ANNUAL REPORT
2014-15

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
- Department of Financial Services

1. Department of Economic Affairs

Economic Growth

The Central Statistics Office (CSO) has recently undertaken a revision in National Accounts aggregates by shifting to the new base of 2011-12 from the earlier base of 2004-05. As per the new (2011-12) series, the growth rate of gross domestic product (GDP) at (2011-12) market prices is estimated at 7.4 percent in 2014-15 (Advance Estimates). The growth of gross value added (GVA) at (2011-12) basic prices for agriculture and allied sectors, industrial sector and services sector has been estimated at 1.1 per cent, 5.9 per cent and 10.6 per cent respectively in 2014-15,as compared to 3.7 per cent, 4.5 per cent and 9.1 per cent respectively in 2013-14. The growth of GVA at (2011-12) basic prices for the first, second and third quarters of 2014-15 is estimated at 7.0 per cent, 7.8 per cent and 7.5 per cent respectively, compared to 7.2 per cent,7.5 per cent and 6.6 per cent respectively during the corresponding quarters of the previous year.

On the demand side, the growth in final consumption expenditure at constant (2011-12) prices increased from 6.5 per cent in 2013-14 to 7.6 per cent in 2014-15. The growth in gross fixed capital formation at constant prices also increased from 3.0 per cent in 2013-14 to 4.1 per cent in 2014-15. Exports increased marginally by 0.9 per cent, while imports declined by 0.5 per cent in 2014-15 (both at constant prices).

Information on saving and investment (gross capital formation) is available till the year 2013-2014. Gross saving as proportion of GDP at current market prices is estimated at 30.6 per cent in 2013-14 as compared to 31.8 per cent in 2012-13.Gross capital formation is estimated to be 32.3 per cent of the GDP at current market prices in 2013-14 as compared to 36.6 per cent in 2012-13.

Agriculture and Food Management

During the South West Monsoon Season (June-September) of 2014, the country as a whole received rainfall of 88 per cent of its long period average (LPA). Seasonal rainfall was 79 per cent of its LPA over Northwest India, 90 per cent of its LPA over Central India, 88 per cent of its LPA over Northeast (NE) India and 93 per cent of its LPA over South Peninsula. South West Monsoon (June to September 2014) 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	886.9	777.5	88
Northwest India	615.0	483.1	79
Central India	974.2	879.7	90
Northeast India	1437.8	1267.7	88
South Peninsula	715.7	665.4	93

Out of the total 36 meteorological subdivisions, 1 subdivision received excess season rainfall, 23 subdivisions received normal season rainfall and the remaining 12 subdivisions received deficient season rainfall during the South West Monsoon Season (June-September), 2014.

As per the 2nd advance estimates released by Ministry of Agriculture on 18th February, 2015, production of total foodgrains during 2014-15 is estimated at 257.07 million tonnes compared to 265.57 million tonnes in 2013-14 and 257.13 million tonnes in 2012-13 respectively.

Production of Major Agricultural Crops

Crops	Production (In Million Tonnes)		
	2012-13 (Final)	2013-14 (Final)	2014-15 (2nd AE)
Rice	105.24	106.65	103.04
Total Pulses	18.34	19.78	18.43
Coarse Cereals	40.04	43.29	39.83
Total Oilseeds	30.94	32.75	29.83
Sugarcane	341.22	352.14	354.95
Cotton	34.22	35.90	35.15
Total Foodgrains	257.13	265.57	257.07

The area coverage under kharif crops in 2014-15 was lower by 2.4 per cent as compared to 2013-14 and it was higher than that of 2012-13 by 2.9 per cent. Although rainfall deficit was worst felt in Haryana, Punjab and Uttar Pradesh, the impact on production was limited, as most of the crops in these states are grown under irrigated conditions.

