieved peak processing capacity of 2.80 lakh returns per day.
- Average processing time reduced to 66 days which is significantly less than the period specified in citizen's charter (6 months) and performance in manual processing (approx. 14 months).

Speedier processing of returns by CPC has fuelled the growth of e-filing of returns and a major proportion of the e-filed returns are getting processed at CPC. The overall percentage of the aggregate e-filed returns which have been processed at CPC as on 31 December 2013 is indicated below:

Assessment Year	Aggregate e-filed returns	e-filed returns processed by CPC	Percentage
2010-11	1,02,17,483	90,41,287	88%
2011-12	1,73,24,359	1,51,73,135	88%
2012-13	2,09,11,142	1,81,13,891	87%

Interest pay-out u/s 244A to the taxpayer has been reduced because of faster processing. The savings on interest is tabulated below.

Financial Year	Refund in CPC (Rs.Cr.)	Interest on refunds (Rs.Cr.)	% of interest paid in CPC	All India avg. % of Interest other than CPC	% saving on interest	Savings on interest (Rs.Cr.)
2010-11	5,240	327.02	6.24%	14.54%	8.30%	434.98
2011-12	14,734	693.48	4.71%	12.0%*	7.29%	1,073.35
2012-13	12,620	829.28	6.57%	12.0%*	5.43%	685.39
2013-14#	14,456	857.49	5.93%	12.0%*	6.07%	877.73

*#Till 31st December 2013 *Estimated*

CPC has progressively resorted to communication with the taxpayers through e-mail and SMS. The CPC has sent 13.66 crore digitally signed PDF based intimations by email and 5.92 crore SMS alerts. Savings in postage due to e-delivery through electronic mode as compared to postal mode is of the order of Rs. 205 crore as indicated below.

	FY2010-11	F2011-12	FY2012-13	FY 2013-14	Total
Email sent to taxpayers	59,27,080	3,67,69,270	4,29,43,613	5,10,02,668	13,66,42,631
Postage Cost saved (Rs.)#	8,89,06,200	55,15,39,050	64,41,54,195	76,50,40,020	204,96,39,465

 # Average cost of speed-post/ordinary post taken as Rs.15/-.

Tax payer assistance and mechanism for grievance handling is provided by CPC through an exclusive Call Center. Sixty call center agents attend to over 5,000 calls daily in 3 languages now, with over 28 lakh calls attended as on 31st March, 2014.

CPC also processed over 16.28 lakh rectification requests out of 16.59 lakh requests filed (over 98% completion) as on 31st December 2013. CPC has provided facility for on-line request for rectification which has resulted in quicker handling of such requests. The average time taken for rectification at CPC is around 45 days from the date of on-line request. There has been a sharp drop in overall rectification requests as presented in the table below:

AY	Total returns processed(in lakhs)	Total rectification requests received	% to total
2008-09	4.1	26,091	7%
2009-10	46.41	332,922	7%
2010-11	90.41	424,108	5%
2011-12	151.73	490,834	3%
2012-13	181.13	343,248	2%
2013-14	84.18	42,628	<1%

Projected/Estimated Volumes for the period January-March 2014.

Activity	Projections for Jan-March 2014	Projections for FY 2013-14
Processing of returns	68 lakhs	245 lakhs
Rectifications	1.40 lakhs	6.61 lakhs
Calls handling	3.2 lakhs	11.46 lakhs
e-mail Communications	150 lakhs	660 lakhs
SMS communications	155 lakhs	539 lakhs

13.16.4 Project Name: Refund Banker

Refund Banker project enabled system driven process for determination, generation, issue, dispatch and credit of refunds. This project has made the process of delivery of refund completely automated, speedy and transparent.

Under the Refund Banker Scheme, the paper and electronic refunds determined by the Income Tax Assessing Officers are sent in electronic files by Income Tax Department to the State Bank of India (SBI), which has been designated as agent (Refund Banker) of the Department. The Refund Banker sends NECS or Direct Credits to the bank accounts, where the refunds have been processed for electronic payment. In case of paper refunds, Refund Banker prints and dispatches the refund cheques (payable at par through Core Banking all over India) by speed post to the tax- payers. The electronic method of payment has reduced delivery time to 1-2 days as against paper refund which takes 4-8 days. The Assessing Officer's role in issuing refunds is limited to processing the return of income on computer.

The project was initially launched on 24 January, 2007 in a few salary charges in Delhi and Patna. It has thereafter been extended to cover all charges in India except Large Taxpayer Units and TDS. The State Bank of India has set up remote printing facility for Income Tax refunds at Chennai, Kolkata, Delhi, Bangalore, Mumbai, Jaipur, Patna, Hyderabad, Bhopal and Lucknow.

A web based status tracking facility in collaboration with India Post and National Securities Depository Ltd. (NSDL) is available under the Scheme. Call centre facility with toll free number 1800-42-59-760 is also available for tracking status of refunds issued through the scheme.

The status of refunds is updated on the departmental application with reasons for non- payment in case of unpaid or returned refunds, to enable the assessing officers to re-send the refund for payment after removing the deficiency. Audit trail and MIS on unpaid/ unpicked refunds (with ageing) are available on system for monitoring status of issue of refunds.

There has been a steady increase in number and percentage of refunds issued through the scheme. During current Financial Year, 2013- 2014, the percentage of refunds issued through the scheme is 99.60% of the total number of refunds issued all over India as under-

Year	No. of Refunds (Paid) through Refund Banker	No. of Other Refunds (Paid)	Total	Percentage of Refunds Paid through Refunds Banker
F.Y. 2012-2013	81,48,839	66,733	82,15,572	99.19%
F.Y. 2013-2014	1,03,06,814	41,501	1,03,48,315	99.60%

13.16.5. Project Name: E-Payment

The E-Payment project enabled online payment of all direct taxes using net banking facility. The scheme provides for ease of payment anytime, anywhere.

With effect from 1 April, 2008, e-payment of direct taxes has been made mandatory for all Companies and 44AB cases.

E-payment facility has been now extended to 30 agency banks collecting direct taxes. SBI has started the e-payment facility online through its debit cards as well.

Facility of payment of direct taxes has been launched through ATMs of Corporation Bank, Bank of Maharashtra, Axis Bank, Central Bank, Bank of India, HDFC Bank, Canara Bank, Union Bank of India, Punjab & Sind Bank, Punjab National Bank, Indian Bank, UCO Bank, Andhra Bank, Bank of Baroda and Oriental Bank of Commerce.

In Financial Year 2012-13 the count and amount of e-payment challans went upto 60.68% and 85.62% respectively. In Financial Year 2013-14 the percentage of count and amount is 64.00 % and 86.48% respectively.

13.16.6 Project Name: Data Warehouse and Business Intelligence (DW&BI) Project

As part of its approach of using nonï intrusive methods to improve compliance, the Income tax Department initiated the Data Warehouse and Business Intelligence (DW&BI) Project in 2013 to develop a comprehensive platform for effective utilisation of information in all areas of tax administration. The objectives of DW&BI project are:

i) Widen and deepen tax base

ii) Improve compliance with tax laws

iii) Detect fraud and leakage of revenue

iv) Support Investigation

v) Increase effectiveness of tax collection

vi) Generate enterprise wide reports

vii) Monitor high risk scenarios

viii) Provide inputs for policy making

This project envisages setting up a new Centralised Processing Centre (Compliance Management CPC) for handling resource intensive repetitive tasks such as PAN population, master data management, preliminary verification, generation of bulk letters/notices, follow-up, capture of response for greater productivity and efficiency.

The design phase of the project has already commenced in January 2014 with the appointment of consultant and the Detailed Project Report (DPR) is in due course.

13.16.7 Project Name: Non-filers Monitoring System (NMS) Pilot Project

The Non-filers Monitoring System (NMS) was conceptualised as a pilot project under the Data Warehouse and Business Intelligence (DW&BI) Project to prioritise action on non-filers with potential tax liabilities.

Data analysis was carried out to identify target segment of 12,19,832 potential non-filers about whom specific information was available in AIR, CIB data and TDS/TCS Returns. Prioritisation rules were applied to classify the cases as P1, P2, P3, P4 and P5 priority (P1 being the highest priority) for follow-up and monitoring. Bulk letters have been sent in high priority cases seeking to know the submission details of Income tax return for AY 2010-11, 2011-12 and 2012-13. The letter also included summary of the information available with the Department along with a customized response sheet.

A Compliance Management Cell was set up under the Directorate of Systems to capture the response and take follow-up action. A comprehensive online monitoring system was implemented in June, 2013 to ensure that information related to non-filers is effectively used by the assessing officer. The information in respect of the target segment was made available to the jurisdictional assessing officers for continuous monitoring and relevant follow up action.

The Board issued SOP (Instruction No.14/2013) to ensure that the field formations follow a standard procedure in NMS cases to maintain consistency in their approach.

13.16.8 Second NMS Cycle

The Income Tax Department also conducted the second round of data matching in January 2014 which has identified **additional 22.09 lakh** non filers who have carried out high value transactions but did not file income tax return.

The information relating to these new non filers has been made available on the ôCompliance Moduleö on the e-filing portal of the Income Tax Department. The information will be shown only to the specific PAN holder when the PAN holder logs into e-filing portal at https://incometaxindiaefiling.gov.in. The PAN holder will be able to submit the response electronically by clicking on the ôComplianceö link after logging into the e-filing portal. If the taxpayer is not registered with the e-filing portal, he can use the ôRegister Yourselfö link to register.

Letters have been sent in 2,50,000 cases asking them to submit response on the compliance module and also file returns. SMS & e-mails have been sent to

6,77,103 persons who were registered on e-filing portal.

As a result of this initiative, a large number of taxpayers have submitted their Income tax returns and significant amount of self assessment tax and advance tax has been collected.

13.16.9. Project Name: System integrator (SI) Project for Data base Consolidation

Project Descriptions

System Integrator project of CBDT has been purported to integrate the regional database contained in 36 Regional computer Centers (RCCs) into a Single National Database (Referred to as Primary Database Center-PDC**)**. The SI initiative also envisages a Data Replication & Disaster Recovery Planning, by setting up the replica of PDC at Mumbai as a full-fledged Business Continuity (BCP) Site and a Disaster Recovery (DR) Site, at Chennai which will act as data storage. The DR site, however, is not expected to have ability to run applications, but will have an exact copy of the storage system as that of the Primary site. Under the SI project the data will be replicated from the Primary site to the BCP and DR sites on a regular basis.

The inherent advantages of SI are:

Å Managing a consolidated RCC database is simpler as compared to 36 RCCs in terms of manageability and resource cost

Å Version control of software will be simple as will be applied in one RCC

Å Global view of data will be available to the MIS.

Å A 3-tier architecture has better scalability and unique features like; Messaging Solution.

Å Infrastructure Management ï ERM Solution, Anti-Virus & Data Security Solution and Data Replication Solution.

Å The Project has an inbuilt flexibility and capability to scale up hardware requirements keeping the future growth requirement of the department

Achievements:

Un-interrupted services are rendered at Primary Data Centre (PDC), Business Continuity Process (BCP) and Disaster Recovery Site (DR) to the Income-tax department. SI project was to run for 5 years i.e. upto 1.6.2014. Post 1.6.2014, the operations will be taken over by new Income Tax Business Application (ITBA) project.

13.16.10 Project Name: E-TDS

1. Centralized Processing Centre (CPC) for TDS started functioning from Aayakar Bhavan, Vaishali, District Ghaziabad from 1st November 2012 and the same was dedicated to the Nation by Hon'ble Finance Minister on 23/02/2013.

2. CPC(TDS) project marks a major step in ensuring TDS compliance through processing of TDS statements and comprehensive TDS data cleansing of TDS statements with a focus on usage of technology driven end to end processes. CPC(TDS) has enabled download of TDS certificates by the deductors and, thereby, eliminated the TDS mismatch cases, which was a major area of concern for the taxpayers for the proper claim of TDS credits. It is worthwhile to mention that with the coming into existence of CPC(TDS), there is major reduction in TDS mismatch cases which is apparent from the fact that in more than 96% of the cases processed at CPC-ITR (Bangalore) during this year, there was no TDS mismatch.

3. CPC(TDS) has also provided the facility to the taxpayers to view their Tax Credit Statement (Form 26AS) online on ñAny-Time, Any-Whereò basis.

4. CPC(TDS) has enabled robust TDS administration with a focus on compliance functions by the assessing officers by empowering them through MIS and analytics based reports using Business intelligence tools. Several cases of prosecution/compounding of offences have been initiated, based on the reports of CPC(TDS).

5. Analytics based reports include profiling of international transactions through Form 15CA (including Country-wise and Nature-wise remittances with or without TDS etc.), Deductors reporting transactions with high PAN errors, Defaulters and the nature of default.

6. A comprehensive Demand Portal, that integrates the demand raised by the CPC(TDS) and the demand lying in the arrear register of the respective AOs, has also been put in place.

7. CPC(TDS) is the backbone of CPC Bangalore, as it has enabled faster processing of Income Tax returns and issuance of speedy refunds, thus reducing the expenditure of interest paid on account of delayed refund.

8. To help achieve the objectives of TDS-CPC, the entire program was divided into two phases, i.e. Wave 1 and Wave 2.

a) Wave 1

The first phase mainly focused on rolling out functionalities for Deductors and Deductees. As part of this phase, following functionalities, which were previously handled by NSDL, were operationalized:

a. For Deductors

- Form 16/16A Download
- Consolidated File Download
- Justification report Download
- Original Statements Processing
- Correction Statement Processing

b. For Deductees

- Generation of 26AS Transactions
- Viewing of 26AS forms by distinct PAN holders

b) Wave 2

In the second phase, the TDS-CPC team has extended its focus on empowering the Assessing Officers (AOs) in addition to delivering new functionalities for Deductors:

i. For AOs: On-line verification facility for field AOs for ascertaining the genuineness of TDS certificates and certificates for No/ Low deduction of tax has been provided on the CPC portal.

ii. For Deductors: The deductors have been provided additional functionalities during this period: **Following important facilities have been enabled for deductors:**

A. **Non- PAN transactions pertaining to non-Residents:** On-line transaction based report is available both for the deductors and the deductees. The foreign entities can also ascertain the genuineness of such transactions on the CPC Portal. The above facilities are being provided by only a very few countries.

B. Online Facility for correction of Unmatched challan details and PAN updation/correction

C. PAN Validation Utility

D. 197 Certificate Validation

E. TDS Certificate Validation

F. New Justification Report and Utility

G. Updated e-Tutorials and FAQs

H. Deductor dashboard reflecting detailed default reports

9. The CPC(TDS) is an ongoing project and the performance of CPC(TDS) since the beginning of its operations is presented below:

a. Overall performance (till 31st March, 2014)

Deductors Registered with CPC (TDS)	10.29 Lakhs out of 12 lakh active deductors
TDS statements processed for 26AS / TDS certificates	1.15 Crore (98% of statements uploaded to CPC (TDS)
TDS statements processed for defaults	1.15 Crore

b. Download statistics (till 31st March, 2014)

Download Type	Unique Deductors using facility	Number of File downloads
Form 16A	7.96 Lakh	39.86 Lakhs
Form 16	2.49 Lakh	4.01 Lakhs
Justification Report	4.59 Lakh	18.81 Lakh
Consolidated Files	6.03 Lakh	37.75 Lakh

c. 26AS views (till 31st March, 2014)

No. of taxpayers viewing 26AS : More than 2.5 Crores

13.16.11 Project Name: OLTAS (Online Tax Accounting System)

OLTAS project integrates online tax payments made by tax payers with the running ledger accounts of tax payers maintained by the income tax department for tax credit. OLTAS is being implemented in close coordination with RBI, Agency Banks and TIN (presently being managed by NSDL).

The objective of OLTAS project was to do away with the paper trail for tax credit and paper validation system. OLTAS project has been one of the landmark e-governance initiatives undertaken by the department. Under the project, all payments made in bank are uploaded on T+3 basis. Cash payment can be mapped with the bank and the assessee with PAN/TAN irrespective of the place of payment. A country wide network of 30 agency banks and their 13,000 branches including 3 private sector banks are authorized by the RBI for collecting direct tax payments under OLTAS.

Under this Project, the banks enter data of tax payment challans in their computer system and transmit the challan information online to the server of the Tax Information Network (TIN) of the Income-tax Department, maintained by NSDL. Modified File validation instructions have been installed in the software of all collecting banks and at TIN to ensure better data quality. In over 99% of total cases, correct PAN and TAN is being quoted in the challans, which shows definite improvement in quality of tax payment as well a e-payment data linked by the agency banks.

NSDL extracts the data, prepares OLTAS files and transmits the same to the OLTAS server maintained at NCC, New Delhi. From there, the data is populated into the ITD OLTAS database, enabling the Assessing Officers to give due credit to the taxpayers for the tax payments made by them, and generation of Collection reports for AO/ Range Head/CIT/CCIT based on PAN/ TAN jurisdiction, irrespective of the place or mode of payment.

The salient features of the OLTAS Project are as under:

- The collecting and nodal branches of banks can verify the status of the tax payment data transmitted by them to TIN through TIN website tin-nsdl.com.
- The taxpayers can verify their tax payments through Challan Status Enquiry at the TIN website, on the basis of TAN/CIN (Challan Identification Number). Challan Identification Number under OLTAS is a unique combination of BSR Code of the bank/branch, Date of deposit and Challan serial number.
- Reports on top advance tax payers and TDS payers with quarter-wise comparative analysis w.r.t. previous financial year are also made available to the Commissioners of Income Tax and Commissioners of Income Tax (TDS) for monitoring of collections.
- Monthly MIS reports are generated by TIN for Income Tax Department as well as for Pr. CCA, CBDT and RBI, for monitoring and follow-up.
- TIN provides an OLTAS dashboard facility to the collecting bank branches, their nodal branches as well as their link cells for monitoring upload of tax payment data and for its reconciliation with funds remitted by them to RBI.
- A separate OLTAS dashboard facility is also available through TIN website for the Finance Minister, senior functionaries of CBDT, Chief Commissioners/Director Generals of Income Tax, Commissioners of Income Tax (TDS) and Commissioners of Income Tax (Computer Operations) for monitoring direct tax collections on a daily basis.

During Financial Year, 2013-14 the count and amount of tax payment Challans handled through OLTAS was more than 4.08 crore and Rs 7,18,793.30 crore respectively.

13.16.12 Project Name: Aayakar Sampark Kendra (ASK)

Aayakar Sampark Kendra (ASK) is a Taxpayer Information and Services Center of the Income Tax Department to answer the queries related to the status of PAN and TAN applications, Procedure of e-filing of income tax and Wealth Tax Returns. Categories of assesses mandatorily required to file e-returns are to make e-payments. Procedure of e-filing of income tax returns, with or without digital signature. A facility to register grievances on telephone or through e-mails and assist in getting them resolved.

Deliverables

Deliverables from Aayakar Sampark Kendra (ASK) are

- Countrywide facilities for assistance in e-filing of income tax returns, with or without digital signature and information related Challans and tax preparation soft ware.
- Assistance in downloading various forms:-

Income Tax returns form, wealth Tax Return Forms.

- Facility to send forms by-e-mail.
- Procedure of making tax Payment, Including e Payment and Payment through ATM.
- Answering queries related to the status of PAN and TAN Applications and related procedures.
- Status of Refunds.
- Answering Quires related assessment jurisdiction.
- Procedure of viewing Tax Credit Statement and registration of Tax credit Statements.
- List of Tax Information network facilitation Centers and the PAN Service Centers.
- NMS RELATED Queries.
- Handling misc. queries.

Achievements

The Department has setup Aayakar Sampark Kendra with toll free no. 18001801961 and short cord 1961. There is national call centre (NCC) at Gurgaon and four Regional Call Centers (RCCs) at Jammu, Jangipur, Shillong & Kochi and catering to taxpayers in Hindi, English and eight other regional languages. The volume of calls and e-mails during the Financial Year 2013-14, i.e April 2013 to March 2014 are:

- Call Received-1387636
- Call Answered-1346441
- Call Success Ratio-97.03%
- E-mail Received-101464
- E-mail responded-101464

The estimated expenditure of Aayakar Sampark Kendra project would be Rs.5.5crore for the F.Y.2014-15 excluding the reimbursement of the Telecom Expenses of Toll free and PRIs.

13.16.13 Project Name: IT Website/http://incometaxindia.gov.in

Project Description

§ Provides dissemination of information to taxpayers on the department and its activities.

§ The field offices and various Directorates have also got their independent pages at the cadre controlling Chief Commissioner level and at DGIT level respectively.

§ Provides tax law related information and downloads online like Acts, Rules, Circulars, Notifications, Returns, Forms and Challans etc. Tutorials on Income- Tax returns and TDS statement, Exempted Institutions and Feedback on Black Money, Taxpayer Information Booklets, Taxpayers Information Pamphlets etc. have also been made available during the F.Y. 2013-2014.

§ Provides e-services by acting as an umbrella website which links to various services like e-filing of returns, PAN, TAN, TDS, online tax payment, view of tax credit, refund status, direct download of Form 16A etc. Further, online services, like Tax Return Preparer Locator, Bank Branch Locator for Tax Payment, Challan Correction Mechanism, TIN Facilitation Locator and Public grievances have also been added.

Achievements

§ Website has more than 34,280 concurrent visitors on average daily during F.Y. 2013-2014.

§ The Website is witnessing on an average 14 million hits per day and the peak hits of more than 41 million during the month of July 2013.

A new Website is under process with several enhanced new features.

13.16.14 Project Name : AST

AST refers to Assessment module which is the core module of ITD and interacts with all other modules for getting vital informationâs like Global Module (User Authentication), AIS (getting PAN details of Assessee), TDS(Tax Deduction at source), OLTAS(payment of taxes made by assessee), CIB(including AIR) and CPC(ITR), Bengaluru while processing of returns and posted post results of processing in IRLA(Individual Running Ledger Account of an Assessee). The functionality is continuously enhanced keeping in view the change in Act/Rules and feedback received from field formations.

It handles the digitization of Income Tax Returns, its processing and post processing activities.

(i) Processing of Return :

- The return so entered passes through validation and then processed for computation of tax.
- It is followed by matching of taxes available in OLTAS and taxes claimed in the return.
- Based on above interest is computed for the return in system.
- Based on this above action, tax/refund is computed in the system and posted to IRLA.

(ii) Post Processing :

· Issue of Demand notice : it is issued in the cases of demand.

· Refund: The data is populated in refund table and lifted by Refund banker for issue to assessee.

· Rectification: it is carried out by AO suo-motu or on getting receipt of grievance from the assessee.

(iii) Assessment :

· The functionality of passing and uploading orders u/s 143(3), 144, 147, 153A & 153C is available in AST.

(iv) Appeal effect :

· The functionality to give effect of appeal orders passed by CIT (A), ITAT and revision orders u/s 263 / 264 are available in AST.

(v) Penalties :

· The system provides the functionality for initiation and passing of various penalties orders .

(vi) Registers :

· The registers of AOs like penalty register, rectification register, audit register, appeal register; grievance registers etc. are also available in AST.

13.16.15 ITBA Project

1. ITBA is a flagship project which is intended to improve the existing software application and also to write application for other processes of department with enhanced capabilities.

2. During the 01.01.2013 to 31.12.2013, following developments took place : -

   i. During bid processes, TCS was selected as Service Provider based on LI criterion which was approved by CNE in April 2013. TCS accepted LOI on 9th May 2013.

   ii. Having accepted the LOI, TCS started working on the project as per the requirements of RFP. They have taken over the old application (legacy application) from old vendor. The construction of Technology Training Centre, work on sitting space for TCS resources and preparation of T & D centre is under process. The process of Data Centre handover is also going on. TCS has also submitted Software Requirement Specifications (SRS) document to Department after having discussed functional requirements with the Department.

   iii. The project is scheduled to be completed by mid-2015.

3. During the 01.01.2014 to 31.03.2014, following developments took place : The construction of Technology Training Centre, work on sitting space for TCS resources and preparation of T & D centre has been completed.

13.17 DGIT (LOGISTICS)

13.17.1 DIT (BPR)

Para 4(a) Highlights of the performance and achievements during the year;

1. **Record Management :** Directorate of IT (BPR) has been given the responsibility to draft a Record Management Policy for the Income Tax Department. It also formed a Result Framework Document (RFD) target for the Directorate of IT (BPR). The same was formulated and submitted to the CBDT on 17/12/2013.

2. The Directorate of BPR supervised and consolidated the following RFD Targets of the Research and statistics Wing working under the DGIT (Logistics).

(a) Write off of Arrear Demand upto Rs. 10,000.

(b) A study on the Aggregation of Agricultural Income with Non-Agricultural Income for the Assessment Year 2006-07 to 2011-12.

3. The Directorate was mandated with the implementation of 60 recommendations of the Price Water House Coopers (PWC) Report. A detailed follow up was undertaken for a status update on the recommendations which are under an advanced stage of implementation/consideration.

Para 4(b) Function/working of the Organisation and set up of the Division, including its various Advisory Boards and Councils;

The Directorate of BPR works under the control of DGIT(Logistics), Delhi.

Para 4 (c) Performance/achievements upto the last year;

13.17.2 Performance/ achievements upto the last year

1. **Quarterly Progress Report (QRP) of R&S Wing :** All CsIT (A) submit Quarterly Progress Report to R&S Wing of the DGIT(Logistics) through their respective CCsIT (CCA). The Director General of UIT(Logistics) has given this Directorate responsibility to make n in-path study on this issue. This Directorate has also identified

some discrepancies in Data as Reported by CCsIT (CCA)/CCIT and as received from ITAT registry. After studying this a report was submitted to the DGIT(Logistics).

2. **Issue of email IDs to CsIT (A) :** It was noted that the reporting of Monthly Appeal report by the CsIT (A) was not coming from official email IDs. This was perhaps because not all CsIT(A) have official email IDs. This Directorate in co-ordination with the Directorate of Systems has ensured that all CsIT (A) get official email IDs and same has already been communicated to all CsIT(A) through R&S Wing.

3. **Record Management :** Proceedings regarding formulation of the Record Management Policy were undertaken. The issue of applicability of the Public Records Act 1992 to the Records Management Policy of the I.T. Department was addressed at various foras.

4. **Hindi Work :** During the year Hindi work-shops have been organized regularly for the officials of the Directorate. Hindi week was also organized in which all officers/ officials participated actively.

5. **Vigilance Week :** Vigilance week was also organized during the year.

4 (d) Action taken to implement the Programme & Other Important Programme & Other Important Policy Initiatives Announced through Finance Ministerǿs Budget Speech, 2013-14.

Not Applicable

4 (e) Development of north ñEastern Region (containing work done on the development of North-Eastern Region and Sikkim ï projects/ schemes being operated and the actual expenditure thereon etc.)

Not Applicable

4(f) E- Governance Activities

Not Applicable

4(g) Grievances Redressal Machinery

Set up as per RTI, Act, 2005.

4 (*h*) *Gender Budgeting/ Empowerment of Women*

Nil

4 (*i*) *Activities Undertaken for Disability Sector & SCs/ STs & Other Weaker Sections of Society*

Nil

4 (*j*) *Central Revenue Sports Board (CRSB)*

Directorate represented Delhi in the Literary summit of CRSB in Mumbai.

4 (*k*) *A para on Sevottam*

Not Applicable

4 (*l*) *Representation of SCs, STs and OBCs (in the proforma as given in the last Annual Report)*

Nil

13.18 Directorate of L&R

The Directorate of Income-tax (L&R) has been notified as attached office of the Board mainly to render technical assistance to the CBDT for examining proposal for filing Special Leave Petitions in the Supreme Court against the adverse judgments of High Courts not acceptable, co-ordination between field offices and MOL/ Central Agency Section, carry out research on specific issue referred by the CBDT.

A Chart indicating the number of SLP Proposals received / processed and cases out of such proposals where SLPs were not filed, for the year 2006,2007,2008,2009,2010 2011,2012,2013 and 2014 is submitted as under:

Year	No. of SLP Proposals received	Not Approved
2006	1269	477
2007	1971	958
2008	2167	208
2009	2223	379
2010	1858	569
2011	2288	852
2012	1576	482
2013	1875	667
2014 (up to March, 2014)	282	128

The Directorate is a nodal agency for the Income Tax Department involving the matters relating to Supreme Court. Apart from processing of SLP proposal other allied activities include co-ordination with the Ministry of Law (Central Agency Section), and the field formations. There has been considerable improvement in compliance with the directions of the Hon'ble Supreme Court. The counsels appearing on behalf of the Department are satisfied with the assistance provided to them.

13.18.1 New initiatives of the Directorate

i) The Directorate of Income Tax(L&R) has taken up an initiative to set up a "National Judicial reference System"(NJRS), which will be a unified database containing all appeals and decisions of the ITAT, HCs and the Supreme Court of India in Direct Tax matters. The objective is to improve litigation management in the department with the help of technology.

The bid process has been completed and the contract for the Implementation of the project has been awarded to a consortium led by M/s. NSDL e-Governance Infrastructure Ltd. in April 2014. The Implementation agency is required to execute the project within 6 months and it shall be responsible for the O&M for a period of five years thereafter.

ii) An Institutional Mechanism had been created vide OM dated 28/8/2012 by the CBDT with a view to provide clarity on contentious legal issues, promote consistency of approach on a given issue and reduce litigation. It comprises a Central Technical Committee (CTC) at Delhi and Regional Technical Committees (RTC) in each CCIT (CCA) regions. During the year, the mechanism has been institutionalised and RTCs were set up. The central technical Committee has started receiving references for formation of a departmental view in several contentious issues. Regular meetings of the RTCs and the CTC are being held. The Departmental View is being provided to the field formations by way of Circulars wherever required. Where it is felt that there is a need for an amendment in the Income Tax Act, a suitable reference is being made to the concerned division of CBDT.

13.19 Directorate of Expenditure Budget

The Directorate of Income (Expenditure Budget) was created vide Gazette Notification No.15/2011/ F.No.402/88/13/2011-Comm.(Coord.) dated 18th March, 2011. This Directorate acts as the Nodal Authority in respect of all Budget matters for the Grant No. 43-Direct Taxes and performs all work related to the management of Expenditure Budget under this Grant. The Directorate also prepares the statement of Budget Estimates for inclusion in the relevant Budget Documents and monitors the progress in expenditure vis-à-vis sanctioned grant. The details of Expenditure for the financial year 2012-13 are tabulated as under.

REVENUE SEGMENT

(Rs.In Thousands)

S.No.	Object Head	Budget Estimates (BE)	Revised Estimates (RE)	Final Grant (FG)	Actual Expenditure
		2012-13	2012-13	2012-13	2012-13
1	Salaries	19236700	20020900	20020900	19986482
2	Wages	183600	181500	181500	181478
3	Overtime Allowance	8000	5000	4800	4305
6	Medical Treatment	220000	210000	230000	219165
11	Domestic Travel Expenses	400000	440000	445000	434592
12	Foreign Travel Expenses	21000	18000	18000	16926
13	Office Expenses	0	0	0	0
	Charged	0	0	0	0
	Voted	5140000	5163000	5163000	5139662
14	Rent, Rates & Taxes	1600000	1300000	1299900	1286019
16	Publications	28000	25200	23200	22367
20	Other Administrative Expenses	341500	343700	322700	319961
26	Advertising & Publicity	800000	790000	789000	783986
27	Minor Works	80000	80000	80000	68103
28	Professional Services	260000	309600	323800	314988
32	Contributions	4000	4000	4000	3747
41	Secret Service Expenses	94000	84600	84600	80429
50	Other Charges	45000	39600	24600	21978
99	Information Technology	2250000	4000000	4000000	3971440
	TOTAL	**30711800**	**33015100**	**33015000**	**32855628**

CAPITAL SEGMENT

(Rs. In Thousands)

CAPITAL	DESCRIPTION	Budget Estimates (BE) 2012-13	Revised Estimates (RE) 2012-13	Final Grant (FG) 2012-13	Actual Exp. During F.Y. 2012-13
4059	Acquisition of Office Accomodation	7774800	4262000	4262000	4209960
4075	Acquisition of Property XX-C	18000	18000	11200	10489
4216	Acquisition of Residential Accomodation	300000	60000	60000	24641
	TOTAL CAPITAL	**8092800**	**4340000**	**4333200**	**4245090**
	GRAND TOTAL	**38804600**	**37355100**	**37348200**	**37100718**

In Revenue Segment, the expenditure during F.Y. 2012-13 is 106.98% of BE of Rs. 3071.18 crores and 99.52% of FG of Rs. 3301.50 crores. Whereas in Capital Segment, the expenditure during F.Y. 2012-13 is 52.45% of BE of Rs. 809.28 crores and 97.97% of FG of Rs. 433.32 crores.

Overall, the expenditure during F.Y. 12-13 is 95.61% of BE of Rs. 3880.46 crores and 99.34% of FG of Rs.3734.82 crores.

Under the Result Framework Document (RFD) 2013-14, this Directorate had taken an initiative to provide a compendium of various guidelines/instructions/rules etc. issued by the Government of India in respect of matters relating to Budget Procedure and Management of Expenditure Budget. Accordingly, the Directorate of Income Tax (Expenditure Budget), New Delhi has brought forth the first edition of the Expenditure Budget Manual released on 31st December, 2013, by the Chairperson CBDT.

This Directorate is also regularly monitoring the audit objections related to expenditure budget as per its mandate.

13.20 Principal DGIT (Vigilance)

The Result Framework Document for strengthening of the vigilance administration was revised and updated and would be part of key performance indicators for the IT Department in future.

Preventive Vigilance: A vigilance awareness week was observed in the Department across the country from 28th October 2013 to 2nd November 2013. The theme for the year was 'Promoting good governance - positive contribution of vigilance'. A number of seminars and workshops were organized during the vigilance awareness week. Many eminent personalities from different walks of public life addressed these seminars. The Vigilance Directorate also organized interactions with school kids making them aware of need to be vigilant against corruption. These activities were covered by local and national newspapers. A detailed report of activities and programmes organized during the vigilance awareness week was released by the Chairperson, CBDT on 28.02.2014.

The officers of Vigilance Directorate were throughout the year involved in taking sessions on subjects of vigilance both at NADT and RTIs.

Written Guidelines to all the Chief Commissioners of Income Tax and the Directors General of Income Tax were issued laying down the procedure for maintenance of records of Disciplinary Proceedings so that delays in finalization of enquiry proceedings can be reduced.

All the matters for sanction for prosecution were processed on priority. In two cases sanction for prosecution has been given and there is no pending case at present.

A special drive was taken up and a large number of old pending cases were finalized. References were made to UPSC in 26 cases during the year. Disciplinary Proceedings were finalized in 32 cases during the year. In 13 cases Major Penalties were imposed after obtaining the advice of UPSC. UPSC advice has been received in 30 more cases and comments have been called from the charged officers in these cases.

Changes in File Management System to prevent Delays - All the live files have been categorized under four categories, namely 'A', 'B', 'C' & 'D'. All the files categorized as 'A' are put up during the first week of every month before the Additional Director of Income Tax in charge of the matter. Similarly other files of 'B', 'C' & 'D' categories are put up in second, third and fourth week of every month before the Additional Director of Income Tax in charge of the matter. The files are put up before Officers irrespective of the fact whether there is any immediate pendency in the file or not. The Additional Director of Income Tax reviews the file and records the fact of review on the note sheet. This ensures that each and every file is reviewed on a monthly basis and there are no inordinate delays in dealing with any issues in any file. This system is likely to throw up some old cases for finalization in the immediate future. However, in the long run the system will ensure that all the cases are dealt with in a regular manner.

Vigilance Clearance - The primary responsibility of Principal DGIT (Vigilance) is to ensure that officers accused of corrupt and unethical practices are not issued Vigilance Clearance for promotion/ deputation/ training/ VRS/ reward/ retirement etc. However, even more important is to ensure that Vigilance Clearance is issued to those Officers of the Department who are clear from Vigilance Angle at the earliest. Towards this objective the process of issue of Vigilance Clearance has been simplified and by leveraging Information Technology, the time taken for issue of Vigilance Clearance has been brought down from about ten days to about three days. The workload relating to vigilance clearance has increased manifold due to cadre restructuring exercise being undertaken by the Department. Now Vigilance Clearance is issued in 100% of the cases within 7 days of receipt of a request for the same. Efforts are being made to further reduce this time.

The work related to RTI has also been competently handled without there being any adverse observation by CIC. The Directorate has also provided timely inputs and comments to the V&L section of the Board on litigation matters. Apart from furnishing para-wise comments on various OAs/ Writ Petitions and vetting of counter affidavits, officers have also been briefing the Departmental Counsels and giving written and oral briefs.

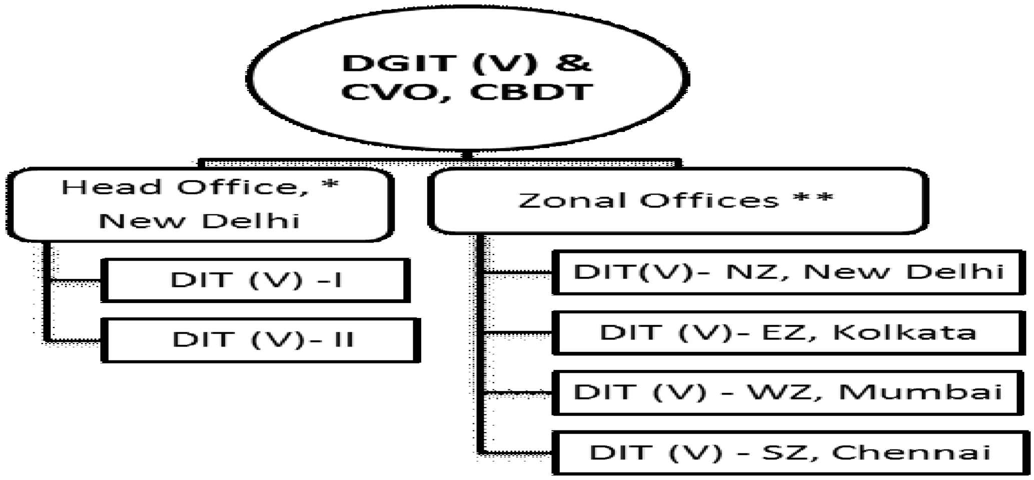
In the matter of quashed Charge sheets, fresh charge sheets have been issued in 13 cases. Similarly, Office Memorandums have been issued after obtaining the approval of Hon'ble Finance Minister in 12 cases where the charge sheets had not been quashed.

Other Initiatives:

a) A study of storage of old records in the premises of the Vigilance Directorate was done and a proposal for outsourcing the storage of these records, which occupied precious space on the premises, was made. The process of cataloguing the records with a separate bar-code for each record and moving the records to off-site storage facility in boxes with tamper-proof coded locks is undergoing and will be completed shortly.

b) Vigilance Record management: A comprehensive instruction for proper record management for vigilance cases so as to ensure expeditious disposal of disciplinary proceedings has been drafted and placed before the CBDT for approval. The instruction prescribes the modalities of movement of records from the field formations to the custodian of records and authenticated copies of documents from custodian of records to the Inquiry Officer and finally to the office of DGIT (V). Responsibilities of different authorities in different situations and the lists of documents to be provided by each authority have also been given in the Instruction.

ORGANISATIONAL STRUCTURE AND WORK DISTRIBUTION



* *Head office attends to all matters concerning disciplinary proceedings against all serving Group 'A' officers and all retired Group 'A' to Group 'D' officers/ officials. Thus DGIT(V)/CVO, CBDT, Delhi assists Disciplinary Authority (DA) being the Finance Minister on all vigilance matters in consultation with CVC, UPSC & DOPT. The department has 4000+ Group A officers on its rolls.*

** *Zonal offices are headed by officers of the rank of CsIT who work under control and supervision of DGIT(V)/ CVO. They are Dy. CVO's for more than 15000 Group 'B' officers under their respective jurisdictions. Besides they assist DGIT(V)/CVO in respect of all enquiries/ investigation etc. assigned to them by Pr. DGIT(V)/CVO, CBDT from time to time.*

13.20.1 ACHIEVEMENTS DURING CURRENT YEAR (Jan-Dec, 2013):

SR. NO	ITEMS OF WORK (DISPOSAL)	Achievements
	A . CORE AREAS OF ACTION	
1	Disposal of Complaints	2430
2	Vigilance Complaints Disposed	564
3	Vigilance Complaints closed/ recommended for closure	43/52
4	Charge sheet issued	13
5	Prosecution sanction issued for CBI/ACB	02
6	Prosecution sanction denied for CBI/ACB	-
7	DP/DI cases disposed of	33
8	Major Penalty Levied in DP/DI Cases	10
9	Minor Penalty Levied in DP/DI Cases	-
10	DP case proceedings dropped	23
11	Vigilance Clearance issued	6523
12	RTI application decided	226
13	RTI appeal decided	46
	B. OTHER AREAS OF ACTION	
14	Action taken on Ist stage advice	20
15	Reference made to CVC for 2nd Stage advice	05
16	Prosecution Sanction Matter Decided	
17	Suspension cases added	05
18	Suspension revocation	-
19	Preliminary scrutiny Report (PSR) called for	92
20	Preliminary scrutiny Report (PSR) action taken	78
21	Self contained Reports (SCR) called for	37
22	Examination of IO's Reports	12
23	CO's comments called for	10
24	Examination of CO's comments	26
25	Cases referred to DoP&T	02
26	Cases referred to UPSC	24
27	Examination of DoP&T advice	02
28	Examination of UPSC advice	28
29	Appeals Processed	46

1) By quick disposal of cases, general grievances of the officers have reduced.

2) By having constant interaction with the officials/ field officers, misperceptions about the functioning of vigilance setup have been corrected to a large extent.

3) Recently vigilance awareness & redressal week was held and grievances received in the directorate were resolved.

13.21 Training

(i) National Academy of Direct Taxes (NADT) has the core job of conducting 16 months Induction Training for the directly recruited officers of the Indian Revenue Service (IRS) inducted through UPSC Civil Services Examination. The Induction training also includes Parliamentary Attachment, On the job training, industrial attachment, international attachment, Bharat Darshan, Military attachment. Besides, NADT also imparts 15 week Foundation Course to officers of various civil services.

NADT also conducts In-Service Programmes for serving officials from the rank of Asstt. Commissioners of Income Tax to Chief Commissioners of Income Tax.. The training programmes are framed on various topics chosen based on the training needs analysis of the field formations.

NADT also conducts Organised Courses with Organization for Economic Co-Operation & Development (OECD) headquartered in Paris, France on Advanced Tax Treaties, International Tax Avoidance etc. Besides it conducts outreach programmes for the officers of other organizations like officers from Lok Sabha & Rajya Sabha Secretariat, Indian Railway Accounts Service probationers (IRAS), Indian Audit and Accounts Service (IAAS), Customs and Central Excise (C&CE) etc.

Under International Courses, NADT imparted training for officers of National Board of Revenue Bangladesh during the FY 2013-14. It also conducted SAARC seminar on International Taxation and Transfer Pricing during 2013-14.

The NADT is supplemented by all the Regional Training Institutes (Direct Taxes Regional Training Institutes) located at seven places namely Ahmedabad, Bangalore, Chandigarh, Chennai, Lucknow, Mumbai and Kolkata which primarily engages in 60 day induction training of Income Tax Inspectors recruited through Staff Selection Commission examination. DTRTIs also conduct Orientation course for newly promoted ITOs. The DTRTIs are assisted by 23 Ministerial Staff Training Units which imparts training to staff of the cadre of Tax Assistant/ Sr.Tax Assistant/OS/PAs/Multi Tasking Staff etc.

(ii) NADT successfully completed induction training for 95 officer trainees of 66th Batch of IRS in the financial year 2013-14. Apart from this, 159 officer trainees of 67th Batch of IRS were inducted in December, 2013 and their training is underway.

The total number of In-service Courses conducted at NADT during FY 2013-14 is 25. Total number of participants attended is 914 with 7492 being the total man-days.

The seven Regional Training Institutes along with the MSTUs successfully conducted induction course for newly recruited Inspectors of Income Tax and also to newly promoted Income Tax Officers during the FY 2013-14.

The total number of courses for newly recruited Inspectors and newly promoted Income Tax Officers conducted during 2013-14 at the DTRTIs are DTRTI Ahmedabad (476 & 425), DTRTI Banglore (460 & 485), DTRTI Chennai (142 & 310), DTRTI, Kolkata (217 & 320), DTRTI Lucknow (254 & 395), DTRTI Mumbai (447 & 1210) respectively.

Similarly the total number of approximate courses conducted during 2013-14 at different MSTUs working under the seven DTRTIs is 6271.

(iii) Training need Analysis for Induction has been undertaken. Long Term Training Perspective Plan envisages compulsory training programme for all levels. NADT has been made as the central hub and coordinating agency for all departmental libraries including e-books, e-journal, e-periodicals etc.

(iv) As per the proposal in the cadre restructuring, the number of MSTUs is proposed to be increased to 42 from the existing 23. New MSTUs is about to start at Shillong.

(v) Vikramshilla, new disabled friendly hostel, of capacity 156 rooms was inaugurated in Financial Year 2013-14. New Advanced Training Center and New Officers Mess under construction is also disabled friendly. Regular training of Liasioning Officer of SC/ST category was scheduled.

(vi) Proposal has been received for conducting training on Gender Budgeting and the same will be scheduled in due time.

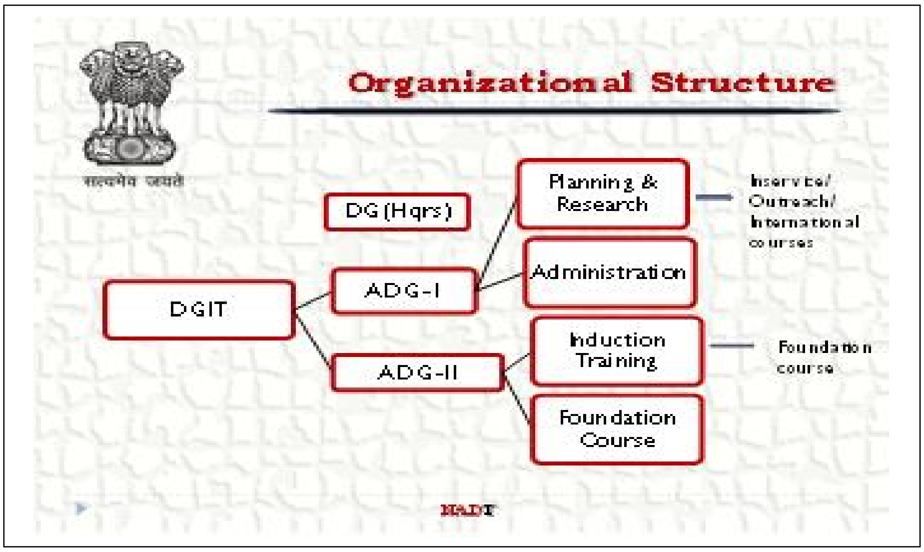
(viii) Proposal for development of Academic Information System (AIS) for NADT/DTRTIs was initiated in FY. 2013-14. The said AIS would be seamlessly integrated with the proposed Human Resource Management System (HRMS) and would be a significant step in making the training institute into paperless organization. Besides training of ITD systems is an integral part of the training programmes conducted by NADT and DTRTIs.

(ix) To review the progress made by NADT, DTRTIs and the MSTUs working under it, Annual Trainers Conference and Mid-Term Review Meet are held every year. The Annual Training Calendar drawing the various training programmes to be conducted at NADT/DTRTIs is thus prepared based on these discussions.

(x) Organisational Chart of the Department

The NADT is headed by a Director General of Income Tax (Training), He/she is assisted by two Additional Director Generals and a team of other officers including Additional/Joint Directors, Deputy/Assistant Directors and two Assistant Directors (OL).

7 Direct Taxes Regional Training Institutes (DTRTIs) located at Ahmedabad, Bangalore, Chandigarh, Chennai, Kolkata, Lucknow and Mumbai functions under the administrative control of NADT and is headed by officers of the rank of Commissioner of Income Tax. There are 26 MSTUs working under these DTRTIs headed by Income Tax Officers and imparts training to various cadres of officials of the Department.



13.22 CCIT (Exemption)

The Office of CCIT (Exemption) is headed by Chief Commissioner of Income Tax (Exemption) with its Headquarters at New Delhi. There are seven Directorates located at Ahmedabad, Bangalore, Chennai, Delhi, Hyderabad, Kolkata and Mumbai. The CCIT (E) is prescribed authority for approvals u/s 20(23C), 17(2)(ii)(b), 80G (2)(iii)(f), 80IB(7), besides recommending cases u/s 35(i)(ii)/(iii) 2(22)AAA,10(46), 10(17A), 11(1)(c) etc. and condonation of delay u/s 119(2)(b) for approval by the CBDT. The data base of charitable organizations is being uploaded on the department website, which is handled by Pr.DGIT (Systems).

13.23 DGIT (HRD)

Some of the main activities/initiatives of the Directorate of Income Tax(HRD) during the year 2013-14 are as follows:

13.23.1 Human Resource Management System Programme (HRMS)

This project is being implemented by this division in association with M/s TCS Ltd. Till date following work has been done under the said project.

Workshops organized to study ñAS ISòposition of about 25 administrative modules of the department. The same have been vetted and given sign off.ôTO BEò documents pertaining to 25 modules have been prepared by M/s TCS Ltd. and out of this sign off in respect of 12 modules have already been given and the rest of the 13 modules would be finalized by end of March 2014.

Web portal on the e-filling site of department has already been opened for online filling and verification of data of all employees of the department.

User IDs and Passwords in respect of 40000 employees have already been generated and made available to the employees for online filing of their data.

User manuals for employees, DDOs and HODs have been prepared and circulated to all regions.

13.23.2 Performance Management Evolution System (PMES) project.

This project is also being undertaken by this division in which Key Responsibility Areas (KRA) and Key Performance Indicators (KPI) of 25 separate business units of the department have been identified. Workshops / Surveys were conducted in 9 places and questionnaires distributed to the region to ascertain the views of Officers posted in the field formation. This would help in determining relative weightage of KRAs and KPIs.

13.23.3 Placing of IPRs on public domain.

So far, 3294 IPRs for the year 2012 (as on 01.01.2013) have been scanned and sent to Data Base Cell (DBC) for displaying them on official website of department for public domain.

13.23.4 Sports & Cultural activities.

9 out of 10 events relating to Sports & Cultural activities ear marked for this year have already been successfully conducted by the CBDT Sports & Cultural Committee.

13.23.5 Scanning and Digitization of APARs.

During the year under consideration, this division of Directorate has undertaken the work of scanning of APARs Group ñAò IRS Officers in co-ordination with DT Pers. section of CBDT. So far, about 50% of the APARs have been scanned and digitized covering IRS Officers from 1989 to 2000 batch.

13.23.6 DPCs for grant of NFSG and STS

i) DPCs for grant of NFSG to the officers of 2000 and 2001 batches were convened and held in CBDT and the eligible officers were granted NFSG on the date on which they were eligible for the same. Orders have already been issued.

ii) DPCs for grant of STS to the officers of 2008 and 2009 batches and leftover officers of earlier batches, were convened and held in CBDT and the eligible officers were granted STS on the date on which they were eligible for the same. Orders have already been issued.

13.23.7 Reporting of vacancies to SSC:

i) Requisition of vacancies in the cadre of Inspectors of Income Tax, Tax Assistants, Stenographers and MTS were received from various CCIT(CCA) Regions and after collating the same was communicated to the Staff Selection Commission within stipulated period.

ii) Dossiers of selected candidates received from SSC in all cadres were forwarded to respective CCIT(CCA) Regions for timely issue of appointment letters to selected candidates.

iii) Matter of candidates selected in the cadres of ITIs and TAs in the Mumbai Region was pending for issue of appointment letters which was resolved well in time.

13.23.8 Framing of Recruitment Rules

Recruitment Rules in various cadres are proposed to be amended in view of Cadre Restructuring. Proposal has already been submitted to CBDT.

13.23.9 Submission of proposal for Non-functional Up-gradation

Proposal for grant of Non-functional Up-gradation for the Officers of 1980 batch and 1981 batch of IRS has been processed alongwith leftover Officers of 1971 to 1979 batches of IRS. Vigilance clearance for all the Officers has been obtained from the DGIT(Vig). Bench Mark grading has also been obtained for the Officers of 1981 batch of IRS. Proposal is being submitted for final consideration of Screening Committee for grant of NFU.

Proposal for grant of Non-functional Up-gradation for the Officers of 1991 batch and 1992 batch of IRS has been processed alongwith leftover Officers of 1985 to 1990 batches of IRS. Vigilance clearance for all the Officers has been obtained from the DGIT(Vig). Request for Bench Mark grading has been forwarded to US (DT/Per), CBDT. Proposal for final consideration of Screening Committee for grant of NFU will be submitted accordingly.

13.23.10 Cadre Restructuring in Income Tax Department

Meetings of the Core Committee and sub-committees constituted for Cadre Restructuring were held from time to time and co-ordinated by this Directorate for identifying the Regions and Posts where additional manpower required. Proposal drawn by the Core Committee in consultation with Sub-committees has been presented before the CBDT for final approval of the FM.

Interaction with the concerned officers in DoPT was maintained to ensure required clarifications without loss of time to ensure that the proposal of restructuring is implemented in time.

13.23.11 Case of N. R. Parmar and Ors.

Hon'ble Supreme Court delivered judgment in the case of N.R. Parmar and others on 27-11-2012 in which the Hon'ble Court had directed the Department to consider the issue of re-fixing the seniority of Direct Recruit Inspectors in view of DoPT OMs dated 07-02-1986 and 03/07/1986 quashing an OM issued on 03-03-2008. Meetings on 03-12-2013 and 11-12-2013 were convened by this Directorate of the Officers from different Regions alongwith representatives of ITGOA and ITEF. The matter was referred to DoPT seeking their advice. On the advice of DoPT, the matter was referred to DoLA. After opinion of DoLA, the file has finally been submitted to the CBDT for issue of further directions so as to issue an advisory to all the CCIT(CCA) for implementing the directions of the Apex Court.

13.23.12 Timely processing of Cadre Clearance Cases

Mechanism has been put in place whereby all deputation requests are sent for vigilance clearance on the very day of receipt; the file is put up to CBDT within one day of receipt of vigilance clearance and the cadre clearance in conveyed immediately once it is approved by Member/Chairman. This will ensure that all deputation applications made by IRS officers reach the designated authority well within the stipulated time.

13.23.13 Conducting of Advanced Mid Career Training Programme for IRS officers in the rank of Jt./Addl.CITs, CITs and CCITs.

The AMCTP for the IRS officers commenced in the year 2011. In continuation thereof 3 programmes for the Addl./Jt.CITs 3 programmes of CITs and 1 programme of CCITs have been conducted successfully thereby training approx..257 officers during the year under reporting. As such cumulatively approximately 800 officers have been imparted this training in a period of 2 and half years since the commencement of the training. Review of the programme is in the process for extending the programme for further period.

13.23.14 International Attachment of 66th batch of officer trainees

On behalf NADT, Nagpur, the proposal for the international attachment of the 66th batch of IRS probationers from 18.11.2013 to 22.11.2013 (excluding journey time) for study tour to IBFD Kuala Lumpur and 25.11.2013 to 27.11.2013 (excluding journey time) for study tour to TAS, Singapore was processed and got approved and further coordination was provided in execution thereof. The international attachment was an integral part of the training of the IRS probationers and very critical to impart exposure to international best practices to the officer trainees.

A 5 day workshop for Trainers of NADT, DTRTIs and MSTUs in ôInstructional Design and Delivery Techniquesô was organized at Civil Service College, Singapore from 20.01.2014 to 24.1.2014 and twenty participants were nominated therein by the NADT Nagpur.

13.23.15 International attachment for newly promoted ACsIT under their Orientation Programme 2013.

The said programme was of one week from 19.8.2013 to 23.8.2013 at Inland Revenue Board, Malaysia without any course fee. There were 116 participant officers and four faculty members who undertook the benefit of the training at an international forum. It was for the first time that promotee officers were also benefited with such an exposure which was the result of consistent efforts of HRD.

Workshops, Training Programmes and other events/visits of the officers from Bangladesh, Malaysia, Bhutan, and Tanzania were also organized during the year in coordination with the NADT and Field formations.

13.23.16 Augmenting Training Facilities in the Department

During the year under consideration NEW TRAINING POLICY 2013 & LONG TERM PERSPECTIVE PLAN for Training and Development of National Academy of Direct Taxes has been drawn by the NADT and the same is under consideration and scrutiny by HRD before the approval of the competent authority is obtained on it.

13.23.17 Other domestic and international training programmes.

Nominations of cases of IRS officers for various domestic and international training programmes of long/ short term duration such as :-

(i) Joint Civil Military Training Programme at Mussoorie .

(II) MPA Programme, at LKY School of Public Policy, Singapore

(iii) MPA programme at YLP-GRIPs, Japan

(iv) Management Programme on Public Policy and Sustainable Development at TERI University, N. Delhi.

(v) Post graduate Programme in Public Policy and Management (PGPPM) at IIM Bangalore

(vi) Short-term and long term training courses under partial funding under DFFT Scheme of DOPT

(vii) Management Development Programmes conducted on various topics by the National Institute of Financial Management, Faridabad.

(viii) Trainerôs training programme at Civil Services College, Singapore.

(ix) Training Programmes from National Productivity Council.

(x) Inter Services Workshop through DARP & PG

(xi) Training programme of National Defense College NDC.

13.23.18 Training Programme designed for the officers of Directorates and Board under the nomenclature PETP, 'Performance Enhancement Training Programme' has also been conceptualized and is being processed.

It is very likely that it may happen in the coming financial year.

13.23.19 One year Master of International Development Policy MIDP at Sanford School of Public Policy, Duke University, with specialization in International Tax Policy is also in the pipeline.

13.24 Grievance Redressal Machinery:

Presently, in the Income-tax Department a comprehensive and multilayered Grievance Redressal Machinery is functioning as hereunder:

(i) A Central Grievance Cell under the Chairman, Central Board of Direct Taxes at New Delhi which is looked after by an officer of the rank of a Director to the Government of India.

(ii) Regional Grievance Cells under each Chief Commissioner/ Director General of Income-tax. In places like Delhi, Kolkata, Mumbai and Chennai where there is more than one Chief Commissioner, the Regional Grievance Cell functions under the Cadre Controlling Chief Commissioner. A Commissioner of Income Tax (Helpline) is also functional in these four metropolitan cities for settlement of grievances.

(iii) Out stations Grievance Cells which function under Commissioners/Directors of Income Tax in all other places, where there is no Chief Commissioner or Director General of Income Tax.

(iv) Income-tax Ombudsmen are functioning in 12 cities for speedy and independent resolution of complaints relating to public grievances against the Income Tax Department. The 12 cities where Income tax Ombudsman have been posted are Mumbai, Delhi, Bangalore, Lucknow, Chennai, Pune, Kolkata, Ahmedabad, Hyderabad , Chandigarh , Bhopal and Kochi.

(v) Under the Sevottam Scheme which is aimed at promoting ôExcellence in Service Deliveryô the department has set up Aaykar Sewa Kendras (ASKs) in various buildings of the department in identified stations all over India. The ASKs serve as single window facility to help tax payers in filing applications for services and redressal of grievances including filing of paper returns. Upto 31.3.2013, **132** ASKs have been set up in Income Tax Department. **59** ASKs were identified to be set up in F.Y.2013-14 out of which **56** ASKs have already been set up by 31.3.2014. Moreover, **56** ASKs have been granted certification under **IS :15700** by Bureau of Indian Standards (BIS) upto 31.3.2014.

vi) Besides, CBDT has adopted the web based Centralised Public Grievance Redress and Monitoring System (CPGRAMS) introduced by the Department of Administrative Reforms & Public Grievances for redressal and effective monitoring of grievances lodged online, by the citizens on various issues against the Income Tax Department. 55 subordinate offices at the level of the Chief Commissioner & Director General of Income Tax have been created in CBDT by giving them user ID and Password to monitor and redress grievances received online through this system.

Grievance application can be made an on a plain paper to the Grievance Cell functioning under the concerned Commissioner or by directly approaching the concerned officer to redress the grievances, mentioning the grievance in brief to the Grievance Cell functioning under the concerned Commissioner. The applicant should give his name, address and PAN so that the Grievance Cell can make further communication with him, if required. If the grievance is not redressed even after a month of making the application, the applicant may address the grievance to the Regional Grievance Cell functioning under the concerned Chief Commissioner of Income Tax. Nodal Officers have been placed in charge of these Cells. Besides, there are facilitation Counters to receive grievance petitions and to assist the public. If the grievance is not redressed by the Regional Grievance Cell within 2 months, an application may be sent to the Central Grievance Cell functioning under the Chairman, Central Board of Direct Taxes. Presently, Director(Hqrs.),CBDT who is the designated nodal officer for grievances in CBDT is responsible for the activities of the Central Grievance Cell, CBDT.

The number of grievances received and disposed of by the Central Grievance Cell during the year 2013-14 (from 1.4.2013 to 31.03.2014) is as under:

	Number of application received (i/c B/F)	Number of applications disposed of
In Dak	1898	737
Online	14708	9693
Total	**16606**	**10430**

13.25 MEDIA CENTRE

The Media Centre, set up in the CBDT in August 2006, disseminates information of public value relating to Direct Taxes through the Print and Electronic Media. During the year, various press releases were issued to bring different important decisions and tax issues to the public notice and to highlight different achievements of the Income Tax Department. Several press briefings of senior functionaries were organized. As a result of regular interface with the media, a more realistic and positive image of the Department could be projected.

14. Income Tax Settlement Commission

14.1 The Income Tax Settlement Commission (ITSC) was set up in pursuance of the recommendations of the Wanchoo Committee (1971) w.e.f. 01.04.1976. It is an Alternate Disputes Resolution (ADR) body within the realm of Direct Taxes for settlement of Income Tax and Wealth Tax cases. The main objective for setting up of this Commission was to give a statutory basis for settlement of cases in the interest of revenue. The Settlement Commission was established as a forum of mediation in place of litigation. The aim was to move the conflicting parties to a consensus than subjecting them to adversial procedure inherent in regular administration of justice. This was envisaged as an institution for statutory arbitration.

14.2 The objective behind this institution is aptly summarized in the off-quoted passage from the report of the Wanchoo Committee as under:

> "This*, however, does not mean that the door for compromise with an errant tax payer should forever remain closed. In the administration of fiscal laws, whose primary objective is to raise revenue, there has to be room for compromise and settlement. A rigid attitude would not only inhibit a one-time tax evader or an un-intending defaulter from making a clean breast of his affairs, but also unnecessarily strain the investigational resources of the Department in cases of doubtful benefit to revenue, while needlessly proliferating litigation and holding up collections".*

14.3 The Settlement Commission has seven benches as under:-

(i) One Principal Bench and Two additional Benches at New Delhi.

(ii) Two Additional Benches at Mumbai.

(iii) One Additional Bench at Kolkata.

(iv) One Additional Bench at Chennai.

14.4 In December, 2011, Two New Additional Benches at New Delhi and One New Additional Bench at Mumbai have been notified. These benches have become operational in the financial year 2012-13.

14.5 The Commission comprises of Members who are appointed by the Central Government from amongst person of integrity and outstanding ability, having special knowledge of and experience in problems relating to direct taxes and business accounts.

14.6 Each bench has three Members. The Principal Bench is presided over by the Chairman and each Additional Bench is presided over by the Vice Chairman. The Chairman is of the rank of a Secretary to Government of India. The Vice-Chairman and the Members are of the rank of an Additional Secretary to the Government of India. Members of the Commission are appointed from the serving Chief Commissioners of Income Tax or of equivalent rank. The senior most Member of every Bench, other than the Principal Bench is called as Vice-Chairman of the respective Bench at any point of time, where as Chairman in the Principal Bench is appointed from amongst the serving Members of the Commission having minimum remaining service of six months on the date of notifying the vacancy for the post of the Chairman of the Commission.

14.7 An assessee is required to make an application to the Settlement Commission in the prescribed form to get his case settled. He has to disclose an Additional Income not disclosed before the assessing officer and the Additional Tax Payable on the Additional Income should be more than Rs. 50 Lakhs in search cases and Rs. 10 Lakh in other cases. The applicants are required to pay the Additional Tax together with the interest before filing the application in the Settlement Commission. The Commission then decides upon the admissibility of the application and in case admitted applications carries out the process of Settlement in a time bound manner by giving opportunity to both parties. The Application shall be disposed of by the Settlement Commission within 18 months from the date of filing of the applications. It has wide power of granting immunity from penalty and prosecution, under the Income Tax Act, 1961 and Wealth Tax Act, 1957, which are major source of litigation. The orders passed by the Commission are final and Conclusive. At present the benefit of the Settlement mechanism can be availed by a tax payer only once in life-time, who has made the first application as or after 1st June, 2007. Further details about Commission are available on its Website. [www.itscindia.gov.in]

14.8 The Commission has taken initiative for introducing E-Governance and operation of E-Court in its working. For this purpose a Committee has been formed which is studying the activities and operational functioning of the Commission for purposes of working out the processes required to be computerized and needed for operation of E-Court. This includes digitization of records and introduction of receipt of application and online, communication of Notices and Orders through e-mail to the concerned parties. The committee is also examining the provisions of the Income Tax Act, 1961, Income Tax Rules 1962 and Income Tax Settlement Commission (Procedure) Rules with a view to identifying the provisions of law and rules which need to be amended for introduction of E-Court. The Principal Bench of the ITSC has started a practice of sending SMS to the concerned parties informing them about the adjournment of case hearings. Other Benches have also been advised to follow the practice. Even before the start of operation of E-Court, the Principal Bench of the ITSC has digitized the case records of cases being heard by scanning the documents, so that the concerned Members and Officers of the Principal Bench could read those cases for efficient and quick disposal of cases.

14.9 Particular attention is being paid by all the Benches for expeditious disposal of all 'old' cases pending (i.e. filed before 01.06.2007 as per directions of Hon'ble Finance Minister.

14.10 A Statement showing the number of Application files and disposal of from the year 2001-02 till 2013-14 (upto March, 2014) is given as under:-

STATEMENT OF CONSOLIDATED RECEIPT AND DISPOSAL OF APPLICATIONS BY THE SETTELEMENT COMMISSION (IT & WT)

Financial Year	Total No. of cases pending at the beginning of the year i.e. 1st April	No. of cases received during the year	Addition due to High Court order	Total for disposal	Total disposal u/s 245D(4) during the year (including rejection)	Total pendency for disposal
1	2	3	4	5	6	7
2001-02	1974	671	-	2645	340	2305
2002-03	2305	560	-	2865	273	2592
2003-04	2592	491	-	3083	188	2895
2004-05	2895	434	-	3329	373	2956
2005-06	2956	479	-	3435	301	3134
2006-07	3134	602	-	3736	350	3386
2007-08	3386	668	-	4054	1845	2085
2008-09	2100	39	-	2139	799	1340
2009-10	1340	48	53	1388	203	1238
2010-11	1356	108	138	1611	423	1184
2011-12	1209	350	(-)6	1553	376	1177
2012-13	1186	410	(-)4	1592	443	1149
2013-14 Upto March, 2014	1114	363	1	1324	673	441

Statement regarding Additional Taxes in Application received from 01.04.2013 to 31.03.2014

S. No.	Benches	No. of Applications received	No. of Application admitted	Amount of Additional Taxes (in crores)
1.	Principal Bench, New Delhi	52	21	86.40
2.	Additional Bench-I, New Delhi	24	18	23.12
3.	Additional Bench-II, New Delhi	51	38	74.33
4.	Additional Bench-I, Mumbai	92	166	319.09
5.	Additional Bench-II, Mumbai	58	28	134.26
6.	Additional Bench, Kolkata	47	43	95.97
7.	Additional Bench, Chennai	39	37	78.69
	Total	363	351	811.86

15. Authority for Advance Rulings (Income Tax)

15.1 Function of Authority for Advance Rulings (Income –tax):

The Authority for Advance Rulings (Income Tax) is a quasi judicial body under the Ministry of Finance, which is chaired by a retired Supreme Court Judge. It was established in 1993 as per the provisions of Chapter XIX B of the Income Tax Act 1961 inserted by Finance Act 1993 w.e.f. 01.06.1993. The Authority gives rulings on the taxation issues raised by non-residents relating to transactions undertaken / proposed to be undertaken with a resident. Residents having transactions with non-residents can also seek ruling in relation to the tax liability of a non-resident. Public Sector Undertaking can also apply to the AAR for a ruling.

15.2 Central Sales Tax Appellate Authority:

The Authority for Advance rulings (Income Tax) has also been notified vide notification dated 17.03.2005 (as amended by notification dated 07.06.2005) as Central Sales Tax Appellate Authority to settle inter-state disputes falling under section 6A read with Section 9 of the Central Sales Tax Act, 1956. It started functioning as CSTAA w.e.f. 01.03.2006 vide notification dated 03.2.2006.

15.3. Performance of the Authority:

a) The authority has so far pronounced rulings/ passed orders in 1214 (64 in F.Y. 2013-14) cases of Income Tax and 63 (2 in F.Y. 2013-14) cases of CSTAA, on intricate questions of law and facts. The rulings delivered in income-tax matters have facilitated the non- residents in their investment venture in India. Many of the questions coming up before the Authority are such where, generally decisions of High Court or the Supreme Court are not available.

b) This authority has been making sincere efforts for widening the awareness about this facility created by Government of India. The official website of the AAR (www.aar.gov.in) is regularly updated.

c) The handbook on Advance Rulings, clarifying the role and provisions relating to AAR has been circulated widely and has been received well.

16. Central Economic intelligence Bureau

16.1 Organization and Functions

16.1.1 The Central Economic Intelligence Bureau is the nodal agency on economic intelligence. It was set up in 1985 for coordinating and strengthening the economic intelligence and enforcement activities under the Ministry of Finance.

16.1.2 The Bureau is headed by a Special Secretary cum Director General who is assisted by two (02) Deputy Director Generals, Joint Secretary (COFEPOSA), Assistant Director Generals, Under Secretaries, Senior Technical Officers and other staff. The Bureau has a sanctioned strength of 113 officers & staff. Presently it is working with a working strength of 63 only.

16.1.3 In terms of its existing charter, the CEIB functions as

a) The Secretariat for the Economic Intelligence Council (EIC)

b) Coordinator and repository of economic intelligence (ECOINT) and

c) Administers the COFEPOSA Act 1974 at Central Government Level.

16.1.4 As part of its mandate, the CEIB

i. Maintains databases on economic offenders and offences

ii. Acts as a Think Tank and studies and analyses macro level economic activities

iii. Supervises and monitors the functioning of 22 Regional Economic Intelligence Councils (REICs), which are coordinating bodies at the field level and comprise of representatives from various Central and State enforcement and investigative agencies dealing with economic offences.

iv. Organizes training programmes in premier training institutions for officers of the Department of Revenue/ Member agencies of REICs.

16.1.5 The last Meeting of the EIC under the Chairmanship of Hon'ble Finance Minister was held on13.09.2013 and the Working Group on Intelligence Apparatus pertaining to EIC met twice under the Chairmanship of Secretary (Rev) on 21.05.2013 and 10.12.2013 at North Block, New Delhi. During these meetings the action taken on the decisions arrived in the previous meetings of EIC were reviewed. The issues pertaining to Intelligence gathering and coordination and performance of the REICs were deliberated and appropriate directions were given.

16.2 Major activities undertaken by the Bureau during the current financial year (April-November,2013-14) are as follows

a) Head of Agencies (HOA): The Head of Agencies Committee comprises of Heads of Intelligence and

Investigative Agencies under the Department of Revenue and discusses the trends of intelligence emerging in the economic field. It shares strategic intelligence in the areas of Customs, Central Excise and Service Tax, Income Tax, Hawala, Drugs and FICN and identifies other cases with inter agency ramifications, for joint and / or coordinated action.

b) Group on Economic Intelligence(GEI): The Group on Economic Intelligence (GEI) provides a co-ordination platform for sharing of intelligence between the Member Agencies. Inputs shared through this platform help in pooling of resources for co-ordinated action for combating economic offences, some of which also form predicate offences and the Intelligence so gathered on Trade Based Money Laundering is instrumental in booking cases under PMLA & FEMA. The Bureau, on its own, also develops inputs in the field of economic offences and shares them with appropriate Intelligence and Enforcement Agencies for further action.

During the current year, intelligence inputs developed by the Bureau as well as received from other agencies were disseminated to the Member Agencies for further action. The inputs covered various fields such as smuggling of FICN, Drugs, Hawala networks, receipt of foreign funds from suspect sources, violation of MTSS guidelines, pertaining to black money in Private Placement Program, Excise duty evasion, Income Tax evasion, Bank Frauds, misuse of subsidiary scheme, ploughing back of concealed income by companies, etc.

Other issues discussed / monitored under the GEI were:-

i. Information on important offenders.

ii. Dossier Status.

iii. Identification of issues for examination by GEI.

All the above tasks relating to examination/ analysis of Economic offences are spread across vast spectrum ranging from illegal export/ import, money laundering, Fake Indian Currency detection, smuggling of red sanders tax evasion trends, mis-use of financial channels like Banks, Insurance NBFBP etc which bring to the fore the policy gaps highlighted by CEIB. This data & modus operandi can be used for National Risk Assessment.

16.3 Study/ Reports of Inter-Ministerial Groups

a) Study Group on Multi Level Marketing: A Study Group was formed on the issue on Multi Level Marketing which was deliberated in the meeting of the Working Group as it observed that gaps between the existing mechanism and the requirements exist. Following conclusions emerged from the meeting of the Study Group:

- Early warning system is required so that a scheme is unearthed before it becomes monstrous;
- There is a need for Central Agency empowered for collection of intelligence having preliminary and discreet investigation skills to make such intelligence actionable;
- CEIB can provide a platform for core group to have preliminary view of the Schemes as and when they come to the notice of any of the Agencies. This can act as a starting point to decide which investigative Agency would take the lead role;
- Another Central Agency can look into the investigations of important cases;
- A Sub-group consisting of Director level officers from CEIB,DFS, CBI and Ministry of Consumer Affairs can be formed among the Members to suggest exact amendments in the Act in a time bound manner;

Accordingly a Sub- Group comprising the representatives of the Department of Consumer Affairs, Department of Financial Services (DFS), Central Bureau of Investigation (CBI) and Central Economic Intelligence Bureau (CEIB) was constituted for suggesting amendments in the laws in relation to the problem of Multi Level Marketing. The below mentioned are the recommendations on the same:

i. An offence under Prize Chits and Money Circulation Schemes (Banning) Act, 1978 can be made non- bailable offence.

ii. The Prize Chits and Money Circulation Schemes (Banning) Act, 1978 under consideration for amendment is prohibitory Act and not regulating one.

iii. An offence under the PCMCS (B) can be made a predicate offence under the PMLA as it was observed that money collected by the scamsters was either being siphoned out of the country or being laundered within the domestic economy.

iv. Section 7(ii) of the PCMCS (B) Act need to be suitably amended to designate a Central Agency to collect Intelligence as well as investigate cases related to Multi Level Marketing schemes.

b) Multi Level Marketing Draft Bill Study:

An Inter-Ministerial Group (IMG) comprising the representatives of the Ministry of Corporate Affairs, Reserve bank of India (RBI), Securities Exchange Board of India (SEBI), Department of Consumer Affairs, Central

Economic Intelligence Bureau (CEIB) and the Serious Fraud Investigation Office (SFIO) was constituted to formulate the guidelines for effective regulation of schemes under the Prize Chits and Money Circulation Schemes (Banning) Act, 1978. The Bureau examined the draft amendment bill related to Prize Chit and Money Circulation Schemes (Banning) Act, 1978 sent by DFS and also separately offered the following comments:

(i) The Prize Chits and Money Circulation Schemes (Banning) Act, 1978 is a prohibitory Act and not regulatory one, (ii) that there is a need to have different setup Agencies which operate at different functional levels in terms of intelligence and investigation requirements. There is a case to nominate an intelligence Agency and there is a case to appoint a Specialized Central Agency for investigation. It was, therefore, suggested that the Act should be amended in such a manner that gives power to the Central Government to notify the agency by way of notification in the Official Gazette for the defined purposes, and the Bureau also suggested that an offence under the proposed Act be made a Predicate Offence under PMLA as these frauds often involved money laundering of the proceeds within, as well as outside, the country.

c) IMG on mis-use of Urban Cooperative Bank

An Inter Ministerial Group(IMG) was constituted under the Chairpersonship of SS cum DG, CEIB and comprising of Members from DFS,DOR,FIU,RBI,CBI and CBDT to look into the following issues:-

- Devising an institutional mechanism for sharing intelligence relating to financial irregularities contained in the Inspection Reports of RBI with the Bureau which can be further shared by the Bureau with concerned LEAs;
- Empowering a Central Agency to launch necessary investigations;
- Strengthening the Central Agency to launch necessary investigations;

The IMG after detailed study had made the following recommendations:-

- RBI must share the relevant extract of the Inspection Reports which impinge on other statutes, with CEIB and REICs so necessary action can be initiated by the concerned agency at the appropriate time;
- RBI must share the relevant extract of the Inspection Reports having implications under KYC/AML with the FIU-IND and CEIB;
- The STR/CTR must be shared with FIU-IND by the UCBs and Commercial Banks managing deposits of UCBs;
- Matters relating to Urban Cooperative Banks(UCBs) which come under the jurisdiction of State Govt., requiring investigation by CBI should be brought up by RBI, quickly, so that timely investigation can be initiated by CBI after taking due approval.
- The implementation of Malegam Committee needs to be expedited which also deals inter-alia with the problems arising out of deal control of UCBs leading to slackening of investigations.

d) Disclosure on the Source of undisclosed Income:

The Bureau came across number of reports regarding Income Tax evasion where the assesses fail to disclose the source of undisclosed income while declaring the same to the Income Tax Department. Due to non disclosure of sources, it was difficult to find out the implications for other Departments of such additionally declared income before the Income Tax Department.

The matter was taken up by the Bureau before the Economic Intelligence Council held under the Chairmanship of Hon'ble Finance Minister. CBDT in compliance of the directions of Economic Intelligence Council carried out amendments in their Income Tax Returns Form, making it mandatory to disclose the source/ sources of such additionally declared income before the Income Tax Department.

e) Coordination in General and in some major cases

a. Coordination regarding detection and destruction of illicit opium poppy cultivation:-

The Bureau coordinates with field Agencies for reporting on illicit opium cultivation in various States and destruction thereof.

b. Secure Information Exchange Network (SIEN):-

As per the decision of the EIC in 2007, a secure network platform for online exchange of intelligence and information has become fully operational.

c. CEIB's Database on Economic Offences and Offenders:-

CEIB is maintaining and building up a comprehensive database of economic offenders and offences, on the basis of reports received from various Law Enforcement and Intelligence Agencies.

d. Some Major cases coordinated in Bureau relate to:

(i) Ploughing back of concealed income by Companies

Based on the information passed on by CEIB, the DGIT (inv), Kolkata was able to detect infusion of unaccounted income to the tune of Rs.1337 Crores as Share Capital and Share Premium by a Group Company through entry operators. The Group so far had voluntary disclosed Rs.102 Crores as unaccounted income. DGCEI has also booked a case of Central Excise Duty Evasion of Rs.30 Crores against the same Group recently out of which Rs.6 Crores have been deposited.

(ii) Bank Fraud: A formation on misuse of bank loans and Technology Up-gradation Fund Scheme (TUFS) of more than Rs. 3000 Crores and violation of various Acts by a group company was recorded and developed in the Bureau. The group consisting of 8 companies has taken more than Rs. 3000 Crores from various Public Sector Banks by submitting forged/ fake document and instead of investing this money in the projects have diverted more than 95 % of the same for

(1) Buying Lands/Flats/Building/Malls at various places across the country

(2) Buying shares

(3) Jacking up prices of shares of listed companies and also

(4) Parking of money overseas.

(iii) Evasion of duty/tax by Telecom Service Providers: The issue relates to the below market price value of calls provided by Telecom Service Provided to its employees and their relatives who have no direct correlation to the business of the employer. The implication involved therein relate to Fringe Benefit Tax as well as Service Tax.

(iv) Private Placement Program: The CEIB had recorded and developed information on this new modus operandi and the same was shared with various enforcement Agencies. Based on the same, the DGIT (I & CI) has confirmed the modus operandi and was also able to detect unaccounted income of Rs. 2280 Crores (Approx).

(v) Clandestine Removal of goods: An information regarding Central Excise Duty evasion on account of clandestine removal of goods, was developed in the Bureau. The same was passed on to the CBEC for action. Initial action has led to unearthing of clandestine clearances of Rs. 60 Crores involving which has been shared with Regional Economic Intelligence Council for further action.

(vi) Money Stashed in Overseas Accounts: The Bureau has forwarded to CBDT, ED, FIU, DRI and DGCEI, a list (Procured through a source) containing OVER 600 names and addresses of individuals/entities of Indian origin who may have stashed funds abroad in tax havens.

(vii) Issue of bogus bills: An information was developed and recorded in the Bureau that some syndicates in NCR Region have given only bills without material, worth more than Rs.2000 Crore to various companies. The information was shared with CBDT for prompt action.

(viii) Money Laundering through Cooperative Bank: An input regarding huge amount of unaccounted money laundered through Indian Mercantile Cooperative Bank, Lucknow was shared with CBDT for examination and further action in June 2013.

(ix) Fraud in a PSU The related case was examined in the Bureau and sent to CBI for further action.

(x) Dissemination of cases culled out from reports received in the Bureau: During 2013, 1685 cases (involving Customs, Central Excise and Service Tax duty evasion of Rs.3096 Crores and undisclosed income of Rs. 4219 Crores), having implications for other Departments have been culled out from various reports received in CEIB from CBEC and CBDT and the same have been shared with concerned Member Agencies/ REICs for further action.

(xi) Dissemination of details contained in Currency Declaration Forms (CDFs): The Bureau analysed 29,354 CDFs received from International Airports at Delhi, Mumbai, Chennai, Ahmedabad, Amritsar, Hyderabad, and Goa and shared important observations with concerned Intelligence and Investigative Agencies.

(xii) Bogus Sales Bills: The modus operandi of Bogus Sales Bills amounting to Rs. 25,000

Crores (approx.) was detected by Sales Tax Department at Mumbai which was shared in the REIC. The Bureau disseminated the details of modus operandi and action to be taken to all the Chief Secretaries of States.

(xiii) **Multi-Level Marketing Schemes:-**The issue of mushrooming growth of the MLM Schemes was of serious concern, the Central Economic Intelligence Bureau always kept it as part of the agenda in all the subsequent Economic Intelligence Council meetings.

The Bureau has been regularly disseminating the intelligence/ information received, to respective State Governments on Multi-Level Marketing Schemes. During this year the Bureau has received 33 STRs from FIU-IND and feedback from two States, i.e. Kerala and Karnataka who have taken effective measures to plug some of the MLM Schemes and arrested quite a few persons and frozen the assets belonging to the concerned entities.

The Bureau had forwarded the Suspicious Transaction Reports pertaining to Speak Asia received from FIU-IND, Inputs received from IB, and inputs received from other NGO organizations to SFIO and to the concerned State Governments to take further action.

16.4 FICN Report

In pursuance of GOM Report tasking the NSCS to track the developments relating to Fake Indian Currency Notes and to alert concerned Agencies, the Central Economic Intelligence Bureau was directed vide the Cabinet Secretariat (NSCS) U.O. No.C-183/1/2001/NSCS (CS) dated 22nd May, 2001 to take steps to keep NSCS informed on a continual basis regarding the development as far as printing, smuggling and circulation of Fake Indian Currency was concerned. Accordingly, the Bureau collects data from all agencies like DRI, IB, CBI, R&AW and State Police in prescribed proforma. On the basis of this data, a half yearly nationwide comprehensive analysis report on printing, smuggling and circulation of Fake Indian Currency Notes was submitted to the National Security Council Secretariat. Report was also shared with the 22 Regional Economic Intelligence Committees operating in different parts of the country. All economic and other law enforcement agencies in the Regions, both of Central and State Governments are represented in these Committees.

16.5 Administration of COFEPOSA Act

The overall administration of the Cofeposa Act, 1974 (Conservation of Foreign Exchange and Prevention of Smuggling Activities Act) including monitoring of action taken there under by the State Governments is one of the functions performed by CEIB. The COFEPOSA Act, 1974 acts provides for preventive detention for purposes of conservation & augmentation of foreign exchange and prevention of smuggling activities and for matters connected therewith. During the period from 1st January, 2013 to 29th November, 2013, 40 Detention Orders were issued under Act. Ibid. 33 persons were, however, actually detained during this period, including those against whom Detention Orders were issued during this year and previous year.

16.6 Coordination with FIU-IND

There is a regular inflow of inputs from FIU-IND, which is disseminated for further action by the Bureau after due process. The inputs are found useful for economic intelligence.

16.7 Training

To enhance the investigative skills of officers of Department of Revenue in intelligence gathering techniques etc. the Bureau organizes training courses at various specialized training institutions. During 2013-14, the following programs were organized:

- 'Prevention of Insurance Frauds' at the National Insurance Academy, Pune;
- 'Computer and Internet Crimes' at Sardar Vallabhai Patel Police Academy, Hyderabad;

  'Banking operations & Fiscal Law Enforcement' at State Bank Staff College, Hyderabad;
- "Investigating Economic Crimes in Financial Markets" at Indian Institute of Capital Markets, Mumbai
- "Intelligence Gathering & Intelligence Tradecraft" at Cabinet Sectt. Training Institute, Gurgaon
- "Intelligence gathering & Intelligence tradecraft" at Military Intelligence Training School & Depot, Pune.

16.8 The following major activities undertaken by the Bureau during the period 1.1.2014 to March, 2014

16.8.1 During the above period, the Bureau, as Secretariat to the Economic Intelligence Council had convened a meeting of the forum under the chairmanship of Hon'ble Finance Minister on 12.03.2014, wherein inter-alia, the following important issues were discussed and identified for further action:

(i) Bogus Sales Bills: On Bureau's initiative the Commercial Taxes Departments of various States had initiated steps including developing computerized modules to detect evasion of VAT. Bogus Bill transactions amounting to hundreds of crores have already been detected and further investigations are on. The Bureau is coordinating with the State Governments on this issue. The exercise will also enable Income Tax Department to investigate from their viewpoint.

(ii) Urban Cooperative Banks (UCBs) : The role of UCBs in facilitating money laundering was taken up by the Bureau and various measures to counter the same were decided and Agencies identified for further action.

(iii) Non Banking Financial Companies : A lacunae in the existing mechanism inhibiting the regulation of unregistered NBFCs was brought to fore in the forum and Department of Financial Services (DFS) was identified to thoroughly examine the issue and suggest measures to plug the loopholes.

(iv) Non-Government Originations (NGOs) : MHA was advised to share details of suspect NGOs with CBDT and ED for further investigations under the respective statutes.

(v) Disclosure on source of undisclosed income : A mechanism is being designed to share potential and relevant cases, wherein the source of undisclosed income has been reflected in the IT Returns, by field formations of CBDT in the REICs. The Bureau is coordinating with CBDT on the issue.

(vi) Misuse of Jewellery Schemes: Consequent to raising this issue in the forum, Ministry of Corporate Affairs(MCA) has taken into consideration for inclusion of the amount mobilized by the Jewellery Companies in the definition of Deposits in the Draft Deposit Rules under the New Companies Act, 2013.

(vii) Online Access to Databases: Steps are being taken by MHA to interlink select databases and to provide online access with an audit trail to specific Agencies.

(viii) Interlinking National Economic Intelligence Network (NEIN) and Secured Economic Intelligence Network (SIEN) : The Bureau has allowed online access to its database to the Members agencies through Secured Economic Intelligence Network (SIEN) platform.

(ix) Unlawful imports into India : The Bureau had brought to the notice of EIC about the regulatory gap that exists in the present mechanism on the payments made for goods imported into India. The Bureau has suggested measures to counter the same which is under examination of RBI.

(x) National Spot Exchange Limited (NSEL): Certain loopholes in the existing mechanism for implementation and monitoring of Warehousing (Development and Regulation) Authority and the provisions laid in the Warehousing Development and Regulation (WDR) Act were pointed out in the forum. A clarification has been sought from Department of Consumer Affairs (DCA) which is awaited.

(xi) Data Security : Ministry of Home Affairs (MHA) has been entrusted with the task of monitoring the implementation of the Cyber Security Policy of the Government by concerned Ministries/ Departments and take corrective measures so that data at motion and also those at rest are secured. In this regard MHA is in the process of issuing necessary guidelines.

(xii) The Bureau has also taken up the following issues for appropriate action by concerned Agencies:

(i) Misuse of bank loans and Government Subsidies by a Group Company running into thousands of crores of rupees

(ii) Evasion of duty/tax by Telecom Service Providers

(iii) Fraud by a Builder running into thousands of crores of rupees

The field formations of various Enforcement/ Intelligence Agencies across the country reports cases booked/detected by them to the Bureau. Out of these, the Bureau culls out cases having implications to other Agencies and share the same with the concerned Agencies/REICs for appropriate action. During 2013-14, 283 such cases were shared by the Bureau with REICs/ Agencies. On account of this exercise, an amount of over Rs. 26 Cr additional revenue has been realized by the Member Agencies during 2013-14 and demands have been raised for another Rs. 45 Cr.

16.8.2 During the period January,14 to March, 2014, 179 dossiers of economic offenders have been received in the Bureau.

16.8.3 Regional Economic Intelligence Councils (REICS)

The Bureau also monitors the functioning of REICs which are nodal agencies at the regional level for coordinating action of the enforcement/intelligence agencies at the field level. Information are shared by the Member Agencies in the REIC forum and during 2013-14 additional revenue amounting to over Rs 33 Crore has been realized on account of this exercise.

16.8.4 FAKE INDIAN CURRENCY NOTES (FICN) Report

Matter related to Fake Indian Currency Notes (FICN) was discussed in the meeting of Economic Intelligence Council on 12.03.2014 wherein Finance Minister has directed. Department of Economic Affairs (DEA) to continuously evaluate security features of the Indian currency and update the same/include new one whenever the imitation quotient reaches the threshold limit.

16.8.5 Administration of Conservation of Foreign Exchange and Prevention of Smuggling Activities (COFEPOSA) Act

The overall administration of the COFEPOSA Act, 1974 (Conservation of Foreign Exchange and Prevention of Smuggling Activities Act) including monitoring of action taken there under by the State Governments is one of the functions performed by CEIB. The COFEPOSA Act, 1974 provides for preventive detention for purposes of conservation & augmentation of foreign exchange and prevention of smuggling activities and matters connected therewith. During the period from 01.04.2014 to 31.03.2014, **14 detention orders issued.**

17. Directorate of Enforcement

17.1 Organization and Functions:

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

17.1.2 The Directorate is in the process of opening new offices as well as to fill up the posts in a phased manner, keeping in view the need to ensure the quality of intake necessary for an investigative agency. The Directorate has a Head Quarters Office at New Delhi, 05 Regional Offices at New Delhi, Mumbai, Kolkata, Chennai and Chandigarh besides 16 Zonal Offices and 22 Sub Zonal Offices.

The total strength of the Directorate is now 2064, as under:-

17.1.3 Functions of Executive Wing

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

The main functions of the Directorate are as under:-

i) To collect, develop and disseminate intelligence relating to contraventions of FEMA. The intelligence inputs are received from various sources such as Central and State Intelligence agencies, RBI, complaints, information gathered by officers, etc.

ii) To investigate suspected contraventions of the provisions of FEMA relating to activities such as Hawala, unauthorized dealings in foreign exchange, non-realization of export proceeds, unauthorized retention of funds abroad including bank accounts, unauthorized acquisition of immovable properties abroad, contraventions relating to Foreign Direct Investments (FDIs), External Commercial Borrowings (ECBs), Foreign Currency Convertible Bonds (FCCBs), etc.

iii) To adjudicate cases of violations of the erstwhile FERA, 1973 and FEMA, 1999.

iv) To realize penalties imposed on conclusion of adjudication proceedings.

v) To handle appeals under FEMA.