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. There were substantial hikes in MSPs in 2011-12 & 2012-13 as compared to the previous years. However, in 2013-14 & 2014-15 MSPs were increased moderately, as shown in the table below:-

Minimum Support Prices (MSPs) Fixed by Government (Crop Year)

	(Rs per quintal)					% change		
	Commodity	**2011-12**	**2012-13**	**2013-14**	**2014-15**	**12-13/ 11-12**	**13-14/ 12-13**	**14-15/ 13-14**
KHARIF CROPS	Paddy Common	1080	1250	1310	1360	15.74	4.80	3.82
	Paddy (F)	1110	1280	1345	1400	15.32	5.08	4.09
	Jowar-Hybrid	980	1500	1500	1530	53.06	0.00	2.00
	Jowar-Maldandi	1000	1520	1520	1550	52.00	0.00	1.97
	Bajra	980	1175	1250	1250	19.90	6.38	0.00
	Ragi	1050	1500	1500	1550	42.86	0.00	3.33
	Maize	980	1175	1310	1310	19.90	11.49	0.00
	Tur (Arhar)	3700*	3850	4300	4350	4.05	11.69	1.16
	Moong	4000*	4400	4500	4600	10.00	2.27	2.22
	Urad	3800*	4300	4300	4350	13.16	0.00	1.16
	Groundnut	2700	3700	4000	4000	37.04	8.11	0.00
	Sunflower Seed	2800	3700	3700	3750	32.14	0.00	1.35
	Soyabean (Black)	1650	2200	2500	2500	33.33	13.64	0.00
	Soyabean (Yellow)	1690	2240	2560	2560	32.54	14.29	0.00
	Sesamum	3400	4200	4500	4600	23.53	7.14	2.22
	Nigerseed	2900	3500	3500	3600	20.69	0.00	2.86
	Cotton (Medium)	2800	3600	3700	3750	28.57	2.78	1.35
	Cotton (Long)	3300	3900	4000	4050	18.18	2.56	1.25
RABI CROPS	Wheat	1285	1350	1400	1450	5.06	3.70	3.57
	Barley	980	980	1100	1150	0.00	12.24	4.55
	Gram	2800	3000	3100	3175	7.14	3.33	2.42
	Lentil (Masur)	2800	2900	2950	3075	3.57	1.72	4.24
	Rapeseed/ mustard	2500	3000	3050	3100	20.00	1.67	1.64
	Safflower	2500	2800	3000	3050	12.00	7.14	1.67
OTHER CROPS	Jute (TD5)	2200	2300	2400	2400	4.55	4.35	0.00
	Sugarcane (FRP)	170	210	220	230	23.53	4.76	4.55
	Copra @ Milling	5100	5250	5250	5550	2.94	0.00	5.71
	Copra @ Ball	5350	5500	5500	5830	2.80	0.00	6.00

Note:*- *Inclusive of additional Central bonus of ₹500 per quintal for market arrivals within the first two months of harvesting*

Source: *Commission for Agricultural Costs and Prices*

Industry

The Index of Industrial Production (IIP) based industrial growth during 2014-2015 (April-January), was 2.5 per cent as compared to 0.1 per cent growth achieved during the corresponding period of the previous year. Out of the three broad sectors, the electricity sector has recorded the highest growth. During this reference period, the electricity sector grew at 9.3 per cent as compared to 5.7 per cent achieved during the same period of the previous year. However, the manufacturing and mining sectors grew at 1.7 per cent and 1.3 per cent respectively against the corresponding figures of (-) 0.3 percent and (-) 1.1 per cent of the previous year.

Growth of IIP in January, 2015 (per cent) (Base 2004-05 =100)

Industry Group	Weight	January 2014	January 2015	April-January	
				2013-14	2014-15
Mining	141.57	2.7	-2.8	-1.1	1.3
Manufacturing	755.27	0.3	3.3	-0.3	1.7
Electricity	103.16	6.5	2.7	5.7	9.3
Growth by use-based industrial group					
Basic Goods	456.82	2.8	4.5	1.6	7.4
Capital Goods	88.25	-3.9	12.8	-0.8	5.7
Intermediate Goods	156.86	4.3	-0.8	3.2	1.5
Consumer Goods	298.08	-0.5	-1.9	-2.7	-4.7
Durables	84.60	-8.3	-5.3	-12.5	-14.2
Non-durables	213.47	4.5	-0.1	5.7	1.9
General Index	1000	**1.1**	**2.6**	**0.1**	**2.5**