Post	Sanctioned Strength	In position (as of 31.12.2013)
Executive	1218	379
Ministerial	376	190
Computer Staff/Official Language Staff	69	16
Operational Staff	375	89
Legal Staff	26	10
Total	**2064**	**684**

vi) To handle appeals and prosecution cases under the erstwhile FERA, 1973.

vii) To process and recommend cases for detention under the Conservation of Foreign Exchange and Prevention of Smuggling Activities Act (COFEPOSA) in respect of contraventions under FEMA.

viii) To initiate investigations under PMLA to ascertain whether proceeds of crime have been generated from the Scheduled offence booked by the concerned Law Enforcement Agency and such proceeds have been laundered. If a prima facie case of money laundering is made out, to attach the property derived from the proceeds of crime.

ix) To file prosecution complaints in the designated PMLA Court for the offence of money laundering under PMLA.

x) To provide and seek mutual legal assistance to/from contracting states inrespect of attachment/confiscation of proceeds of crime as well as in respect of transfer of accused persons under PMLA.

xi) To facilitate international cooperation in Anti-Money Laundering (AML) efforts.

17.1.4. Functions of Legal Wing

i) The Legal Wing in the Directorate of Enforcement is headed by the Additional Director (Prosecution) who is over all In-charge of the legal work of the Directorate. The Additional Director (Prosecution) is assisted by the Deputy Legal Advisers and Assistant Legal Advisers in the Headquarters and the Zones.

ii) The Officers in the Legal Wing renders legal assistance and perform advisory duties besides presenting cases before the Adjudicating Authority and Appellate Tribunals. The Legal Wing makes use of the services of the competent lawyers to represent the Directorate in cases of significance. The Officers of the Legal Wing make significant contribution while attending to matters pending before the Adjudicating Authority, Appellate Tribunal for Foreign Exchange, Appellate Tribunal under PMLA, Special Courts, High Courts and Supreme Court. In addition, the Law Officers review the adjudication and judicial orders and suggest appropriate course of action in accordance with law.

iii) The Officers in the Legal Wing of the Directorate do the vetting of Prosecution complaints under PMLA, Appeals, LRs and other documents from legal angel.

iv) The Legal Wing also monitors the progress and speedy disposal of prosecution cases under FERA and PMLA. The Officers of the Legal Wing also brief the Senior Counsels, the learned ASGs, SG and AG on case to case basis as and when so required.

v) The Legal Wing monitors the **Legal Cases Monitoring System (LCMS)** for its day to day updates for effective and speedy disposal of PMLA cases pertaining to Adjudicating Authority/ Appellate Tribunal under PMLA/High Courts and the Supreme Court.

17.2 Highlights of the performance and achievements during the year 2013-14 (upto Nov., 2013)

The performance and achievements of the Directorate during the year 2013-14 (up to December, 2013) are as per **Annexure 'I'** (in respect of FEMA and FERA) and **Annexure 'II'** (in respect of PMLA).

17.3 Performance / achievements upto the last year (2012-13)

The performance and achievements of the Directorate during the financial year 2012-13 are as per **Annexure 'III'** (in respect of FEMA and FERA). The performance and achievements of the Directorate during the financial year 2012-13 are as per **Annexure 'IV'** (in respect of PMLA).

Comparison in disposal of the cases viz-a-viz the corresponding period of 2012 are as under: -

	Cases under Investigation				
	Pending at beginning of the year, 01.01.2013	Registered during the year, 01.01.2013-31.12.2013	Disposed off during 01.01.2013-31.12.2013	Pendency as on 31.12.2013	Percentage disposal w.r.t. pendency
FEMA	5755(5821)	1733(990)	1533(1055)	5955(5755)	26.6%(18.1%

	Cases under Investigation				
	Pending at beginning of the year, 01.01.2013	Registered during the year, 01.01.2013-31.12.2013	Disposed off during 01.01.2013-31.12.2013	Pendency as on 31.12.2013	Percentage disposal w.r.t. pendency
PMLA	1543(1390)	192(203)	204(50)	1531(1543)	13.2%(3.5%)

Remarks: - *Figure in the brackets are the figures for the corresponding period of 2012*

17.4 E-Governance

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

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

i) **Website** - Directorate has a web site having the contents in both English and Hindi, where citizen can get information related to this office, various acts enforced and other related information. Recently, the website has been completely revamped to provide for a new and user friendly interface. Apart from it, various new features like Details of Confirmed Attached Properties, Information about senior officers, Contact Information of PIOs for providing information under RTI Act etc. have also been added.

ii) **FTS** - A file tracing system has been implemented for monitoring the file movement for ED HQ.

iii) **Comp DO -_** A pay roll system has been implemented for managing the salary of its employees.

iv) **E-mail** - NIC email id has been provided to officials.

v) **Video Conferencing** - A web based Video Conferencing system has been introduced in the Directorate.

vi) **MPR (Monthly Progressive Report)** - A web based application has been developed to enter and consolidate the statistical information related to monthly progressive report to FERA, FEMA, and PMLA related cases.

vii) **MIP (Monthly Integrated Proforma)** - A web based application has been developed to enter and consolidate the information related to monthly Integrated Proforma for PMLA.

viii) **Employee Information System (EIS)** - This is a web based application to store, process and generate the various reports of an employee. It provides the information of an employee such as present post, place of posting, date of joining in Enforcement Directorate, date of birth and retirement, mode of recruitment, next date of promotion and post, information of sanctioned post, working post and vacant post at Directorate and its subordinate offices.

ix) **Legal Cases Monitoring System (LCMS)** - This is a web based application to monitor the status of the legal cases filed by the Directorate or by the Party in Supreme Court, PMLA Tribunal, PMLA Adjudication Authority and PMLA Special Court. It captures the information such as Petition Number, Petitioner Name, Role of DoE, Concern Zone Name, ECIR Number, PAO Number etc. It records the status/progress of the case on last date hearing.

x) **Enforcement Directorate Offenders Tracking System (E-DOT)-** A web based application for FEMA and PMLA cases has been developed to capture and create a database for FEMA and PMLA related cases starting from the T-3 file stage. This has been developed in ASP.Net technology to provide the user friendly interface to the users, and SQL Server as a backend database to store the data. Forms have been designed with user friendly interface.

xi) **Notice Board Application-** A new application ' Notice Board' has been developed for uploading/ publishing/viewing the various circulars/ downloadable forms/training related information/ important judgments under FEMA/PMLA etc. The uploaded information is grouped into major category and then in sub categories. On login, it will display the list of all the major categories and which in turn is hyperlinked to display the details of uploaded information for this major category. This application is a ROLE based and there are four pre-defined ROLE viz. 'ADMIN', 'ENTRY', 'PUBLISH' and 'VIEW'. There are further options for raising queries based on various parameters like Category, Circular Year, Circular Number and subject.

17.5 Grievances redressal machinery

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

17.6. Gender Budgeting / Empowerment of women

One case relating to complaint received from a woman employee of this Directorate regarding harassment at work place has been referred to the Committee for prevention of sexual harassment.

17.7 Activities undertaken for disability sector & SC/ST & other weaker section of the society.

The rules framed by the Government and guidelines issued from time to time are adhered to and followed by the Directorate.

ANNEXURE I

	DIRECTORATE OF ENFORCEMENT				
	STATISTICAL DATA FOR THE YEAR 2013-14				
	FROM JAN, 2013 TO DEC, 2013				
A	**Searches & Seizures**	**FEMA**			
1	Searches Conducted	69			
2	FE seized (Rs. in Lakhs)	210.92			
3	IC seized (Rs. in Lakhs)	545.54			
B	**Investigation**	**FEMA**			
1	Initiated	1733			
2	Disposed	1533			
3	Pending	5955			
4	SCNs issued	566			
C	**Adjudication**	**FERA**		**FEMA**	**Total**
1	Cases Adjudicated	122	+	832	954
2	Cases pending adjudication	1079	+	1513	2592
3	Confiscation of Foreign Exchange (Rs. in Lakhs)	2.13	+	80.23	82.36
4	Confiscation of Indian Currency (Rs. in Lakhs)	1.79	+	365.757	367.547
D	**Penalties**	**FERA**		**FEMA**	**Total**
1	Imposed (Rs. in Lakhs)	852.48	+	18488.856	19341.336
2	Realized (Rs. in Lakhs)	434.98	+	718.32	1153.3
3	Pending for realization (Rs. in Lakhs)	870221.87	+	173664.17	1043886.04
E	**COFEPOSA**	**FERA**		**FEMA**	**Total**
1	Orders issued	0	+	3	3
2	Detained	0	+	2	2
F	**Prosecutions**	**FERA**			**Total**
1	Disposal	93			93
i)	Conviction	60			60
ii)	Acquittal	12			12
iii)	Discharge	17			17
iv)	Withdrawn	1			1
v)	Otherwise disposed off	3			3
vi)	Cases reduced	0			0
2	Pending	3307			3307

ANNEXURE II

STATISTICAL DATA OF PMLA CASES

FOR THE TIME PERIOD OF 01.01.2013 TO 31.12.2013

Sl. No.	Key item of work	Total at the end of the month
1.	No. of ECIRs registered(Net)	-12
2.	No. of provisional Attachment Orders issued	84
3.	Value of properties under attachment (in Lacs of Rupees)	85080.56
4.	No. of PAOs confirmed	49
5.	Value of assets under PAO confirmed by the Adjudicating Authority (in Lacs of Rupees)	150632.051
6.	No. of PAOs not confirmed by the Adjudicating Authority	1 (Partially)
7.	Value of Assets in respect of PAOs not confirmed by the Adjudicating Authority (in Lacs of rupees)	208.92
8.	No. of Appeals before Tribunal	
	a) Filed by the party	178
	b) Filed by the Directorate	1
	Total:	179
9.	No. of persons arrested	1
10.	No. of cases in which prosecution complaints filed	24

ANNEXURE III

DIRECTORATE OF ENFORCEMENT					
STATISTICAL DATA FOR THE YEAR 2012-13					
FROM JAN, 2012 TO DEC, 2012					
A	**Searches & Seizures**	**FEMA**			
1	Searches Conducted	20			
2	FE seized (Rs. in Lakhs)	34.23			
3	IC seized (Rs. in Lakhs)	181.76			
B	**Investigation**	**FEMA**			
1	Initiated	990			
2	Disposed	1055			
3	Pending	5755			
4	SCNs issued	455			
C	**Adjudication**	**FERA**		**FEMA**	**Total**
1	Cases Adjudicated	43	+	214	257
2	Cases pending adjudication	1186	+	1779	2965
3	Confiscation of Foreign Exchange (Rs. in Lakhs)	0	+	2.09	2.09
4	Confiscation of Indian Currency (Rs. in Lakhs)	5.26	+	64.81	70.07
D	**Penalties**	**FERA**		**FEMA**	**Total**
1	Imposed (Rs. in Lakhs)	125.54	+	861.845	987.385
2	Realized (Rs. in Lakhs)	389.57	+	58.81	448.38
3	Pending for realization (Rs. in Lakhs)	870340.52	+	155974.71	1026315.23
E	**COFEPOSA**	**FERA**		**FEMA**	**Total**
1	Orders issued	0	+	0	0
2	Detained	0	+	1	1
F	**Prosecutions**	**FERA**			**Total**
1	Disposal	383			383
i)	Conviction	64			64
ii)	Acquittal	4			4
iii)	Discharge	5			5
iv)	Withdrawn	7			7
v)	Otherwise disposed off	13			13
vi)	Cases reduced	290			290
2	Pending	3397			3397

ANNEXURE IV

STATISTICAL DATA OF PMLA CASES

FOR THE TIME PERIOD OF 01.01.2012 TO 31.12.2012

Sl. No.	Key item of work	Total at the end of the month
1.	No. of ECIRs registered(net)	153
2.	No. of provisional Attachment Orders issued	50
3.	Value of properties under attachment (in Lacs of Rupees)	198701.66
4.	No. of PAOs confirmed	41
5.	Value of assets under PAO confirmed by the Adjudicating Authority (in Lacs of Rupees)	13950.889
6.	No. of PAOs under confirmation/Pending before the Adjudicating Authority	8
7.	No. of PAOs not confirmed by the Adjudicating Authority	0
8.	Value of Assets in respect of PAOs not confirmed by the Adjudicating Authority (in Lacs of rupees)	76.24
9.	No. of Appeals before Tribunal	
	a) Filed by the party	126
	b) Filed by the Directorate	2
	Total:	128
10.	No. of persons arrested	3
11.	No. of cases in which prosecution complaints filed	4

18. Financial Intelligence Unit – India (FIU-IND)

18.1 Background and function of FIU-IND:

Financial Intelligence Unit-India (FIU-IND) was set up by the Govt. of India 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.

The main functions of FIU-IND include all matters pertaining to

a. Analysis of information/reports received from Reporting Entities as per the provisions of (Prevention of Money Laundering Act, 2002, (PMLA) and Rules made thereunder and their dissemination to authorized domestic agencies for further action.

b. Enforcement of the provision of PMLA insofar as it relates to FIU-IND

c. Egmont Group and exchange of information with foreign FIUs

d. Interface with reporting entities and their regulators and domestic agencies authorized to receive information from FIU-IND including promoting awareness about AML/CFT, capacity building and training.

18.2 Highlights of the Performance/ achievements during 2013-14 (Upto Mar 2014)

Collection of information

- **9.6 million** Cash Transaction Reports (CTRs) received; **99.95%** in electronic form
- About **54,000** Suspicious Transaction Reports (STRs) received
- More than **4,50,000** Counterfeit Currency Reports (CCRs) received

Analysis and Dissemination of Information

- **24,132** STRs processed
- **14,729** STRs disseminated

Collaboration with domestic Law Enforcement and Intelligence Agencies

- Regular interaction and exchange of information
- Received requests for information from Intelligence & Law Enforcement agencies and provided information in more than **500** cases.
- Provided information in **534** cases requested by the agencies

Regional and global AML/CFT efforts

- **89** requests received from foreign FIUs
- **77** requests sent to foreign FIUs

Increasing awareness about money laundering and terrorist financing

- Contribution in **52** seminars and training workshops covering 3,073 participants
- Organized the 'Train the Trainer' programme for AML/CFT capacity building with **160** participants.

Improving compliance with the PMLA

- **25** review meetings held with Principal Officers

Strengthening legislative and regulatory framework

- Regular interaction with the Department of Revenue and Regulators
- Involvement in framing of the amendments to Prevention of Money Laundering Act, 2002 and PML (Maintenance of Records) Rules, 2005.
- Participation in proceedings of the AML Steering Committee for evolving Risk Based Approach and framing of the National ML/ TF Risk Assessment.

Strengthening IT infrastructure

- All three components of Project FINnet commissioned.
- Phase IV of the Project FINnet accepted. Maintenance phase commenced.
- Successful end-to-end flow of information implemented.
- Planning for further expansion and consolidation of Project FINnet in view of increase of number of reports as well as introduction of new reports and reporting entities.

18.3 E-Governance Activities

(a) FIU-IND initiated project FINnet in 2006 with the objective to 'Adopt Industry Best Practices and appropriate technology to collect, analyze and disseminate valuable financial information for combating money laundering and related crimes.

(b) The first phase commenced in March, 2007 during which the functional and technical specifications of project FINnet were finalised and a detailed

Request for Proposal (RFP) for selection of System Integrator (SI) was also finalised.

(c) The second phase started with signing of contract with SI on 25th February, 2010. All the phases of the implementation of the project have been completed and the Gateway Portal became live on 20th October, 2012.

(d) With the implementation of the project FINnet, the earlier fixed-width, multiple data files reporting format has been replaced by a new single XML file format. FIU-IND has provided report generation utility and report validation utility to facilitate Reporting Entities in submission of reports through the FINnet Gateway Portal. FINnet Exchange (FINex) enables seamless exchange of information with domestic agencies. FINex also enables the users i.e. Domestic Intelligence/Law Enforcement Agencies to make requests for information to FIU utilising the portal.

19. Integrated Financial Division

Integrated Finance Division of the Department of Revenue is under the direct supervision of Additional Secretary & Financial Advisor (Finance). There are three units dealing with budget, finance and expenditure management in respect of the grants pertaining to **Department of Revenue, Direct Taxes and Indirect Taxes**. Director (Finance), D/o Revenue/Excise & Customs and Director (Finance), Direct Taxes/Expenditure assist the AS&FA (Fin).

19.1 Activities undertaken by the Integrated Finance Unit :

All offices under the Department of Revenue, which *inter-alia* include Revenue headquarters, Central Board of Direct Taxes, Central Board of Excise & Customs, Narcotics Control Division, Central Bureau of Narcotics, Chief Controller of Factories, Central Economic Intelligence Bureau, Financial Intelligence Unit (FIU-IND), Enforcement Directorate, Customs, Excise & Service Tax Appellate Tribunal (CESTAT), Settlement Commission (IT/WT), Authority for Advance Rulings, Appellate Tribunal for Forfeited Property, Adjudicating Authority under PMLA, Income Tax Ombudsman, National Committee for Promotion of Social & Economic Welfare, all field offices of Income Tax Department which include Directorate General of Income Tax (Systems), Directorate General of Income Tax (Legal & Research), Directorate of Income Tax (O&M Services), Directorate of Income Tax (Infrastructure), National Academy of Direct Taxes and other field offices under the Central Board of Direct Taxes, all field offices under Central Board of Excise & Customs which include Directorate General of Systems & Data Management, Directorate General of Human Resource Development, Directorate of Revenue Intelligence, Directorate General of Central Excise Intelligence, Directorate General of Service Tax, National Academy of Customs, Excise & Narcotics, etc., are serviced by the three units of Integrated Finance Division in terms of Budget formulation, allocation, expenditure monitoring, control, enforcing economy, scrutiny and sanction of expenditure proposals beyond the delegated powers of field offices.

19.2 Details of expenditure and financial proposals scrutinized and approved:

(a) Creation and continuation of posts, construction/purchase/hiring of offices, as well as residential accommodation for the field formations of Central Board of Excise & Customs and Central Board of Direct Taxes, Department of Revenue and its attached offices.

(b) Procurement of goods and services including procurement of anti-smuggling equipments i.e. scanners and marine vessels.

(c) Proposals for deputation abroad of officers of the Department, CBDT, CBEC and their field offices.

(d) Restructuring proposals, redeployment of personnel in field formations and constituent units.

(e) Comprehensive Computerization of Department of Revenue, its field formation including Customs and Central Excise formations and Income Tax field formations.

(f) Computerization of States for Value Added Tax (VAT) purposes.

(g) Proposals from Committee of Management (COM), D/o Revenue which oversees the functioning of Government Opium & Alkaloid Works (GOAWs).

(h) Grants-in-aid to National Institute of Public Finance & Policy and Central Revenue Sports Board.

(i) Proposals for Standing Finance Committee (SFC), Committee of Non-Plan Expenditure (CNE) and Cabinet Committee on Economic Affairs (CCEA) relating to comprehensive computerization plan of CBDT/CBEC, capital expenditure involving construction of office/residential complexes and readymade office/residential buildings of all the three Departments, Mission Mode Project for Commercial Taxes (MMP-CT)

Project and NEVAT Computerization project.

(j) Proposals received for sanction of financial assistance from the Customs & Central Excise Welfare Fund and Special Equipment Fund. Revision of norms were finalized in respect of setting up of/ refurbishing of recreation/sports clubs, gymnasiums, Departmental Canteens, crèches for children of Departmental officials and guest houses. Scope of cash award scheme for meritorious children with special emphasis on girl children and children of group 'D' staff was revised. As a result, more wards of the employees were benefited.

(k) Schemes proposed by CBDT/CBEC for utilizing the budget provision under 1% Incremental Revenue Incentive Scheme for obtaining approvals of the competent authority.

(l) Proposals involving relaxation/interpretation of financial rules and all proposals requiring reference to the Department of Expenditure.

19.2.1 The expenditure budget/non-tax revenue receipts of Department of Revenue, Direct Taxes and Indirect Taxes for BE 2013-14/RE 2013-14 and BE 2014-15 was prepared, discussed with Secretary (E) and finalized as below :-

19.2.2 Integrated Finance Division has taken the following steps/initiatives in 2013-14:-

(i) Implementation of Cash Management Plan as per Monthly Expenditure Plan (MEP) and Quarterly Expenditure Allocations (QEA) as envisaged by Budget Division.

(ii) Review of Monthly and Quarterly Expenditure vis-à-vis budgetary allocations and MEP/QEA and report to Revenue Secretary and Expenditure Secretary through quarterly DOs.

(iii) Enforcement of instructions on economy in expenditure by periodic review of expenditure and advisories to spending authorities for expenditure control in line with the economy instructions issued by the Department of Expenditure.

(iv) Preparation and review of Outcome Budget and monitoring of Outputs and Outcomes, with reference to the targets and budgetary allocation, was done in respect of important schemes of Implementation of VAT Scheme and compensation to States/UTs for loss of revenue due to implementation of VAT/CST; Setting up of Tax Information Exchange System (TINXSYS); Government Opium & Alkaloid Works; Comprehensive computerization of the Income Tax Department; Acquisition of residential and office accommodation; Strengthening of IT capability for e-governance of CBEC; Acquisition of ships and fleets to strengthen Marine capability & Acquisition of Anti-Smuggling equipments.

(₹ in crore)

Grant	Gr. No.	2013-14		2014-15
		BE	RE	BE
D/o Revenue	42	10217.90	2713.87	832.91
Direct Taxes	43	4361.89	4179.54	5094.89
Indirect Taxes	44	3979.50	3943.56	5155.33

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

19.2.4 The Integrated Finance Division has been watching the formulation of schemes of important expenditure proposals from their initial stage and also watching the settlement of audit objections, inspection reports, draft audit paras and reports of PAC/Standing Committee.

20. National Committee for Promotion of Social and Economic Welfare

20.1 Constituted in early 1992 under the Chairmanship of Justice Mr. P.N. Bhagwati, former Chief Justice of India, the National Committee for Promotion of Social and Economic Welfare, recommends projects for promotion of sports, social and economic welfare and pollution control received from Trusts/Institutions, to the Central Government for Notification under Section 35 AC of Income Tax Act, 1961. The funding of the approved projects is through donations on which the donors are entitled to 100% tax exemption under the Income Tax Law.

20.1.1 The National Committee for Promotion of Social and Economic Welfare is constituted by the Central Government for a term of (03) three years and consists of 14 Members including its Chairman. The Government appoints any former Chief Justice of India as Chairman of the Committee and other 13 persons of public eminence, hailing from various walks of life, as Members of the Committee. Secretariat of the National Committee comprises of:-

(i) Secretary (Joint Secretary level);

(ii) Director/ Deputy Secretary &

(iii) Section Officer and Staff

20.1.2 The present National Committee for Promotion of Social and Economic Welfare was reconstituted and subsequently notified on 4th March, 2014 for a period of three years. The composition of the same is as follows:-

S.No.	Name of the Committee Members	Designation	Place
1.	Mr. Justice R.C. Lahoti	Chairman	Noida, Uttar Pradesh
2.	Shri Amardeep Singh Cheema	Member	Batala, Punjab
3.	Shri Amiya Kumar Sharma	Member	Guwahati, Assam
4.	Shri Baldev Chowdhary	Member	Lucknow, Uttar Pradesh
5.	Smt. Chetna Sinha	Member	Satara Maharashtra
6.	Shri D.R. Mehta	Member	Jaipur, Rajasthan
7.	Shri Enrico Piperno	Member	Kolkata, West Bengal
8.	Shri Habib A. Fakih	Member	Mumbai, Maharashtra
9.	Prof. Naladi Samuyelu	Member	Guntur, Andhra Pradesh
10.	Dr. Naresh Gupta	Member	New Delhi
11.	Shri Sanjeev Kumar Arora	Member	New Delhi.
12.	Smt. Shameema Raina	Member	Srinagar, J&K.
13.	Smt. Shashikala Vamanan	Member	Chegalpattu, Tamil Nadu.
14.	Shri Vinayak Lohani	Member	Kolkata, West Bengal

20.1.3 The functions and procedures of the National Committee are governed by Rules 11-F to 11-O of the Income Tax Rules, 1962. The procedure of filing the application and the manner in which the applications are to be considered and decided by the National Committee are enumerated in Rules 11-L and 11-M of the Income Tax Rules, 1962. Upon receipt of the application, the Secretariat of the National Committee processes and scrutinizes it to verify that they are complete in all respect and all documents/information as required under the Rule are enclosed.

20.1.4 Thereafter, Appraisal Report containing the salient points of the applications are prepared and put up for consideration of the National Committee. The National Committee either rejects or grants approval to the project/ scheme. The National Committee records only summary findings of the decisions taken by it. The approved projects/ schemes are recommended by the National Committee to the Central Government to be notified as eligible project or scheme. The Committee's decision to approve a project or scheme is of recommendatory value and is subject to acceptance by the Central Government. In the cases, where the project/scheme of the institutions/ associations are recommended by the National Committee and subsequently accepted by the Central Government, the same are notified in the Official Gazette and in the cases where the National Committee does not find the scheme or project fit for approval, decision is communicated to the applicants by the Secretariat of the National Committee.

20.1.5 In the financial year 2013-14, a total number of three (03) Business Meetings were held by the National Committee headed by Justice S.P. Bharucha, which expired its term on 28.2.2014, in which 235 fresh applications/ projects were considered and 64 cases were recommended for approval by the National Committee. Out of these 64 cases 62 cases have been notified whereas 02 cases are yet to be notified for want of certain information. The present Committee headed by Justice Mr. R.C. Lahoti did not hold any meeting in the year 2013-14.

20.1.6 It is not practically feasible for the National Committee for Promotion of Social and Economic Welfare to facilitate online filing of application for approval of National Committee as the Committee requires hard copy of certified documents/information from the applicants for processing of the case.

21. National Institute of Public Finance and Policy

21.1 The National Institute of Public Finance and Policy has no direct dealing with general public, therefore, there is nothing to reflect their endeavour towards excellence in public service delivery. However, this year also the

Institute's contribution by way of policy advice has led to a large extent to restore internal and external fiscal balance in the country. Established in 1976 as an autonomous institution under the Societies Registration Act, it has grown into an important think tank on public finance and fiscal policy. The Governing Body is chaired by an Economist of Eminence and at present Prof. C. Rangarajan, Chairman of Economic Advisory Council to the Prime Minister is the Chairman of the Governing Body. Government is represented by the Secretary (Revenue), Secretary(Economic Affairs) and Chief Economic Adviser of the Ministry of Finance. There are three eminent Economists in the Governing Body and representatives of FICCI and ASSOCCHAM. There is an Academic Committee advising the Director.

21.2 Research conducted in matters relating to tax policy and administration, public expenditure and control, public debt and its management, inter-governmental fiscal relations, economics and pricing of public and industrial enterprises in addition to other aspects of public finance have resulted in efficiency and growth potential and competitiveness of the Indian economy in medium to long term time frame.

21.3 The Institute has enhanced and improved understanding of the above issues by conducting several training courses, seminars, and policy dialogue for public servants and policy makers and disseminating its research output. Expert advice of the NIPFP faculty in the successive Finance Commissions, high level committees have aided policy makers to devise schemes for eliminating revenue deficit to bring about greater fiscal discipline".

22. Implementation of Official Language Policy

22.1 The Department of Revenue has a full-fledged Official Language Division which is entrusted with the implementation of Official Language Policy of the Government of India. The Division is headed by Director (OL) and operates through four Official Language Sections; each headed by an Assistant Director (OL) and supervised by two Deputy Directors (OL). The Division deals with matters relating to implementation of Official Language Policy of the Union and takes follow up action on the orders and instructions issued by the Department of Official Language from time to time. Entire translation work of the Department from English to Hindi and vice-versa is ensured by the Official Language Division.

The Department of Revenue is notified under Rule 10(4) of the Official Language Rules, 1976. 8 sections of the Department have been specified for doing their entire work in Hindi.

22.2 Performance of the OL Division during the year under report

a. All the documents pertaining to CBEC, CBDT & Revenue HQs were invariably issued bilingually as per the requirement under Section 3(3) of the Official Languages Act, 1963 ;

b. All gazette notifications, replies to Parliament Questions and Assurances pertaining to CBEC, CBDT and Revenue HQs were furnished bilingually;

c. Notes and monthly summaries for the Cabinet, Action Taken Reports(ATRs) on the Report of the Comptroller & Auditor General of India, Annual Report and Outcome Budget of the Ministry of Finance were translated and made available bilingually;

d. A number of Double Tax Avoidance Agreements entered into with various countries were translated into Hindi; and

e. Material received from all the sections of the Department of Revenue(HQs), CBDT and CBEC was translated into Hindi and uploaded on the Ministry's website.

22.3 Official Language Implementation Committee (OLIC) meetings

Three meetings of the Official Language Implementation Committee of the Department of Revenue were organized on 11 April, 2013, 27 June, 2013 and 24 September, 2013. In the meetings, the members discussed the steps required to be taken for effective implementation of the Official Language Policy of the Union in the Department. Apart from this, the representatives of the OL Division of the Department of Revenue also attended the Official Language Implementation Committee meetings of the attached and subordinate offices situated in Delhi.

22.4 Official Language Inspections

22.4.1 11 offices of Central Excise & Customs/Income Tax under the administrative control of this Department were inspected by the Third Sub-Committee of the Committee of Parliament on Official Language during the year and action to implement the valuable suggestions given by the Committee for the use of Official Language Hindi in the day-to-day work were taken by the respective office.

22.4.2 The officers of the Hindi Division of the Department also carried out inspections of 8 offices under the control of the Department during the year under report with the view to assess the progress in use of Hindi in the office and suggested ways to accelerate the use of Hindi in the official work.

22.5 Hindi Day/Hindi Pakhwara

22.5.1 On the occasion of Hindi Day, a message was issued by the Hon'ble Finance Minister exhorting all the officers/employees of the Department to do their maximum day-to-day work in Hindi.

22.5.2 Hindi Pakhwara was celebrated from 01 September, 2013 to 16 September, 2013. Various competitions like Hindi noting & drafting, Essay writing, Extempore Speech competition, Quiz competition, Hindi typing and Hindi Shorthand competition were organized during the Hindi Pakhwara. Also, there was an award scheme for doing maximum work in Hindi during the Hindi fortnight separately. Those who secured first, second and third positions in these competitions will be given cash prizes of Rs. 5000/-(First prize), Rs. 3000/- (Second prize) and Rs. 2000/- (Third prize) and 3 consolation prizes of Rs. 1000/- each.

22.6 Incentive Schemes

Under the incentive scheme of the Department of Official Language, Ministry of Home Affairs, cash awards of Rs. 2000/-, Rs. 1200/- and Rs. 600/- are given to those officials who do noting/drafting and other official work in Hindi.

22.7 Training

During the year 2013-14, 05 LDCs/UDCs/ Assistants and 7 Stenographers were nominated for training in Hindi typing and Hindi stenography, respectively, in the courses run by the Central Hindi Training Institute, Ministry of Home Affairs.

22.8 Hindi Workshop

In order to remove hesitation amongst Hindi knowing employees to do their work in Hindi, a two day Departmental Hindi workshop was organized on 10 & 11 July, 2013 in which 13 officials were imparted training in Hindi noting/drafting.

23. Implementation of the Right to Information Act, 2005

23.1 Revenue Headquarter

In pursuance of implementation of RTI Act, 2005, and as per the instructions of the Department of Personnel & Training, a separate RTI Cell has been created in Department of Revenue. The details of Central Public Information Officers working in this Department are available on Department's website. The internal procedure formulated for handling the RTI applications / requests for information is working smoothly.

23.2 Central Board of Direct Taxes

Right to Information Act, 2005 is fully implemented. Module wise CPIOs and first appellate authorities have been nominated. On receipt of RTI application it is forwarded to respective CPIOs for the compliance.

During the year till 31.3.2014, 173 RTI applications were received. Replies were given in 169 cases. Information was supplied in 105 cases (14 partly rejected), in 46 cases (8 partly rejected) applications were rejected and as on 31.3.2014, 8 applications were in process.

In respect of above RTI applications only 4 appeals were filed and disposed. A judgment in favour of Directorate was also delivered by Central Information Commission(CIC) on 1.4.2013 in the case of one appeal related to disclosure of PAN to a third party.

23.3 Central Board of Excise and Customs

23.3.1 CBEC is implementing the provisions of Right to Information Act, 2005 since its enforcement. In the Headquarters office, there are 32 CPIOs, one CPIO for each of the section. The no. of applications received, applications rejected and requests accepted by the CPIOs in CBEC during the year 2013 are given below:-

Quarter ending on	no. of applications received during the quarter	No. of cases transferred to other Public Authorities under Section 6 (3)	No. of requests rejected	No. of requests accepted
31.03.2013	516	79	14	423
30.06.2013	616	93	12	511
30.09.2013	669	132	37	500
31.12.2013	1278	627	33	611

23.3.2 There are 18 Appellate Authorities, who decides the appeals received under the RTI Act from various applicants. The no. of appeals received, appeals rejected and appeals accepted by the CPIOs in CBEC during the year 2013 are given below:-

Quarter ending on	No. of appeals received during the quarter	No. of appeals rejected	No. of appeals accepted
31.03.2013	47	0	47
30.06.2013	63	2	60
30.09.2013	75	11	65
31.12.2013	115	20	95

23.3.3 Registration fee collected under section 7(1) and the additional fee collected under section 7(3) during these three quarters is as given below:-

Quarter ending on	Fee collected under section 7(1) (in ₹)	Additional fee collected under section 7(3) (in ₹)
31.03.2013	2370	9274
30.06.2013	2660	7928
30.09.2013	2940	12210
31.12.2013	2500	7500

23.3.4 The Department of Personnel and Training has issued guidelines for suo-moto disclosure of information under Section 4 of the Act. These guidelines have been circulated to all CPIOs in the Board as well as in the field formations for implementation. CBEC has also identified the concerned offices/sections in the Board responsible for implementing the different paragraphs of these guidelines as per table below:-

Sr. No.	Para No.	Action owner
1.	1.0	As mentioned below
2.	1.1	Directorate of Logistics
3.	1.2	None
4.	1.3	Administrative Division
5.	1.4	All Sections
6.	1.5	PAC Division
7.	1.6	DG (Inspection)
8.	1.7	None
9.	1.8	Cash Section, Department of Revenue
10.	2.0 (2.1 & 2.2)	DG (Systems) and all Sections
11.	3.1	DG (System)
12.	3.2	None
13.	3.3	All Sections
14.	3.4	All Sections
15.	3.5	Human Resource Division
16.	3.6	All Sections
17.	4.0 (4.1 to 4.7)	All Sections
18.	5.0 (5.1)	CX-9 Section
19.	6.0 (6.1)	All Sections

23.3.5 Action taken report from all concerned is awaited.

23.3.5.1 The Government has also launched RTI Portal which facilitates filing of applications online by the Citizens. The applications concerning Department of Revenue are accessed by the two Nodal Officers, one for Customs and the other for rest of the matters pertaining to CBEC. Thereafter, these applications are transferred, online, to concern CPIOs in the Board, who are required to provide requisite information, online, on the Portal itself so that the applicant may immediately access the requisite information. So far, CBEC has received 691 applications from September, 2013 to March 2014.

23.3.5.2 At present, the facility for transferring the applications received on the RTI portal is limited to the CPIOs in the Board only. Hence, applications pertaining to the field formations are transferred manually with the direction provide information directly to the citizen.

23.3.5.3 Appeals against the information provided in response to RTI online applications are also made online, which are transferred to concerned First Appellate Authority, who also provide requisite reply to the citizen on the portal itself. CBEC has received 96 appeals from September, 2013 to March 2014.

23.4.1 **Narcotics Control Division**

The various provisions relating to the Right to Information Act, 2005 have been implemented in the Central Bureau of Narcotics. Central Public Information Officers have been nominated. Detailed functions and various aspects of the work done by the Department are also available on CBN website http://www.cbn.nic.in

23.4.2 Government Opium and Alkaloid Works

A cell in each unit of this organization, such as the factories at Ghazipur and Neemuch, as also at the Delhi and Gwalior office of the CCF have been set up. These cells function directly under the officials designated as CPIO/APIO. The applications received are regularly disposed off within the prescribed time-frame.

23.5 State Taxes Section

Necessary action has been taken under section 4 of the RTI Act, 2005 to publish the information/ manuals on various aspects of functioning of the Sales Tax Section. These Manuals have been posted on the website of the Ministry of Finance to facilitate easy access to the general public. The information is being updated from time to time. Further, all the records in the Section are being properly maintained, so that as and when any information is sought, the same can be readily furnished at the earliest. Upto 31.12.2013, 60 applications seeking information under RTI Act, 2005 were received in the State Taxes Section and all these applications have been disposed off.

23.6 Set up for Forfeiture of Illegally Acquired Property

During the year, the Competent Authorities have received 24 applications under Right to Information Act, 2005. The applications were disposed off within time limit to the satisfaction of the RTI applicants.

23.7 Authority for advance Rulings (Central Excise, Customs & Service Tax)

23.7.1 The provision of the Right to Information Act, 2005 has been implemented. Twelve manuals, as prescribed under Right to Information Act and related to the Authority, have been updated regularly on the website of the Authority i.e. http://www.cbec.gov.in/aar /aar.htm PIO/Appellate Authority/Transparency Officer under the said Act has also been duly designated and details are posted on the website as well as on the Notice Boards of the Authority.

23.7.2 The Authority has received total 10 RTI applications during January, 2013 to December, 2013 out of which, 02, were transferred to other PIO. 06 requests / appeals were rejected and 02 requests / appeals were accepted.

23.8 Central Economic Intelligence Bureau

23.8.1 It is intimated that the Bureau has appointed CAPIO, CPIO and the First Appellant Authority (FAA) as per provisions of RTI Act, 2005. The Bureau has received 39 RTI applications during the period 2013-14(upto 2.12.2013) out of which, 6 were transferred to concerned public authorities, 28 were denied under section 24(1), and 5 were replied. All RTI applications received have been disposed off as per the provisions of the RTI Act, 2005 within the time frame and no application is pending as on to date.

23.8.2 The Bureau has received 10 RTI applications during the period January to March, 2014 out of which, 02 were transferred to concerned public authorities. 07 were denied under Section 24(1), and 01 was replied. All ARTI applications received have been disposed of as per the provisions of the RTI Act, 2005 within the time frame.

23.9 Financial Intelligence Unit – India (FIU-IND)

The FIU-IND has received 14 RTI applications received and all the applications were disposed of and denied during the year 2013-14 (upto March, 2014).

23.10 The Customs, Excise & Service Tax Appellate Tribunal

The Tribunal has total 460 RTI applications received and disposed off during the year 2013-14 (upto 31st Dec.2013).

23.11 Directorate of Enforcement

During the year 2013-14 (up to December, 2013), 191 RTI applications were received in Headquarters office of the Directorate, which were promptly disposed of within the stipulated period.

23.12 Customs & Central Excise Settlement Commission

Right to Information Act, 2005 has been implemented. 12 manual, as prescribed under RTI related to the Commission were duly prepared. CPIOs and ACPIOs have been nominated.

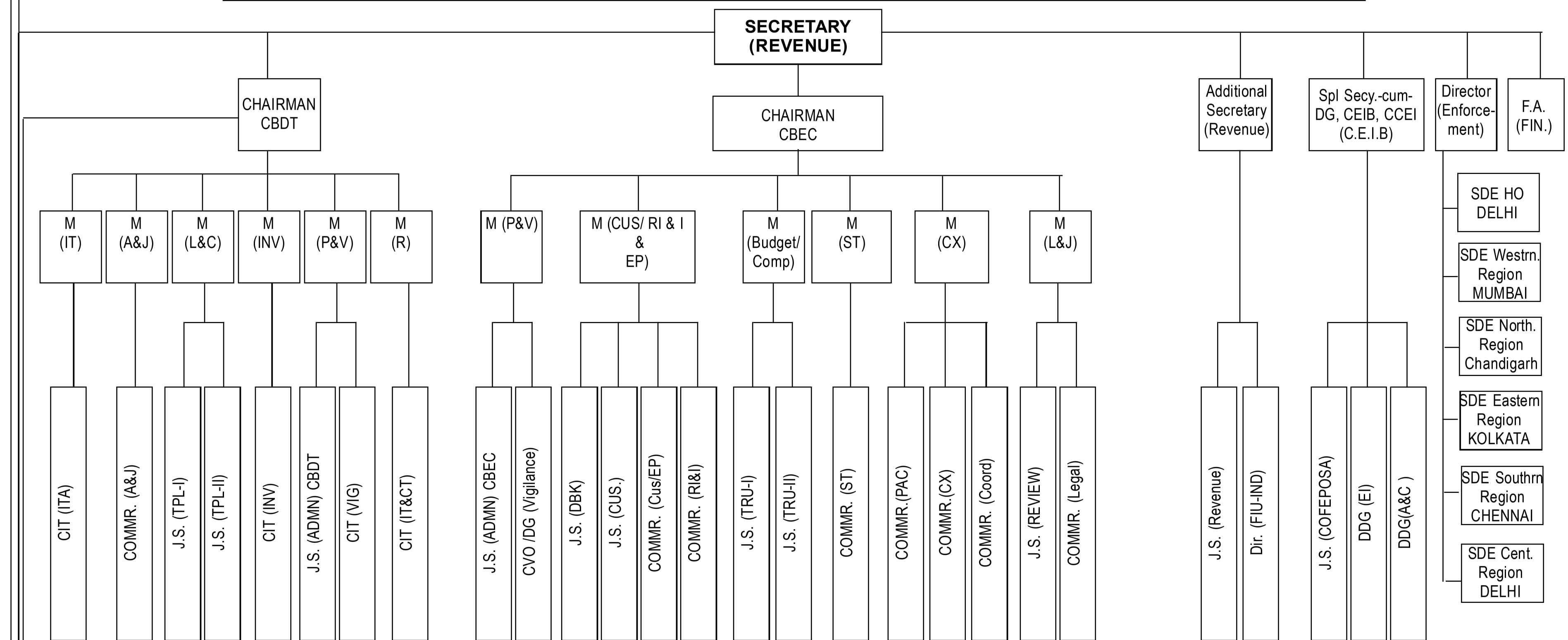
23.13 Adjudicating Authority Under Prevention of Money Laundering Act, 2002

5 Nos applications received under RTI and disposed off during the year.

23.14 Director General (Income Tax) DGIT

Three RTI applications have been received in this Directorate, all of which have been received as transferred from other CPIOs u/s 6(3) of RTI Act, 2005.

ORGANISATION CHART IN THE DEPARMENT OF REVENUE



LEGEND

CBDT:	**Central Board of Direct Taxes**
CBEC:	**Central Board of Excise & Customs**
M (IT):	Member (Income Tax)
M (A&J):	Member (Audit & Judicial)
M(L&C)):	Member (Legal & Computerization)
M (Inv.):	Member (Investigation)
M(R):	Member (Revenue)
M(P&V):	Member (Personnel & Vigilance)
M (Cus/RI&I & EP):	Member (Customs/Revenue Intelligence and Investigation/ Export Promotion)
M(Bgt/Comp.):	Member(Budget/Computerization)
M(ST):	Member (Service Tax)
M(CX):	Member (Central Excise)
M(L&J):	Member(Legal & Judicial)
NCPSEW:	National Committee for Promotion of Social & Economic Welfare
CVO & DG (VIG) :	Chief Vigilance Officer & Director General (Vigilance)
J.S.:	Joint Secretary
CIT:	Commissioner of Income Tax
COMMR. :	Commissioner

LEGEND

SDE :	Special Director Enforcement
TRU:	Tax Research Unit
CUS:	Customs
DBK:	Drawback
ADMN:	Administration
TPL:	Tax Policy and Legislation
FT&TR:	Foreign Tax and Tax Research
FA (FIN):	Financial Advisor (Finance)
RA:	Revision Application
Rev.:	Revenue
JS (COFEPOSA):	Joint Secretary (Conservation of Foreign Exchange & Prevention of Smuggling Activities)
CEIB:	Central Economic Intelligence Bureau
DDG:	Deputy Director General
PAC:	Public Accounts Committee
Enf. :	Enforcement.
ITA:	Income Tax Assessment
C&S:	Coordination and Systems

ATTACHED OFFICES/OTHER BODIES OF THE DEPTT. OF REVENUE H.Q.)

1. Enforcement Directorate
2. Central Economic Intelligence Bureau
3. Central Bureau of Narcotics
4. Chief Controller of Factories
5. Competent Authorities (SAFEM (FOP) Act & NDPS Act
6. Committee of Management.
7. National Committee for Promotion of Social & Economic Welfare
8. Custom & Central Excise Settlement Commission
9. Income Tax Settlement Commission
10. Appellate Tribunal for Forfeited property
11. Custom Excise & Service Tax Appellate Tribunal
12. Authority of Advance Ruling (Income Tax)
13. Authority of Advance Ruling (Customs & Central Excise)
14. Financial Intelligence Unit-India (FIU-IND)
15. Income Tax Ombudsman
16. National Institute of Public Finance & Policy (NIPFP)
17. Adjudicating Authority under PMLA
18. Appellate Tribunal under PMLA

ANNEXURE I

REPRESENTATION OF SC's ST's AND OBC's

Organisation: Central Board of Excise and Customs (CBEC)

Groups	Number of Employees				Number of appointments made during the previous calendar year									
					By direct recruitment				By promotion			By other methods		
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group A	2,253	338	171	300	88	13	07	24	165	8	2	0	0	0
Group B	33,668	5,615	2,559	2,458	1,045	168	76	368	1,902	277	116	41	6	5
Group C (excluding Safai Karamchari)	16,364	3,550	1,395	2,154	471	111	21	180	1,198	392	96	6	5	2
Group ‘C’ (Safai Karamchari) *	244	100	23	21	3	0		0	0	0	0	0	0	0
Total	**52,529**	**9,603**	**4,148**	**4,933**	**1,607**	**292**	**104**	**572**	**3,265**	**677**	**214**	**47**	**11**	**7**

* Group D – Group D post have now been upgraded as MTS (Multi tasking Staff) under Group C as per 6th Central Pay Commission's recommendation.

Organisation: **Central Board of Direct Taxes (CBDT)**

Groups	Number of Employees				Number of appointments made during the previous calendar year									
					By direct recruitment				By promotion			By other methods		
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group A	2113	475	257	277	86	27	13	46	-	-	-	-	-	-
Group B	6390	1194	475	32	12	-	50	646	120	31	1	-	-	-
Group C	23966	4720	1693	1249	192	75	326	1033	187	52	3	3	1	-
Group ÐDô (Safai Karamcharis)	2431	765	173	19	6	3	-	-	-	-	-	-	-	-
Total	**34900**	**7154**	**2598**	**1577**	**296**	**105**	**389**	**1725**	**307**	**83**	**4**	**3**	**1**	**-**

Organisation: **Financial Intelligence Unit, India (FIU-IND)**

Groups	Number of Employees				Number of appointments made during the previous calendar year									
					By direct recruitment				By promotion			By other methods		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group A	24*	03	-	-	-	-	-	-	-	-	-	05	01	-
Group B	06**	01	-	-	-	-	-	-	-	-	-	-	-	-
Group C	01	-	-	-	-	-	-	-	-	-	-	-	-	-
Group ÐDô (Safai Karamcharis)	04***	03	-	01	-	-	-	-	-	-	-	-	-	-
Total	**35**	**07**	**-**	**01**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**05**	**01**	**-**

* 02 Posts are encadered with NIC

** 04 Post are encadered with NIC

*** 04 Peons are continuing under stay granted by Principle Bench of Hon'ble CAT, New Delhi.

Organisation: National Institute of Public Finance and Policy

Groups	Number of Employees				Number of appointments made during the previous calendar year									
					By direct recruitment				By promotion			By other methods		
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group A	31	02	-	-	-	-	-	-	-	-	-	-	-	-
Group B	21	-	-	01	1	-	-	1	-	-	-	-	-	-
Group C	25	03	-	05	2	1	-	1	-	-	-	-	-	-
Group ÔDô (Safai Karamcharis)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**77**	**05**	**-**	**06**	**03**	**01**	**-**	**02**	**-**	**-**	**-**	**-**	**-**	**-**

Organisation: Appellate Tribunal under Prevention of Money Laundering Act

Groups	Number of Employees				Number of appointments made during the previous calendar year									
					By direct recruitment				By promotion			By other methods		
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group A	02	-	-	-	-	-	-	-	-	-	-	-	-	-
Group B	01	-	-	01	-	-	-	-	-	-	-	-	-	-
Group C	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group ÔDô (Safai Karamcharis)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**03**	**-**	**-**	**01**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Organisation : Authority for Advance Rulings (Central Excise, Customs & Service Tax)

Groups	Number of Employees				Number of appointments made during the previous calendar year									
					By direct recruitment				By promotion			By other methods		
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group B	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group C	01	01	-	-	-	-	-	-	-	-	-	-	-	-
Group ÐDô (Safai Karamcharis)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**01**	**01**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Organisation: Authority for Advance Rulings (Income Tax)

Groups	Number of Employees				Number of appointments made during the previous calendar year									
					By direct recruitment				By promotion			By other methods		
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group B	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group C	02	02	-	-	-	-	-	-	-	-	-	-	-	-
Group ÐDô (excluding Safai Karamcharis)	5	2	1	2-	-	-	-	-	-	-	-	-	-	-
Group ÐDô (Safai Karamcharis)	1	1	-	-	-	-	-	-	-	-	-	-	-	-
Total	**8**	**05**	**1**	**2**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Organisation: Appellate Tribunal for forfeited Property

Groups	Number of Employees				Number of appointments made during the previous calendar year									
					By direct recruitment				By promotion			By other methods		
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group A	4	-	-	-	-	-	-	-	-	-	-	-	-	-
Group B	3	-	1	-	-	-	-	-	-	-	-	-	-	-
Group C	5	1	-	-	-	-	-	-	-	-	-	-	-	-
Group D (excluding Safai Karamcharis)	6	3	1	-	-	-	-	-	-	-	-	-	-	-
Total	**18**	**4**	**2**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Organisation: Competent Authorities for forfeiture of illegal acquired Property

Groups	Number of Employees				Number of appointments made during the previous calendar year									
					By direct recruitment				By promotion			By other methods		
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group A	9	1	1	2	-	-	-	-	-	-	-	02	-	-
Group B	9	-	-	1	-	-	-	-	-	-	-	02	-	-
Group C	16	2	1	2	-	-	-	-	-	-	-	06	-	-
Group ‘D’ (excluding Safai Karamcharis)	8	2	0	3	-	-	-	-	-	-	-	02	-	-
Total	**42**	**5**	**2**	**8**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**12**	**-**	**-**

Organisation: Central Economic Intelligence Bureau

Groups	Number of Employees				Number of appointments made during the previous calendar year									
					By direct recruitment				By promotion			By other methods		
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group A	17	02	-	-	-	-	-	-	-	-	-	-	-	-
Group B	21	03	-	01	-	-	-	-	-	-	-	-	-	-
Group C	25	11	-	-	-	-	-	-	-	-	-	-	-	-
Group ÐDô (Safai Karamcharis)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**63**	**16**	**-**	**01**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Organisation: Custom, Excise & Service Tax Appellate Tribunal

Groups	Number of Employees				Number of appointments made during the calendar year 2013									
					By direct recruitment				By promotion			By other methods		
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group A	4	1	-	3	-	-	-	-	-	-	-	-	-	-
Group B	7	4	1	2	-	-	-	-	-	1	1	-	-	-
Group C	45	21	5	19	-	-	-	1	-	-	-	1	1	-
Group ÐDô (Safai Karamcharis)	35	25	-	10	-	-	-	-	-	-	-	-	-	-
Total	**91***	**51**	**6**	**34**	**-**	**-**	**-**	**1**		**1**	**1**	**1**	**1**	**-**

Organisation: Directorate of Enforcement

Groups	Number of Employees				Number of appointments made during the calendar year 2013									
					By direct recruitment				By promotion			By other methods		
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group A	47	-	-	1	-	-	-	-	-	-	-	16	-	-
Group B	200	14	4	-	-	-	-	-	-	-	-	34	-	-
Group C	333	53	16	55	58	8	4	19	13	1	-	2	-	-
Group ÐDô (Safai Karamcharis)	93	36	03	11	-	-	-	-	-	-	-	-	-	-
Total	**673**	**103**	**23**	**67**	**58**	**8**	**4**	**19**	**13**	**1**	**-**	**52**	**-**	**-**

Organisation: Customs & Central Excise Settlement Commission

Groups	Number of Employees				Number of appointments made during the calendar year 2013									
					By direct recruitment				By promotion			By other methods		
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	OBC
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group A	18	1	3		-	-	-	-	-	-	-	-	-	-
Group B	05	1	-	-	-	-	-	-	-	-	-	-	-	-
Group C	16	1	-	2	-	-	-	-	-	-	-	-	-	-
Total	**39**	**3**	**3**	**2**	**-**	**-**	**-**	**-**	**-**	**-**	-	-	-	**-**

Organisation: Income Tax Settlement commission

Groups	Number of Employees				Number of appointments made during the previous calendar year									
					By direct recruitment				By promotion			By other methods		
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group A	34	4	-	-	-	-	-	-	-	-	-	-	-	-
Group B	23	1	-		-	-	-	-	-	-	-	-	-	-
Group C	110	14	2	7	1	1	-	-	-	-	-	-	-	-
Group ÐDô (excluding Safai Karamcharis)	42	8	3	4	-	-	-	-	-	-	-	-	-	-
Group ÐDô (Safai Karamcharis)	4	4	-	-	-	-	-	-	-	-	-	-	-	-
Total	**213**	**31**	**5**	**11**	**1**	**1**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Organisation: Central Bureau of Narcotics

Groups	Number of Employees				Number of appointments made during the previous calendar year									
					By direct recruitment				By promotion			By other methods		
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group A	10	2	-	1	-	-	-	-	-	-	-	-	-	-
Group B	56	9	6	4	-	-	-	-	7	3	1	-	-	-
Group C	333	61	17	24	30	5	2	5	11	2	-	-	-	-
Group ÐDô (excluding Safai Karamcharis)	204	47	25	9	-	-	-	-	3	2	-	-	-	-
Group ÐDô (Safai Karamcharis)	10	10	-	-	-	-	-	-	-	-	-	-	-	-
Total	**613**	**129**	**48**	**38**	**30**	**5**	**2**	**5**	**21**	**7**	**1**	**-**	**-**	**-**

ANNEXURE II

REPRESENTATION OF THE PERSONS WITH DISABILITIES

Organisation: Central Board of Excise and Customs (CBEC)

Group	Number of Employees				DIRECT RECRUITMENT							PROMOTION						
					No. of vacancies reserved			No. of appointments made				No. of vacancies reserved			No. of appointments made			
	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
'A'	2253	--	15	13	--	2	1	3	--	2	1	--	--	--	--	--	--	--
'B'	33668	15	28	309	13	44	33	502	1	3	10	--	--	--	871	--	--	5
'C'	16608	35	11	105	24	26	26	200	4	--	10	7	6	10	428	1	--	--
Total	**52,529**	**50**	**54**	**427**	**37**	**72**	**60**	**705**	**5**	**5**	**21**	**7**	**6**	**10**	**1299**	**1**	**--**	**5**

Organisation: Central Board of Direct Taxes

Group	Number of Employees				DIRECT RECRUITMENT							PROMOTION						
					No. of vacancies reserved			No. of appointments made				No. of vacancies reserved			No. of appointments made			
	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
'A'	1308	-	1	18	-	-	-	86	-	2	1	-	-	-	7	-	-	1
'B'	4627	8	126	22	-	-	-	-	-	-	-	-	-	64	1	-	-	12
'C'	20806	33	364	61	52	21	224	9	5	20	26	33	53	196	1	-	-	25
'D'	2179	1	8	25	5	4	9	-	-	-	-	-	-	-	-	1	-	1
Total	**28920**	**42**	**499**	**126**	**57**	**25**	**233**	**95**	**5**	**22**	**27**	**33**	**53**	**260**	**9**	**1**	**-**	**39**

Organisation: Competent Authority for forfeiture of illegally acquired Property

Group	Number of Employees				DIRECT RECRUITMENT							PROMOTION						
					No. of vacancies reserved			No. of appointments made				No. of vacancies reserved			No. of appointments made			
	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
‘A’	4	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
‘B’	5	--	--	--	--	--	-	--	--	--	--	--	--	--	--	--	--	--
‘C’	12	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
‘D’	5	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Total	**26**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**

Organisation: Directorate of Enforcement

Group	Number of Employees				DIRECT RECRUITMENT							PROMOTION						
					No. of vacancies reserved			No. of appointments made				No. of vacancies reserved			No. of appointments made			
	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
‘A’	47	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
‘B’	200	--	--	01	--	--	-	46	--	--	--	--	--	--	--	--	--	--
‘C’	333	--	--	02	--	--	--	12	--	--	--	--	--	--	13	--	--	--
‘D’	93	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Total	**673**	**--**	**--**	**03**	**--**	**--**	**--**	**58**	**--**	**--**	**--**	**--**	**--**	**--**	**13**	**--**	**--**	**--**

Organisation: : Authority for Advance Rulings (Central Excise, Customs & Service Tax)

Group	Number of Employees				DIRECT RECRUITMENT							PROMOTION						
					No. of vacancies reserved			No. of appointments made				No. of vacancies reserved			No. of appointments made			
	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
óAô	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
óBô	--	--	--	--	--	--	-	--	--	--	--	--	--	--	--	--	--	--
óCô	01	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
óDô	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Total	01	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

ANNEXURE-III

POSITION OF ACTON TAKEN NOTES IN RESPECT OF SUMMARY OF AUDIT OBSERVATIONS

(I) Position of Action Taken Notes (As on 31.3.2014) Compliance Audit of Central Excise & Service Tax ï Central Board of Excise and Customs(CBEC)

1. In the year 2013-14; 23 Audit Paras in Compliance Audit Report No. 17 of 2013 (Indirect Taxes-Central Excise & Service Tax) were received and Action Taken Notes on all the Audit Paras have been sent to C&AG. Out of 23 Paras; 19 Action Taken Notes after vetting by C&AG have been submitted to monitoring cell/ PAC.
2. Number of ATN not sent by ministry even for the first timeð NIL.
3. Number of ATNs sent but returned with observations and audit is awaiting their submission by the ministry.ð NIL.
4. Number of ATNs which have been finally vetted by Audit but have not been submitted by the ministry to Monitoring cell/PAC.ð 2.
5. Not a single Compliance Audit Para prior to 2013-14 is pending. However 2 audit paras of report No. 12 of 2009-10 have been selected by PAC.

(II) Position of Action Taken Notes reported by Central Board of Direct Taxes(CBDT)

1. As on 31.3.2014, 28 paragraphs are pending for examination with C&AG in respect of CBDT, position of these paras is as under:

Sl. No.	Report no. & year	Total paras	No. of paras which we have no objection for settlement	No. of paragraphs on which replies are pending					
				Reply not received for first time (I)	Replies to which audit has sent comments to Ministry (II)	Replies which are under examination in Audit			Total
						Field office (III)	HQrs	Total	
1	1999-00 (AR 12 of 2001)	862	862	0	0	0	0	0	0
2	2000-01 (AR 12 of 2002)	1099	1099	0	0	0	0	0	0
3	2001-02 (AR 12 of 2003)	847	847	0	0	0	0	0	0
4	2002-03 (AR 12 of 2004)	963	963	0	0	0	0	0	0
5	2003-04 (AR 12 of 2005)	885	885	0	0	0	0	0	0
6	2004-05 (AR 8 of 2006)	683	682	0	0	01	0	01	01
7	2005-06 (AR 8 of 2007)	862	862	0	0	0	0	0	0
8	2006-07 (CA 8 of 2008)	918	918	0	0	0	0	0	0
9	2007-08 (CA 21 of 2009)	860	860	0	0	0	0	0	0
10	2008-09 (4 of 2009-10)	342	342	0	0	0	0	0	0
11	2009-10 (26 of 2010-11)	453	452	0	0	01	0	01	01
12	2010-11 (27 of 2011-12)	464	461	0	0	03	0	03	03
13	2011-12(15 of 2013)	455	432	0	0	23	0	23	23
Grand Total		**9693**	**9665**	**0**	**0**	**28**	**0**	**28**	**28**

(III) Position of Action Taken Notes reported by Drawback division

1. With reference to paragraphs 2.1 to 2.47 of Compliance Audit Report No. 14 of 2013, it is stated that the action taken report in respect of para 2.2 to 2.34 had been sent to C&AG by the Directorate General of Foreign Trade(DGFT), Ministry of Commerce, and C&AG has vetted paras 2.2 to 2.9, paras 2.14 to 2.18 and paras 2.32 to 2.34. Paras 2.35 to 2.47 pertain to DGEP and on Action Taken Note submitted by DGEP, Audit has vetted paras 2.40 to 2.47.

2. With reference to Audit Report No. 8 of 2013, the action taken report had been sent to C&AG on 25.11.2013. The report deals with "Deemed Export Duty Drawback" and "Reimbursement of CST to EOU/STP/EHTP" both of which are administered by Department of Commerce (along with DGFT and Deptt. of Electronics & Information Technology), and accordingly the report had been transferred to Department of Commerce. State Tax division of the Department of Revenue has also reported the same.

3. Comments given by Directorate General of Foreign Trade, Ministry of Commerce on CAG Report No.14 of 2013 Chapter-II

S.No.	Para No.	Subject	Comment of DGFT
1.	2.2 to 2.9	Improper grant of Advance license in respect of non SION item	RA, Bangalore- M/s S.A. Rawathar Spices P Ltd, Advance Licence No. 0710050513 dated 9.3.2007. The Advance authorization was issued based on the norms vide E-90 as mentioned in the extent SION manual at the time. DGFT's Public Notice No.13 dated 14.12.2004 and subsequent policy circular No. 03/2005 and 21.4.2004 has deleted SION E-90 from the SION manual. However, as acknowledged in the PRC meeting No. 09/AM13 dated 12.6.2012, some authorizations were issued subsequent to the circular, based on para 4.7, for the same product. In this light, PRC had observed that "mere suspension of norms did not mean that there was no sanctity between the input and the output under the aforesaid authorization" and agreed to regularize the case as per the extant norms allowed before suspension. Based on the PRC, the action initiated against the firm, based on Audit team's observation was dropped and the case was regularized.
2.	2.10 to 2.13	Irregular clubbing of advance authorization resulting in non payment of duty on excess import	Reply awaited from Ranchi
3.	2.14 to 2.18	Non fulfillment of export obligation under advance license scheme	RA, Bangalore. M/s Khoday Silk Twisting Factory. Advance licence No. 0710054894 dated 11.12.2007 and advance licence No. 710054892 dated 11.12.2007. The advance licences issued to the firm. The PRC vide case No.12 and case No.13 in meeting No.37/AM.13 extended E.O. period upto 31.10.2011 and 29.6.2011 for regularization purpose with the conditions to pay composition fee @ 0.5 % on export made after 36 months from the licence issue dated and maintain value addition as per para 4.1.6 of FTP. The firm have complied the conditions stipulated by the PRC. After scrutiny of export documents, redemption letters issued and copy forwarded to the principal accountant general (WF & RA), Bangalore on 12.7.2013 with a request to drop audit paras.

S.No.	Para No.	Subject	Comment of DGFT
4.	2.19 to 2.22	Incorrect grant of duty credit under served from India scheme (SFIS) considering the export of goods as service	RA, Chennai. It is reiterated that as the Television Channels have claimed SFIS benefit on the basis of their service (Radio & Television transmission services) under the general heading of ñAudiovisual Servicesò under the broad head of communication services which figures in Sl No. 2.A.d of appendix 41 which lists the ñServices eligible for the purpose of SFIS under FTPò, there was no irregularity in granting SFIS benefit to these TV Channels. As regard the CRAôs objection that the programmes, through which these TV Channels realized FE, were supplies through ñVideo Programmes in the format of Videoò, it is pointed out that Sl. No. 2.A.a of appendix 41 specifically allows ñVideo type transmission for the purpose of SFIS benefit.
5.	2.23 to 2.25	Incorrect grant of duty credit under served from India scheme	RA, Chennai. In this connection, it is pointed out that when the concerned parties were issued SCNs for recovery, they pointed out that the said policy circular No. 38 dated 15.7.2010 has been struck down by the Honôble High Court of Bombay. Supreme Court refused to grant interim relief, for suspension of the Bombay High Courtôs judgment, sought for by DGFT.
6.	2.26 to 2.31	Irregular grant of duty credit under VKUGY scheme to an EOU	RA, Chennai. M/s Sudarshan Overseas Ltd., changed the name as M/s Rayalseema Commodities Ltd & approached RA, Chennai. The direct tax exemption certificate was called for from the new company in respect of two VKGUY duty credit scrips. Further RA, directed the unit to refund the duty credit scrip of Rs.92.66 lakh. Further the case is referred to Enforcement Section, where recovery order for sum of Rs.91,59,286/- was issued on 11.3.2013.
7.	2.32 to 2.34	Short fulfillment of export obligation due to counting of ineligible exports	RA, Ahmedabad. In this connection RA has informed that the category of license was amended to read as EPCG scheme concessional duty 3% instead of Zero duty EPCG scheme and EODC/ redemption certificate was cancelled vide RAôs letter dated 22.10.2011. Further in all cases EO period still valid. RA has already forwarded reply to O/o the Principal Director of Audit (Central), Ahmedabad.

Department of Disinvestment

I FUNCTIONS

As per Government of India (Allocation of Business) Rules, 1961 the mandate of the Department is as follows :

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

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 the Disinvestment Commission on the modalities of Disinvestment, including restructuring.

3. Implementation of disinvestment decisions, including appointment of advisers, pricing of shares, and other terms and conditions of disinvestment.

4. Disinvestment Commission .

5. CPSEs for purposes of disinvestment of Government equity only.

6. Financial Policy in regard to the utilization of the proceeds of disinvestment channelized into the National Investment Fund

II VISION

Promote people's ownership of Central Public Sector Enterprises to share in their prosperity through disinvestment. Enhanced People's ownership shall lead to better corporate governance.

III MISSION

1. List all unlisted profitable Central Public Sector Enterprises on stock exchanges to facilitate:

   (a) Higher disclosure levels to bring about greater transparency and accountability in the functioning of the Central Public Sector Enterprises.

   (b) Unlocking the true value of the Central Public Sector Enterprises for all stakeholders – investors, employees, Company and the Government.

   (c) Develop and deepen the capital market through spread of equity culture.

2. Increase public shareholding of the listed CPSEs through disinvestment.

IV ORGANISATIONAL STRUCTURE

Shri Ravi Mathur assumed the charge of Secretary, Department of Disinvestment on 14th January, 2013. The Secretary is assisted by four Joint Secretaries. The Department functions on the Desk Officer pattern and the disinvestment work is handled at the level of Under Secretary.

The Organisational Structure of the Department is placed at Appendix –I.

V POLICY AND APPROACH TO DISINVESTMENT

The Policy on disinvestment envisages that:

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

(v) Strategic sale in loss making CPSEs is considered on a case by case basis when efforts to revive the CPSE fail.

VI BENEFITS OF DISINVESTMENT

(i) Disinvestment and listing of CPSEs on stock exchanges 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 accountability. The oversight mechanism therefore becomes robust and multi-layered.
- 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 benchmarks the performance of the CPSE.

➢ **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 from 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.

This also creates fiscal space for reallocation 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.

VII REFORM MEASURE AND POLICY INITIATIVES

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

➢ **Share Sale to Employees of CPSEs post OFS**

A Scheme for transfer of shares to employees at a discount of 5% to the lowest OFS discovered price has been approved by SEBI in June, 2013.

➢ **CPSE Exchange Traded Fund (CPSE-ETF):** A CPSE Exchange Traded Fund comprising shares of listed CPSEs was launched in March 2014. The Government realized an amount of ₹3000 crore as disinvestment proceeds through CPSE-ETF.

The method based on CPSE shares, provides investors, particularly the small investors, an opportunity to buy a product that will represent number of public sector shares, comprising the basket of ETF and thus, the risk gets minimized. For the Government, this method would provide an additional mechanism for monetization of its stakes in CPSEs in a stock neutral, time-efficient and non-disruptive manner.

VIII PERFORMANCE/ACHIEVEMENTS

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 2013-14 for Revenue was ₹ 63.24 crore and Revised Estimate was ₹ 30.00 crore.

1.(i) Disinvestment transactions completed during 2013-14.

(a) **MMTC Limited (MMTC)** – Government approved disinvestment of 9.33% paid-up equity capital of MMTC out of Government holding of 99.33% through Offer for Sale of Shares by Promoters through Stock Exchange mechanism. Government realized an amount of ₹571.71 crore as disinvestment proceeds.

(b) **Hindustan Copper Ltd. (HCL)** – Government approved disinvestment of 9.59% paid-up equity capital in HCL out of Government shareholding of 99.59%. The first tranche for disinvestment of 5.58% paid-up equity capital in HCL was held in 2012. The second tranche for disinvestment of 4.01% paid-up equity capital in HCL through Offer for Sale of Shares by Promoters through Stock Exchange mechanism was held in July 2013. The Government realized an amount of ₹259.56 crore as disinvestment proceeds.

(c) **National Fertilizers Limited (NFL):** Government approved disinvestment of 7.64% paid-up equity capital in NFL out of Government shareholding of 97.64% through Offer for Sale of shares by Promoters through Stock Exchange mechanism. Government realized an amount of ₹ 101.08 crore.

(d) **India Tourism Development Corporation (ITDC):** Government approved disinvestment of 5% paid-up equity capital in ITDC out of Government shareholding of 92.11% through Offer for Sale (OFS) of shares by Promoters through Stock Exchange mechanism. Government realized an amount of ₹30.17 crore as disinvestment proceeds.

(e) **State Trading Corporation of India Ltd. (STC)** – Government approved disinvestment of 1.02% paid-up equity capital in STC out of Government shareholding of 91.02% through Offer for Sale of Shares by Promoters through Stock Exchange mechanism. Government realized an amount of ₹4.54 crore as disinvestment proceeds.

(f) **Neyveli Lignite Corporation Ltd.(NLC**) - Government approved disinvestment of 3.56% paid-up equity capital in NLC out of Government shareholding of 93.56% through Offer for Sale (OFS) of shares by Promoters through Stock Exchange mechanism. Subsequently, at the request of the Tamil Nadu Government, process of disinvestment was changed from OFS to Institutional Placement Programme (IPP) method in which preference in allotment could be given to Tamil Nadu State PSUs. Government realized an amount of ₹358.21 crore as disinvestment proceeds.

(g) **NHPC Limited (NHPC) –** The Board of Directors of NHPC Ltd. in its meeting held on 24th October, 2013 approved buyback, through tender route, of its shares to the extent of 10% paid-up equity capital of the Company at a price of ₹19.25 per share. The EGoM in its meeting held on 25th October, 2013 decided that Ministry of Power being the Promoter of NHPC Ltd. and acting on behalf of the President of India, to tender shares up to the size of the buyback proposed by the Company at the price decided by the Company per share. The Government realized an amount of ₹2,131.28 crore as proceeds of consideration against the shares purchased by the Company.

(h) **Power Grid Corporation of India Ltd. (PGCIL) –** Government approved disinvestment of 4% paid-up equity capital in PGCIL out of Government shareholding of 69.42% along with 13% of pre-issue paid-up capital of Company through Offer for Sale in the domestic market. Government realized an amount of ₹1637.32 crore.

(i) **Engineers India Ltd. (EIL)** – Government approved disinvestment of 10% paid-up equity capital in Engineers India Limited (EIL) out of Government shareholding of 80.40% through a prospectus based Further Public Offering (FPO) in the domestic market. Government realized an amount of ₹ 497.32 crore as disinvestment proceeds.

(j) **Bharat Heavy Electricals Ltd. (BHEL) –** Government approved disinvestment of 4.66% equity out of Government shareholding of 67.72% by way of block deal through Stock Exchange. Government realized an amount of ₹1886.77 crore as disinvestment proceeds.

(k) **Indian Oil Corporation of India Ltd. (IOCL)** - Government approved disinvestment of 10% paid up equity capital of IOCL out of Government shareholding of 78.92% through Offer for Sale of Shares through Stock Exchange Mechanism as per SEBI Rules and Regulations. Government realized an amount of ₹5341.49 crore as disinvestment proceeds through an off-market deal.

(l) **CPSE Exchange Traded Fund (ETF):** Government approved creation of a CPSE ETF comprising shares of listed CPSEs. Maximum 3% Government shareholding was approved for each CPSE stock to form part of the basket. Government realized an amount of ₹ 3000.00 crore as disinvestment proceeds.

(ii) Other Disinvestment transaction(s) approved and pending implementation:

(a) **Rashtriya Ispat Nigam Ltd. (RINL) -** Government approved disinvestment of 10% paid-up equity capital in RINL. The Red Herring Prospectus was filed with SEBI on 27th September, 2012. Preparatory action for appointment of Advisors was completed. The Issue is deferred for the time being due to negative market conditions.

(b) **NEEPCO:** Government approved disinvestment of 10% paid-up equity capital in NEEPCO out of Government shareholding of 100% through Initial Public Offer (IPO). The issue was deferred due to non-completion of various projects by the Company in the year.

(c) **Hindustan Aeronautics Ltd. (HAL**) - Government approved disinvestment of 10% paid-up equity capital in HAL out of Government shareholding of 100% through an Initial Public Offering (IPO). The Book Running Lead Managers (BRLM), Legal Advisers and Registrar for the Issue have been appointed. Due diligence of the Company by the BRLMs and Legal Adviser are going on.

IX PROCEEDS FROM DISINVESTMENT

The budgetary target of ₹40,000 crore for disinvestment for the year 2013-14 was revised to ₹16,027 crore as Revised Estimate. The Government realized an amount of ₹15,819.45 crore as disinvestment receipts through disinvestment in MMTC Ltd., Hindustan Copper Ltd., National Fertilizers Ltd., India Tourism Development Corporation, State Trading Corporation Ltd., Neyveli Lignite Corporation, NHPC Ltd., Power Grid Corporation of India Ltd., Engineers India Ltd., Bharat Heavy Electricals Ltd., Indian Oil Corporation Ltd. and CPSE Exchange Traded Fund.

X UTILIZATION OF DISINVESTMENT PROCEEDS:

- Since 01st April, 2013, disinvestment receipts will form part of National Investment Fund (NIF) and would be available for spending on the following approved purposes:

- Subscribing to shares being issued by Central Public Sector Enterprises (CPSEs) including Public Sector Banks (PSBs) and Public Sector Insurance Companies, on rights basis so as to ensure that 51 per cent ownership of the Government is not diluted.
- Preferential allotment of shares of the CPSEs to promoters as per Securities and Exchange Board of India (SEBI Issue of Capital and Disclosure Requirements) Regulations, 2009 so that Government shareholding does not go below 51 per cent , in all cases where CPSE is going to raise fresh equity to meet its capex programme.
- Recapitalization of Public Sector Banks and Public Sector Insurance Companies.
- Investment by Government in RRBs/IIFCL/ NABARD/ Exim Bank.
- Equity infusion in various Metro projects.
- Investment in Bhartiya Nabhikiya Vidut Nigam Ltd. and Uranium Corporation of India Ltd.
- Investment in Indian Railways towards capital expenditure.

XI OFFICIAL LANGUAGE POLICY

The Department has a full-fledged Official Language Unit and all works in accordance with Official Language Policy is being implemented.

XII E-GOVERNANCE

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

(i) Website of the Department (www.divest.nic.in) is updated on a regular basis, in both English and Hindi. The website is Guidelines for Indian Government Websites (GIGW) compliant.

(ii) Maintenance of the Payroll Package

(iii) Maintenance of File Tracking System Software

(iv) Following web based monitoring systems are in place:

1. Rajya Sabha Question, Answer Monitoring System.
2. Public Grievance information system
3. Centralized Tender/Procurement Monitoring System, Tenders are regularly put on the website and e-Publishing in e-procurement portal is being done regularly.
4. Representations of Reserved Categories in Posts and Services in Government of India (RRCPS) Monitoring System (SC/ST Commission Portal).
5. APAR Monitoring system for CSS Officers.
6. Cadre Management System (for CSS Officers).
7. Pension Portal
8. RTI Annual Return Information Systems.
9. E-Service book.
10. Data Portal (Data.gov.in).

XIII GRIEVANCE REDRESSAL MECHANISM

The Department is using the Centralized Public Grievance Monitoring System (CPGRAMS). The website of the Department also has an inbuilt mechanism for receiving grievances from public. A Joint Secretary has been designated as Director of Public Grievances for the purpose.

Internal Complaints Committee on Sexual harassment of women employees

In compliance with Supreme Court's Judgement dated 13th August, 1997 in Visakha case relating to prevention of sexual harassment of women at work place, an internal complaints committee has been put in place for considering complaints of sexual harassment of women employees in Department of Disinvestment.

XIV INITIATIVES UNDERTAKEN FOR PERSONS WITH DISABILITIES SCHEDULED CASTES, SCHEDULED TRIBES AND OTHER BACKWARD CLASSES:

A Special Reservation Cell for Scheduled Castes, Scheduled Tribes, Persons with disabilities and other backward classes has been set up, along with a liaison officer, for enforcement of orders of reservation in posts and services of the Central Government.

XV VIGILANCE MACHINERY

A Joint Secretary has been designated as part-time Chief Vigilance Officer in the Department.

XVI IMPLEMENTATION OF RIGHT TO INFORMATION ACT, 2005.

In order to facilitate dissemination of information under the provisions of the Right to Information Act., 2005, the following initiatives have been taken by the Department :

An RTI Cell has been set up with a Nodal Central Public Information Officer (CPIO) and three other CPIOs in respect of subjects relating to their Division, under Section 5(1) of the Act.

A Joint Secretary has been designated as First Appellate Authority in terms of Section 19(1) of the Act for all matters relating to the Department.

Information relating to the Department is posted on the Department's website in compliance with Section 4(1) (b) of the RTI Act., 2005 and, is updated from time to time.

XVII RESULTS FRAMEWORK DOCUMENT 2013-14

As required under the "Performance Monitoring and Evaluation System (PMES) for Government Departments", the Results Framework Document (RFD) for 2013-14 of the Department was prepared and placed on the website www.divest.nic.in.

Initiative for good governance

As per the mandate provided by the Government of India (Allocation of Business) Rules, 1961 the Department is not involved in the delivery of any public services and thus, does not have any direct interface with the citizens or public at large. However, the Department has prescribed timelines for disposal of transaction related bills to avoid delay and any scope of corruption as also to promote good governance. These have been included under "Service Standards" in the Citizen/Client's Charter which is also placed on the website of the department.

XVIII AUDIT PARAS/OBJECTIONS

No Audit paras/Objections are pending in the Department.

XIX INTEGRATED FINANCE UNIT

The Integrated Finance Unit works under Additional Secretary & Financial Adviser (Finance) and deals with expenditure and Budget related proposals of Grant No. 45 – Department of Disinvestment - which includes Secretariat General Services covering the establishment budget for the Department of Disinvestment.

The budget allocation under Grant No. 45 is as under:- (see table)

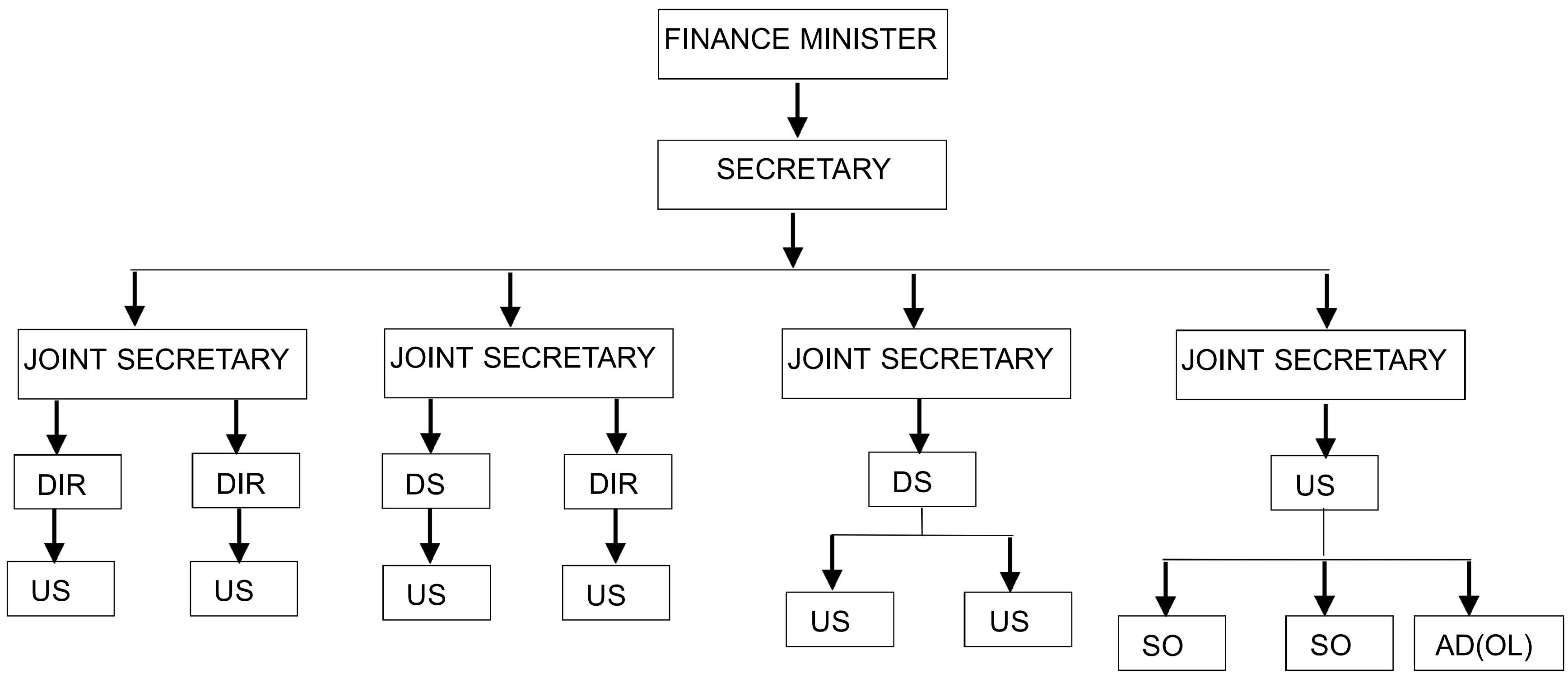
The Integrated Finance Unit monitors all financial and expenditure related proposals of the Department like appointment of consultants, foreign deputation/visits of officers etc. The expenditure trend of the Department is consistently monitored by the IF Unit. All budget related matters including issues concerning Standing Committee on Finance come within the purview of this unit.

(₹ in crores)

Grant No.	Budget Estimates 2013-14			Revised Estimates2013-14		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total
45 - Department of Disinvestment	——	63.24	63.24	——	30.00	30.00

Appendix - I

ORGANISATIONAL STRUCTURE
DEPARTMENT OF DISINVESTMENT



Department of Financial Services

Work Allocation among Sections

Banking Operation-I (BO-I) - Appointment of Governor/Deputy Governor of RBI, Chairman & MDs of SBI, CMDs and EDs of Nationalised Banks, CMDs of NABARD and NHB; appointments of Whole Time Director in EXIM BANK, SIDBI and IDBI, salary allowances and other terms and conditions of Whole Time Directors of PSBs and FIs/ above institutions; constitution of Boards of Directors of RBI and PSBs; appointment of Workmen Employee Directors, appointment of Part Time Non Official Directors and Officer Employee Directors of PSBs.

Banking Operation-II (BO-II) –

(i) All Policy matters related to Banking Operation such as Licensing, amalgamation, reconstruction, moratorium funds, and acquisition of banks; overseas branches of Indian banks; operation of foreign banks in India. Banking sector reforms; Deposit Insurance and Credit Guarantee Corporation (DICGC) policy matters. IFSC.

(ii) Administration of all Acts/Regulations/Rules related to Public Sector Banks, Private Banks and Foreign Banks (excluding those specifically allotted to other Sections) and all subordinate legislations on the banking matters. Matters relating to Appellate Authority on NBFCs. NBFCs/Asset Restructuring Companies. Notification regarding exemption from various sections of the Banking Regulation Act, 1949 and Payment and Settlement System Act, 2007 for public as well as private sector banks; appointment of appellate authority to hear appeals under BR Act and PSBs Act.

(iii) International Relations (Banking, Insurance and Pensions Reforms); Financial Action Task Force (FATF); International Cooperation in Joint Investment Fund-Oman-India Fund and Indo-Saudi Fund. WTO and Border Banking facilities.

(iv) Opening of currency chests; office of the Court Liquidator at Kolkata High Court; terrorist financing matters. Local Area Banks. Receipt and payment work of Government.

Banking Operation-III (BO-III) - Customer Service in Banks/FI/Ins. All kinds of complaints/representations received from individual/ associations for redressal of their grievances in these institutions such as delay in clearance of cheques, non-payment/non-issue of drafts, non issue/ delay in issue of duplicate drafts, misbehaviour/rude behaviour/harassment on the part of staff of the Institution, non settlement/delay in settlement of deceased accounts, non-transfer/delay in transfer of accounts from one office to another, non opening/delay in opening of new accounts, non-compliance with standing instructions of the customers, non-payment of term deposits before maturity, delay in payment to pensioners, including those related to credit cards, ATMs, etc. All kind of complaints received from DARPG/DPG relating to Public/ Private Sector/ Foreign Banks/FI/Ins. All kinds of complaints received from MPs/VIPs /PMO against Private Sector & Foreign Banks. Banking Customer Service Centres; Banking Ombudsman.

Banking Operation & Accounts (BOA) Preparation of annual consolidated review on the working of Public Sector Banks and laying it on the Tables of both Houses of Parliament; pattern of accounting and final accounts in Public Sector Banks; study and analysis of the working results of PSU Banks; audit of banks, appointment and fixation of remuneration of auditors of PSBs/FIs; laying of annual reports and audit reports etc., of PSU Banks, in Parliament; taxation matters of PSBs/FIs; dividend payable to Central Government by PSBs; scrutiny of the annual financial reviews of PSBs conducted by RBI under Section 35 of the Banking Regulation Act, 1949 and follow up action; operation of the schemes of bank guarantee by PSBs and related complaints; capital restructuring of public sector banks (including restructuring of weak public sector banks) and Government's contribution to share capital, public issue of banks; Release of externally aided grants to ICICI Bank under USAID. Citizen's Charter of Public Sector Banks/RBI. Publicity in PSBs. Disputes and arbitration between PSBs and between PSBs and other Govt. Depts.,/PSEs; appointment of advocates in PSBs, acquisition/leasing/renting/ vacation of premises; residuary matters of Portuguese Banks in Goa, Estate Officers under Public Premises Act, 1971; opening and shifting of administrative offices of banks.

Agriculture Credit (AC) – Agriculture Credit; Agricultural Debt Waiver and Debt Relief Scheme, 2008; matters relating to NABARD (except service matters), Agriculture Finance Corporation(except Service matters), State Legislations on the subject, Co-operative Banks (including Urban Co-operative Banks), World Bank, ADB and kfw aided projects relating to rural/agriculture credit, appeals made by co-operative banks, matters relating to Micro Finance, financial assistance to persons affected by natural calamities, riots disturbances, etc. Bank credit to KVIC, handloom and handicraft sector. Citizen Charter of NABARD.

Credit Policy (CP) - Priority Sector Lending; lending to weaker sections of Priority Sector including SC/ST; PM's New 15 Point Programme for the Welfare of Minorities; Credit to Minorities; Follow up action of Select Parameters recommended by Sachar Committee; DRI Scheme; Govt. Sponsored Schemes-PMEGP, Education, employment generation scheme of SJSRY; SGSY and other poverty alleviation programmes, educational loans.

Regional Rural Banks (RRB) – Legislative matters with regard to RRB Act, 1976 and framing of rules thereunder; nomination of non-official directors on the Board of RRB, appointment of Chairman, Recommendation of RRBs, review of performance of RRBs, wage revision, manpower planning; laying of Annual Reports of all RRBs along with review thereof; formation of Staff Service Regulation and Promotion Rules for employees and officers of RRBs, IR matters of RRBs. Citizen's Charter of RRBs.

Financial Inclusion (FI) - Work relating to financial inclusion, coordination with other sections, offices, institutions etc. on Financial inclusion; Branch expansion of banks; Lead Bank Scheme and Service Area Approach; District and State Level Bankers' Committee(SLBC); Regional imbalances of banking network, matters related to Business Correspondents/Business Facilitators, Mobile Banking etc., matters relating to e-Governance in all FIs and e-Payments in banking system; computerisation of PSBs; Payment of wages to MGNREGA workers through BC model; Convergence of UIDAI Aadhaar Number with Financial Inclusion; Direct Benefit Transfer under Government Schemes to the beneficiaries through their bank account and Strategy and Guidelines on Business Correspondents etc.

Industrial Relations (IR) – Service matters of PSBs including IDBI/FIs/NABARD/RBI; Industrial Disputes Act matters, HR matters relating to PSBs and RBI Unions and Associations in the Banking Industry, Bipartite settlements of policy of transfer, promotion, and HRD in banks; IB reports about political activities of bank employees; Pay and Allowances of bank employees in overseas branches; HR Reforms.

Coordination (Coord.) – Organisation of FM's meetings with CEOs of PSBs; and regional consultative committee meetings; Presidential address to the Joint Session of Parliament; Staff Meeting of Secretary (FS); monitoring & review of disposal of VIP references, PMO references, coordination of RBI pending matters; compilation and submission of material for Parliament Questions to other Ministries/Departments; Parliament Questions regarding VIP references; Monthly DO letter to Cabinet Secretary from Secretary (FS);Appointment of CPIOs, ACPIOs, AA and Nodal Section for RTI matters of DFS and to deal with CIC for Annual Report etc.; Updation of Induction Material for DFS; Co-ordination of VIP, PMO, President Sectt., etc. references involving more than two Divisions of DFS.

Establishment (Estt.) – Matters pertaining to the Officers and Staff of DFS including RRs, appointment, ACRs, deputation(including abroad), training, IWSU, SIU, welfare, review of officers under FR 56(J), internal vigilance, staff grievances, pension, etc.; grant of various advances to officers and staff, payment of fees to advocates, settlement of medical claims and CGHS matters, family welfare programme.

General Administration (GA) - House Keeping, cleanliness, stores, canteen, R&I, library, Staff Car Drivers, vehicles to the officers of DFS, purchase of Computer Hardware and Maintenance of Computers, Printers and other equipments. Providing of Identity Cards to the Staff of DFS and CMDs/EDs/PROs of Public Sector Banks/Financial Institutions/Insurance companies, etc.

Parliament – Collection, identification and marking of Parliament Questions, Notices, admitted Questions, and getting the files approved from the Minister. Preparation of facts and replies for pads of Ministers; keeping track and record of pending Assurances, Special Mentions and References under 377 and other matters as mentioned in the Induction Material.

Office of Custodian - Joint Parliamentary Committee (JPC) (which enquired into irregularities in securities transactions); disciplinary action against bank employees/ executives involved in irregularities in securities transactions; establishment matters relating to Special Courts/Office of the Custodian; all issues pertaining to continuation of posts, budget matters of the O/o Custodian and Special Court including extension of the Office of Custodian and appointment of Custodian.