Among the use-based industry groups, basic goods, capital goods, intermediate goods and consumer non durables sector recorded positive growth during 2014-15 (April-January). Over the same period, the consumer goods sector including consumer durables recorded negative growth, both during 2014-15 as well as 2013-14. At the same time Intermediate goods sector showed a growth of 1.5 per cent during 2014-15 (April-January) as compared to the corresponding figure of 3.2 percent of the previous year. For the basic goods sector, the growth rate for this period during the current year is 7.4 per cent as against 1.6 per cent recorded for the last year. In the consumer durables sector, the growth rate was (-)14.2 per cent during 2014-15 (April-January) as compared to (-)12.5 per cent of the previous year. In contrast, consumer non-durables sector recorded a growth rate of 1.9 per cent in 2014-15 (April-January) as against 5.7 per cent achieved during the corresponding period of the previous year. At the disaggregated level, 5 out of the 22 two-digit industrial groups viz., publishing, printing & reproduction of recorded media, chemicals and chemical products, office accounting and computing machinery, radio, TV and communication equipment & apparatus and medical, precision & optical instruments recorded negative growth during 2014-15 (April-January). Of the remaining 17 industry groups, two i.e. basic metals, and electrical machinery & apparatus n.e.c. recorded above 10 per cent growth; another three groups, namely, food products & beverages, luggage, handbags & leather products and other transport equipment recorded growth rates between 5 to 10 per cent, while twelve groups, namely, tobacco products, textiles, wearing apparel; dressing and dyeing of fur, wood and products of wood, paper and paper products, coke, refined petroleum products & nuclear fuel, rubber and plastic products, other non-metallic mineral products, fabricated metal products, except machinery & equipment and machinery and equipment n.e.c. , motor vehicles, trailers & semi-trailers and furniture manu-facturing n.e.c.- recorded growth rates below 5 per cent.

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) grew by 4.1 per cent during 2014-15 (April- January) as compared to growth rate of 4.0 per cent achieved during the corresponding period of 2013-14. During this reference period, five out of the eight core sectors namely coal, refinery products, steel, cement and electricity sectors recorded positive growth of 8.1 per cent, 0.7 per cent, 1.6 per cent, 7.1 per cent and 8.9 per cent respectively as compared to 1.5 per cent, 1.2 per cent, 11.4 per cent, 3.5 per cent and 5.6 per cent respectively during the reference period of the previous year. It was negative for crude oil, natural gas, and fertilizers during April-January 2014-15.

Prices

The average headline inflation measured in terms of Wholesale Price Index (WPI), continued to decline in the financial year 2014-15 from 6 per cent in 2013-14 to 3.4 per cent in 2014-15 (Apr-Dec) and reached -0.4 per cent in January 2015. Similarly, inflation measured in terms of Consumer Price Index-New Series (Base 2010=100) which ruled at 9-10 per cent in the last two years moderated to 6.8 per cent in 2014-15 (Apr-Dec). The decline in inflation this year was mainly on account of fall in food and fuel inflation. Central Statistics Office has revised the base year of CPI-NS from 2010 to 2012 and released the revised series on 12th February, 2015 along with inflation data for January, 2015. CPI inflation in terms of the revised series stood at 5.1 percent in January, 2015.

The year 2013-14 experienced elevated food inflation on account of high inflation in cereals, 'egg, meat & fish' - particularly inland fish - and 'fruits & vegetables'. However, food inflation declined significantly in 2014-15 (Apr-Dec), with WPI food inflation recording 4.8 per cent. Similar pattern is reflected in the data on Consumer Food Price Index (CFPI) published by the Central Statistics Office as seen from the table below:

Table 1: Inflation in WPI and CPI (in per cent)