Hindi – Implementation of Official Language Policy of the Government, translation work relating to Parliament Questions, Standing Committees, Minutes of the Meetings; Hindi Teaching Scheme and other miscellaneous work as mentioned in induction material of DFS.

Welfare Section– matters relating to recruitment, promotion and welfare measures of SC/ST/OBC/PH and Ex-servicemen in PSBs/FIs; matter of policy regarding reservation for these categories in PSBs/FIs, Insurance Companies, reservation matters in RRBs etc.

Data Analysis (DA) – The Data Analysis Section is responsible for analysis of Monetary Policy, maintaining MIS for data relating to Banking viz. Interest rates, Base rate, analysis of Sectoral Credit/Deposits and Advances, Financial Sector Reforms, preparation of speeches of Hon'ble Finance Minister and Hon'ble Minister of State for Finance, Publication of Monthly News Bulletin and Newsletter, Preparing daily news updates for all officers of DFS, coordinating material for Economic Survey, Mid-Year Review, Year-End Review and coordinating matters relating to Union Budget and follow up of outstanding Audit Paras.

Industrial Finance-I (IF-I) – Administration of the Export-Import Bank Act-1981 and Scheme for financing Viable Infrastructure Projects (SIFTI) of IIFCL, Operational/ Policy/Budgetary matters relating to Exim Bank, IIFCL, IWRFC and IIBL Ltd.; Matters related to IFCI Ltd., IDFC Ltd., Closure of IIBI Ltd.; Board level appointments-Whole Time Directors- IIFCL, IWRFC and IIBI Ltd; Government Nominee Directors-Exim Bank, IIFCL, IWRFC, IIBI Ltd., IFCI Ltd. and IDFC Ltd.; Non-official Directors-Exim Bank, IIFCL, IWRFC and IIBI Ltd.; Sector-specific matters like infrastructure, power, textiles, exports; commerce etc.; laying of annual reports of FIs; matters related to Ratnagiri Gas and Power Pvt. Ltd. (RGPPL). Citizen's Charter of EXIM Bank and IIFCL.

Industrial Finance-II (IF-II) – Matters relating to NHB and Housing Policy, BIFR, Appellate Authority for Industrial and Financial Reconstruction (AAIFR), Sick Industrial Companies (Special Provisions) Act (SICA), appointment of members of BIFR, AAIFR; Small and Medium Enterprises (SMEs), SIDBI, SFCs, Credit Guarantee Fund for Micro and Small Enterprises; MLIs, Credit Guarantee Scheme and other related matters on the subject. Citizen's Charter of NHB and SIDBI.

Vigilance - Consultation with CVC/CTE; nomination of CVOs for PSBs/FIs; correspondence with CBI; Annual Action Plan on Anti Corruption measures; investigation of cases of frauds by CBI & RBI; matters under Prevention of Corruption Act; preventive vigilance; vigilance systems and procedures in RBI/PSBs/FIs and Insurance Companies; inquiry into complaints against GMs/EDs and CMDs of PSBs/FIs and Vigilance Surveillance over them; major frauds in PSBs (in India and abroad); PMO references on anti corruption measures; bank security; robberies & loss prevention in banks; sanction of prosecution in case of ED/CMDs; War Book matters; Annual Reports of CVC; Conduct Regulation in PSBs/ FIs, employment after retirement regulations in PSBs; CVC/CBI references relating to DRTs/DRATs.

Debts Recovery Tribunals (DRT) – Establishment of DRTs/DRATs under the Recovery of Debts due to Banks and Financial Institutions Act, 1993; framing or amending rules for implementing of the provisions of the DRT Act; filling up of the posts of Chairpersons, Presiding Officers, Registrars, Assistant Registrars, Recovery officers, and other posts in DRTs/DRATs; issuing clarifications/ guidelines etc. on administrative matters/review; progress and disposal of cases by DRT/DRATs; budget provisions, monitoring, etc. relating to DRTs/DRATs.

Recovery Section – The Section deals with the issues relating to Recovery of Debts due to Banks and Financial Institutions (RDDBFI) Act, 1993 & Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002 and their Rules, Central Registry, Credit Information Companies including CIBIL, Securitisation and Foreclosure, resolution/recovery of Non-Performing Assets (NPAs) of Public Sector Banks (PSBs), One Time Settlement / Compromise of loan accounts etc.

Micro Finance

Matters related to Micro Finance Institutions and Legislation thereon, Self Help Groups, as well as NABARD's Micro Finance, etc.

Insurance-I (Ins.-I) –

LIC Business -Review of the performance of LIC; Laying of Reports of LIC in Parliament; Opening/ winding up of branches of LIC in India; Appointment of Auditors for LIC; Administration of PP Act in LIC and references relating to Estate matters in LIC; Foreign operations/ subsidiaries of LIC; References on Social Security Schemes and other life insurance schemes; Review of performance and making budgetary provisions for various GOI funded schemes such as Janashree Bima Yojana, Shiksha Sahayog Yojana, Varishatha Bima Yojana and Aam Aadmi Bima Yojana; Other Social Security Group Insurance Schemes under LIC; Central Government Employees Group Insurance Scheme; Postal Life Insurance Scheme; Employees' Provident Fund Scheme; All Government sponsored/ supported schemes in life insurance; Any other life insurance or social security products/ scheme proposals; Others: Appellate Authority constituted under Section 110H of the Insurance Act, 1938.

Coordination work relating to the following Committees: Committee for the Welfare of Women; Committee for the Welfare of SC/ST; Estimates Committee.

Appointments - LIC - Selection & appointment of Chairman/ MDs, LIC, appointment of Directors on the Board of LIC, appointment of ex-officio members on the subsidiaries of LIC; Permission for foreign deputation of Chairman and MDs of LIC; Permission for commercial Employment after Retirement for Chairman/ MDs, LIC and other executives of LIC; IRDA - Appointments of Chairperson and Members of IRDA; Service condition of Chairman, Members and employees of IRDA; Budget and Funds of IRDA; Other matters relating to Brokerage agencies, entry of new companies and regulations of IRDA.

Service Matters - Service matters, rules and regulations in all public sector insurance companies; Representations on service matters by employees of public sector insurance companies; Service matters of Development Officers/ Agents/Intermediaries; Wage Revision/ Bonus/ VRS in LIC / Public Sector General Insurance Cos; Implementation of Pension Scheme/ policy matters on commercial employment. Citizen's Charter of Life Insurance Corporation Ltd.

Insurance-II (Ins.-II)

Grievances - Public grievances against services provided by Public Sector Insurance Companies including AICL and IRDA other than on service matters; Periodical meetings of Public Grievances Officers of public sector insurance companies; Functioning of internal public grievances redressal machinery in public sector insurance companies; Functioning of external redressal machinery like Consumer Courts, Ombudsmen, Lok Adalats, MACT and Courts etc. Appellate Authority constituted under Section 110H of the Insurance Act 1938. Citizen's Charter of Non Life Insurance Companies.

Housekeeping - Care taking and maintenance of computers, furniture, photocopiers etc. in Insurance Division. I-card for staff and executives of Insurance Companies.

Insurance Sector Reforms - All matters relating to reforms in insurance sector; Reforms related amendments to Insurance Act, 1938, LIC Act, 1956, GIBNA, 1972, IRDA Act, 1999 and Actuaries Act, 2006; Implementation of Law Commission Reports.

Appointments - Policy issues concerning selection of Chief Executives in the PSU insurance companies including AICL; Appointment on the Boards of public sector non-life companies including AICL; Foreign deputation of Insurance Executives; permission for Chief Executives of non-life companies including AICL.

General Insurance: Review of the performance of General Insurance Companies including AICL; Matters relating to Insurance Schemes of Public Sector General Insurance Companies including AICL and audit paras thereon; Computerization of public sector general insurance companies; References relating to Surveyors and Agents of non-life PSICs; Foreign operations of public sector general insurance companies; Reference relating to Re-insurance, Third Party Administrators, Tariff Advisory Committee; Opening/ winding up of branches ; Administration of War Risk (Marine Hull) Reinsurance Schemes, 1976; Reference from RBI on permission for release of foreign exchange for insurance policy abroad; Laying down of Annual Reports of General Insurance Companies/ GIC/ AICL; Administration of PP Act in non-life insurance companies and references relating to Estate matters in those companies.

Coordination - Work relating to Budgeting, Tax proposals, Budget Announcements relating to insurance, Annual Report, Economic Survey, India Reference Annual, Economic Editors Conference, PMO/ Cabinet References, CII & FICCI, within Insurance Division, matter related to e-payments in Insurance Companies, computerization of Insurance Companies.

Coordination work relating to the following Committees: - Standing Committee on Finance; Committee on Subordinate Legislation; Petitions Committee; Committee on Public Undertaking (COPU).

Others - WTO multi-lateral/ bilateral agreements; Inter-Government agreement between India and any other country.

Pension Reforms (PR) - Coordinating and introducing Pension Reforms; Introduction of New Pension System and extension of its coverage to State Governments and unorganised sector and implementation of the Co-Contributory Swavalamban Scheme; Creation of a Non-statutory Interim Pension Fund Regulatory and Development Authority and administrative matters relating thereto; Formulation of the Pension Fund Regulatory and Development Authority Bill, 2011 and its passage through the Parliament; Matters relating to the Investment Pattern for Non-Government Provident Funds, Superannuation Funds and Gratuity Funds.

Work relating to Parliament Questions, Legislation, Cabinet Notes, Court Cases, VIP References, RTI applications will be attended to by the respective Sections.

Special Cell (created vide Office Order No. 11013/1/ 2013-Estt. Dated 28.6.2013) – Providing briefs/comments to the Secretary (FS) regarding agenda notes of the Board meetings of RBI, SBI, LIC, EXIM Bank and IIFCL; Providing support to Government Nominee Directors regarding analyzing agenda notes of Board Meetings of PSBs/FIs/Insurance Companies; Preparing induction material for Government Nominee Directors and regularly updating the same; Maintaining copies of all relevant circulars/guidelines/orders and circulate them on a quarterly basis and provide inputs as required by Government Nominee Directors; Organizing briefings at regular intervals for Government Nominee Directors by officers of DFS regarding priority issues of Government.

1. Banking Operations and Accounts

1.1 Capitalisation of Public Sector Banks (PSBs)

The capital infusion by the Government in PSBs is done with twin objective of adequately meeting the credit requirement of the productive sectors of economy as well as to maintain regulatory capital adequacy ratios in PSBs. The Government of India, as the majority shareholder, is committed to keep all PSBs adequately capitalized. Government's infusion of capital in PSBs is in addition to their internally generated capital to enable the banks to maintain a comfortable level of Tier-I CRAR. During 2013-14 the following measures have been taken to recapitalize the PSBs:

i. Government has infused an amount of Rs. 14,000 crore during 2013-14 in 20 Public Sector Banks (PSBs).

ii. Government has also conveyed ón-principleô approval to some PSBs to raise capital from market to meet their additional capital requirement.

iii. PSBs, where Government of India is holding Perpetual Non-cumulative Preference Shares (PNCPs), Perpetual Cumulative Preference Shares (PCPS) and Innovative Perpetual Debt Instrument (IPDI), have been permitted to convert these instruments into equity shares which will augment their equity capital.

2. For the year 2014-15 also, the Government has provided an amount of Rs.11,200 crore under Plan Budget Estimates 2014-15 to enable the banks to maintain comfortable level of Tier-I CRAR and also to ensure that they remain compliant with the capital adequacy norms under BASEL-III.

1.2 Women's Bank – Bharatiya Mahila Bank Limited

With a view to promoting gender equality and promoting economic empowerment of women, Government took a decision to set-up Indiaô s first Womenô s Bank, to address the gender related aspects of (a) financial access to all sections of women, (b) empowerment of women, and (c) financial inclusion.

To achieve economic empowerment, women need equal access to economic institutions and control of assets. Since both the components are interrelated, control over assets is essential to access finance and vice versa. Hence the first step towards economic empowerment is to provide equal access to financial services to women while addressing the problems of lack of collateral. This would help promote both asset ownership by women (control over resources) and entrepreneurship, which would increase employment opportunities for them.

Government has infused an initial capital of Rs. 1,000 crore in the Bharatiya Mahila Bank Limited. The Bank has been incorporated and RBI has already issued a banking license to the Bank. The Bank has become functional after its inauguration on 19.11.2013.

1.3 New Banking Licences in the Private Sector.

Reserve Bank of India (RBI) vide its Press Release dated 22.02.2013, had released ñGuidelines for Licenses of New Banks in the Private Sectorò wherein applications for setting up banks in the private sector were invited. 25 Applications were received by RBI. Subsequently, as indicated in the said guidelines, RBI constituted a High Level Advisory Committee under the Chairmanship of Dr. Bimal Jalan, former Governor (RBI) for screening of applications for new banks in the private sector. The Committee had submitted its Report containing with its recommendation to RBI on 25.02.2014. Based on the recommendations of the Committee an internal scrutiny of the applications was done and thereafter RBI vide its Press Release dated 02.04.2014, conveyed its decision to grant ñin-principleò approval to two applicants viz., IDFC Limited and Bandhan Financial Services Private Limited, to set up banks under the Guidelines.

2. Regional Rural Banks

Revitalizing Regional Rural Banks (RRBs):

With the view to strengthening the RRBs for playing a greater role in agriculture, rural lending and financial inclusion the following measures were taken during the year.

2.1 Branch Network of Regional Rural Banks

The number of branches of RRBs has increased from 16909 as on 31st March, 2012 to 17861 as on 31st March, 2013 taking the network of RRBs to 635 districts. During the year 2013-14, 438 new branches have been opened by RRBs up to 31.12.2013 making the total number of RRB branches to 18299 as on 31.12.2013. All branches of RRBs are on CBS Platform.

2.2 Capital Infusion for Improving CRAR

Dr. K. C. Chakrabarty Committee had recommended recapitalisation support to 40 RRBs to enhance their CRAR to 9%. The amount of recapitalisation was assessed to be Rs.2200 crore, to be shared by the stake holders in proportion of their shareholding, i.e. 50% (Central Govt.),15% (State Govt.) and 35% (Sponsor banks). The share of Central Government came to Rs.1100 crore. The recapitalisation process was started in 2010-11. As per the approved scheme, the release of Central Government share was subject to release of the share by the respective State Government and Sponsor Banks. An amount of Rs.468.92 crore was released to 21 RRBs in 2010-11 and 2011-12. Since all the State Governments did not release their share towards recapitalisation, the scheme was extended up to March 31, 2014.

An amount of Rs.535.00 crore was released during 2012-13 to 19 RRBs and Rs. 82.78 crores was released to 4 RRBs during 2013-14 as share of recapitalization of the Central Government. Out of Rs.82.78 crore, Rs.48.46 crore was released to Central Madhya Pradesh Gramin Bank, which is an amalgamated entity after amalgamation of Vidisha Bhopal Kshetriya Gramin Bank, Mahakaushal Kshetriya Gramin Bank and Satpura Narmada Kshetriya Gramin Bank, on the recommendation of NABARD to meet the requirement of minimum CRAR of 9%. With this Rs.1086.70 crore has been released up to 31st March, 2014 to 39 RRBs including Central Madhya Pradesh Gramin Bank. The achievement is 98.79%.

2.3 Financial Performance

The financial performance of RRBs improved during 2012-13 with 63 RRBs out of 64, recording profit (before tax) of Rs.3281 crore as on 31st March, 2013. After payment of Income Tax of Rs.896 crore, the net profit aggregated to Rs.2274.72 crore during the year. The number of loss making RRBs decreased from 3 in 2011-12 to 1 during 2012-13 and their losses decreased from Rs. 28.87 crore to Rs. 2.07 crore in the corresponding period. As a result of improved financial performance, the aggregate reserves of RRBs stood at Rs.13247.26 crore, as on 31st March, 2013 as against Rs.11262.99 crore, as on 31st March, 2012, while their net worth increased from Rs.15129.44 crore in 2011-12 to Rs.18354.78 crore during 2012-13.

2.4 Accumulated Losses

The number of RRBs that had accumulated losses reduced substantially from 22 as on 31st March, 2012 to 11 as on 31st March, 2013. The aggregate amount of accumulated losses of RRBs decreased from Rs.1332.57 crore (decreased Rs.241.93 crore) to Rs.1090.64 crore as on above dates.

2.5 Non-performing Assets (NPA)

The Gross NPA of RRBs, increased from Rs. 5859 crore as on 31st March, 2012 to Rs. 8330 crore, as on 31.3.2013. The Gross NPA as a percentage has increased from 5.03% to 6.08% in the corresponding period. The Net NPA of RRBs increased from Rs. 3372 crore, as on 31st March, 2012 to Rs. 4992 crore, as on 31st March, 2013. The percentage of Net NPA also increased from 2.98% to 3.78% in the corresponding period.

2.6 Amalgamation of geographically contiguous RRBs in a State.

RRBs have played a pivotal role in institutional credit delivery network in rural areas, particularly to the agriculture sector. To enhance their outreach and provide banking services more effectively to rural masses, RRBs need to undertake a continuous process of technology and capital up-gradation.

With a view to minimise overhead expenses and optimise the use of technology in RRBs, the Government has, in consultation with National Bank for Agriculture and Rural Development (NABARD), the concerned State Government and sponsor banks, initiated the process of amalgamation of geographically contiguous RRBs in a State. With amalgamation, the capital base and area of operation of amalgamated RRBs will be enhanced and the amalgamated entities will be able to serve their area better. Till 31st March, 2014, 43 RRBs have been amalgamated into 18 RRBs bringing down the number of RRBs to 57 from 82.

2.7 Human Resource Development

(i) Inter-se Seniority guidelines for the staff of Amalgamated RRBs have been approved by Government of India which were further circulated on 25th November, 2013 by NABARD to all RRBs and Sponsor Banks.

(ii) Government has revised the guidelines with regard to age limit for appointment of Chairmen of RRBs up to the age of 55 years, one year at a time and circulated on 23.1. 2014 to all RRBs and Sponsor Banks.

3. Financial Inclusion

Financial Inclusion is an important priority of the Government. The objective of Financial Inclusion is to extend financial services to the large hitherto un-served population of the country to unlock its growth potential. To extend the reach of banking to those outside the formal banking system, Government of India has taken various initiatives from time to time.

(1) Expansion of Bank Branch network: Public Sector Banks opened 7840 branches in 2013-14 as compared to 4805 branches in 2011-12 and 4432 in 2012-13.

(2) Expansion of ATM Network: Total number of ATMs of Public Sector Banks increased to 96853 as on 31.01.2014 as compared to 69652 as on 31.03.2013 and 58193 as on 31.03.2012. 25331 on-site ATMs were installed in 2013-14 pursuant to the Budget Announcement.

(3) Expansion of Business Correspondent Agents: Banks have been advised by DFS to extend banking services to the entire geography of the country based on the concept of Sub Service Area (SSA) comprising of 1000-1500 households. In case of North-East, Hilly States and sparsely populated regions of other States banks may decide the households to be covered by each Business Correspondent Agent (BCA) appropriately. In case of larger Gram Panchayats more than one BCA could be appointed. In case of smaller Gram Panchayats more than one contiguous Gram Panchayat, taking into consideration the geographical area, could be assigned to each BCA.

Banks have already initiated the above process to plan for providing a banking outlet (Branch with ATM or BCA) to every Sub Service Area, in 121 DBT districts. In these 121 districts, banks have provided banking facilities in 30751 SSAs out of 30855 SSAs identified.

(4) Direct Benefit Transfer (DBT) and Direct Benefit Transfer for LPG (DBTL): The objective of DBT Scheme is to ensure that money under various developmental schemes reaches beneficiaries directly and without any delay. Banks play a key role in implementation of DBT/DBTL and this involves four important steps, viz.

(i) Opening of accounts of all beneficiaries;

(ii) Seeding of bank accounts with Aadhaar numbers and uploading on the NPCI mapper;

(iii) Undertaking funds transfer using the National Automated Clearing House - Aadhaar Payment Bridge System (NACH-APBS).

(iv) Strengthening of banking infrastructure to enable beneficiary to withdraw money.

(i) Direct Benefit Transfer (DBT): The scheme has been launched in the country from January, 2013 and has been rolled out in a phased manner, starting with 25 welfare schemes, in 43 districts (Phase-I) and extended to additional 78 districts (Phase ï II) and additional 3 schemes from 1st July, 2013.

DBT status as on 21.03.2014

S.No.	Particularas	Phase-I		Phase-II	
		Number	Percent	Number	Percent
(1)	No. of beneficiaries account Opened	14.64 lakh	98.78%	23.55 lakh	98.65%
(2)	Aadhaar number seeded in accounts	10.76 lakh	73.48%	11.16 lakh	47.37%
(3)	Mapping of Aadhaar Nos. done with NPCI	10.76 lakh	100.00%	11.25 lakh	100.87%

Source:IBA

(ii) Direct Benefit Transfer for LPG (DBTL) : DBTL was introduced in 18 districts with effect from 01.06.2013, in one district (Mysore) w.e.f. 01.07.2013, and another district (Mandi) w.e.f 01.8.2013, 34 districts w.e.f. 01.09.2013 and additional 43 districts w.e.f 01.10.2013. Government has also decided to rollout DBTL scheme in additional 194 districts by 01.01.2014 in a phased manner. Govt. decided on 28.02.2014 to constitute a Committee to review the functioning of DBTL Scheme, keeping in view the difficulties experienced by the beneficiaries in the DBTL scheme, under the Chairmanship of Shri S.G. Dhande (former Director IIT Kanpur).

DBTL status as on 20.03.2014

	Summary of All Phases DBTL Seeding as on 20.3.2014				
Phase/ Disticts	**No. of LPG Consumers (in lakh)**	**LPG Aadhaar Seeding As On Date (in lakh)**	**% LPG Aadhaar Seeding As On Date**	**Bank Aadhaar Seeding As On Date (in lakh)**	**% Bank Aadhaar Seeding As on Date**
PHASE 1 (20)	75.59	67.55	89.36%	63.31	83.75%
PHASE 2 (34)	150.49	115.33	76.64%	100.98	67.10%
PHASE 3 (43)	166.18	87.35	52.57%	61.48	37.00%
PHASE 4 (39)	130.76	53.62	41.01%	38.08	29.13%
PHASE 5 (49)	141.39	35.38	25.02%	22.77	16.11%
PHASE 6 (108)	298.31	77.33	25.92%	49.15	16.48%
TOTAL (293)	962.72	436.56	45.34%	335.77	34.87%
	9.63 crore	**4.37 crore**		**3.36 crore**	

Source: MoPNG

4. Agriculture Credit Targets

In order to boost agriculture productivity, farmers need access to affordable and timely credit facilities. As against the farm credit target of Rs.7,00,000 crore for the year 2013-14, an amount of Rs. 7,30,765.61 crore (provisional) was disbursed during the year. Year wise position of target and achievement under agricultural credit flow is given in the following table:-

(Rs. in crore)

Year	Target	Achievement
2004-05	1,05,000	1,25,309
2005-06	1,41,000	1,80,486
2006-07	1,75,000	2,29,400
2007-08	2,25,000	2,54,657
2008-09	2,80,000	3,01,908
2009-10	3,25,000	3,84,514
2010-11	3,75,000	4,68,291
2011-12	4,75,000	5,11,029
2012-13	5,75,000	6,07,376
2013-14	7,00,000	7,30,765.61*

* Provisional figures

4.1 Interest Subvention Scheme

The Government of India has since 2006-07 been subsidizing short term crop loans to farmers in order to ensure the availability of crop loans to farmers for loans upto Rs. 3.00 lakhs at 7% p.a. This Interest Subvention Scheme has been further continued in 2013-14 for Public Sector Banks, Regional Rural Banks and Cooperative Banks as well as for Private Sector Commercial Banks (in respect of crop loans disbursed by rural and semi-urban branches of private sector commercial banks).

Currently, besides 2% interest subvention, 3% incentive is given for prompt repayment of loan reducing the cost to 4%.

The amount released by the Government of India under Interest Subvention Scheme is as follows :-

(Rs. in crore)

Year	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	Total
Amount Released	1700	2600	2011	3531.19	3282.70	5400	6000	24524.89

In order to discourage distress sale by farmers and to encourage them to store their produce in warehouse against warehouse receipts, during 2011-12, Interest Subvention was introduced to small and marginal farmers having Kisan Credit Cards for a further period of six months post harvest, on the same rate as available for short term crop loan against negotiable warehouse receipts, for keeping their produce in warehouses. This scheme was continued during 2012-13 and 2013-14.

4.2 Kisan Credit Card

The Kisan Credit Card (KCC) scheme was introduced in 1998-99, as an innovative credit delivery system aiming at adequate and timely credit support from the banking system to the farmers for their cultivation needs including purchase of inputs in a flexible, convenient and cost effective manner. The Scheme is being implemented by all the District Central Cooperative Banks, Regional Rural Banks (RRBs) and Public Sector Commercial Banks throughout the country. KCC is one of the most effective tools for delivering agriculture credit. Banks have been advised to issue Kisan Credit Cards (KCC) to all eligible farmers. A new scheme for KCC has been circulated by RBI & NABARD which provides for KCC as an ATM card which can be used at ATM/Point of sale (POS) terminals. This Department has, in July 2012, advised all banks to implement the new KCC Scheme and issue ATM/Debit cards to farmers. As on 31st March 2014, 111 lakh KCCs issued by Public Sector Banks were eligible for conversion into ATM cards, out of which 64.61 lakh eligible KCCs have since been converted into ATM enabled KCC cards.

4.3 Rural Infrastructure Development Fund (RIDF)

The GoI established a fund to be operationalised by NABARD in the Union Budget 1995-96 called the Rural Infrastructure Development Fund(RIDF), which was set up within NABARD by way of deposits, from Scheduled Commercial Banks operating in India from the shortfall in their agricultural /priority sector/weaker sections lending. The Fund has since been continued, with its allocation being announced every year in the Union Budget. Over the years, coverage under the RIDF has been broad based, in each tranche, and at present, a wide range of 31 activities are financed under various sectors.

The annual allocation of funds announced in the Union Budget has gradually increased from Rs.2000 crore in 1995-96 (RIDF I) to Rs.20,000 crore in 2013-14 (RIDF XIX). The aggregate allocations have reached Rs.1,92,500 crore including the Bharat Nirman Component sanctioned to National Rural Roads Development Agency (NRRDA) under RIDF XII - XV. In the Budget speech of 2013-14 (RIDF XIX), allocation of Rs.20,000 crore has been made for RIDF and Rs. 5,000 crore for Warehouse Infrastructure Fund, separately.

During 2013-14, RIDF sanctions were issued to the extent of Rs.22,747 crore and under Warehouse Infrastructure Fund Rs. 5004 crore was sanctioned by NABARD for creating additional scientific storage capacity of 10 million metric tonnes.

4.4 Main Programmes and Schemes

Some of the important Programmes and schemes during 2013-14 were:

i) Continuation of Interest Subvention Scheme for interest relief to farmers on short term production credit upto Rs.3 lakh.

ii) Scheme for financing to warehousing infrastructure with a specific allocation of Rs.5,000 crore to NABARD.

4.5 Strengthening of the Capital Base of NABARD

To enhance its borrowing capacity to ensure availability of adequate and affordable credit to farmers and also to meet the growing refinance needs of the Banks that are extending agriculture loans and are undertaking other developmental activities in the rural areas, the Union Finance Minister in his Budget Speech 2011-12 had proposed to strengthen NABARD's capital base by infusing Rs. 3000 crore in a phased manner, of which Rs.2800 crore has been released so far.

5. Debts Recovery Tribunals

The Central Government has established 33 Debts Recovery Tribunals and 5 Debts Recovery Appellate Tribunals all over the country under the provisions of the Recovery of Debts Due to Banks and Financial Institutions Act, 1993 for expeditious adjudication and speedy recovery of debts due to banks and financial institutions and matters connected therewith.

The role of DRTs has been further enhanced by 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 data made available by DRTs, a total number of 13613 cases (OA) involving Rs. 17074 crore were disposed off by the DRTs during the period 01.04.2013 to 31.03.2014.

6. Non Performing Assets (NPAs)

6.1 Non-Performing Assets of Public Sector Banks (PSBs)

(a) As per data made available by the Reserve Bank of India (RBI), Gross NPAs of PSBs have increased from Rs.1,55,890 crore,(GNPA Ratio 3.84%) March, 2013 to Rs.2,04,249 crore (GNPA Ratio 4.44%) March 2014 (provisional) due to sluggishness in the domestic growth during the recent past, slowdown in recovery in the global economy and continuing uncertainty in the global markets. However, GNPA ratio has improved since December, 2013 and it has come down from 5.07per cent to 4.44 per cent (provisional) as at March, 2014 due to efforts made by the banks.

(b) Asset quality in the banking system has deteriorated in the post-crisis years and Public sector Banks (PSBs) had the highest level of stress in terms of NPAs and restructured advances. Gross NPAs plus Restructured Standard Advances in PSBs increased from 8.91% (March, 2012) to 11.02% (March, 2013) and 11.34% (provisional) as at March,2014. However, Gross NPAs plus Restructured Standard Advances has come down from 12.16% (December, 2013) to 11.34% (provisional) as at March, 2014. RBI in its Financial Stability Report December, 2013 has indentified five sectors- Infrastructure, Iron & Steel, Textiles, Aviation and Mining as the stressed sectors. PSBs have high exposures to 'industry' sector in general and to such 'stressed' sectors in particular in the recent years.

(c). RBI has tightened and rationalized 'prudential Guidelines on restructuring' vide its circular dated May 30, 2013. The main points of the circular are given below:

i. Regulatory forbearance regarding asset classification on restructuring will be withdrawn from April 1, 2015.

ii. During the interregnum to withdrawal of asset classification benefit, standard restructured accounts will attract higher provisioning requirement of 5%, immediately for fresh cases and in a phased manner for existing stock of standard restructured accounts.

iii. However, asset classification benefit on change of DCCO of infrastructure and non-infrastructure projects will continue to be available beyond April 1, 2015 until further review by RBI. Further, mere extension of DCCO up to two years and one year for infrastructure and non-infrastructure projects, respectively will not be treated as restructuring.

iv. Promoters will have to make a sacrifice of 20 per cent of banks' sacrifice or 2 per cent of the restructured debt, whichever is higher, as against present requirement of 15 per cent of banks' sacrifice.

v. Conversion of debt into preference shares should be done only as a last resort and such conversion of debt into equity/preference shares should, in any case, be restricted to a cap (say 10 per cent) of the restructured debt.

vi. Promoters' personal guarantee should be obtained in all cases of restructuring and corporate guarantee cannot be accepted as a substitute for personal guarantee.

vii. Criteria for upgradation of a downgraded restructured account, i.e. an account classified as NPA on restructuring, have been tightened.

viii. Banks would be required to incorporate the 'right to recompense' clause in all cases of restructuring.

6.2 Recent Initiatives

RBI on 30th January, 2014 released "Early Recognition of Financial Distress, Prompt Steps for Resolution and Fair Recovery for Lenders: Framework for Revitalizing Distressed Assets in the Economy" suggesting various steps for quicker recognition and resolution of stressed assets. The banks will now be required to classify 'Special Mention Accounts into three sub categories:

SMA 0 - Principal or interest not over due but showing incipient signs of stress.

SMA 1 - Principal or interest overdue 31-60 days

SMA 2 - Principal or interest overdue 61-90 days

7. Financial Institutions

7.1 India Infrastructure Finance Company Ltd. (IIFCL)

IIFCL, a wholly-owned Government of India company in 2006 to provide long term finance to viable infrastructure projects through the Scheme for Financing Viable Infrastructure Projects through a Special Purpose Vehicle called India Infrastructure Finance Company Ltd (IIFCL), broadly referred to as SIFTI. IIFCL has been registered with Reserve Bank of India as Non Banking Finance Company – Infrastructure Finance Company (NBFC-IFC) since September, 2013. IIFCL accords overriding priority to Public-Private Partnership (PPP) Projects. The authorized & paid up capital of the company as on 31st March, 2014 was Rs 5,000 crore and Rs 3,300 crores respectively. The company is operating profitably since commencement of operations. On a standalone basis, till 31st March, 2014, IIFCL has made cumulative gross sanctions of Rs 54,148 crore under direct lending and has made cumulative disbursement to Rs 32,064 crore (Rs. 38, 571 crore on consolidated basis), including refinance of Rs 6,256 crore and takeout finance of Rs 3,819 crore. Till 31st March, 2014, IIFCL has completed takeout finance of Rs. 3, 819 from 27 banks/ financial institutions. IIFCL was authorized to raise tax free bonds up to Rs. 10,000 crore in financial year 2013-14, of which IIFCL mobilized Rs 9,841 crore. IIFCL has also established strong relationships with bilateral and multilateral institutions like ADB, World Bank and KfW & EIB and has committed lines of credit.

7.2 New Initiatives

During 2013-14, Government permitted IIFCL to offer tenors longer than other consortium lenders to PPP projects approved by PPPAC/EC/EI which have provision of compulsory buyback by the authority on termination. This will enable spreading the debt repayments over a longer period which will benefit PPP infrastructure projects with improved liquidity, better viability and reduced restructuring risk.To enable channelization of long term funds from investors like insurance companies and pension funds, IIFCL is presently undertaking pilot transactions under its Credit Enhancement initiative. Till 31st March, 2014, IIFCL has accorded in-principle approval to four pilot transactions for extending partial credit guarantee to enable issuance of credit enhanced bonds worth around Rs 2,200 crore.

7.3 Subsidiaries of IIFCL

IIFC(UK)

IIFC (UK), a wholly owned subsidiary of IIFCL was set up in London in 2008, with the objective of financing import of capital equipment by infrastructure projects in India. Till March 31, 2014, IIFC(UK) has made cumulative disbursements of USD 1082.66 million. IIFCL has further established two more wholly owned subsidiaries namely IIFCL Projects Limited for providing advisory services to infrastructure projects and IIFCL Asset Management Company Ltd to manage its Infrastructure Debt Fund (IDF), launched through mutual fund route. The maiden IDF scheme of IIFCL Mutual Fund was fully subscribed in February, 2014 and, the scheme achieved the distinction of being the first IDF-MF in the country to be listed on a stock exchange.

7.4 Export Import Bank of India (EXIM BANK)

Promotion of Equity / Inclusiveness

Exim Bank offers a comprehensive range of lending and service/advisory programmes, aimed at aiding the globalisation efforts of Indian companies. This enables the Bank to promote inclusion of a large cross-section of Indian exporters, in the opportunities being thrown up by globalization.

7.5 Performance :

During Financial year 2013-14, the Bank extended an aggregate of 24 Lines of Credit (LOCs) guaranteed by the Government of India, to 18 countries, with credits amounting to US$ 1.77 billion. As on date, 173 LOCs to 62 countries, with credits amounting to US$ 10.03 billion are guaranteed by the Government of India. Besides LOCs, Exim Bank's new product - Buyer's Credit under the National Export Insurance Account (BC-NEIA) aims at catalysing project exports from India. The Bank has so far approved an aggregate amount of USD 444 mn for financing five projects valued USD 520 mn. Under Overseas Investment Finance (OIF) in FY 2013-14, the Bank sanctioned funded and non-funded assistance to 47 Indian corporates aggregating to Rs. 71.18 billion for part financing their overseas investments in 40 countries (till 31.3.2014, Exim Bank has provided finance to 494 ventures set up by 391 companies in 80 countries). The Bank has achieved business growth during FY 2013-14 [16% growth in both loans & advances and in the overall customer assets portfolio (aggregate of funded and non-funded portfolio) and 14% growth in total business (customer portfolio + borrowings)]. Networth of the Bank as on 31.3.14 stood at Rs. 8,310 crore.

7.6 E-Governance and E-Payment :

a) Sustained initiatives in enhancing the use of knowledge management tools and digital communication across its various constituents b) Systems in place for operational business intelligence; document management and workflow; networks and security c) Endeavouring to move towards 100% electronic mode of payments and receipts. All payments being made by direct transfer through NEFT/RTGS d) Video-conferencing facility in place for cost-effective review of office-wise performance, in-house training and even interactions with clients.

7.7 National Housing Bank

Activities & Operations during FY 2012-13 and 2013-14 (Half Year July – December 2013)

(The financial year of National Housing Bank (NHB) is from July to June)

7.8 Performance under Rural Housing

Out of the total refinance releases of Rs.17541.64 crore made during the year 2012-13, 44% aggregating Rs. 7717.60 crore have been made under the Rural Housing Fund (RHF) and the Golden Jubilee Rural Housing Refinance Scheme (GJRHRS) in respect of loans given by Primary Lending Institutions (PLIs) in rural areas.

During the half year July 2013 to December 2013, 54.17% of total disbursements of Rs. 8113.66 crore i.e. Rs. 4395.15 crore have been made under the Rural Housing Fund (RHF) and the Golden Jubilee Rural Housing Refinance Scheme (GJRHRS) in respect of loans given by Primary Lending Institutions (PLIs) in rural areas.

7.9 Rural Housing Fund

The Hon'ble Finance Minister, in his Union Budget speech for 2008-09, announced the setting up of the Rural Housing Fund to enable primary lending institutions to access funds for extending housing finance to targeted groups in rural areas at competitive rates. The corpus of the fund for 2008-09 was Rs. 1778.18 crore, which was enhanced by Rs. 2000 crore during 2009-10, another Rs. 2000 crore for 2010-11, another Rs. 3000 crore for 2011-12, another Rs. 4000 crore for 2012-13 and further by Rs. 6000 crore by 2013-14. Till June 2012, total amount of Rs. 8778.18 crore was received by the Bank under the Fund and the full amount was deployed towards refinance for rural housing for the target groups. During the current year 2013-14, for the six month period ended 31st December 2013, the Bank disbursed Rs.1595.74 crore under this scheme.

7.10 Resource Mobilization and Management Department

Resources mobilised during the half year ended 31st December, 2013 (2013-14)

NHB raised both short term and long term resources. Short term resources included issuance of Commercial Papers (CPs) and Short Term Loans from Banks. Long Term borrowings includes issuance of Coupon Bonds, Rural Housing Fund (RHF), Deposits from Housing Finance Companies (HFCs) and Deposits from public under "SUNIDHI" and "SUVRIDDHI" term deposit schemes. The net incremental borrowing was Rs. 11,590 crores for the six months ended 31st December, 2013

The total borrowing outstanding as on 31st December, 2013 (2013-14) was Rs. 36081 crores.

Tax Free Bonds: Hon'ble Finance Minister, while presenting the Union Budget for 2013-14, has allocated Tax-free bonds to the tune of Rs. 3,000 Crores for NHB. Consequently, CBDT vide gazette [Notification No. 61/ 2013 F.No.178/37/2013-(ITA.1)] dated 08.08.2013 has authorized National Housing Bank to issue tax-free secured redeemable non-convertible Bonds aggregating to Rs. 3,000 crores during the financial year 2013-14. NHB has raised Rs. 900 crores through private placement of tax free bond during the half year ended 31st December, 2013.

7.11 small Industries Development Bank of India - FY 2013-14

Small Industries Development Bank of India (SIDBI), set up under an Act of Parliament has been consistently promoting, financing and developing the MSME sector since its inception in 1990.

SIDBI has also taken several initiatives for addressing various non-financial gaps prevalent in the MSME eco-system, which among others, include credit advisory services, loan facilitation, information dissemination through a specialized website, etc.

7.12 Performance Review of SIDBI for FY 2013-14

The total MSME outstanding credit (gross) of the Bank increased by 10% to Rs.62,304 crore as at end March 31, 2014 against Rs.56,315 crore as at end March 31, 2013. The cumulative financial assistance provided by SIDBI as on March 31, 2014, aggregated around Rs. 3,36,780 crore, which has benefitted around 3.5 crore persons.

The total income of the Bank during the year was higher at Rs.5,829 crore as compared to Rs. 5,401 crore during the previous year.

7.13 Business Initiatives

During the year under review, SIDBI has undertaken several initiatives to address the gaps in the niche areas of MSME financing and credit delivery. The highlights of various niche funding by SIDBI are given below:

7.14 Indirect Finance

(i) Refinance

In order to further enhance the refinance capability of SIDBI, the Government of India, through Budget for FY 2013-14 increased the allocation from the current level of Rs.5,000 crore to Rs.10,000 crore per year. SIDBI has disbursed Rs.2047.03 crore to micro and small enterprises through banks.

(ii) Special Refinance support - RBI, in November, 2013, announced extension of refinance support of Rs.5,000 crore to SIDBI under the provisions of Section 17(4H) of the Reserve Bank of India Act, 1934 for easing the liquidity stress to Micro, Small and Medium Enterprises (MSME) sector. The entire amount of Rs.5,000 crore has since been drawn by SIDBI in full and utilized for the purpose indicated by RBI.

7.15 India Microfinance Equity Fund

Govt. of India during the Union Budget 2011-12 announced the creation of "India Microfinance Equity Fund"(IMEF) with corpus of Rs.100 crore, to be managed by SIDBI.

Since the fund was committed in a reasonable time and good leverage has been created by the MFIs, the Govt. of India has allocated another Rs.200 crore under IMEF. Till end of March, 2014, the Bank has committed an amount of Rs.126.75 crore to 45 MFIs under the Scheme. Disbursements are currently underway for the MFIs assisted out of IMEF, upon completion of necessary formalities, documentation and compliance of pre-disbursement / pre-investment conditions by the MFIs. Till March 31, 2014, an amount of Rs.92.25 crore has been disbursed out of the committed amount.

7.16 Direct Finance

(i) Equity/Risk Capital

In the Union Budget for FY 2012–13, Government had announced the setting up of the India Opportunities Venture Fund (IOVF) with a corpus of Rs. 5,000 crore with SIDBI, to enhance the availability of equity and similar financial products to MSMEs, including start-ups and early / growth stage enterprises. The IOVF has since been operationlised w.e.f. August 01, 2012. As on March 31, 2014, SIDBI has made a total commitment of Rs. 282.46 crore under the Fund. SIDBI has requested RBI for increasing the tenure of the fund to 7 years from 3 years to make it suitable for long term use under the window.

7.17 Subsidiaries / Associates

- SIDBI Venture Capital Limited: SIDBI Venture Capital Ltd. (SVCL), a subsidiary of SIDBI set up in July,1999, is an asset management company, presently managing two venture capital funds, viz. the National Venture Fund for Software and Information Technology Industry (NFSIT) and the SME Growth Fund (SGF) for providing venture capital assistance to knowledge based MSMEs, especially in the areas of life sciences, clean technologies, information technology, bio-technology, etc. Till March 31, 2014, a total of

Rs. 540 crore has been disbursed under the two funds. SVCL has launched its third fund viz., India Opportunities Fund (IOF). The fund has done a final closure in April, 2012 and has a corpus of Rs.600 crore. As of March 31, 2014, IOF has made commitments worth Rs.181.90 crore in 15 companies.

- Credit Guarantee Fund Trust for Micro and Small Enterprises : In order to encourage banks to lend more to MSME sector, Government of India and SIDBI set up the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) in July, 2000. It provides credit guarantee support to collateral free / third-party guarantee free loans upto Rs. 100 lakh extended by banks and lending institutions for micro and small enterprises (MSEs) under Credit Guarantee Scheme (CGS). Cumulatively, as on March 31, 2014, over 14 lakh guarantees (97% of which for loans below Rs. 25 lakh) for an amount of around Rs. 70,000 crore have been approved under CGS.

- SME Rating Agency of India Ltd.: SIDBI, alongwith Dun & Bradstreet (D&B) and several Public and Private Sector banks, has set up the SME Rating Agency of India Ltd. (SMERA) in September, 2005, as an MSME dedicated third-party rating agency to provide comprehensive, transparent ratings to MSMEs. SMERA has achieved considerable success in rating 27,756 MSMEs as on March 31, 2014 of which Micro and Small Enterprises constitute more than 98%.

- India SME Asset Reconstruction Company Ltd.: India SME Asset Reconstruction Company Ltd. (ISARC) is the countryâs first MSME focused Asset Reconstruction Company striving for speedier resolution of non-performing assets (NPA) by unlocking the idle NPAs for productive purposes which would facilitate greater flow of credit from the banking sector to the MSMEs. Set up in April, 2008, ISARCâs objective is to acquire non-performing assets (NPAs) and to resolve them, through its innovative mechanisms, with a special focus on the NPAs of MSME sector. As on March 31, 2014, ISARC has assets under management of Rs. 1180.84 crore.

7.18 Representation of SCs, STs, OBCs and PWDs

The representation of SCs, STs, OBCs and Persons with Disabilities (PWDs) are annexed at Annexure ï I and II.

8. Credit Policy

8.1 Educational Loans

The Government is aware that in order to realize the demographic dividend of the country, every meritorious student should have access to bank credit. Indian Banksô Association (IBA) had prepared the Model Educational Loan Scheme and circulated to banks in the year 2001. The Scheme is for all students including students belonging to the economically weaker sections and those below the poverty line. Indian Nationals who have secured admission to a higher education course in recognised Institutions in India or abroad through an entrance test/merit based selection process are eligible for educational loans under the Scheme.

The Scheme has been modified from time to time keeping in view the changing needs of the students. IBA has vide circular letter No. CE/220 dated 27th September, 2012, revised the existing Model Educational Loan Scheme and circulated to Banks for adopting the scheme. The main features of revised Model Educational Loan Scheme are as under:

I. Banks may consider a meritorious student (who qualifies for a seat under merit quota) eligible for loan under this scheme even if the student chooses to pursue a course under Management Quota. The revised scheme also includes Degree/diploma in nursing or any other discipline approved by Indian Nursing Council;

II. The quantum of loan is to be justified by the employment potential;

III. Extension of repayment period upto 15 years depending on the quantum of loan;

IV. Banks may offer differential interest rates based on rating of institutions/students. Tracking of students after completion of course may be done in co-ordination with educational institutions.