	WPI		CPI-NS	
	All	Food	All	Food (CFPI)
Base	**2004-05=100**		**2010=100**	
Weight	**100.0**	**24.3**	**100.0**	**42.7**
2012-13	**7.4**	**9.3**	**10.2**	**12.2**
2013-14	**6.0**	**9.4**	**9.5**	**11.3**
2014-15 (Apr-Dec.)(P)	**3.4**	**4.8**	**6.8**	**7.4**
Apr-14	5.5	6.7	8.6	9.8
May-14	6.2	7.5	8.3	9.6
Jun-14	5.7	6.6	7.5	8.0
Jul-14	5.4	7.1	8.0	9.4
Aug-14	3.9	4.7	7.7	9.4
Sep-14	2.4	3.3	6.5	7.7
Oct-14	1.7	2.5	5.5	5.6
Nov-14	-0.2	1.0	4.4	3.1
Dec.-14 (P)	0.1	4.1	5.0	4.8

Source: *Office of Economic Adviser, DIPP and Central Statistics Office.*

P: *provisional.*

Though there has been decline in the headline inflation, Government is vigilant on the food inflation. Food inflation measured in terms of WPI is still higher than headline inflation. The factors causing food inflation include both seasonal and structural factors. The government has taken various fiscal and administrative measures to control food inflation and to protect vulnerable sections of society from inflation. 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. Some of the measures taken recently include:

- States have been advised to allow free movement of fruits and vegetables by delisting them from the APMC Act
- Addressing the cartelization in distribution of onion and potato by bringing onions and potatoes under the purview of Essential Commodities Act, 1955 thereby allowing State Governments to impose stock limits. Any violation of stock-limits becomes a non-bailable offence.
- Advisory to State Governments issued to take action against hoarding & black marketing and effectively enforce the Essential Commodities

Act, 1955 & the Prevention of Black-marketing and Maintenance of Supplies of Essential Commodities Act, 1980.

- Minimum Export Price (MEP) fixed for potatoes at USD 450 per M.T. w.e.f. 26.06.2014 and of onions at USD 300 per M.T. w.e.f 21.08.2014 respectively
- Decision to release of additional 50 lakh tonnes of rice from the stocks of FCI during the period July, 2014 to March, 2015, or, till implementation of the National Food Security Act (NFSA) by the respective State/UT, whichever is earlier.
- The Government has approved for the current year i.e. 2014-15, Open Market Sale of ten million tonnes of wheat in the domestic market.
- Moderation in Minimum Support Price (MSP) increases.

Monetary Trends and Developments during 2014-15

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

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

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

Liquidity Conditions

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

- Taking into account high volatility in call market during July-August, and in order to ensure flexibility and transparency in liquidity management operations, as announced in the Third Bi-Monthly Monetary Policy Statement of 2014-15, the Reserve Bank revised its liquidity management framework effective from September 5, 2014. The features of this new liquidity management framework include: (a) assured access to liquidity of 1 per cent of NDTL (excluding ECR) in the form of bank-wise overnight fixed rate repos of 0.25 per cent of NDTL and the balance through variable rate term repos; (b) more frequent auction of term repos during a fortnight, allowing flexibility to banks to alter their liquidity assessment four times during the fortnight and participate in auctions accordingly; and (c) higher frequency of access to Reserve Bank's overnight liquidity, with the introduction of variable rate overnight repos/reverse repo auctions between 3 to 3.30 PM, besides extending the timing of ECR facility to 5 PM. The implementation of revised liquidity management framework helped in reducing volatility in the overnight interbank segment and better anchoring the call rate near the policy repo rate.
- During 2014-15, the growth rate in Reserve Money (M0) has been 2.2 per cent (December 12, 2014), while broad money (M3) growth has been 7.3 per cent (December 12, 2014). Year-on-year, non-food credit growth increased by 11.1 per cent (up to December 12, 2014).

Primary Markets Section

➢ **The Securities Laws (Amendment) Bill, 2014**

The Securities Laws (Amendment) Act 2014 was notified on 25th August 2014 proposed urgent and critical amendments that were necessitated due to growing operational requirements of Securities and Exchange Board of India (SEBI):

i. –To empower SEBI to effectively perform enforcement functions

   a. To provide explicit legal backing to actions taken by SEBI under its general powers viz ,to strengthen the regulatory framework through establishment of Special Courts and SEBI counsels to be deemed as Public Prosecutors

ii. Suitable amendments have been made in the Securities Contracts (Regulation) Act, 1956 and Depositories Act, 1996 to ensure consistency and alignment with the changes proposed in the SEBI Act.

➢ **Increasing minimum public shareholding for listed companies:**

Ministry of Finance, Department of Economic Affairs has issued a notification dated 22nd August 2014 under Securities Contracts (Regulation) Rules 1957 stating that that every listed public sector company which has public shareholding below twenty five per cent, on the date of commencement of the Securities Contracts (Regulation) (Second Amendment) Rules, 2014, shall increase its public shareholding **to atleast twenty five per cent,** within a period of three years, in the manner, as may be specified, by the Securities and Exchange Board of India.

Real Estate Investment Trusts (REITs)

Pursuant to the Budget Announcement 2014-15 on REITs, SEBI issued regulations on Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs) respectively on 26.09.2014.

➢ **Financial Literacy**

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

Resource Mobilization by Mutual Funds

Till November 2014, Mutual Funds mobilised ₹1,29,330 crore from the market as compared to ₹53,782 crore in 2013-14. All the three mutual fund sectors viz.UTI, Public and Private mobilised to the extent of ₹7,073 crores, ₹2,364 crores and ₹1, 19,893 crores respectively as compared to ₹401 crores, ₹4,243 crore and ₹49,138 crore, respectively during 2013-14. The market value of asset under management stood at ₹10, 90,309 crores as on November 2014 compared to ₹8, 25,240 crore as on March 31, 2014, indicating an increase by 32.12 percent.

Secondary Markets

Indian markets performance (Jan 2014 – Dec 2014)

Indian markets have performed excellent amongst the major World indices. In 2014-15 the Indian Securities markets with benchmark indices BSE Sensex and Nifty recorded a growth of over 29% (Sensex up by 29.9 per cent and Nifty up by 31.4 per cent) till 31st December, 2014. (as compared to levels on December 31, 2013). Indian markets reached historic high levels on 28th November 2014 when Sensex closed at 28,693.99 while Nifty closed at 8,588.25.

Among the selective world indices, Shanghai Composite Index registered highest percentage change of 52.9 percent during the calendar year 2014. Sensex and Nifty meanwhile, observed a percentage change of 29.9 and 31.4 percent respectively. The total net FII flows during 2014-15 stood at US $ 42.7 billion. FPIs net investment in the Indian markets has been to the tune of US$ 42.7 billion in the calendar year 2014 (January, 2014-December 31, 2014) as compared to the US$ 12.13 billion in the entire year of 2013. On the global front, the qualitative and quantitative easing of Japan had a positive impact on Indian markets in anticipation of surge in liquidity. Furthermore, OECD has revealed that India's economy will accelerate in 2015/16.OECD has raised India's growth outlook to 6.6% in 2015/16, up from its last forecast of 5.7% growth in May also had an positive interpretation among investors.

Major Reforms in the Secondary Market Section

- **Amendment to SEBI (Delisting of Equity Shares) Regulations, 2009**
- **Single Demat Account through** a Circular dated 12th November 2014 by SEBI has issued on "Consolidated Account Statement (CAS) for all securities assets".
- **Enhancing Retail Participation in the Indian Financial Markets through participation in CPSE Divestments**

Services Sector

As per the new method of India's National Accounts Statistics, the services sector accounting for 51.3 per cent of India's gross value added (GVA) at basic prices (current prices) in 2013-14, grew by 9.1 per cent compared to 6.6 per cent total GVA growth and 6.9 per cent GDP growth at market prices. Including construction, a borderline service, the services share is 59.6 per cent and growth is 8.1 per cent. Interestingly, the services sector has the highest share (54.6 per cent) in the gross capital formation (GCF) of ₹35.4 lakhs in 2013-14. This is owing to the GCF in real estate, ownership of dwelling, and professional services at 20.1 per cent, though the share has fallen in the last two years, followed by trade and repair services (10.6 per cent) and public administration and defence (10.6 per cent) where there is improvement in shares. The growth rate of services GCF at 3.1 per cent has also been higher than the total GCF growth of 1.4 per cent. In fact, the positive GCF growth in services led to positive growth in total GCF as GCF growth in agriculture and industry was negative at - 0.3 per cent and - 0.6 per cent respectively. As per the Advance Estimates (AE) in 2014-15, growth of the services sector accelerated further to 10.6 per cent as compared to 9.1 per cent in 2013-14. The growth contribution of services sector in GDP which was 68.2 per cent in 2013-14 increased to 72.4 per cent in 2014-15. This is mainly due to growth acceleration in financial, real estate, and professional services to 13.7 per cent from 7.9 per cent and public administration, defence, and other services to 9.0 per cent from 7.9 per cent in the previous year. There was also good growth in trade, hotels, transport, communication, and related services at 8.4 per cent in 2014-15 though it was lower than the 11.1 per cent growth in 2013-14.