8.2 Service Area Norms for Education Loans- RBI guidelines:

RBI has advised the banks on November 09, 2012 that Service Area Norms are to be followed only in the case of Government Sponsored Schemes as advised in its circular dated December 8, 2004 and are not applicable to sanction of educational loans. Hence, banks have been advised not to reject any educational loan application for reasons that the residence of the borrower does not fall under the bankâs service area.

8.3 Performance of Education Loans:

The total outstanding education loans of Public Sector Banks (PSBs) as on March 31, 2014 stood at Rs. 58,256 crore in 25,72,716 accounts. The increase in total loans outstanding over previous year in absolute and percentage terms was Rs.4,736 crore and 8.84 per cent respectively. Year-wise break-up of education loans outstanding as on March 31, 2004 to March 31, 2014 is given below:

As on March 31st	No. of A/c	Amt. O/s (Rs. Crore)	Year on Year Growth (%)	
			No. of A/c	Amt.
2010	19,28,350	35,628		
2011*	22,37,031	43,074	17.03	20.03
2012*	24,60,493	49,069	9.99	13.92
2013*	25,09,465	53,520	1.99	9.07
2014*	25,72,716	58,256	2.52	8.84

*Source: IBA * Source: PSBs (Data for 31st March, 2014 is Provisional)*

Bank-wise((PSBs) details of education Loan outstanding as on March 31, 2014 are given at Annex-III

8.4 Interest Subsidy Scheme for Educational Loans:

Ministry of Human Resource Development had formulated and circulated in May, 2010 to all Scheduled Banks a Central Scheme to provide âInterest Subsidyô for the period of moratorium on educational loans taken after 1st April, 2009 by students of economically weaker sections from scheduled banks under the Educational Loan Scheme of the Indian BanksôAssociation. The scheme is applicable starting from academic year 2009-10, disbursement starting on or after 01.04.2009, irrespective of date of sanction

Year-wise Claim Details under Education Loan Interest Subsidy Scheme.

Period	Açs	(Amount in Crore)
2009-10	644299	296.86
2010-11	898320	735.49
2011-12	983586	1198.88
2012-13	1077505	1681.85
Total	3603710	3913.08

Source: Nodal Bank for the scheme (Canara Bank)

8.5 New Interest Subsidy Scheme for Educational Loans

The guidelines for the scheme on relief on interest component as on 31-12-2013 for all education loans sanctioned/availed upto 31-3-2009 and outstanding as on 31-12-2013 have been issued. Rs 2600 crores have already been transferred to the nodal bank i.e. Canara Bank. All banks have been instructed to take immediate action to credit the amounts to the eligible studentsô accounts.

8.6 Educational Loan Scheme for Vocational Courses

Skill development is critical to sustain the growth of the country and about 500 million people in the country would need skilling/up skilling by 2022. Indian Banksô Association (IBA) had formulated ñModel Educational Loan Scheme for Vocational Coursesò. The aim of the scheme is to provide financial support from the banking system to Indian Nationals who have secured admission in a course run or supported by a Ministry / Department/ Organisation of the Government or a company / society / organization supported by National Skill Development Corporation or State Skill Missions / State Skill Corporations, preferably leading to a certificate / diploma / degree, etc. issued by a Government organization or an organization recognized / authorized by the Government to do so.

8.7 Priority Sector Lending and Lending to Women and Minorities

(i) Priority Sector Lending (PSL)

A target of 40 percent of Adjusted Net Bank Credit (ANBC) or Credit Equivalent amount of Off-Balance Sheet

Exposures (OBE), whichever is higher, as on March 31 of the preceding year has to be lent to the priority sector by domestic scheduled commercial banks and foreign banks with 20 and above branches. Within this, sub-targets of 18 percent and 10 percent of ANBC or Credit Equivalent amount of OBE, whichever is higher, as on March 31 of the preceding year, have been prescribed for lending to agriculture and the weaker sections respectively. For Foreign Banks with 20 and above branches, priority sector targets and sub-targets have to be achieved within a maximum period of five years starting from April 1, 2013 and ending on March 31, 2018.

For Foreign Banks with less than 20 branches, a target of 32 percent of Adjusted Net Bank Credit (ANBC) or Credit Equivalent amount of Off-Balance Sheet Exposures (OBE), whichever is higher, as on March 31 of the previous year, has been mandated for lending to the priority sector.

The outstanding priority sector advances of public sector banks increased from Rs.11,29,993 crore, as on the last reporting Friday of March 2012 to Rs.12,82,212 crore, as on March 31, 2013, showing a growth of 13.4 percent. Advances to agriculture by PSBs amounted to Rs.5,30,370 crore, constituting 15.2 percent of ANBC, as on March 31, 2013. Sector-wise break up of priority sector advances of PSBs, as on March 31, 2013, is given at **Annex- IV**.

8.8 Economic Empowerment of Women

To help overcome the hurdles faced by women in accessing bank credit and credit plus services, the Government of India had drawn up a 14-point action plan (now 13-point action plan) in the year 2000 for implementation by PSBs. The PSBs were advised to earmark 5 per cent of their ANBC for lending to women. As reported by RBI, as on March, 31, 2013, the amount outstanding towards credit to women was Rs.2,70,616.56 crore, forming 7.57 per cent of ANBC of public sector banks. Further, as at the end of March 2013, ten public sector banks (Canara Bank, Dena Bank, Indian Overseas Bank, Oriental Bank of Commerce, Punjab National Bank, State Bank of Travancore, Union Bank of India, United Bank of India, Bank of Baroda and Bank of Maharashtra) have opened 38 specialized branches for women. Particulars of Credit to women are given at **Annex-V (a), Annex-V(b) and Annex-V(c)**.

8.9 Prime Minister's New 15 Point Programme for the Welfare of Minorities:

(i) In order to ensure improved financial services for the welfare of minorities, Reserve Bank of India issued a Consolidated Master Circular dated July 1, 2013 to all scheduled commercial banks advising them to take care to see that minority communities secure, in a fair and adequate measure, the benefits flowing from various Government sponsored special programmes. This Master Circular also envisages creating a separate cell in each bank to ensure smooth flow of credit to minority communities and also covers the role of the lead bank in the 121 districts identified for purpose of earmarking of targets and location of development projects under the Prime Minister's New 15 Point Programme for the welfare of minorities.

(ii) As per progress reported by PSBs, total outstanding loans to minority communities as on March 31, 2014 stood at Rs.2,40,838 crore which works out to 16.09 per cent of total priority sector advances of PSBs. The target of 15% of total PSL has been achieved for the first time. As reported by PSBs, the total number of new branches opened by PSBs in Minority Concentrated Districts/areas during 2013-14 was 1589.

8.10 Lending to Weaker Sections

As per extant guidelines of Reserve Bank of India (RBI) on Priority Sector Lending (PSL), all Scheduled Commercial Banks (SCBs) including Foreign Banks with 20 and above branches are required to earmark 10% of Adjusted Net Bank Credit (ANBC) or Credit Equivalent amount of Off-Balance Sheet Exposure, whichever is higher, for Weaker Sections.

To achieve inclusive growth, the scope of weaker sections has been, further widened in the revised PSL guidelines by including the categories of loans to distressed persons (other than farmers) not exceeding Rs.50,000 per borrower to prepay their debt to non-institutional lenders and loans to individual women beneficiaries upto Rs.50,000 per borrower.

The performance of PSBs on lending to Weaker Sections as on March, 2011, 2012, 2013 and 2014 is as under:

(Amount in Rs. crore)

As at the year ended	Amount outstanding	% age to ANBC
March, 2011	2,42,616.74	10.33
March,2012	2,93,959.99	9.74
March,2013	3,47,352.21	9.83
March,2014*	4.32,284.13*	10.68*

Source: RBI data and * Provisional data from PSBs.

The target of lending to Weaker section which is 10% of ANBC has been achieved by PSBs during the current financial year.

9. Vigilance

9.1 VIGILANCE MACHINERY IN DEPTT. OF FINANCIAL SERVICES

Department of Financial Services (DFS) is the administrative department of Public Sector Banks (PSBs), Financial Institutions (FIs) and Public Sector Insurance Companies (PSICs). Joint Secretary (FI & CVO) has been designated as Chief Vigilance Officer of the Department. He is assisted by a Director (Vig.) and Under Secretary (Vig.) in the discharge of his functions. The Vigilance Section in the DFS deals with, inter alia, the following issues pertaining to PSBs, FIs and PSICs:-

A. Vigilance matters of all Public Sector Banks/ Financial Institutions/ Insurance Companies/and RBI

1. Consultation with CVC/CTE/CBI on matters relating to complaints, clearance, sanction of prosecution and any other matter of the Board level appointees.
2. Appointment of CVOs in PSBs, FIs and PSICs.

B. CVC/CBI/Vigilance references relating to:

a. All officials in the DFS,

b. Government appointees in DRTs/ DRATs,

c. Members and Chairman in BIFR and AAIFR,

d. Officers of Custodian's office, BIFR and AAIFR.

C. Organisation under Vigilance Section

The Special Court (Trial of offences relating to Transactions in Securities) Act, 1992 came into force on 06.06.1992, whereby a Special Court was set up for (a) speedy trial of offences (b) immediate attachment and freezing of all assets of parties suspected to be involved in the scam and (c) a reasonable and equitable distribution of the property.

The Special Court has been sanctioned four posts of judges and support staff of 51 officials at various levels which are renewed on a year-to-year basis by DFS. Details of cases filed handled by the Special Court for the last three years are:

Year	Filed	Disposed	Pending
2011	278	255	23
2012	318	296	22
2013	170	92	78

b. Office of the Custodian

To help the Custodian in discharging the duties under the Special Court (TORTS) Act, 1992, at present there are three offices – with headquarters at New Delhi, office at Mumbai mainly attending to the Court matters and at Bangalore mainly to deal with matter relating to Fair growth Financial Services Ltd (FFSL) & Fair Growth Investment Ltd (FGIL), Bangalore based notified firms. Office of the Custodian has been sanctioned 29 posts including Custodian and two posts of Directors which are renewed on a year-to-year basis by DFS.

Since inception a total of 12,537 cases were filed in the Special Court, which were defended/contested by the Custodian and 12,344 cases have been disposed off by the Special Court, leaving a balance of 193 cases. As on 31st March, 2014, while the outstanding liabilities of notified parties totalled to Rs.52,241 crore, the assets were only to the tune of Rs.2,885 crore. Rs 5,672 crore released/disbursed to IT department/Banks/genuine shareholders etc. Out of a total of 22.02 crore attached shares, 15.42 crore shares have been sold and a sum of Rs. 3,302 crore realized, of the remaining shares, 3.90 crore are traded shares and 2.70 crore are untraded shares with current value of Rs. 867 crore. A total of 179 immovable properties of notified parties had been attached by the custodian, out of which, 145 have been sold, to realize a value of Rs. 170 crore. Rs. 5.81 crore has realized by sale of 169 jewellery items through Customs department and Rs. 19.08 lakh by sale of gold items through SBI. As against approximately Rs.183 crore recoverable in 83 decrees issued during 2013-14, recovery of Rs. 9.74 crore was made by executing 41 decrees. Cash balance in the attached current accounts and fixed deposits of notified parties is Rs. 635 crore.

9.2 Performance

By way of ensuring effective preventive vigilance, timely completion of various tasks relating to vigilance matters is ensured and a close liaison is maintained with all CVOs in PSBs/FIs/PSICs. All reports required to be sent, are sent to the concerned authorities, viz. CVC, CBI, DoPT at the prescribed periodic intervals. Regular monitoring of performance of dealing with vigilance matters in Banks and FIs is undertaken and in case any issue arises necessary instructions are issued. Meeting with CVOs is held at appropriate intervals to monitor the progress on disposal of complaints, pendency of disciplinary / vigilance cases, etc. Last review meeting was held at the level of CVO, DFS on 23.05.2014.

During the period 01.01.2013 – 31.12.2013 a total of 280 CVC references were received in the Department, of which 198 cases were disposed off. During this period 11 CVOs were appointed in PSBs/PSICs/FIs.

During the Vigilance Awareness week observed on 28.10.2013 to 02.11.2013, a pledge was administered by the Secretary (DFS) on 28.10.2013 to the officers of the Department, Essay Competition in Hindi and English was organised for the officials of the Department and cash prizes given. A report in this regard was given to CVC.

10. Pension Reforms

10.1 Main Programmes and Schemes

An important scheme of the Department administered through the Pension Fund Regulatory and Development Authority (PFRDA) is the NPS-Lite/ Swavalamban Scheme ï a co-contributory pension scheme introduced on 26.09.2010 under the National Pension System (NPS), to extend the benefit of NPS to the unorganized sector.

10.2 Pension Sector

With a view to providing adequate retirement income, the National Pension System (NPS) was introduced by the Government of India. It has been made mandatory for all new recruits to the Government (except armed forces) with effect from 1st January, 2004 and has also been rolled out for all citizens with effect from 1st May, 2009 on a voluntary basis. 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 ñdefined contributionò product, returns would be totally market driven. The NPS provides various investment options and choices to individuals to switch over from one option to another or from one fund manager to another, subject to certain regulatory restrictions.

2. The NPS architecture is transparent and web-enabled. It allows a subscriber to monitor his/her investments and returns. The facility for seamless portability is designed to enable subscribers to maintain a single pension account throughout the saving period.

3. 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 the NPS distribution network. The process of making NPS available to all citizens entailed the appointment of NPS intermediaries, including institutional entities as Points of Presence (POPs) that serve as pension account opening and collection centres, a Centralised Record Keeping Agency (CRA) and Pension Fund Managers to manage the pension wealth of the investors.

4. As of date, 26 State Governments have notified NPS for their employees. Of these, 23 states have commenced transfer of funds under the NPS architecture. Over 33.49 lakh employees of the Central and various State Governments are already a part of NPS as on 31st March, 2014. The corpus being managed under the NPS is Rs. 44,272 crore as on 31st March, 2014.

5. The Department of Posts has also been appointed as a PoP in addition to other financial institutions which will expand the PoP network by more than five times. While the Tier-I non-withdrawable pension account under the NPS has been in operation since May 1, 2009. The Tier-II withdrawable account has been made operational from December 1, 2009. These initiatives are helping realize the full potential of the NPS in terms of economies of scale and benefit the subscribers in terms of lower fees and charges and good returns.

6. In order to facilitate the organised entities to move their existing and the new employees to NPS architecture, a customised version of the core NPS Model, known as the ñNPS- Corporate Sector Modelòhas been introduced since December, 2011. As on 31st March, 2014, 1266 corporates and 2.62 lac employees have been enrolled under this model. The Assets Under Management (AUM) under NPS-Corporate Sector Model is Rs. 2628 crore as on 31st March, 2014.

7. The PFMs for the private sector NPS manage three separate schemes consisting of three asset classes, namely (i) Equity, (ii) Government securities and (iii) Credit risk-bearing fixed income instruments, with the investment in equity subject to a cap of 50 percent. The subscriber will have the option to decide the investment mix of his pension wealth. In case the subscriber is unable/unwilling to exercise any choice regarding asset allocation, his contribution will be invested in accordance with the ñauto choiceò option with a predefined portfolio pattern. The offer document containing details of the NPS, application form for opening NPS account is available on the website of PFRDA (www.pfrda.org.in) as well as the website of other NPS intermediaries.

8. Swavalamban Scheme - The Government of India is very conscious of the need to fulfil the old age income security needs of the working poor and is focused on encouraging and enabling them to join the NPS. To encourage workers in the unorgnised sector to save voluntarily for their old age, an initiative called Swavalamban Scheme was launched on 26.09.2010. It is a co-contributory pension scheme whereby the Central Government would contribute a sum of Rs.1000 per annum in each eligible NPS account opened with a saving of Rs.1000 to Rs.12000 per annum. Government will provide it contribution for up to 5 years to beneficiaries who are registered in the scheme. The Scheme is extended up to the year 2016-17.

9. The scheme operates through 79 Aggregators including some State Government(s), Public Sector Banks (PSBs), Regional Rural Banks (RRBs), MFIs, NBFCs and private sector entities. A total of 3,01,922 subscribers during 2010-11, 6,43,979 subscribers during 2011-12, 11,01,079 subscribers during 2012-13 and 15,94,700 (provisional , excluding PoP- Swavalamban) subscribers during 2013-14 have been registered. For all citizens, including workers of unorganized sector, NPS is also available through nearly 36030 service provider branches of 61 Points of Presence (PoPs). The PSBs have been asked to utilize the services of their Business Correspondents to increase enrollment under Swavalamban Scheme.

10.3 Pension Fund Regulatory and Development Authority (PFRDA) Act, 2013

1. The Pension Fund Regulatory and Development Authority (PFRDA) Bill, 2013 has been passed by the Parliament in September, 2013 and the PFRDA Act, 2013 has been brought into force w.e.f 1st February, 2014. The PFRDA Act, 2013 seeks to vests PFRDA with statutory status in order to help PFRDA perform its regulatory and developmental roles effectively and to extend the social security cover to hitherto uncovered working population through the National Pension System.

2. It is important that pension sector initiatives in India are effectively taken forward. Substantial interest has been generated in the defined contribution pension schemes and balanced market related investments. Pension funds, with their long investment horizons, have the inherent advantage of having a stabilising impact on financial markets. It is expected that the success of pension sector initiatives reforms will not only help in facilitating the flow of long-term savings for economic development, but would also help establish a credible and financially sustainable social security system in the country.

11. Disposal of Public Grievances

Data on receipt and disposal of grievances/complaints in the Department of Financial Services during the period 01.01.2013 to 31.12.2013 and for the period from 01.01.2014 to 31.03.2014 through the Centralised Public Grievances Redress and Monitoring System (CPGRAMS) of the Department of Administrative Reforms and Public Grievance (DARPG) is as under :-

Sector	Period	Brought Forward	Received	Disposed	Pending/under process with Banks/Insurance Co.	Disposal % of Grievances
Banking	01.01.13 - 31.12.13	4983	10835	14148	1670	89.44
	01.01.14 - 31.03.14	1670	3165	3329	1506	68.80
Insurance	01.01.13 - 31.12.13	1028	1826	2550	304	89.34
	01.01.14 - 31.03.14	304	580	738	146	83.48

11.1 Complaints handling process through CPGRAMS

In DFS, the grievances/complaints are being received directly from the complainants online through CPGRAMS, as emails and written complaints by post. The complaints are also received from the Department of Administrative Reforms and Public Grievance (DARPG), Directorate of Public Grievances (DPG), Cabinet Secretariat, Department of Pension and Pensioners' Welfare (DOPPW), President's Secretariat and Prime Minister's Office.

All the written complaints/grievances received in physical form are being scanned and registered on CPGRAMS and transferred online to the concerned Banks, Insurance Companies and concerned Sections in DFS for resolution and disposal within a time frame and uploading of Action Taken Report/reply furnished to the complainants on the system. These case reports are online transferred through CPGRAMS to higher authorities/Nodal Departments i.e. DARPG, DPG, DOPPW and President's Secretariat for their perusal and further necessary action. Through the CPGRAMS, the complainant can view the status of his/her complaint and Action Taken Report (ATR) with the help of complaint registration number issued at the time of acknowledgement of the receipt of complaints/grievances.

12. Insurance Sector

12.1 Insurance in India

Insurance, being an integral part of the financial sector, plays a significant role in India's economy. Apart from protecting against mortality, property and casualty risks and providing a safety net for individuals and enterprises in urban and rural areas, the insurance sector encourages savings and provides long-term funds for infrastructure development and other long gestation projects of the Nation. The development of the insurance sector in India is necessary to support its continued economic transformation.

12.2 The Insurance Division of the Department of Financial Services

The Insurance Division deals with policy and legislative matters as well as monitoring of the performance of both life and nonlife insurance segments of the public sector insurance industry. It is also the administrative division for the Insurance Regulatory and Development Authority (IRDA).

12.3 The Public Sector Insurance Companies operating in the sector are as follows :-

1. Life Insurance Corporation
2. National Insurance Company Limited
3. Oriental insurance Company Limited
4. United India Insurance Company Limited
5. New India Assurance Company Limited
6. General Insurance Corporation of India Limited (National Re-Insurer)
7. Agriculture Insurance Company of India Limited (Company floated by Non Life Public Sector insurance companies along with NABARD)

12.4 Legislative Framework governing the Insurance Sector

The Insurance Division is responsible for policy formulation and administration of the following Acts:

1. The Insurance Act 1938
2. The Life Insurance Corporation Act 1956
3. The General Insurance Business (Nationalisation) Act, 1972
4. The IRDA Act, 1999
5. The Actuaries Act, 2006
6. The Securities and Insurance Laws (Amendment and Validation) Act, 2010.

Government had introduced the Insurance Laws (Amendment) Bill, 2008 in the Rajya Sabha on 22.12.2008, which aims at crucial reforms in the sector. It has been reported upon by the Standing Committee on Finance, which submitted its report to Parliament on 13.12.2011. Based on the recommendations of the Committee certain proposed official amendment were approved by the Cabinet in its meeting held on 04.10.2012.

12.5 The Insurance Division of the Department is also responsible for:

1. Monitoring of the performance of the public sector insurance companies
2. Framing of rules and regulations in respect of service conditions of employees of the public sector insurance companies
3. Co-ordination of vigilance activities in the public sector insurance industry
4. Appointment of Chief Executives and Directors on the boards of public sector insurance companies and on the IRDA.
5. Administration of the Aam Aadmi BimaYojana

12.6 Reforms in the Insurance Sector:

The insurance sector was opened up for private participation with the enactment of the Insurance Regulatory and Development Authority Act, 1999. The IRDA at present consists of the Chairman, 3 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) regulation of premium rates; and (iv) protection of the interests of the policyholders. With a view to facilitating development of the insurance sector, the Authority has issued regulations on protection of the interests of policyholders; obligations towards the rural and social sectors; micro insurance and licensing of agents, corporate agents, brokers and third party administrators. IRDA has also laid down the regulatory framework for registration of insurance companies, maintenance of solvency margin, investments and financial reporting requirements.

12.7 New entrants in the insurance industry:

Since its opening up in 2000 the number of participants in the Insurance industry has gone up from seven insurers (including the Life Insurance Corporation of India [LIC], four public-sector general insurers, one specialized insurer, and the General Insurance Corporation as the national re-insurer) in 2000 to 53 insurers as on 31st March, 2014 operating in the life, non-life, and re-insurance segments (including specialized insurers, namely Export Credit Guarantee Corporation and Agricultural Insurance Company [AIC]). Five of the general insurance companies, namely Star Health and Alliance Insurance Company, Apollo Munich Health Insurance Company, Max BUPA Health Insurance Company, Religare Health Insurance Company and Cigna

TTK Health Insurance Company function as standalone health insurance companies. Of the 23 private insurance companies that have set up operations in the life segment post opening up of the sector 20 are in joint venture with foreign partners. Of the twenty two private insurers who have commenced operations in the non-life segment, eighteen are in collaboration with foreign partners.

12.8 Industry Statistics:

(a) Life insurance industry: The post liberalization period has been witness to tremendous growth in the insurance industry, more particularly in the life segment. The first year premium is a measure of new business secured/ underwritten by the life insurers. During 2012-13 this was Rs.1,07,361 crore as compared to Rs.1,13,966 crore in 2011-12 registering a decline of 5.80 per cent against a decline of 9.84 during the year 2011-12. In terms of linked and non-linked business during the year 2012-13, 10.12 per cent of the first year premium was underwritten in the linked segment while 89.88 per cent of the business was in non-linked segment as against 15.27 & 84.73 in the previous year. The total premium, which includes first year premium and renewal premium during 2012-13, was Rs.287202 crore as compared to Rs.287072 crore in 2011-12 registering a growth of 0.05 per cent against a decline of 1.57 per cent growth in the previous year. In terms of linked and non-linked business during the year 2012-13, 17.00 per cent of the total premium was procured in the linked segment while 83.00 per cent of the business was in non-linked segment as against 24.26 & 75.74 in the previous year.

The life insurers had underwritten new business of Rs.1,19,641crore during the year 2013-14 as against Rs.1,07,361 crore in 2012-13, recording a growth of 11.44 per cent. Of the new business premium underwritten, LIC accounted for Rs.90,124crore (75.33 per cent market share) and the private insurers accounted for Rs.29,517 crore (24.67 percent market share). The market share of these insurers was 71.36 per cent and 28.64 per cent respectively during the year 2012-13. **(2013-14 data is provisional).**

12.9 Non-life insurance industry

The non-life insurers (excluding specialized institutions ECGC, AIC and the standalone health insurance companies) had underwritten gross direct premium of Rs.65,023crore in 2012-13, as against Rs.54,578 crore in 2011-12 registering a growth of 19.14 per cent. This premium includes the business done outside India by the public sector insurers. The net premium for the financial year 2012-13 was Rs.52,107crore as against Rs.44,451 crore in the year 2011-12. One of the benefits of opening up of the insurance sector has been the extension of health cover to a wider cross-section of the society. Health premium accounted for 22.19 per cent (Rs.13,975crore) of the gross premium underwritten by the non-life insurance industry in 2011-12 as against 22.27 per cent (Rs.11,777 crore) in 2012-13. Health insurance is one of the fastest growing segments in the non-life insurance industry in recent years, and has grown 18.66 per cent during 2012-13.

At the time of opening up of the sector in 2000-01, the health premium was Rs.519 crore, viz., 5.29 per cent of the gross premium underwritten. It has grown to Rs.13,975 crore in 2012-13. In addition, standalone health insurers underwrote premium of Rs.1,726crore in 2012-13 as against Rs.1,660 crore in 2011-12.

The non-life insurers had underwritten gross direct premium of Rs.77,583 crore during the current financial year 2013-14 recording a growth of 8.96 per cent over Rs.71,203 crore underwritten in 2012-13. The private sector had underwritten Rs.34,246 crore as against Rs.29,677 crore in the previous year achieving a growth rate of 15.39 per cent whereas the public sector had underwritten premium of Rs.43,292 crore as against Rs.41,526 crore in the previous year with a growth rate of 4.25 per cent. (2013-14 data is provisional).The market share of the public and private insurers stood at 55.80 and 44.20 per cent during the year 2013-14 as against 58.32 and 41.68 respectively in 2012-13.

12.10 Penetration and Density

The potential and performance of the insurance sector is universally assessed in the context of two parameters, viz., Insurance Penetration and Insurance Density. Insurance penetration is defined as the ratio of premium underwritten in a given year to the gross domestic product (GDP). Insurance density is defined as the ratio of premium underwritten in a given year to the total population (measured in US$ for convenience of comparison).

The Insurance Penetration was 2.32 (Life 1.77 and Non-life 0.55) in the year 2000 when the sector was opened up for private sector, and has increased to 3.96 in 2012 (Life 3.17 and Non- life 0.78). Insurance Penetration in some of the emerging economies in Asia, i.e., Malaysia, Thailand and China during the same period was 4.80, 5.02 and 2.96 respectively. The insurance density in India was US$9.9 in 2000 which has increased to US$53.2 in 2012 (Life 42.7 and Non-life 10.5). The comparative figures for Malaysia, Thailand and China during the same period were US$514, 266 and 179 respectively.

12.11 Investments of the Insurance sector:

As on 31st March, 2013 the accumulated total investments held by the insurance sector was Rs.18,67,886crore. During 2012-13, Assets under Management (AUM) had grown by 11.15 per cent. Life insurers continue to contribute a major share with around 93.41 per cent of the total investments held by the insurance industry. Similarly, public sector insurers continue to contribute a major share of 79.59 per cent in total investments; although investments by private sector insurers have also been growing at a fast pace in recent years.

12.12 Rural and Social Sector Business:

The life insurers underwrote 113.46 lakh policies in the rural sector, viz., 25.70 per cent of the new policies underwritten (441.57 lakh policies) by them in 2012-13. LIC underwrote 25.44 per cent of the new policies and private insurers underwrote 26.99 per cent of the new policies in the rural sector. Of the total number of lives covered (781 lakh) under the new schemes underwritten during 2012-13, 182.44 lakh lives, viz., 23.35 per cent lives were covered in the social sector. LIC covered 132.2 lakh lives and private insurers covered 50.24 lakh lives in the social sector.

The non-life insurers underwrote gross direct premium of Rs.8,196crore in the rural sector, viz., 12.69 per cent of the gross direct premium underwritten (Rs.64,583 crore) by them in 2012-13. Public insurers underwrote 12.87 per cent of their gross direct premium and private insurers underwrote 12.47 per cent in the rural sector. In the social sector 2,031 lakh lives were covered during the year 2012-13. The contribution of private sector was 361 lakh lives and public sector accounted for 1670 lakh lives.The insurance companies are by and large fulfilling the obligations in the rural and social sectors.

12.13 Micro insurance

In an effort to ensure a balanced and speedy expansion of insurance coverage in the country, IRDA has put in place a regulatory framework laying down the obligations of insurers to the rural and social sectors. These regulations impose obligations on insurers towards the rural population - to sell a specified percentage of policies and underwrite specified percentage of gross premium underwritten for life and non-life insurance companies respectively; and cover a specified number of lives/assets belonging to people below poverty line or those pursuing certain traditional occupations. These obligations have been linked to the number of years of having been in operation for the insurer. The Government of India had set up a consulting group in 2003 to examine the existing insurance schemes for the rural poor; and on the basis of the groupÕs recommendations IRDA issued to IRDA (Micro insurance) Regulations, 2005. IRDA permitted Non-Governmental Organizations (NGOs) registered as Non Profit Companies, including NGOs registered under Section 25 of the Companies Act, 1956 to act as micro insurance agents vide its circular dated 13th March, 2008, in addition to NGOs registered as societies that were already permitted to act as agents under the Micro Insurance Regulations.

With a view to giving a further fillip to micro insurance business, IRDA has reviewed comprehensively the extant regulatory architecture of the micro insurance business and issued an exposure draft on 26th July, 2012, proposing modifications to the existing IRDA (Micro Insurance) Regulations, 2005. The intent of the review is to create an encouraging regulatory environment for promoting micro insurance business in the country. Towards this end, it is proposed to strengthen the existing standalone delivery channel; encourage diversity in the products offered by insurance companies under this stream; customize products to meet the needs of the targeted sections of society; expand the coverage to include micro, small and medium enterprises; and strengthen regulatory oversight.

Micro insurance regulations issued by the IRDA have provided the necessary impetus in promoting insurance to the needy rural sector. There were 17,052 micro insurance agents operating in the micro insurance sector at the end of 2012-13 (as against 12,797 agents in 2011-12). In micro-insurance-life, the individual new business premium in the year was Rs.109.68 crore through 50.36 lakh policies (as against Rs.115.68 crore under 46.20 lakh policies in 2011-12) and the group business amounted to Rs.218.03 crore premium for 139.81 lakh lives (as against Rs.109.82 crore for 101.94 lakh lives in 2011-12). Individual death claims paid under micro insurance portfolio for the year 2012-13 amounted to Rs.22.70 crore on 14,900 policies (as against Rs.21.09 crore on 14,509 policies in 2011-12) and in the group category Rs.437.72 crore was paid as death claims on 1, 42,815 lives (as against Rs.415.97 crore on 1, 30,261 lives in 2011-12).

12.14 Recent Initiatives Taken by IRDA

Recent initiatives taken by the Authority in the insurance sector include:

A). Guidelines on Common Service Centres

The Department of Electronics and Information Technology (DeitY), Government of India is rolling out Common Services Centres (CSCs) on a public-Private-Partnership (PPP) model as a part of National e-Governance Plan (NeGP). CSCs are the front-end delivery points for government, private and social sector services to the citizens of India.

IRDA has issued Guidelines on Common Service Centres on 3rd September, 2013 which facilitates both Life and Non Life Insurers in India to market certain categories of Retail Insurance Policies and Services through M/s CSC e-Governance Services India Limited (the CSC-SPV) and its Network of around one lakh Common Service Centres managed by Village Level Entrepreneurs across rural India and reach the rural masses utilizing the CSC network. In this endeavour, M/s CSC e-Governance Services India Limited has been granted a license by the Authority to market approved insurance policies through qualified Village Level Entrepreneurs licensed as Rural Authorized Persons.

The Authority had issued guidelines/process to be followed by life insurance companies filing life insurance products under the CSC Distribution Model vide circular dated 29th January, 2014. IRDA came out with standard product frameworks for two life products for distribution through CSC.

B). Web Aggregators

The Authority had issued Guidelines on Web Aggregators in the year 2011. The Authority conducted review meetings with Web Aggregators and Insurance Councils and considered the views and concerns expressed by them. Based on the feedback and after due consultation process, the guidelines were replaced by IRDA (Web Aggregators) Regulations, 2013. Some of the salient features of these Regulations are as under:

- The Remuneration for the leads converted into policies to be negotiated between the insurer and Web Aggregator subject to the limits prescribed under Section 42E of Insurance Act, 1938
- Standardization of procedure for applications, eligibility criteria and requirements for obtaining the license to act as Web Aggregators
- Prescription of Code of conduct, duties and functions of Web Aggregators
- Prescription of Qualification and Training requirements
- Establishment of Lead Management System has been made compulsory
- Permission to function as Tele-marketers and carry out outsourcing activities for insurers subject to conditions
- Prescription for periodical disclosures and maintenance of records by the Web Aggregators.

C). Banks as Insurance Brokers

In order to facilitate banks to take up the business of insurance broking without having to set up a separate subsidiary and also with a view to promote orderly growth of insurance business and ensure further penetration of business in India with the help of branch network of the banks, the Authority has notified IRDA (Licensing of Banks as Insurance Brokers) Regulations, 2013. Under these regulations Scheduled Banks listed in the Second Schedule of RBI Act, 1934 will be allowed to function as Direct Insurance Brokers. The banks need to obtain the approval of the RBI before applying for licence to act as insurance brokers.

D). Agency Distribution

The Authority permitted agents of life and/or non-life insurance companies to offer their services to distribute products of standalone health insurance companies besides acting as agents of their respective parent insurance companies. This permission is expected to facilitate the spread of health insurance coverage in India. In terms of this permission, so far 95,036 agents of life and/or non-life companies have extended their services to stand alone health insurers.

E). Expansion of reach of insurance companies

The Regulations on “Place of Business” were gazetted on 16th February, 2013. The insurers are required to comply with the new Regulations while complying with the requirements of Sec 64VC of the Insurance Act, 1938. The salient points of the Regulations are:

i) Board approved Annual Business Plan containing details of proposed new places of business to be submitted to the Authority for grant of permission to open new office; and

ii) Insurers having a minimum solvency ratio of 1.50 during preceding year and expenses of management within the applicable norms as prescribed under Insurance Act.

Such Insurers are allowed to open offices in Tier-2 and below centers as per 2011 census, without prior approval of Authority and may file the information to the Authority in the prescribed monthly statement. The Regulations have been notified with the intent to enhance penetration of insurance in rural and semi-urban areas.

F). Guidelines on opening of foreign offices by Indian insurance companies

The Authority issued guidelines in May, 2013 for permitting Indian insurers to open foreign insurance company (including branch office) for life, general and reinsurance business. The eligibility criteria has been put in place by the Authority for insurers to commence foreign operations, which includes, three years of operational experience by the Indian insurance company, networth of Rs.500 crore, Rs.250 crore and Rs.750 crore for life, non-life and reinsurance companies respectively, compliance with the solvency requirement as prescribed by the Authority, profit for the last 3 years out of the last 5 years. The foreign offices should also be compliant of Anti Money Laundering guidelines and Foreign Exchange Management Act. The guidelines and reporting structure has also been prescribed for effective supervision.

G). Insurance Fraud Monitoring Framework

A detailed framework for Insurance Fraud Monitoring has been laid down vides IRDA circular reference IRDA/SDD/MISC/CIR/009/01/2013 dated 21st January, 2013. It is applicable to all the insurers/ reinsurer and is effective from the year 2013-14. As per the prescription, it has been stipulated that each insurer shall put in place appropriate framework which is required to be laid down within the offices of each insurer by 30th June, 2013. Insurance companies are required to have an Anti-Fraud Policy duly approved by the Board.

Insurers are also required to file statistics as per the prescribed format with the Authority annually. Further, recognizing the importance of ósharing of fraud related informationô among the insurers, the IRDA has mandated sharing fraud related information among the insurers through the platform of respective General and Life Insurance Councils.

H). Consumer Education

IRDA has stepped up its efforts towards consumer education for the promotion of insurance inclusion. IRDA had carried out a Base line Pan-India survey through an independent body National Council of Applied Economic Research (NCAER), for assessing levels of insurance awareness. The NCAER submitted its Report in 2011. Further, under its BimaBemisaalcampaign, IRDA has adopted a multi-pronged approach to increase the consumer awareness levels and has continued to step-up its efforts on consumer education making the people understand the benefit of insurance; know about their rights and responsibility as policyholders; etc.

During 2012-13, to curb the menace of ñbogus callersò, Pan-India print campaign was carried out cautioning the public about the ñspurious callersò. To make consumers aware about reforms carried out in the Motor Third party for commercial vehicles, a campaign was carried out publicizing the same during this period. These campaigns were carried out in English, Hindi and vernacular languages through print media. IRDA has brought out three Handbooks on Life Insurance Riders; Householders & ShopkeepersôPackage Insurance; and Grievance redressal mechanism in Insurance industry for the benefit of consumers. Apart from this, five new posters have been released publicizing about consumer education website, policyholderôs servicing turnaround times for life and non-life insurance companies, caution advice against spurious callers and access to vehicle insurance status by road accident victims through the IIB website, etc.

I). Insurance Repository System

The Insurance Repository System is an initiative of IRDA to de-materialize insurance policies. To achieve this objective, IRDA issued guidelines on insurance repositories and electronic issuance of insurance policies. Subsequently in August, 2013 certificates of registration were granted to five entities to act as Insurance Repositories. The Repository System was formally launched on 16th September, 2013 on voluntary basis, for life policy holders. There is need to work towards quickly enabling adoption of this facility by policy holders and extending it to non-life policies.

12.15 Anti-Money Laundering (AML)/ Combating the Financing of Terrorism (CFT)

The Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) (AML/CFT) guidelines for the insurance sector were issued in March, 2006. The sector entered into the eighth year of an effective AML/CFT regime in 2012-13. IRDA works closely with various departments of the Ministry/agencies in the implementation of AML/CFT guidelines and has initiated various measures towards effective accomplishment of the AML/CFT guidelines in the insurance sector.

12.16 Life Insurance Corporation of India (LIC)

LIC of India was incorporated on 1st September, 1956 by amalgamating 243 Companies by the Act of Parliament called Insurance Act, 1956. LIC is governed by the Insurance Act,1938, LIC Act,1956, LIC Regulations 1956 and Insurance Regulatory and Development Authority Act 1999. As on 31st March, 2014, LIC has 8 Zonal Offices, 113 Divisional Offices, 2048 Branch Offices, 73 Customer Zones, 1346 Satellite Offices and 1261 Mini Offices in India.

The Corporation has Branch Offices in Fiji, Mauritius and United Kingdom. It also operates through Joint Venture(JV) Companies in overseas Insurance Market, namely Life Insurance Corporation (International) B.S.C.(c), registered in Manama (Bahrain); Kenindia Assurance Company Ltd. registered in Nairobi; Life Insurance Corporation (Nepal) Ltd. registered in Kathmandu; Life Insurance Corporation (Lanka) Ltd. registered in Colombo and Saudi Indian Company for Co-operative Insurance(SICCI) registered in Riyadh. A Wholly owned subsidiary, Life Insurance Corporation (Singapore) Pte Ltd. has been established on 30.4.2012.Among the above two joint ventures (JVs), Kenindia Assurance Co. Ltd., Nairobi, Kenya and Saudi Indian Company for Co-operative Insurance (SICCI), Riyadh, Kingdom of Saudi Arabia are composite companies transacting life and non-life business; and two JVs, LIC (Nepal) Ltd. & SICCI are listed on their respective Stock Exchanges.

12.17 Performance during the year 2013-14

- LIC of India procured Rs 90,123.75 crore First Year Premium (FYP) under 3,45,11,781 policies and registered 17.83 % growth in FYP & a de-growth of 6.17 % in Number of Policies as at 31st March 2014. The market share of the Corporation in FYP is 75.33 % (LY- 71.25%) & 84.44 % (LY- 83.24%) in Number of Policies.
- The Total Premium Income of the Corporation provisionally for the financial year (FY) ending 31st March, 2014 is Rs 2,36,000 crore. Gross investments of the Corporation for FY 2013-14 stand at Rs 2,78,000 crore and the market value(provisional) of investments as at 31/03/2014 is Rs 17.24 lakh crore. The Conservation Ratio has improved to more than 90% as against 87.16% and Overall Expenses Ratio has reduced to 14.03% from 15.09% last year.
- The Corporation recruited 1,90,048 Agents during the fiscal 2013-14 and the number of Agents as at 31.03.2014 stood at 11,95,916.
- During the fiscal 2013-14, the First Insurance of the Corporation stood at 84.62 % in Number of Policies. Similarly, Rural Insurance of the Corporation was 25.45 % in Number of Policies.
- LIC has settled 2.43 crore Maturity Claims having paid Rs 65763 crore. Similarly 7.51 lakh Death claims have been settled for an amount of Rs 7241 crore. The outstanding claims ratio stands at 0.32% in Maturity Claims and 0.70% in Death Claims.

(Above mentioned figures are provisional)

12.18 Financial Inclusion

Sustained and conscious efforts are made to carry the message of Life Insurance to the rural areas, especially the backward and remote areas. As part of Financial Inclusion, during 2013-14 LIC has opened 1261 Mini Offices in unrepresented towns of India having a population of 10,000 or more. Mini Offices entertain policy service requests from customers and collect premium.

12.19 Grievance Redressal

LIC's Integrated Complaint Management System (ICMS) was set up in the year 2001.LIC has provided a facility on its website for any customer to register Complaints, Suggestions etc., which will be automatically allotted to the concerned office through our intranet. The customer can track the progress of the resolution process online. In October, 2011, we have successfully integrated our CMS with the Integrated Grievance Management System (IGMS) of the IRDA, thereby enabling a 2-way, real-time, exchange and update of information. All LIC offices and the Departments at the Controlling Offices are connected to this system through the intranet. Complaints/References received from the GOI/DPG/VIPs etc. are registered and monitored through this system. As the CMS is a completely workflow based application, the Regulator is able to get the status of any complaint in real-time and is able to monitor the Turn-Around Time (TAT) taken by LIC for resolution of any feedback/complaint from a customer.

Through the Portal, information in the form of SMS is sent to the policyholder's mobile devices. All customers whose mobile numbers are available with LIC receive Premium Due and Premium Default alerts through SMS. They also receive Premium Received acknowledgements whenever premiums are paid through any entity outside an LIC Branch Office. LIC is also providing customers of the Direct Marketing channel with SMS alerts on the completion of new Policies. Such customers also receive a new Policy Completion Statement through email.

ODS (Online Data Store): The ODS, set up in 2004, is LIC's centralized abridged database of customer and agents records, used for carrying out all transactions that happen through the internet. It is updated in real-time for all financial transactions from across all our offices and at the end of the day for non-financial transactions such as change of address, alterations etc. The ODS has round the clock mission critical, performance capabilities that helps our portal to provide customer-centric services.

12.20 Social Security Scheme – Aam Admi Bima Yojana (AABY)

For the benefit of the weaker sections of the society, Government of India has floated a highly subsidized insurance scheme, viz. AamAdmiBimaYojana (AABY) which is administered through Life Insurance Corporation of India. Under this Social Security Scheme below poverty line (BPL) and marginally above poverty line citizens are covered under 48 identified occupations. The Scheme provides death cover of Rs.30,000/- in case of natural death . In case of death or total disability(including loss of 2 eyes/2 limbs) due to accident, a sum of Rs.75,000/- and in case of partial permanent disability (loss of 1 eye/1 limb) due to accident, a sum of Rs.37,500/- is payable to the nominee/beneficiary.

All these benefits are paid for a nominal premium of Rs 200.00 per member per annum, out of which Rs100.00 is borne by Central Government through Social Security Fund maintained through LIC of India, and the balance premium of Rs100.00 is borne by the member and/ or Nodal Agency and/ or Central / State Government Department which acts as the Nodal Agency. In addition, there is an add-on benefit of Scholarship at the rate of Rs1200/- per annum per child for two children per family of the insured members studying from 9th to 12th standard (including ITI courses).The total number of new lives covered during financial year 2013-14 under the AABY scheme is 1.18 Cr and the cumulative coverage of lives as on 31.03.2014 is 4.54 Cr lives. During the financial year 2013-14, the total number of Claims settled under AamAdmiBimaYojana (AABY) is 1,30,694 amounting to Rs 431.91 Cr and total number of Scholarships settled are 46,61,227 amounting to Rs 291.01 Cr.

12.21 GENERAL INSURANCE CORPORATION OF INDIA (GIC Re)

General Insurance Corporation of India (GIC Re) was approved as 'Indian Reinsurer' on 3rd November, 2000. As an Indian Reinsurer, GIC Re has been giving reinsurance support to non-life insurance companies in India. GIC Re also manages Marine Hull Pool, Indian Terrorism Insurance Pool and Motor Third Party Declined Risk Insurance Pool for Commercial vehicles on behalf of Indian Insurance industry w.e.f. 1.4.2012. GIC Re aims at optimizing the retention within the country and developing adequate reinsurance capacity. The Corporation continued to offer maximum support for all classes of business to the Indian Insurers. Property and Engineering Risks are covered upto Rs. 1800 Crores. The per location capacity of the Terrorism Pool managed by GIC Re is Rs.1000 Crores.

GIC Re continues to lead the reinsurance programme of the Companies in SAARC nations, African countries and Middle East. In the process, it has emerged as a preferred Reinsurer in the Afro-Asian region. GIC Re is expanding its global presence and now plans to enter the Latin American market having got the 'Eventual Reinsurer' status in Brazil. GIC Re has been selected as a Manager for Nat Cat Pool promoted by the Federation of Afro-Asian Insurers & Reinsurers (FAIR).

GIC Re is financially strong as reflected by its high grade ratings from credit rating agencies. It is rated A- (Excellent) by A M Best and AAA (In) by CARE. GIC Re is also the 5th largest aviation reinsurer globally. During the year 2012-13, the net premium of the GIC Re was Rs.13,771.23 crores as against Rs.12,558.24 crore in the previous year. The net incurred claims were at Rs.10,942.34 crores i.e. 82.10 % as against Rs.13,986.41 crores i.e 123.6% in the previous year. GIC Re's Profit after tax amounted to Rs.23,44.62 crores as on 31st March, 2013 compared to Loss after tax of Rs.2,468.74 crores as on 31st March, 2012. The total assets and networth as on 31st March, 2013 was Rs.59,939.89 crores and Rs.9,661.60 crores, respectively. The present paid up capital of the Corporation is Rs.430.00 crores

GIC Re has international presence through its Branch offices in Dubai, London and Kuala Lumpur and a Representative office in Moscow. Apart from reinsurance business, GIC Re continues to participate in the share capital of Kenindia Assurance Company Ltd., Kenya; India International Insurance Pvt. Ltd., Singapore; Asian Reinsurance Corporation, Thailand; East Africa Reinsurance Company Ltd., Kenya .

12.22 PUBLIC SECTOR GENERAL INSURANCE COMPANIES

The General insurance industry was nationalized in 1972 and 107 insurers were grouped and amalgamated into four Companies – National Insurance Co. Ltd., The New India Assurance Co. Ltd., The Oriental Insurance Co. Ltd. and United India Insurance Co. Ltd. The four entities were set up as subsidiaries of General Insurance Corporation of India (GIC) which also played the role of Re-insurer. With the opening up of the Insurance Sector, Insurance Regulatory and Development Authority (IRDA) came into existence in 1999 and GIC became the Indian Reinsurer and the four Public Sector General Insurance Companies were delinked from GIC.

The Public Sector General Insurance Companies provide coverage for insurance other than Life such as, Fire, Marine (Cargo & Hull), Motor, Workmen's Compensation, Personal Accident, Aviation, Engineering, Liability, Health, etc. The Public Sector General Insurance Companies witnessed a growth rate of 14.90% during 2012-13 collecting a total GDPI (Gross Direct Premium Income) of Rs.37,071.81Crores against Rs.32,263.46 Crores during 2011-12. The market share of the Public Sector General Insurance Companies stood approximately at 57.07% in 2012-13 as against 58.75% in 2011-12. Motor and Health Insurance have been the major drivers of growth. The Company-wise details are as follows:

12.23 National Insurance Company Limited:

Incorporated in 1906 with Headquarters at Kolkata has a Paid-up Share Capital of Rs.100 crore. Gross Direct Premium Income (GDPI) in 2012-13 was Rs.9,194.62Crores against GDPI of Rs.7,815.69 Crores in 2011-12 showing a growth of 17.64% against a growth of 25.15% in the previous year. The Incurred Claim Ratio for the year 2012-13 is 85.57% as against 87.50% in 2011-12. Profit After Tax was Rs.695.70 Crores in 2012-13 against Rs.324.76 Crores in 2011-12. Domestic Operations: It has 1,477 offices and 15,396 employees. Foreign Operations: National is participating in two joint ventures at Kenindia Assurance Co. Ltd., Kenya and India International Insurance Pte. Ltd., Singapore. National has its foreign operations in Nepal. "AAA/STABLE" rating by CRISIL.

12.24 The New India Assurance Company Limited:

Incorporated in 1937, with Headquarters at Mumbai has a Paid-up Share Capital of Rs.200 crore. Gross Direct Premium Income (GDPI) in 2012-13 is Rs.11,873.49 Crores against GDPI of Rs.10,073.88 Crores in 2012-13 showing a growth of 17.86% against a growth of 22.47% in the previous year. The Incurred claim Ratio for the year 2012-13 is 86.16% as against 90.01% in 2011-12. Profit After Tax is Rs.843.66 Crores in 2012-13 against Rs.179.31 Crores in 2011-12. Domestic Operations: It has 1,574 offices and 18,935 employees. Foreign Operations: The Company operates through a network of 9 Branches, 7 Agencies, 3 Subsidiary Companies and 4 Associate Companies in 22 countries. ñA-ò(excellent) rating from AM Best & Co.(Europe)

12.25 The Oriental Insurance Company Limited,

Incorporated in 1947 with headquarters at New Delhi and has a Paid-up Share Capital of Rs.100 crores. Gross Direct Premium Income (GDPI) in 2012-13 was Rs.6,737.66 Crores against GDPI of Rs.6,194.60 Crores in 2011-12 showing a growth of 8.77% in 2012-13 as against a growth of 11.21% in 2011-12. The Incurred Claim Ratio for the year 2012-13 is 79.22% against 85.26% in 2011-12. Profit After Tax was Rs. 533.89 Crores in 2012-13 as against Rs.253.39 Crores in 2011-12. Domestic Operations: It has offices 1526 with 14,742 employees. Foreign Operations: óOrientalô has its foreign operations in Nepal, Dubai & Kuwait. ñB++ò(very good) rating from AM Best & Co.(Europe).

12.26 United India Insurance Company Limited:

Incorporated in 1938 with headquarters at Chennai has a Paid-up Share Capital of Rs.150 Crores. Gross Direct Premium Income (GDPI) in 2012-13 was Rs.9,266.04 Crores against GDPI of Rs.8,179 Crores in 2011-12 showing a growth of 13.29% in 2012-13 as against 28.27% in 2011-12. The Incurred Claim Ratio for the year 2012-13 is 81.92% as against 79.46 % in 2011-12. Profit after Tax was Rs.527.33 Crores in 2012-13 as against Rs.387 Crores in 2011-12. ôUnited Indiaö has 1,593 offices with 16,637 employees. Rated ñAAAò by ICRA.

With respect to Grievance Redressal, Public Sector General Insurance Companies redressed 97.04% Grievances (38,593 out of a total of 39,769) and had only 1,176 outstanding Grievances in 2012-13. ôNationalö redressed 98.36% out of a total of 20,703 and outstanding grievances were 339. ôNew Indiaö redressed 97% out of a total of 6,125 Grievances and 197 grievances were outstanding. óOrientalô redressed 92.96% grievances out of a total of 5399 and 380 grievances was outstanding. óUnited Indiaô redressed 96.55% of grievances out of a total of 7,542 and 260 grievances were outstanding.

12.27 AGRICULTURE INSURANCE COMPANY OF INDIA LIMITED

óAGRICULTURE INSURANCE COMPANY OF INDIA LIMITEDô(AIC) was incorporated to cater to the insurance needs of the persons engaged in agriculture and allied activities in India under the Companies Act, 1956 on 20th December 2002. The Authorized Share Capital of the Company is Rs. 1500 crore. The Paid-up Equity Share Capital of the Company of Rs. 200 crore percentage-wise is held by following Government Corporation / Bank / Company:-

1	General Insurance Corporation of India	35.00%
2	National Bank for Agriculture And Rural Development (NABARD)	30.00%
3	National Insurance Company Limited and its nominee	8.75%
4	The New India Assurance Company Limited and its nominee	8.75%
5	The Oriental Insurance Company Limited	8.75%
6	United India Insurance Company Limited	8.75%
TOTAL		**100.00%**

The Company had commenced business from 1st April, 2003. The Company having received approval from Insurance Regulatory & Development Authority (IRDA) commenced its business operations w. e. f. 1st April, 2003. The total number of employees as on 31.12.2012 is 282 all over the country. It has its Head Office in New Delhi and 17 Regional Offices in various State Capitals, further 4 one man offices at District levels. The Company is implementing National Agricultural Insurance Scheme (NAIS), a central sector crop insurance programme of GoI and also implementing the Government introduced Pilot Weather Based Crop Insurance Scheme (WBCIS), Pilot Modified NAIS and Pilot Coconut Palm Insurance Scheme (CPIS) along with its other commercial crop insurance products.

The various Flagship programmes of the Company and performance under such programmes are detailed as under:

12.28 National Agricultural Insurance Scheme (NAIS);

The Scheme was introduced during Rabi 1999-2000 season replacing Comprehensive Crop Insurance Scheme (CCIS). The Scheme was implemented by Agriculture Insurance Company of India limited, on behalf of Ministry of Agriculture. The main objective of the Scheme was to protect the farmers against the losses suffered by them due to crop failure on account of natural calamities, such as drought, flood, hailstorm, cyclone, fire, pest/ diseases, etc., so as to indemnify the losses and restore their credit worthiness for the ensuing season. The Scheme was available to all the farmers both, loanee and non loanee irrespective of the size of their holding. The Scheme envisages coverage of all crops including cereals, millets, pulses, oilseeds and annual commercial and horticultural crops in respect of which past yield data is available. As per provisions of NAIS, the flat and capped premium rates were charged for food crops and oilseeds and actuarial rates were charged for annual commercial and horticultural crops. Premium subsidy of 10% was allowed for small and marginal farmers, shared equally by Central and State Government. However, some State and Union Territory Governments were also providing higher subsidy to small and marginal farmers and subsidy to other farmers.

During Kharif 2013 season under NAIS, 0.80 crore farmers spread over 433 Districts of 26 States/UTs were covered insuring 1.02 crore hectare with sum insured of Rs. 21947.41 crore with gross premium of Rs.752.2 crore. Since introduction in 1999 till Kharif 2013 season, NAIS covered about 21.64 crore farmers insuring 31.50 crore hectare area for sum insured of Rs. 317031.61 crore against premium of Rs. 9524.29 crore. Claims amounting to Rs. 29099.67 crore out of the reported claims of Rs. 30313.54 crore have so far been settled benefitting 5.68 crore farmers. Claims figure are likely to increase as claims for Kharif 2013 season have yet to be finally settled. The Government of India withdrew this Scheme from Rabi 2013-14 season and introduced National Crop Insurance Programme (NCIP). However, GOI continued NAIS in 14 States/UTs on request from concerned State/UT Governments.

National Agricultural Insurance Scheme (NAIS)

SN	SEASON	NO. OF FARMERS COVERED	SUM INSURED	PREMIUM	(Rs. In Lakh) CLAIMS REPORTED
1	Rabi 2010-11	4967878	1101055.62	29816.72	65792.83
2	Kharif 2011	11554561	2348710.36	71434.90	166537.54
3	Rabi 2011-12	5239299	1128393.63	25767.81	54548.20
4	Kharif 2012	10645405	2718136.05	87823.90	278951.73
5	Rabi 2012-13	6136713	1570211.63	44680.56	190410.87
6	Kharif 2013	10322401	2979601.57	221231.56	347306.73

12.29 National Crop Insurance Programme (NCIP)

The most important change is the introduction of NCIP from 1st November, 2013 consequent to the withdrawal of NAIS. NCIP has three component Schemes viz. Modified National Agriculture Insurance Scheme (MNAIS), Weather Based Crop Insurance Scheme (WBCIS) and Coconut Palm Insurance Scheme (CPIS). MNAIS and WBCIS are being implemented by AIC and 10 other insurance companies.

12.30 Modified National Agricultural Insurance Scheme (MNAIS)

The Scheme before incorporation in NCIP was piloted from Rabi 2010-11 to Kharif 2013. The modified version has many improvements viz. Insurance Unit for major crops are village panchayat or other equivalent unit; in case of prevented / failed sowing claims up to 25 percent of the sum insured is payable, post-harvest losses caused by cyclonic rains are assessed at farm level for the crop harvested and left in ócut & spreadô condition up to a period of 2 weeks in coastal areas; individual farm level assessment of losses in case of localized calamities, like hailstorm and landslide; on-account payment up to 25% of likely claim as advance, for providing immediate relief to farmers in case of severe calamities; threshold yield based on average yield of past seven years, excluding up to two years of declared natural calamities; minimum indemnity level of 80 percent is available (instead of 60 percent in NAIS); and premium rates are actuarial supported by up-front subsidy in premium, which ranges from 40% to 75%, equally shared by Centre and States. Insurer is responsible for the claims liabilities. AICIL has been implementing MNAIS since its inception. During Kharif 2013, the pilot was implemented by AIC in 29 Districts across 13 States and during Rabi 2013-14 as part of NCIP in 127 Districts across 12 States.

During Kharif 2013 season, 0.14 crore farmers were covered insuring 0.15 crore hectare with sum insured of Rs. 4062.26 crore with gross premium of Rs. 492.75 crore. Since introduction as pilot in Rabi 2010-11 to Kharif 2013, MNAIS covered about 0.51 crore farmers insuring 0.57 crore hectare area for sum insured of Rs. 13496.93 crore against premium of Rs. 1494.93 crore. Claims amounting Rs. 1428.43 crore became payable benefitting more than 9 lakhs farmers.

12.31 MODIFIED NATIONAL AGRICULTURAL INSURANCE SCHEME (MNAIS)

(Rs. In Lakh)

SN	Season	Farmers Insured	Sum Insured	Gross Premium	Claims Payable
1	Rabi 2010-11	336724	66679.04	4524.08	1595.88
2	Kharif 2011	417831	112748.71	11128.92	7673.22
3	Rabi 2011-12	617328	163181.19	15506.86	7084.83
4	Kharif 2012	1605834	438423.01	51101.48	60380.15
5	Rabi 2012-13	802901	162435.46	17956.55	4849.26
6	Kharif 2013	1316210	406225.84	49275.25	61259.13

12.32 Weather Based Crop Insurance Scheme (WBCIS)

Apart from the above two yield guarantee insurance Schemes, the Government of India had introduced another Pilot namely, Pilot Weather Based Crop Insurance Scheme (WBCIS) with effect from Kharif 2007, which became full-fledged Scheme as a component of NCIP with its introduction. The Scheme operates on an actuarial basis with premium subsidy which ranges from 25% to 50% equally shared by Centre and States. AIC has since implemented the Scheme in various States during all previous Kharif and Rabi seasons starting Kharif 2007. WBCIS is a parametric insurance product designed to provide insurance protection to the cultivator against adverse weather incidence during the cultivation period, such as deficit & excess rainfall, frost, heat (temperature), relative humidity, wind speed etc., which are deemed to adversely impact the crop yield.

Crops and 'Reference Unit Areas (RUA)' are notified before the commencement of the season by the State Government. Each RUA is linked to a Reference Weather Station (RWS), on the basis of which pay out/ claims are processed. The pay outs are made on the basis of adverse variations in the current season's weather parameters as measured against those at Reference Weather Station (RWS). Claims under WBCIS are area based and automatic. The Company insured more than 35 different crops including perennial crops like Apple, Citrus crops, Grapes, Mango, Pomegranate, Cashew nut, Oil palm, etc. the Scheme was implemented in 13 States in Kharif 2012 and 14 States in Rabi 2012-13. During Kharif 2013, the pilot was implemented by AIC in 112 Districts across 13 and during Rabi 2013-14 as part of NCIP in 123 Districts across 14 States. During Kharif 2013 season, 0.51 crore farmers were covered insuring 0.69 crore hectare with sum insured of Rs. 8840.43 crore with gross premium of Rs. 901 crore. Since introduction as pilot in Kharif 2007 to Kharif 2013, WBCIS covered about 3.05 crore farmers insuring 4.19 crore hectare area for sum insured of Rs. 53725.74 crore against premium of Rs. 5058.28 crore. Claims amounting Rs. 3511.33 crore became payable benefitting more than 177 lakhs farmers.

WEATHER BASED CROP INSURANCE SCHEME (WBCIS)					*(Rs. In Lakh)*
SN	Season	Farmers Insured	Sum Insured	Gross Premium	Claims Payable
1	Kharif 2010	3915052	443617.74	46057.52	15009.02
2	Rabi 2010-11	2822499	524668.32	42756.08	28888.11
3	Kharif 2011	5263741	834181.40	83701.81	35395.58
4	Rabi 2011-12	3169805	669468.05	55741.28	58133.95
5	Kharif 2012	3547486	724024.28	72649.38	54050.94
6	Rabi 2012-13	3706628	646507.53	57552.46	78056

12.33 Utilisation of agency network of GIPSA companies:

In order to increase the penetration of crop insurance it has been decided to use the agency network of the four GIPSA Companies to sell crop insurance. In this regard IRDA has given its approval for the Co-Insurance arrangement between AIC and the four GIPSA Companies which will cover only Non-Loanee farmers under WBCIS and MNAIS. As per the Co-Insurance agreement and MOU, business will be co-shared in the ratio of 51:49 with AIC and the four GIPSA Companies. Claims paid are also co shared between AIC and GIPSA Companies.

13. Audit Paras

Details of Audit Paras pending in Department of Financial Services are at Annexure-VI.

Annexure -I

Representation for SCs/STs and OBCs for Group A & B (Officers)

Name of the Bank	Number of Employees				Number of appointments made during the previous calendar year 2013											
					By direct recruitment				By Promotion				By other Methods			
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs
Allahabad Bank	12428	2247	948	1969	1568	265	123	535	1428	259	96	-	-	-	-	-
Andhra Bank	10499	1797	785	1610	2045	306	161	603	1748	307	124	-	-	-	-	-
Bank of Baroda	19449	3431	1422	3405	2884	552	196	1097	791	134	78	-	-	-	-	-
Bank of India	17847	3000	1340	2497	1823	289	175	474	-	-	-	-	-	-	-	-
Bank of Maharashtra	5890	914	434	770	1346	191	98	372	189	31	11	-	-	-	-	-
Canara Bank	20736	3643	1410	2313	3757	637	257	1444	508	119	38	-	-	-	-	-
Central bank of India	16369	2900	1271	2406	2330	300	298	620	-	-	-	-	-	-	-	-
Corporation Bank	7614	1131	415	1252	1062	159	49	392	308	64	14	-	-	-	-	-
Dena Bank	5368	987	478	829	1010	158	43	351	586	89	60	-	-	-	-	-
Indian Bank	8566	1807	663	853	828	142	158	251	495	194	4	-	-	-	-	-
Indian Overseas Bank	13602	2276	1069	2387	2667	439	165	941	1585	276	130	-	-	-	-	-
Oriental Bank of Comm.	9891	1653	551	1280	322	65	30	124	941	165	49	-	1	-	-	-
Punjab National Bank	24121	4471	1510	1708	1196	160	67	360	3664	978	196	-	14	1	-	-
P&S Bank	6220	824	350	695	925	157	75	249	-	-	-	-	-	-	-	-
Syndicate Bank	11499	1883	846	1617	1450	231	97	430	1042	190	72	-	-	-	-	-
Union Bank	17421	3051	1205	3427	1925	307	140	563	2385	197	83	-	-	-	-	-
United Bank	7526	1326	551	1065	1071	147	51	322	304	63	17	-	-	-	-	-
UCO Bank	11839	1982	854	1407	1998	318	127	541	861	191	84	-	-	-	-	-
Vijaya Bank	6027	1053	411	1019	706	140	49	220	692	92	28	-	-	-	-	-

State Bank of India	79780	13640	5291	7368	1281	186	110	381	1329	245	127	-	-	-	-	-
SB of Bikaner & Jaipur	5444	1070	491	640	115	17	5	34	142	27	6	-	-	-	-	-
State Bank of Patiala	5713	1170	207	540	77	9	5	20	140	40	3	-	-	-	-	-
State Bank of Hyderabad	7145	1188	470	1328	144	22	7	55	187	27	12	-	-	-	-	-
State Bank of Mysore	3358	653	243	357	69	5	1	29	65	5	1	-	-	-	-	-
State Bank of Travancore	5133	654	147	579	110	17	5	37	164	14	-	-	-	-	-	-
NABARD	2787	412	213	324	-	-	-	-	58	-	-	-	-	-	-	-
SIDBI	875	137	56	143	9	0	1	2	-	-	-	-	NA	-	-	-
IDBI	14415	1850	572	2833	2309	369	85	641	580	67	15	-	-	-	-	-
RBI	7864	1133	499	429	90	10	09	19	#	#	#	--	--	--	--	--
Exim Bank	308	29	20	39	25	0	2	8	NA	NA	NA	NA	NA	NA	NA	NA
NHB	106	11	3	24	18	2	1	3	NA	NA	NA	NA	NA	NA	NA	NA
IIFCL	56	5	2	7	7	1	Nil	2	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total	**365896**	**62328**	**24727**	**47120**	**35167**	**5601**	**2590**	**11120**	**20192**	**3774**	**1248**	**-**	**15**	**1**	**-**	**-**

Representation for SCs/STs and OBCs for Group C (Clerks)

Name of the Bank	Number of Employees				Number of appointments made during the previous calendar year											
					By direct recruitment				By Promotion				By other Methods			
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs
Allahabad Bank	8531	1907	529	992	1880	371	153	461	368	218	29	-	-	-	-	-
Andhra Bank	5336	818	349	1313	1393	267	106	523	486	89	23	-	-	-	-	-
Bank of Baroda	17850	2644	1322	3171	3757	651	338	1350	-	-	-	-	1	-	-	1
Bank of India	18115	3041	1846	2129	2212	446	256	670	-	-	-	-	-	-	-	-
Bank of Maharashtra	6239	978	429	710	506	106	26	192	170	12	2	-	-	-	-	-
Canara Bank	18835	3531	1087	2473	3603	761	179	1427	434	115	26	-	-	-	-	-
Central bank of India	15562	2846	1252	2860	4053	698	345	1192	-	-	-	-	-	-	-	-
Corporation Bank	7410	1354	393	1623	2080	418	100	707	71	20	2	-	-	-	-	-
Dena Bank	5173	692	555	1026	1214	161	62	364	-	-	-	-	-	-	-	-
Indian Bank	9304	2010	370	1478	1744	333	58	677	216	72	3	-	-	-	-	-
Indian Overseas Bank	12504	2710	603	2017	1810	327	59	741	114	33	9	-	-	-	-	-
Oriental Bank of Comm.	6307	1446	2789	1432	886	196	48	263	26	11	1	-	-	-	-	-
Punjab National Bank	26803	5148	1221	3572	4717	1109	263	988	772	193	44	-	-	-	-	-
P&S Bank	2042	345	59	335	480	114	18	135	41	2	1	-	-	-	-	-
Syndicate Bank	10483	2064	595	1091	1506	262	75	486	-	-	-	-	40	12	3	-
Union Bank	10365	2100	602	2382	1686	302	111	513	-	-	-	-	-	-	-	-
United Bank	6454	1250	418	648	1149	176	94	266	359	58	39	-	-	-	-	-
UCO Bank	8530	1250	510	666	951	126	94	334	371	58	56	-	-	-	-	-
Vijaya Bank	4410	698	298	722	776	249	117	217	149	36	12	-	-	-	-	

State Bank of India	103883	17488	8528	19298	14519	2600	1627	4721	-	-	-	-	-	-	-	-
SB of Bikaner & Jaipur	5190	907	573	820	1183	223	175	205	-	-	-	-	-	-	-	-
State Bank of Patiala	6309	1625	69	844	972	262	5	227	72	15	1	-	-	-	-	-
SB of Hyderabad	7322	1182	497	2194	2062	364	157	746	-	-	-	-	-	-	-	-
State Bank of Mysore	5432	833	269	948	729	116	44	208	-	-	-	-	-	-	-	-
SB of Travancore	7039	913	197	1587	2205	278	40	845	-	-	-	-	-	-	-	-
NABARD	671	93	56	97	-	-	-	-	-	-	-	-	-	-	-	-
SIDBI	100	27	8	5	-	-	-	-	7	2	1	-	NA	-	-	-
IDBI	1199	128	37	103	-	-	-	-	-	-	-	-	-	-	-	-
RBI	3916	586	252	554	406	71	28	76	--	--	--	--	--	--	--	--
Exim Bank	Exim Bank has no employees in clerical cadre.															
NHB	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IIFCL	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total	**341314**	**60614**	**25713**	**57090**	**58479**	**10987**	**4578**	**18534**	**3656**	**934**	**249**	**-**	**41**	**12**	**3**	1

Representation for SCs/STs and OBCs for Group D (Excluding Safai Karamchari)

Name of the Bank	Number of Employees				Number of appointments made during the previous calendar year											
					By Direct Recruitment				By Promotion				By other Methods			
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs
Allahabad Bank	1191	743	97	185	-	-	-	-	-	-	-	-	-	-	-	-
Andhra Bank	3006	766	209	639	26	3	1	5	75	11	3	-	-	-	-	-
Bank of Baroda	7084	2326	682	1202		877	183	124	333	-	-	-	1	-	-	1
Bank of India	4405	1215	454	828	125	16	9	53	-	-	-	-	-	-	-	-
Bank of Maharashtra	2503	941	244	247	63	22	3	11	-	-	-	-	-	-	-	-
Canara Bank	7724	2069	353	1281	543	182	50	160	-	-	-	-	-	-	-	-
Central bank of India	6086	1695	474	1287	870	130	66	235	-	-	-	-	-	-	-	-
Corporation Bank	3192	1396	212	824	279	136	11	82	-	-	-	-	-	-	-	-
Dena Bank	1948	616	271	230	299	89	16	101	299	-	-	-	-	-	-	-
Indian Bank	1871	647	77	229	44	8	-	15	-	-	-	-	-	-	-	-
Indian Overseas Bank	4354	1549	153	1150	36	6	4	7	-	-	-	-	-	-	-	-
Oriental Bk. of Comm.	3435	1285	230	659	181	34	12	55	-	-	-	-	-	-	-	-
Punjab National Bank	9640	2969	574	1895	1259	245	59	382	116	56	5	-	-	-	-	-
P&S Bank	791	225	27	33	-	-	-	-	102	26	4	-	-	-	-	-
Syndicate Bank	3564	1170	253	293	9	5	-	1	-	-	-	-	-	-	-	-
Union Bank	3815	1311	320	802	13	2	2	5	39	7	-	-	-	-	-	-
United Bank	2747	591	125	117	-	-	-	-	179	47	8	-	-	-	-	-
UCO Bank	2744	618	153	191	8	4	1	1	9	1	-	-	-	-	-	-
Vijaya Bank	2004	520	148	405	32	6	4	14	-	-	-	-	-	-	-	-
State Bank of India	35448	9097	2591	6072	-	-	-	-	-	-	-	-	-	-	-	-
SB of Bikaner & Jaipur	2126	364	237	386	15	1	2	2	-	-	-	-	-	-	-	-
State Bank of Patiala	3194	1228	62	546	43	3	5	12	168	91	1	-	-	-	-	-
SB of Hyderabad	2450	447	139	712	283	48	9	76	-	-	-	-	-	-	-	-

State Bank of Mysore	2078	607	132	281	31	11	2	4	-	-	-	-	-	-	-	-
SB of Travancore	1804	408	75	245	135	12	-	38	49	14	1	-	-	-	-	-
NABARD	816	286	101	113	1	-	-	-	-	-	-	-	-	-	-	-
SIDBI	63	19	13	7	-	-	-	-	-	-	-	-	NA	-	-	-
IDBI	935	232	77	155	-	-	-	-	-	-	-	-	-	-	-	-
RBI	4127	1153	359	400	62	09	02	17	--	--	--	--	--	--	--	--
Exim Bank	2	0	0	0	There are only 2 employees in Sub-staff category. No recruitment has occurred in this category since 1983.											
NHB	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IIFCL	1	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total	**125148**	**36493**	**8842**	**21414**	**4357**	**1849**	**441**	**1400**	**1369**	**253**	**22**	**-**	**1**	**-**	**-**	**1**

Representation for SCs/STs and OBCs for Group D (Safai Karamchari)

Name of the Bank	Number of Employees				Number of appointments made during the previous calendar year											
					By Direct Recruitment				By Promotion				By other Methods			
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs
Allahabad Bank	2069	1383	108	244	195	106	13	48	-	-	-	-	-	-	-	-
Andhra Bank	1548	554	121	588	45	6	4	7	-	-	-	-	-	-	-	-
Bank of Baroda	1020	436	102	269	-	-	-	-	-	-	-	-	-	-	-	-
Bank of India	3285	1554	344	391	5	2	1	2	-	-	-	-	-	-	-	-
Bank of Maharashtra	1493	368	95	312	82	17	10	24	-	-	-	-	-	-	-	-
Canara Bank	867	417	42	232	19	8	-	10	-	-	-	-	-	-	-	-
Central bank of India	3077	1438	292	714	1069	402	113	370	-	-	-	-	-	-	-	-
Corporation Bank	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dena Bank	353	131	35	128	34	16	3	9	-	-	-	-	-	-	-	-
Indian Bank	670	282	22	210	-	-	-	-	-	-	-	-	-	-	-	-
Indian Overseas Bank	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Oriental Bank of Comm.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Punjab National Bank	4945	3237	240	698	712	369	56	139	--	-	-	-	-	-	-	-
P&S Bank	888	687	12	69	90	53	5	23	238	185	4	-	-	-	-	-
Syndicate Bank	2182	1218	116	362	160	97	11	33	-	-	-	-	-	-	-	-
Union Bank	2470	1107	225	662	590	146	40	203	-	-	-	-	-	-	-	-
United Bank	1463	696	57	112	-	-	-	-	-	-	-	-	-	-	-	-
UCO Bank	1708	968	79	179	28	21	6	1	-	-	-	-	-	-	-	-
Vijaya Bank	524	212	42	155	-	-	-	-	-	-	-	-	-	-	-	-
State Bank of India	4225	2625	227	279	-	-	-	-	-	-	-	-	-	-	-	-
SB of Bikaner. & Jaipur	764	592	20	42	11	8	1	-	-	-	-	-	-	-	-	-
State Bank of Patiala	596	205	6	140	36	7	-	9	-	-	-	-	-	-	-	-
SB of Hyderabad	1460	322	93	669	48	9	9	28	-	-	-	-	-	-	-	-
State Bank of Mysore	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SB of Travancore	589	151	13	201	289	61	9	126	-	-	-	-	-	-	-	-
NABARD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SIDBI	3	1	0	1	-	-	-	-	-	-	-	-	NA	-	-	-
IDBI	100	18	2	25	-	-	-	-	-	-	-	-	-	-	-	-
RBI	1453	611	104	130	16	2	0	1	--	--	--	--	--	--	--	--
Exim Bank	Exim Bank has no employees in this cadre.															
NHB	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IIFCL	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total	**37752**	**19213**	**2397**	**6812**	**3429**	**1330**	**281**	**1033**	**238**	**185**	**4**	**-**	**-**	**-**	**-**	**-**

Representation for SCs/STs and OBCs for Group A & B (Officers)

Name of the Bank	Number of Employees				Number of appointments made during the previous calendar year											
					By Direct Recruitment				By Promotion				By other Methods			
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs
LIC	56504	9765	4135	4234	4142	669	369	1012	1553	353	154	-	-	-	-	-
GIC	405	60	20	41	64	11	5	18	45	7	2	--	--	--	--	--
NIACL	8640	1564	480	23	500	3	1	2	459	100	29	--	--	--	--	--
NICL	7061	1295	360	583	328	48	26	108	866	183	35	-	-	-	-	-
OICL	6573	1276	368	674	37	4	5	11	329	53	12	-	-	-	-	-
UIICL	7865	1545	474	909	409	65	31	146	511	63	23	-	-	-	-	-
AICL	252	47	22	52	42	10	4	13	-	-	-	-	-	-	-	-
Total	**87300**	**15552**	**39150**	**6516**	**5522**	**810**	**441**	**1310**	**3763**	**759**	**255**	**-**	**-**	**-**	**-**	**-**

Representation for SCs/STs and OBCs for Group C

Name of the Bank	Number of Employees				Number of appointments made during the previous calendar year											
					By Direct Recruitment				By Promotion				By other Methods			
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs
LIC	54863	8546	4110	2955	179	88	25	7	2075	528	194	-	138	33	14	-
GIC	95	23	11	9	--	--	--	--	22	3	1	--	--	--	--	--
NIACL	8137	1822	661	816	528	30	25	203	352	52	20	--	--	--	--	--
NICL	6468	1526	461	517	-	-	-	-	-	-	-	-	-	-	-	-
OICL	5884	1386	496	757	537	79	42	169	279	70	47	-	-	-	-	-
UIICL	7099	1773	523	1084	578	96	44	153	339	41	19	-	-	-	-	-
AICL	23	7	4	4	-	-	-	-	-	-	-	-	-	-	-	-
Total	**82569**	**15083**	**6266**	**6142**	**1822**	**293**	**136**	**532**	**3067**	**694**	**281**	**-**	**138**	**33**	**14**	**-**

Representation for SCs/STs and OBCs for Group D (Excluding Safai Karamachaires)

Name of the Bank	Number of Employees				Number of appointments made during the previous calendar year											
					By Direct Recruitment				By Promotion				By other Methods			
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs
LIC	5436	1391	292	1137	10	3	-	1	7	6	-	-	20	5	-	-
GIC	26	5	1	0	--	--	--	--	--	--	--	--	--	--	--	--
NIACL	2001	937	166	226	--	--	--	--	--	--	--	--	--	--	--	--
NICL	1108	366	87	110	-	-	-	-	-	-	-	-	-	-	-	-
OICL	1949	873	148	336	-	-	-	-	-	-	-	-	-	-	-	-
UIICL	1943	980	150	352	-	-	-	-	-	-	-	-	-	-	-	-
AICL	4	1	-	1	-	-	-	-	-	-	-	-	-	-	-	-
Total	**12467**	**4553**	**844**	**2162**	**10**	**3**	**-**	**1**	**7**	**6**	**-**	**-**	**20**	**5**	**-**	**-**

Representation for SCs/STs and OBCs for Group D (Safai Karamachaires) In Insurance Companies

Name of the Bank	Number of Employees				Number of appointments made during the previous calendar year											
					By Direct Recruitment				By Promotion				By other Methods			
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs
LIC	611	434	45	53	6	2	1	2	1	-	-	-	108	74	-	-
GIC	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
NIACL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NICL	744	490	44	54	-	-	-	-	-	-	-	-	-	-	-	-
OICL	61	61	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UIICL	82	65	3	4	-	-	-	-	-	-	-	-	-	-	-	-
AICL	3	1	-	1	-	-	-	-	-	-	-	-	-	-	-	-
Total	**1501**	**1051**	**92**	**112**	**6**	**2**	**1**	**2**	**1**	**-**	**-**	**-**	**108**	**74**	**-**	**-**

CONSOLIDATED TOTAL REPRESENTATION OF SCs, STs & OBC

Statement of filling up of Representation SC/ST/OBC identified up to 31.12.2013 (Position furnished by Public Sector Banks/ Financial Institutions/ RBI and Insurance Companies).

Group	Number of Employees				Number of appointments made during the previous calendar year											
					By Direct Recruitment				By Promotion				By other Methods			
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs
*Group 'A' &' 'B	453196	77880	63874	53636	40689	6411	3031	12430	23955	4533	1503	-	15	1	-	-
Group' C'	423883	75697	31979	63232	60301	11280	4714	19066	6723	1628	530	-	179	17	1	-
Group 'D' (Excluding Safai Karmachari).	137615	41046	9686	23576	4367	1852	441	1401	1376	259	22	-	21	5	-	1
Group 'D' (Safai Karmachari)	39253	20264	2489	6924	3435	1332	282	1035	239	185	4	-	108	74	-	-
Total	**1053947**	**214887**	**108028**	**147368**	**108792**	**20875**	**8468**	**33932**	**32293**	**6605**	**2059**	**-**	**323**	**97**	**1**	**1**

*In the PSBs/FIs /Ins.Co. there is only one officers grade

Annexure-II

Representation of Persons with disabilities

S.	Name of the	Group A&B B Officers	Number of Employees				Direct Recruitment							Promotion						
							No. of vacancies reserved			No. of Appointments made				No. of vacancies reserved			No. of promotion made			
			Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1.	Allahabad bank		12428	60	16	109	16	16	16	1568	3	-	24	-	-	-	1428	3	1	11
2.	Andhra bank		130	19	7	104	36	2	26	24	5	2	17	-	-	-	12	1	-	11
3.	Bank of Baroda		330	70	47	213	30	29	29	87	29	17	41	-	-	-	-	-	-	-
4.	Bank of India		210	20	18	172	-	-	-	33	6	9	18	-	-	-	-	-	-	-
5.	Bank of Mahara		5890	6	8	48	2	4	12	10	-	6	4	-	-	-	-	-	-	-
6.	Canara Bank		400	50	34	315	60	68	50	44	10	4	30	-	-	-	-	-	-	-
7.	Central Bank		16369	15	11	253	19	19	20	21	8	-	13	-	-	-	-	-	-	-
8.	Corp. Bank		7614	30	29	80	10	11	11	1062	4	2	5	-	-	-	-	-	-	-
9.	Dena Bank		83	12	7	64	14	26	12	9	-	-	9	-	-	-	11	-	-	11
10.	Indian Bank		8566	15	9	91	6	13	7	828	2	-	9	-	-	-	495	-	2	8
11.	IOB		220	44	30	146	25	37	25	26	6	1	19	-	-	-	-	-	-	-
12.	OBC		9891	18	13	145	3	2	3	14	3	-	11	-	-	-	-	-	-	-
13.	PNB		24121	30	11	285	12	12	12	1210	6	2	19	0	0	0	3664	5	3	43
14.	P&S Bank		6220	17	10	46	9	9	9	6	-	-	6	-	-	-	-	-	-	-
15.	Syndicate Bank		11499	27	14	246	15	15	15	20	1	2	17	-	-	-	-	-	-	-
16.	Union Bank		17421	40	13	132	82	103	20	1925	28	8	17	-	-	-	-	-	-	-
17.	United Bank		7526	14	4	82	11	11	11	10	3	3	6	-	-	-	4	1	0	3
18.	UCO Bank		11839	10	10	169	19	20	20	21	1	-	20	-	-	-	19	1	1	17
19.	Vijaya Bank		6027	14	7	62	7	7	7	561	-	1	6	-	-	-	-	-	-	-
20.	SBI		504	54	16	434	22	-	22	50	28	-	22	-	-	-	-	-	-	-

21.	SBBJ		5444	5	1	78	1	-	1	115	1	-	1	-	-	-	-	-	-	-
22.	SBOP		5713	7	-	47	1	-	1	77	-	-	1	-	-	-	-	-	-	-
23.	SB Hyderabad		7145	15	3	125	22	-	22	21	5	-	16	-	-	-	2	-	1	1
24.	SB Mysore		3358	6	1	27	1	-	-	69	-	-	9	-	1	1	65	1	1	1
25.	SB Travancore		5133	4	6	58	1	1	1	110	-	-	3	-	-	-	-	-	-	-
26.	RBI		7864	16	09	199	2	1	1	--	--	--	--No reservations to PWDs in promotion from Class III to Class I and within Class I.							
27.	NABARD		70	7	3	60	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28.	IDBI		14415	21	2	234	34	-	35	2309	4	-	101	-	-	-	-	-	-	-
29.	SIDBI		875	--	--	8	--	--	--	9	--	--	--	--	--	--	--	--	--	--
30.	Exim bank		308	1	0	4	2	3	0	25	1	-	-	-	-	-	-	-	-	-
31.	NHB		106	-	-	1	-	-	-	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
32.	IIFCL		2	Nil	Nil	2	Nil	Nil	1	1	Nil	Nil	1	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	TOTAL		**197721**	**647**	**339**	**4039**	**462**	**409**	**389**	**10265**	**154**	**57**	**445**	**-**	**1**	**1**	**5700**	**12**	**9**	**106**

Representation of Persons with disabilities

S. No.	Name of the Banks/FIs	Group C (Clerks)	No. of Employees				Direct Recruitment							Promotion						
							No. of vacancies reserved			No. of appointment made				No. of vacancies reserved			No. of promotion made			
			Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH
		1.	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1.	Allahabad Bank		8531	42	51	154	19	18	18	1880	15	2	21	3	3	4	368	2	2	3
2.	Andhra bank		141	37	30	74	28	30	14	27	9	5	13	-	-	-	14	2	3	9
3.	Bank of Baroda		385	83	54	248	38	37	37	75	27	10	38	-	-	-	-	-	-	-
4.	Bank of India		372	62	48	262	-	-	-	61	14	5	42	-	-	-	-	-	-	-
5.	Bank of Mah.		6239	12	20	65	5	2	7	12	5	2	5	-	-	-	-	-	-	-
6.	Canara Bank		512	91	145	276	63	62	44	64	22	6	36	3	4	4	392	-	-	4
7.	Central Bank		15562	77	62	323	23	23	28	8	3	17	-	-	-	-	-	-	-	-
8.	Corpor Bank		7410	31	26	108	19	21	15	2080	7	5	14	-	-	-	-	-	-	-
9.	Dena Bank		118	26	16	76	24	28	22	24	5	4	15	-	-	-	-	-	-	-
10.	Indian Bank		9304	36	39	107	14	14	14	1744	6	1	13	2	2	2	216	-	-	2
11.	IOB		291	59	102	130	45	45	45	8	6	2	-	-	-	-	-	-	-	-
12.	OBC		6307	8	2	158	3	2	9	18	4	2	10	-	-	-	-	-	-	-
13.	PNB		26803	91	63	348	47	47	48	4717	37	38	56	0	0	0	772	2	0	14
14.	P&S Bank		2042	11	10	25	3	2	4	5	1	-	4	-	-	-	-	-	-	-
15.	Syndicate Bank		10483	34	30	185	15	15	15	10	1	4	5	-	-	-	-	-	-	-
16.	Union Bank		10365	44	39	69	23	31	23	1686	13	3	21	-	-	-	-	-	-	-
17.	United Bank		6454	32	18	79	18	17	16	20	8	-	12	-	-	-	7	2	1	4
18.	UCO Bank		8530	11	1	151	9	9	10	25	4	2	19	3	4	4	23	2	2	19
19.	Vijaya Bank		4410	16	32	63	2	2	5	390	-	-	5	1	1	1	149	1	-	2
20.	SBI		1758	436	315	1007	190	175	191	428	164	65	199	-	-	-	-	-	-	-
21.	SBBJ		5190	33	17	81	18	34	14	1183	15	14	10	-	-	-	-	-	-	-
22.	SBOP		6309	37	16	99	9	10	10	972	11	9	10	-	-	-	-	-	-	-
23.	SB Hyderabad		7322	59	21	113	28	30	34	68	27	9	32	-	-	-	-	-	-	-
24.	SB Mysore		3432	38	-	87	11	-	11	729	11	-	11	-	-	-	-	-	-	-
25.	SB Travancore		7039	32	25	99	22	22	22	2205	17	3	26	-	-	-	-	-	-	-
26.	RBI		3916	17	4	91	3	2	8	406	9	2	10	--	--	--	--	--	--	--
27.	NABARD		28	-	4	24	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28.	IDBI		1199	1	-	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29.	SIDBI		100	--	--	4	--	--	--	--	--	--	--	--	--	--	--	--	--	--
30.	Exim Bank		Exim Bank has no employees in clerical cadre																	
31.	NHB		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32.	IIFCL		Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	TOTAL		**160552**	**1456**	**1190**	**4513**	**679**	**678**	**664**	**18845**	**441**	**210**	**627**	**12**	**14**	**15**	**1941**	**11**	**8**	**57**

Representation of Persons with disabilities

S.No.	Name of the Banks/FIs	Group D Excl.S.K	No. of Employees				Direct Recruitment							Promotion						
							No. of vacancies reserved			No. of appointment made				No. of vacancies reserved			No. of promotion made			
			Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH
		1.	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1.	Allahabad bank		1191	3	5	26	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.	Andhra bank		37	2	6	29	4	4	4	1	-	-	1	-	-	-	-	-	-	-
3.	Bank of Baroda		148	5	9	134	9	9	9	20	-	1	19	-	-	-	-	-	-	-
4.	Bank of India		66	4	10	52	-	-	-	61	14	5	42	-	-	-	-	-	-	-
5.	Bank of Mah.		2503	5	3	24	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.	Canara Bank		120	12	38	70	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7.	Central Bank		6086	6	12	53	10	10	10	10	-	-	10	-	-	-	-	-	-	-
8.	Corpn. Bank		3192	9	6	53	1	1	1	279	1	-	2	-	-	-	-	-	-	-
9.	Dena Bank		24	-	6	18	-	-	-	1	-	1	-	-	-	-	-	-	-	-
10.	Indian Bank		1871	3	-	31	-	-	-	44	-	-	-	-	-	-	-	-	-	-
11.	IOB		59	5	19	35	13	13	13	-	-	-	-	-	-	-	-	-	-	-
12.	OBC		3435	4	3	73	-	-	4	6	1	-	5	-	-	-	-	-	-	-
13.	PNB		9640	6	15	11	12	12	13	1259	0	0	9	0	0	0	116	0	0	0
14.	P&S Bank		791	5	2	8	-	-	-	-	-	-	-	1	1	1	1	-	-	1
15.	Syndicate Bank		3564	2	-	78	-	-	1	1	-	-	1	-	-	-	-	-	-	-
16.	Union Bank		6285	8	23	57	-	-	-	603	1	3	6	-	-	-	-	-	-	-
17.	United Bank		2747	4	1	14	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.	UCO Bank		4452	3	-	42	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19.	Vijaya Bank		2528	6	12	36	-	-	-	-	-	-	-	1	1	1	125	1	1	1
20.	SBI		203	17	22	164	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21.	SBBJ		2890	-	1	17	-	-	-	26	-	-	-	-	-	-	-	-	-	-
22.	SBOP		3194	2	2	30	-	-	1	43	-	-	1	-	-	-	-	-	-	-
23.	SB Hyderabad		2450	6	20	30	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24.	SB Mysore		2078	3	3	13	-	-	1	31	-	-	-	-	-	-	-	-	-	-
25.	SB Travancore		1804	--	-	8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26.	RBI		4127	3	7	89	--	--	--	--	--	--	--	--	--	--	--	--	--	--
27.	NABARD		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28.	IDBI		1035	1	1	19	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29.	SIDBI		66	--	--	3	--	--	--	--	--	--	--	--	--	--	--	--	--	--
30.	Exim Bank		2	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31.	NHB		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32.	IIFCL		Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	**1**	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	TOTAL		66588	124	226	1217	49	49	57	2385	17	10	96	2	2	2	242	1	1	2

Representation of Persons with disabilities

S.No.	Name of the Banks/FIs	Group D(S.K.)	No. of Employees				Direct Recruitment							Promotion						
							No. of vacancies reserved			No. of appointment made				No. of vacancies reserved			No. of promotion made			
			Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH
		1.	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1.	Allahabad Bank		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.	Andhra Bank		14	-	5	9	3	3	3	-	-	-	-	-	-	-	-	-	-	-
3.	Bank of Baroda		9	-	2	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.	Bank of India		35	3	5	27	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.	Bank of Mah.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.	Canara Bank																			
7.	Central Bank		3077	-	-	63	9	9	9	9	-	1	8	-	-	-	-	-	-	-
8.	Corpn. Bank		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.	Dena Bank		2	-	1	1	-	-	-	1	-	1	-	-	-	-	-	-	-	-
10.	Indian Bank		670	-	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.	IOB		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.	OBC		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13.	PNB		4945	1	3	11	7	7	8	712	-	-	4	-	-	-	-	-	-	-
14.	P&S Bank		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15.	Syndicate Bank		2182	1	1	5	-	2	3	3	-	-	3	-	-	-	-	-	-	-
16.	Union Bank		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17.	United Bank		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.	UCO Bank		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19.	Vijaya Bank		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.	SBI		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21.	SBBJ		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22.	SBOP		596	-	-	1	-	-	1	36	-	-	-	-	-	-	-	-	-	-
23.	SB Hyderabad		1460	-	2	13	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24.	SB Mysore		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25.	SB Travancore		589	1	1	-	-	-	-	-	-	-	-							
26.	RBI		1453	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27.	NABARD		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28.	IDBI		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29.	SIDBI		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30.	Exim Bank		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31.	NHB		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32..	IIFCL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	TOTAL		**15032**	**6**	**21**	**138**	**19**	**21**	**24**	**761**	**-**	**2**	**15**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Representation of Persons with disabilities

S. No.	Name of the Banks/FIs	Group A&B Officers	No. of Employees				Direct Recruitment							Promotion						
							No. of vacancies reserved			No. of appointment made				No. of vacancies reserved			No. of promotion made			
			Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH
		1.	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1.	LIC		56504	8	13	280	11	-	12	284	4	-	7	-	-	-	-	-	-	-
2.	GIC		6	--	--	6	--	--	--	1	--	--	1	--	--	--	--	--	--	1
3.	NIACL		8640	7	2	48	8	11	8	-	-	-	-	-	-	-	-	-	-	-
4.	NICL		7061	9	3	45	4	4	4	9	3	4	2	-	-	-	-	-	-	-
5.	OICL		6573	6	3	70	-	-	-	37	-	-	-	-	-	-	-	-	-	-
6.	UIICL		7865	5	4	68	3	3	11	15	1	3	11	-	-	-	-	-	-	-
7.	AICL		252	2	1	2	1	1	1	42	1	1	-	-	-	-	-	-	-	-
8.	**Total**		**86901**	**37**	**26**	**519**	**27**	**19**	**36**	**388**	**9**	**8**	**21**	**-**	**-**	**-**	**-**	**-**	**-**	**1**

Representation of Persons with disabilities

S.No.	Name of the Banks/FIs	Group 'C'	No. of Employees				Direct Recruitment							Promotion						
							No. of vacancies reserved			No. of appointment made				No. of vacancies reserved			No. of promotion made			
			Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH
		1.	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1.	LIC		54863	25	24	698	1	-	1	26	-	-	1	59	-	134	1352	2	-	23
2.	GIC		1	--	--	1	--	--	--	--	--	--	--	--	--	--	--	--	--	--
3.	NIACL		8137	27	15	201			18	14	6	--	8	--	--	2	2	--	--	2
4.	NICL		6468	13	9	177	-	-	-	-	-	-	-	-	-	-	12	1	1	10
5.	OICL		5884	14	16	164	6	6	6	537	7	3	5	-	-	1	279	-	-	1
6.	UIICL		7099	29	8	184	6	6	6	15	6	1	8	-	4	-	-	-	-	-
7.	AICL		23	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.	**Total**		**82475**	**108**	**72**	**1426**	**31**	**12**	**13**	**592**	**19**	**4**	**22**	**59**	**4**	**137**	**1645**	**3**	**1**	**36**

Representation of Persons with disabilities

S.No.	Name of the Banks/FIs	Group 'D'Excl. S.K	No. of Employees				Direct Recruitment							Promotion						
							No. of vacancies reserved			No. of appointment made				No. of vacancies reserved			No. of promotion made			
			Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH
		1.	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1.	LIC		6047	2	3	56	-	-	-	6	-	-	-	102	5	45	76	2	-	-
2.	GIC		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.	NIACL		2001	2	1	48	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.	NICL		1852	2	-	40	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.	OICL		2010	3	2	57	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.	UIICL		2025	3	2	28	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7.	AICL		7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.	**Total**		**13942**	**12**	**8**	**229**	-	-	-	**6**	-	-	-	**102**	**5**	**45**	**76**	**2**	-	-

Representation of Persons with disabilities

S.No.	Name of the Banks/FIs	Group D	No. of Employees				Direct Recruitment							Promotion						
							No. of vacancies reserved			No. of appointment made				No. of vacancies reserved			No. of promotion made			
			Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH
		1.	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1.	LIC																			
2.	GIC		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.	NIACL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.	NICL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.	OICL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.	UIICL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7.	AICL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.	**Total**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

CONSOLIDATED TOTAL REPRESENTATION OF THE PERSONS WITH DISABILITIES

Statement of filling up of Representation Persons with Disabilities identified up to 31.12.2013 (Position furnished by Public Sector Banks/ Financial Institutions/ RBI and Insurance Companies).

GROUP	Number of Employees as On 31.12.2013				Direct Recruitment made during previous Calendar Year 2013							Promotion						
					No. of Vacancies reserved							No. of Vacancies reserved			No of appointments made			
	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH
*Group 'A' & B'	284622	684	365	4558	489	428	425	10653	163	65	466	-	1	1	5700	12	9	107
Group 'C'	243027	1564	1262	5939	710	690	6777	19437	460	214	649	71	18	152	3586	14	9	93
Group'D (Excluding Safai Karmachaies	80530	136	234	1446	49	49	57	2391	17	10	96	104	7	47	318	3	1	2
Group'D (Safai Karmachaies	15032	6	21	138	19	21	24	761	-	2	15	-	-	-	-	-	-	-
Total	**62311**	**2390**	**1882**	**12081**	**1267**	**1188**	**7283**	**33242**	**640**	**291**	**1226**	**175**	**26**	**200**	**9604**	**29**	**19**	**202**

*In the PSBs/FIs/ Ins. Co. there is only one officers grade

Annex- III

Total Educational Loan outstanding of Public Sector Banks

(Rs. in crore)

Name of the Bank	As on March 31, 2013 No. of A/cs	As on March 31, 2013 Amount	As on March 31, 2014 No. of A/cs	As on March 31, 2014 Amount
Allahabad Bank	47610	1261.56	49467	1346.94
Andhra Bank	61542	1427.00	57965	1510.53
Bank of Baroda	88743	1970.43	89,243	2062.11
Bank of India	122839	2411.80	134540	2652.00
Bank of Maharashtra	27218	552.92	29876	637.33
Canara Bank	217434	4266.67	250374	4746.00
Central Bank of India	109762	2526.94	123328	3088.44
Corporation Bank	49897	1150.26	52371	1251.78
Dena Bank	15391	328.27	17235	364.27
Indian Bank	204691	3650.26	180637	3452.40
Indian Overseas Bank	201285	2978.39	220626	3596.80
Oriental Bank of Commerce	48449	1227.04	48085	1270.79
Punjab National Bank	155879	3588.18	157813	4257.95
Punjab & Sind Bank	7003	219.29	7109	232.16
Syndicate Bank	113138	2555.62	116541	2768.24
UCO Bank	50571	1140.89	54303	1262.18
Union Bank of India	90807	2081.57	94211	2218.61
United Bank of India	23285	551.81	24196	530.78
Vijaya Bank	34393	669.98	38013	760.20
State Bank of India	604339	13753.15	593474	14740.00
State Bank of Bik & Jaipur	22449	500.56	22363	515.32
State Bank of Mysore	29883	614.28	29897	628.37
State Bank of Patiala	15020	404.65	15814	448.27
State Bank of Hyderabad	51425	1122.83	50664	1185.42
State bank of Travancore	109705	2394.17	105125	2475.41
IDBI BK Ltd	6707	171.36	9440	253.64
BMB			6	0.29
TOTAL	**2509465**	**53519.88**	**2572716**	**58256.23**

Source: *PSBs (Data for March,31st is provisional)*

Annex-IV

Advances to Priority Sector by Public Sector Banks

Sector	No. of Accounts (in lakh)				Amount Outstanding (Rs. crore)			
	As on last reporting Friday of March / 31st March							
	2010	2011	2012	2013*	2010	2011	2012	2013*
Agriculture	316	339	384	436	3,72,463 (17.3%)	4,14,973 (16.6%)	4,75,148 (15.7%)	5,30,370 (15.2%)
i) Direct	310	332	375	428	2,65,826 (12.8%)	3,00,190 (12%)	3,66,398 (12.1%)	4,46,085 (12.8%)
ii) Indirect	6	7	9	8	1,06,637 (5.1%)	1,14,782 (4.6%)	1,11,872 (3.7%)	84,592 (2.4%)
Small Enterprises	72	74	71	75	2,76,319 (13.3%)	3,69,430 (14.8%)	3,96,343 (13.1%)	4,76,977 (13.7%)
Education	19	22	24	24	35,855	41,342	46,740	50,954
Housing	37	40	40	39	1,73,184	1,88,472	2,01,672	2,14,759
Total Priority Sector Advances	458	483	531	585	8,37,777 (41.6%)	10,21,496 40.9%)	11,29,993 (37.4%)	12,82,212 (36.9%)
Adjusted Net Bank Credit	-	-	-		20,78,398	24,93,499	30,18,475	34,74,772

Source: RBI. * Provisional data as on March 31, 2013

Note:

(i) The figures in parenthesis show percentage of advances to Adjusted Net Bank Credit (ANBC) or Credit Equivalent amount of Off-balance Sheet Exposure (CE of OBE), whichever is higher, as on March 31 of the previous year.

(ii) In terms of extant guidelines on lending to priority sector (applicable as of March 2013), broad categories of advances under priority sector include agriculture, micro and small enterprises sector, education and housing.

(iii) Indirect agriculture is reckoned only up to 4.5% of the ANBC or credit equivalent of off-balance sheet exposures, whichever is higher.

(iv) The guidelines on priority sector advances take into account the revised definition of small and micro enterprises as per the Micro, Small and Medium Enterprises Development Act, 2006.

(v) The guidelines on priority sector advances take into account the revised definition of small and micro enterprises as per the Micro, Small and Medium Enterprises Development Act, 2006.

Annex-V(a)

STATEMENT SHOWING PARTICULARS OF CREDIT TO WOMEN IN THE BOOKS OF PUBLIC SECTOR BANKS FOR THE QUARTER ENDED MAR 2013

(Amt. In Lakh)

Name of the Bank	Adjusted Net Bank Credit	Credit to Women			Of Credit to Women				Of the credit to Women under Priority Sector							
					Under P/S		Under Non P/S		Under Mircro Credit		Under SSI		Under Govt. Sponsored Programme		Others	
		No. of A/cs	Amt. O/s	% to ANBC	No. of A/cs	Amt. O/s	No. of A/cs	Amt. O/s	No. of A/cs	Amt. O/s	No. of A/cs	Amt. O/s	No. of A/cs	Amt. O/s	No. of A/cs	Amt. O/s
All. bad	10805400.00	669133	565822.00	5.24	643445	404761.00	25688	161061.00	530590	147515.00	18080	49538.00	84714	67271.00	10061	140437.00
Andhra Bk	10032756.55	921207	979161.69	9.76	826103	857159.62	95104	122002.07	225284	339474.65	119642	85340.12	50734	45441.62	430443	386903.23
BOB	20349711.00	466351	824313.27	4.05	401615	604761.97	64736	219551.30	6847	3538.02	50035	64649.82	69033	36781.25	275700	499792.88
BOI	20598671.00	689714	2096369.00	10.18	614491	873900.00	75223	1222469.00	336975	78453.00	81052	295845.00	172190	150244.00	426401	424770.00
BOMah	5621340.00	160532	300724.19	5.35	132570	207952.15	27962	92772.04	9665	2207.17	19989	26204.63	74079	156400.46	28837	23139.89
Can Bk	22380699.27	1776786	3134027.27	14.00	1701346	1988044.99	75440	1145982.28	43725	19689.01	11805	318158.60	57287	21046.76	1645816	1650197.38
C B I	15111600.00	679418	758680.00	5.02	467337	508250.00	212081	250430.00	96775	110134.00	58511	96075.00	156242	95620.00	155809	206421.00
Corp Bk	10046900.00	246104	495127.00	4.93	215963	392105.00	30141	103022.00	11515	6150.00	27202	91980.00	9446	6157.00	167800	287818.00
Dena Bk	5686949.00	157636	291214.91	5.12	135446	213340.80	22190	77874.11	21865	7678.39	27406	59106.95	29946	9959.02	56229	154233.85
Ind Bk	8651172.00	1181658	1168573.38	13.51	1065659	985264.67	115999	183308.71	82511	23922.30	162663	171627.23	9029	5113.80	811456	784601.34
I O B	12755870.00	1399738	1771842.10	13.89	1210198	1174178.70	189540	597663.40	106700	109763.40	74078	221177.10	118072	51465.20	911348	791773.00
O B C	11197769.00	150147	641403.00	5.73	126068	476928.00	24079	164475.00	33868	13024.00	51407	118380.00	15944	18128.00	24849	327396.00
P N B	27507200.00	834789	1408468.00	5.12	711857	1072633.00	122932	335835.00	72183	50818.00	55156	85432.00	137158	79634.00	447360	856749.00
P &S B	4555417.00	51527	218317.00	4.79	40567	165633.00	10960	52684.00	1242	9892.00	8820	33825.00	8530	8431.00	21975	113485.00
Synd Bk	10406683.00	718706	824483.86	7.92	573396	657686.95	145310	166796.91	72523	110958.42	72086	107848.46	10490	6774.02	428787	438880.07
U B I	16363617.00	612695	913372.85	5.58	578024	736979.42	34671	176393.43	51722	54349.56	68310	86491.83	58374	23527.88	399618	572610.15
United Bk	6387300.00	402986	339503.88	5.31	353950	278089.89	49036	61413.99	174768	84958.00	29518	35891.02	124856	77146.15	24808	80094.72
UCO Bk	10880700.00	380114	563741.00	5.18	344508	430871.00	35606	132870.00	107476	100366.00	18976	49141.00	83519	50195.00	134537	231169.00
Vijaya Bk	5869800.00	262546	452570.00	7.71	244753	387865.00	17793	64705.00	29282	47803.00	33070	86422.00	6682	4634.00	175719	249006.00
S B I	75908161.00	3661445	5614675.00	7.40	2791282	3616621.00	870163	1998054.00	1076322	316893.00	26133	314148.00	394442	310997.00	1688827	2985580.00
S B B J	5000097.00	204680	273287.00	5.47	153256	180799.00	51424	92488.00	71520.00	14635.00	6932	2881.00	21779	5250.00	53025	158033.00
S B Hyd	7705303.00	593995	676695.00	9.00	475752	468182.00	118243	208513.00	831	1121.00	138	1152.00	111808	114237.00	362975	351671.00
S B Mysore	3986703.00	166996	250148.00	6.27	116523	160451.00	50473	89697.00	17094	9026.00	1444	1974.00	5220	2738.00	92765	146713.00
S B Pataila	6414922.00	124979	352412.00	5.49	93985	264205.00	30994	88207.00	28950	11058.00	4355	33875.00	8374	2862.00	52306	216410.00
S B Trav.	5604089.00	698766	839013.00	14.97	385620	460096.00	313146	378917.00	85041	76630.00	47004	123509.00	52213	58842.00	201362	201115.00
IDBI	17424071.00	154901	1307712.48	7.51	137063	1120225.61	17838	187486.86	160	53404.27	4310	13718.58	3200	1575.37	124738	901690.40
Total	**357252900.82**	**17367549**	**27061656.88**	7.57	**14540777**	**18686984.77**	**2826772**	**8374672.10**	**3295434**	**1803461.19**	**1078122**	**2574391.34**	**1873361**	**1410471.53**	**9153551**	**13180689.91**

Annex-V(b)

STATEMENT SHOWING PARTICULARS OF CREDIT TO WOMEN IN THE BOOKS OF PUBLIC SECTOR BANKS FOR THE QUARTER ENDED MAR 2013

(Amt. In Lakh)

Name of Bank	Of the Credit to Women Under Non-Priority Sector				Credit Extended under different Government Sponsored Programmes											
	Under Medium & Large Industries		Others		Prime Minister Rozjar Yojana (PMRY)						Swarna Jayanti Shahari Rozgar Yojana (SJSRY)					
					Total Outstandings		Against Women		Percentage		Total Outstandings		Against Women		Percentage	
	No.of A/cs	Amt. O/s	No. of A/cs	Amt. O/s	No. of A/cs	Amt. O/s	No. of A/cs	Amt. O/s	No. of A/cs	Amt. O/s	No. of A/cs	Amt. O/s	No. of A/cs	Amt. O/s	No. of A/cs	Amt. O/s
Alld. Bk	1598	23598.00	24090	137463.00	49484	60147.00	7422	18478.00	15.00	30.72	20673	10403.00	7803	4367.00	37.74	41.98
Andhra Bk	181	1039.97	94923	120962.10	9744	5561.85	2388	861.69	24.51	15.49	8234	3945.51	4003	2230.92	48.62	56.54
BOB	19	923.66	64717	218627.64	36345	48913.31	5750	7006.19	15.82	14.32	26396	9901.35	5234	1902.90	19.83	19.22
BOI	394	925995.00	74829	296474.00	23855	15924.00	3685	2318.00	15.45	14.56	26079	10967.00	7112	2792.00	27.27	25.46
BOM	2234	17165.20	25728	75606.84	11792	12778.83	2452	2411.38	20.79	18.87	9615	5485.04	2401	978.09	24.97	17.83
Can Bk	3214	549609.08	72226	596373.20	21088	14877.76	5943	3414.28	28.18	22.95	13150	7560.90	5421	2675.42	41.22	35.38
C B I	4924	31269.00	207157	219161.00	94155	75122.00	14502	12371.00	15.40	16.47	67195	24079.00	12412	7922.00	18.47	32.90
Corp Bk	54	6339.00	30087	96683.00	7837	9339.00	2158	3329.00	27.54	35.65	3875	2412.00	1569	946.00	40.49	39.22
Dena Bk	33	12411.79	22157	65462.32	16605	9986.92	3094	1894.33	18.63	18.97	11253	3133.18	3603	1047.58	32.02	33.44
Ind Bk	46	2117.07	115953	181191.64	7268	9489.11	2726	2926.01	37.51	30.84	7322	3017.37	3727	1321.54	50.90	43.80
I O B	1	2335.30	189539	595328.10	8276	7709.56	2017	1902.00	24.37	24.67	8523	3792.54	4375	1974.00	51.33	52.05
O B C	59	14100.00	24020	150375.00	14772	17676.00	2247	2788.00	15.21	15.77	10729	3659.00	2643	737.00	24.63	20.14
P N B	27	12361.00	122905	323474.00	55987	34073.00	11948	6503.00	21.34	19.09	30760	15553.00	10639	4050.00	34.59	26.04
P &S B	0	0.00	10960	52684.00	12076	6724.00	1936	1533.00	16.03	22.80	3251	1243.00	879	342.00	27.04	27.51
Synd. Bk	800	4199.69	144510	162597.22	12874	15047.86	2013	1975.83	15.64	13.13	8686	5251.67	1966	1247.24	22.63	23.75
U B I	152	20648.63	34519	155744.80	50853	30937.49	8526	4270.78	16.77	13.80	27474	8928.19	7231	2215.55	26.32	24.82
United Bk	873	4076.00	48163	57337.99	45979	62346.96	12297	14349.50	26.74	23.02	28958	16812.11	8754	5663.92	30.23	33.69
UCO Bk	13841	67111.00	21765	65759.00	26292	24399.00	5917	6612.00	22.50	27.10	21634	7609.00	11117	2781.00	51.39	36.55
Vijaya Bk	78	6686.00	17715	58019.00	6692	3964.00	1981	1079.00	29.60	27.22	4134	2044.00	1759	871.00	42.55	42.61
S B I	2657	123145.00	867506	1874909.00	167660	132046.00	27426	18744.00	16.36	14.20	92953	35582.00	23584	7014.00	25.37	19.71
S B B J	1	1722.00	51423	90766.00	15126	7545.00	1708	682.00	11.29	9.04	21658	4949.00	6584	1394.00	30.40	28.17
S B Hyd	663	1090.00	117580	207423.00	8773	4639.00	1777	803.00	20.26	17.31	6030	2644.00	2378	930.00	39.44	35.17
S B Mysore	0	0.00	50473	89697.00	7354	4475.00	2314	1010.00	31.47	22.57	4429	2366.00	2060	776.00	46.51	32.80
S B Patiala	47	1470.00	30947	86737.00	7801	4897.00	1147	567.00	14.70	11.58	2870	1199.00	738	260.00	25.71	21.68
S B Trav.	998	158683.00	312148	220234.00	4215	1473.00	1685	589.00	39.98	39.99	2324	692.00	929	311.00	39.97	44.94
IDBI	34	6247.51	17804	181239.35	1840	1013.10	395	197.34	21.47	19.48	2255	1204.19	830	508.99	36.81	42.27
Total	**32928**	**1994342.90**	**2793844**	**6380329.20**	**724743**	**621105.75**	**135454**	**118615.33**	**18.69**	**19.10**	**470460**	**194433.05**	**139751**	**57259.15**	**29.71**	**29.45**

Source:RBI

Annex-V(c)

STATEMENT SHOWING PARTICULARS OF CREDIT TO WOMEN IN THE BOOKS OF PUBLIC SECTOR BANKS FOR THE QUARTER ENDED MAR 2013

(Amt. in Lakh)

Name of the bank	Credit extended under different Govt. sponsored programmes														
	Swran jayanti Shari Yojna						Others						of total credit to Women-Non-Performing Assets		
	Total Outstandings		Against Women		Percentage		Total Outstandings		Against Women		Percentage				
	No. of A/cs	Amt. O/s	No. of A/cs	Amt. O/s	No. of A/cs	Amt. O/s	No. of A/cs	Amt. O/s	No. of A/cs	Amt. O/s	No. of A/cs	Amt. O/s	No. of A/cs	Amt. O/s	% of NPA to total credit to Women
All. bk	149133	84837.00	48811	28105.00	32.73	33.13	32011	9253.00	20678	16321.00	64.60	176.39	34300	44570.00	7.88
Andhra	6403	3457.86	3112	2356.93	48.60	68.16	93692	77693.91	41231	39992.08	44.01	51.47	67155	32852.23	3.36
BOB	99731	42063.05	21876	8275.11	21.94	19.67	115661	149406.52	36173	19597.05	31.28	13.12	41008	29927.53	3.63
BOI	99149	39230.00	29478	13277.00	29.73	33.84	1075483	1240100.00	131915	131857.00	12.27	10.63	59612	133949.00	6.39
BO Mah.	21916	13039.29	4097	1703.12	18.69	13.06	404072	2021756.63	65129	151307.87	16.12	7.48	18701	10120.54	3.37
Can Bk	35518	19636.50	6417	4222.90	18.07	21.51	204794	45618.37	39506	10734.16	19.29	23.53	79010	114218.99	3.64
C B I	161917	90850.00	82529	50331.00	50.97	55.40	228285	103932.00	46799	24996.00	20.50	24.05	43612	34419.00	4.54
Corp Bk	2208	1476.00	1277	1142.00	57.84	77.37	7166	5705.00	4442	740.00	61.99	12.97	26360	20360.00	4.11
Dena Bk	30272	7857.76	10838	3254.07	35.80	41.41	32532	23467.42	12411	3763.04	38.15	16.04	24087	18176.35	6.24
Ind Bk	15469	6824.28	2383	847.31	15.41	12.42	514	47.69	193	18.94	37.55	39.71	48934	26883.86	2.30
I O BK	51012	19017.00	46112	17814.00	90.39	93.67	81739	35672.00	65568	29775.20	80.22	83.47	41927	30984.00	1.75
O B C	12705	3749.00	3364	945.00	26.48	25.21	29008	55038.00	7690	13658.00	26.51	24.82	17666	14076.00	2.19
P N B	108245	47720.00	40759	16485.00	37.65	34.55	245042	475277.00	73812	52596.00	30.12	11.07	96112	61982.00	4.40
P &S B	7655	5328.00	2224	2313.00	29.05	43.41	13112	23491.00	3491	4243.00	26.62	18.06	6306	4764.00	2.18
Syndicate Bk	11231	6857.48	3429	2232.25	30.53	32.55	18209	9354.74	3082	1318.70	16.93	14.10	8675	8107.32	0.98
U B I	63053	22649.39	23288	10355.40	36.93	45.72	77998	58148.66	19329	6686.15	24.78	11.50	88970	48630.47	5.32
United Bk	104781	61844.59	62393	31438.24	59.55	50.83	137772	59822.70	41412	25694.49	30.06	42.95	34161	16339.36	4.81
UCO Bk	50449	23069.00	30507	13518.00	60.47	58.60	51948	38621.00	35978	27284.00	69.26	70.65	17091	26561.00	4.71
Vijaya Bk	1770	1154.00	923	669.00	52.15	57.97	5503	7127.00	2019	2015.00	36.69	28.27	32258	28497.00	6.30
S B I	255185	95518.00	57654	21550.00	22.59	22.56	646682	663688.00	285778	263689.00	44.19	39.73	415595	242747.00	4.32
S B B J	32665	8104.00	12478	3004.00	38.20	37.07	3582	753.00	1009	170.00	28.17	22.58	31073	11991.81	4.39
S B Hyd	4576	2990.00	1667	690.00	36.43	23.08	213453	345961.00	105986	111814.00	49.65	32.32	33071	12729.00	1.88
S B Mysore	1944	1840.00	630	351.00	32.41	19.08	982	3735.00	216	601.00	22.00	16.09	7603	2007.00	0.80
S B Patiala	4707	2358.00	1244	351.00	26.43	14.89	21644	64654.00	5245	1684.00	24.23	2.60	10919	12104.00	3.43
S B Trav.	4267	2684.00	1751	1395.00	41.04	51.97	65218	76673.00	47848	56547.00	73.37	73.75	36020	21982.00	2.62
IDBI	2356	1261.47	984	687.99	41.77	54.54	2797	785.26	991	181.05	35.43	23.06	5140	21310.17	1.63
Total	**1338317**	**615415.67**	**500225**	**237313.32**	**37.38**	**38.56**	**3808899**	**5595781.90**	**1097931**	**997283.73**	**28.83**	**17.82**	**1325366**	**1030289.63**	**3.81**

Source:RBI

Annexure-VI

Audit Paras

S. No.	Year	Audit Para No.	Subject	Action Taken/ Status Note
1.	2013	9.1	General Insurance Corporation of India's reinsurance underwriting and profitability of treaties issued to Star Health and Allied Insurance Company Ltd (Star Health) covering Phase-I to V of Rajiv Aarogyasri Community Health Insurance Scheme *was* examined. Audit observed that imprudent acceptance of reinsurance treaties resulted in loss to GIC to the extent of Rs.197.79 crore. The main observations are: Liability accepted by GIC was not commensurate with the premium since premium to liability ratio of Star Health ranged from 1.09:1 to 1.02:1 as against premium to liability ratio of GIC which ranged from 1:4.12 to 1:5.54. Further, claim ratio of the GIC in three (2008, 2009 and 2010) out of five years exceeded 100 per cent of the earned premium. GIC in 2008 worked out a renewal premium rate of 21.73 per cent considering the claim ratio @ 104 per cent; however, it had actually charged only 12.63 per cent without justifying the reasons for reduction of premium rate. Further, GIC failed to safeguard its interest by not including a condition to charge higher premium rate in the event of the claim ratio exceeding 104 per cent. *(Para No. 9.1)*	This Department has forwarded the ATN to CAG on 03.07.2013, for vetting. The vetted ATN is still awaited from CAG.
2.	2013	9.2	The New India Assurance Company Limited, National Insurance Company Limited, The Oriental Insurance Company Limited and United India Insurance Company Limited suffered a loss of Rs.121.81 crore, during the period of four years ending June, 2012 due to their imprudent decision to enter into a co-insurance agreement with Star Health and Allied Insurance Company. Substantial part of claim was borne by the four PSU insurers who accepted the co-insurance inspite of low premium and without putting in place appropriate checks and balances to safeguard their financial interests. *(Para No. 9.2)*	This Department has directed all the four Insurance Companies on 28.4.2014 to examine the audit observation and to furnish the Action Taken Note (ATN) to this Department for submission of the same to the CAG for vetting. The reply from the above companies is still awaited.
3.	2013	Report No. 3 of 2013	The Agricultural Debt Waiver and Debt Relief Scheme (ADWDRS), 2008 was launched in May, 2008 to address the problems and difficulties faced by the farming community in repayment of loans taken by them and in helping them qualify for fresh loans. Under the scheme, complete waiver of 'eligible amount' was to be provided to Marginal / Small farmers while a one-time relief of 25 per cent of the 'eligible amount' was to be provided to Other farmers subject to payment of the balance 75 per cent of	In view of the distress of farmers due to heavy debt burden, the Agricultural Debt Waiver and Debt Relief Scheme (ADWDRS), 2008 was implemented by the Government. As many as 3.73 crore farmers were benefitted from the Scheme to the extent of Rs.52,259.86 crore.

the 'eligible amount' by the farmer. Agricultural loans meeting the following set of conditions were to be covered under the scheme.

* Loans disbursed between 1 April, 1997 and 31 March, 2007 and,
* Overdue as on 31 December, 2007 and,
* Remaining unpaid upto 29 February, 2008. The scheme was to be implemented by 30 June, 2010.

At the Government of India (GoI) level, the Department of Financial Services (DFS), Ministry of Finance, was the apex authority responsible for administration and implementation of the scheme. This included preparation of guidelines, release of funds and overall monitoring. Reserve Bank of India (RBI) was the nodal agency for implementation and monitoring of the scheme for Scheduled Commercial Banks, Urban Cooperative Banks and Local Area Banks. National Bank for Agriculture and Rural Development (NABARD) was similarly responsible for Cooperative Credit Institutions and Regional Rural Banks.

The Government of India estimated in May 2008 that about 3.69 crore Marginal / Small farmers' accounts and about 0.60 crore Other farmers' accounts would be covered under the scheme. Over the last four financial years, the GoI has waived more than Rs. 52,000 crore related to approximately 3.45 crore Small / Marginal and Other farmers.

Since debt relief and waiver mechanisms involved a huge amount, Performance Audit was undertaken to assess whether the management of claims for debt waiver and relief under the scheme was in accordance with relevant guidelines and requirements. The review, carried out from April, 2011 to March, 2012, covered 25 states involving field audit of a total of 90,576 beneficiaries' / farmers' accounts in 715 branches of lending institutions situated in 92 districts. The sample included 80,299 accounts of such farmers who were extended benefit under the scheme, 9,334 accounts of such farmers who were not selected as beneficiaries even though they had received agricultural loans between 1 April, 1997 to 31 March, 2007 and 943 cases where complaints were received.

Errors of inclusion and exclusion at the beneficiary level were noticed. It was found that:

i. Out of 9,334 accounts test checked in audit across nine states, 1,257 accounts (13.46 per cent) were those which were found in audit to be eligible for benefit under the scheme, but were not considered by the lending institutions while preparing the list of eligible farmers.

ii. Out of 80,299 accounts granted debt waiver or debt relief, in 8.5 per cent of cases, the beneficiaries were

However, the C&AG of India carried out the Performance Audit of the Scheme from April, 2011 to March, 2012, which pointed out certain shortcomings in implementation of the Scheme.

Based on the feedback received during the interaction with the officials of CAG and at the Exit Conference, the Government advised both RBI and NABARD on 11th January, 2013 to issue directions to the various lending institutions. Accordingly, NABARD and RBI issued on 11th January, 2013 and 14th January, 2013 respectively, directions to all Scheduled Commercial Banks, Local Area Banks, RRBs and cooperative credit institutions to take necessary remedial action. As the benefits under the Scheme were extended to the beneficiaries through their bank accounts, the remedial action inter alia includes recovery of such amounts from ineligible beneficiaries, recovery of excess payment and fixing responsibility of the bank staff in appropriate cases.

The Government had also on 15th February, 2013 directed RBI/ NABARD and Public Sector Banks to take immediate corrective action. As the audit findings were based on a sample of beneficiaries, institutions were directed to verify cases of all beneficiaries. Institutions were also directed to take action wherever criminal liability was observed. They were also asked to submit Action Taken Reports every month. NABARD had issued instructions to RRBs and Cooperative Credit Institutions on 5th March, 2013. RBI had also issued instructions to Scheduled Commercial Banks and Local Area Banks/UCBs on 6th & 7th not eligible for either the debt waiver or the debt relief. A proportion of such claims, amounting to Rs. 20.50 crore, was on account of claims being admitted for ineligible purposes or claims pertaining to periods not eligible for scheme benefits.

A Private Scheduled Commercial Bank have received reimbursement for loans, amounting to Rs.164.60 crore extended to Micro Finance Institutions (MFIs) in violating of the guidelines.

Maintenance of proper and complete documentation with respect to each claim was critical to efficient management of the scheme. Audit noted that in 2,824 cases, with claims amounting to Rs.8.64 crore, there was prima facie evidence of tampering, over-writing and alteration of records.

Audit scrutiny revealed that in 4,826 accounts, i.e. almost six per cent of the test checked accounts, farmers were not extended the benefits according to entitlements. In 3,262 case, under benefit totaling Rs. 13.35 crore was extended. On the other hand, in the remaining 1,564 cases, farmers were deprived of their rightful benefits of Rs. 1.91 crores.

In violation of guidelines, lending institutions claimed amounts related to interest / charges which was not allowed under the scheme. In 6,392 cases across 22 states, although the lending institutions had not borne interest/ charges of Rs.5.33 crore themselves, they were still reimbursed these amounts by the GoI.

DFS accepted the reimbursement claims of RBI in respect of Urban Cooperative Banks amounting to Rs. 335.62 crore despite the fact that even the total number of beneficiaries' accounts was not indicated.

Debt waiver / relief certificates were not issued in many cases to eligible beneficiaries. In 21,182 accounts (out of 61,793 test checked accounts), i.e. 34.28 per cent, there was no acknowledgement from farmers or any other proof of issue of debt waiver or debt relief certificates to the beneficiaries. Such certificates entitle the farmers to fresh loans.

The monitoring of the scheme was also found to be deficient. The DFS was completely dependent upon the nodal agencies for monitoring the compliance of its instructions issued from time to time in implementation of the scheme. But, Audit found that the nodal agencies themselves were relying on certificates and data of lending institutions without conducting independent verification of such date and certificates to confirm the veracity of claims.

March, 2013.

The Government had also taken up with RBI the specific deficiencies pointed out in CAG Report regarding reimbursement for loans to ICICI Bank and recovered the entire amount along with penal interest from the ICICI Bank and got the same deposited in the Government's account. In addition, based on the observations of Office of Principal Director of Audit in December, 2012 pointing out that the claim of NABARD for Rs.149.79 crore towards amount drawn by them from temporary liquidity support extended by RBI against the 1st Instalment of reimbursable claims of the lending institutions under the Scheme, the Government has also recovered Rs. 149.79 crore from NABARD on the ground that the interest for the first installment was outside the purview of the ADWDRS, 2008.

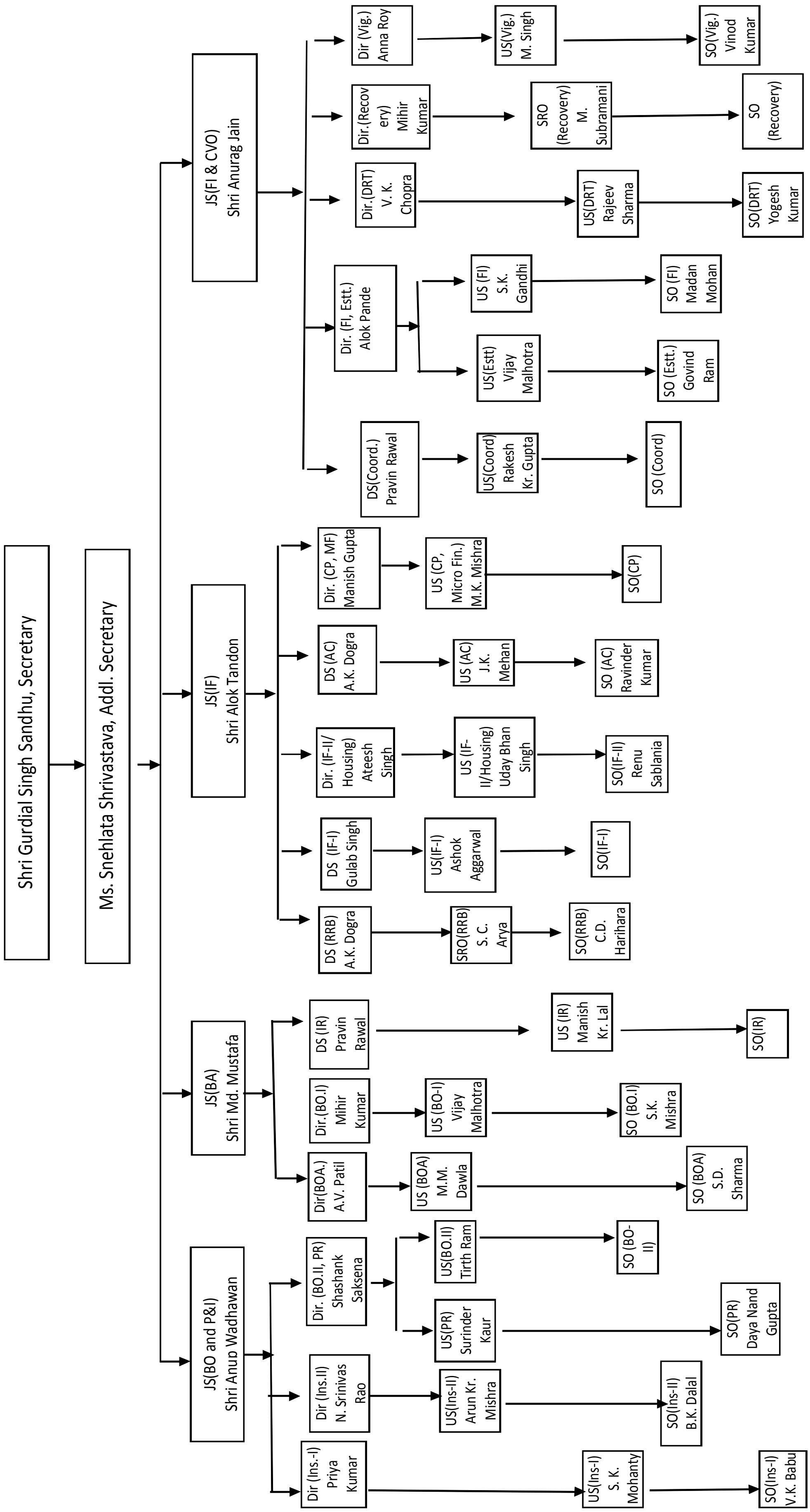
The Banks have completed the re-verification exercise, except in few cases where it could not be completed due to court cases etc. The status of the re-verification as on 31st December, 2013 are as follows:-

In 154572 cases amounting to Rs.181.90 crore where benefits were granted to ineligible persons, in 99,710 cases an amount of

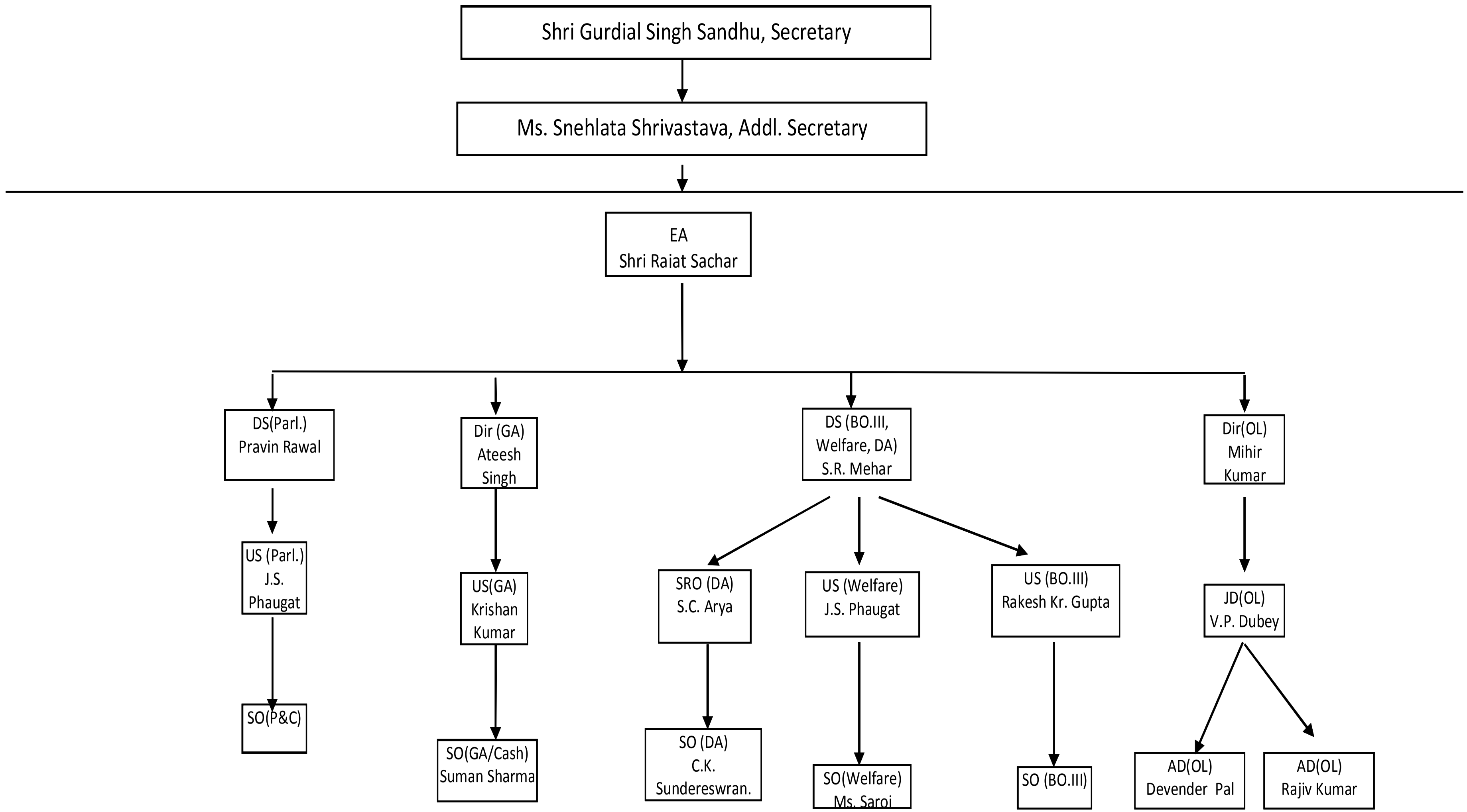
Rs.117.02 crore has been recovered.

* In 42,350 cases amounting to Rs.72.35 crore where excess benefits were extended to the beneficiaries, in 27,791 cases, an amount of Rs. 38.56 crore has been recovered.
* In 81,168 cases amounting to Rs. 34.24 crore where inadmissible charges/interest were claimed by the lending institutions, in 66,595 cases Rs. 14.66 crore has been refunded.
* In 81304 cases amounting to Rs. 34.69 crore where less benefits were extended to the beneficiaries, in 2431 cases amounting to Rs. 4.13 crore the benefits have been released by the lending institutions.
* In 25895 cases amounting to Rs. 48.14 crore where benefits were not given to eligible persons, in 427 cases Rs. 80.28 lakhs has been released by the lending institutions.
* In 5473 cases disciplinary action was initiated/taken against the staff by the lending institutions.
* In 467 cases the responsibilities of auditors was fixed by the lending institutions.
* In 4030 cases of tampering of records 22 FIRs were filed.
* Rs. 164.60 crore was recovered from ICICI Bank along with penal interest of Rs. 54.80 crore has been recovered.
* The Government also recovered Rs. 149.79 crore from NABARD on the ground that the interest for the first installment was outside the purview of the ADWDRS, 2008.

ORGANIZATIONAL CHART IN THE DEPARTMENT OF FINANCIAL SERVICES (as on 04.06.2014)



ORGANIZATIONAL CHART IN THE DEPARTMENT OF FINANCIAL SERVICES (as on 04.06.2014)



For Public Contact Purposes:

Ministry of Finance

Department of Economic Affairs
North Block, New Delhi – 110001
Phone : 23095120, 23092453
Website: http://www.finmin.nic.in/the _ministry/dept_eco_affairs/index.asp

Department of Expenditure
North Block, New Delhi – 110001
Phone : 23095661, 23095613
Website: http://www.finmin.nic.in/the _ministry/dept_expenditure/index.asp

Department of Revenue
North Block, New Delhi – 110001
Phone : 23095384, 23095385
Website: http://www.finmin.nic.in/the_ministry/dept_revenue/index.html

Department of Disinvestment
Block 11 & 14, CGO Complex, Lodhi Road, New Delhi – 110003
Phone : 24368528, 24368523, 24368044
Website: http://www.divest.nic.in

Department of Financial Services
Jeevan Deep Building, Parliament Street, New Delhi – 110001
Phone : 23748721, 23748734
Website: http://www.finmin.nic.in/the-_ministry/dept_fin_services/fin_services.asp

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