Services Trade

India's share in global exports and imports of commercial services increased to 3.2 per cent and 2.8 per cent in 2013 from 1.2 per cent and 1.4 per cent in 2000. Its ranking among the leading exporters in 2013 was 6th and among importers was 9th. 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. In the period April-December of 2014-15 the services exports grew by 4.3 per cent to US$ 115.6 billion compared to 2.8 per cent in corresponding previous period and import of services grew by 3.0 per cent at US$ 59.2 billion compared to growth of (-) 4.1 per cent in the same period in the preceding year. This has resulted in net services growth of only 5.6 per cent compared to 11.3 per cent in corresponding previous period providing lesser cushion to finance the trade deficit.

Merchandise Trade

India's merchandise exports (customs basis) grew by 4.7 per cent to US$ 314.4 billion in 2013-14. In 2014-15 (April-February), India's exports valued at US $ 286.6 billion, registered a growth of 0.9 per cent over corresponding period of the previous year.

Imports declined by 8.3 per cent in 2013-14. In 2014-15 (April-February), imports were at US$ 411.8 billion, which represented an increase of 0.7 per cent compared to 2013-14 (April-February). In 2014-15(April-February), POL imports at US$ 130.8 billion were lower by 12.2 percent, while non-POL imports at US$ 281.0 billion were higher by 8.1 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 such as increase in customs duty on gold & silver and linking imports of gold to exports (80:20 scheme whereby 20 per cent of the imported lots were to be allotted to exporters), the value of imports of gold and silver declined from US$ 55.8 billion in 2012-13 to US $ 33.2 billion in 2013-14. During 2014-15 (April-February) value of imports of gold and silver was US $ 33.2 billion compared to US$ 30.5 billion in the corresponding period of the previous year.

In 2013-14, trade deficit declined by 28.7 per cent to US$ 135.8 billion which was lower than the level of US $ 190.3 billion in 2012-13. In 2014-15 (April-February), trade deficit was US$125.2 billion which was higher by 0.3 per cent over corresponding period of the previous year. On November 28, the restrictions placed on the imports of gold through the 80:20 Scheme were withdrawn.

Balance of Payments (BOP) Developments

After remaining at elevated levels in 2011-12 and 2012-13, current account deficit (CAD) declined significantly in 2013-14 and in first three quarters of current fiscal (April-December). This was mainly due to the measures to contain non-essential imports like gold and relative low key outcome in non-gold non-oil imports. Together with a larger than required level of capital flows, there was a reserve accretion of US$ 31.3 billion in 2014-15 (April-December).

During, 2014-15 (April-December), merchandise exports (on BoP basis) increased by 4.7 per cent to US$ 246.0 billion from a level of US$ 234.9 billion in April-December 2013. Imports increased by 1.9 per cent to US$ 358.4 billion in April-December 2014 as against US$ 351.8 billion in April-December 2013. With a relatively higher growth in merchandise exports and marginal rise in merchandise imports, India's trade deficit narrowed to US$ 112.5 billion in First three quarters of 2014-15 from US$ 116.9 billion in First three quarters of 2013-14.

Net invisibles' earning was placed at US$ 86.1 billion in April-December 2014 as against US$ 85.9 billion in April-December 2013. Contraction in the trade deficit coupled with surplus from net invisibles receipts resulted in a reduction of the CAD to US$ 26.3 billion (1.7 per cent of GDP) in April-December 2014 from US$ 31.1 billion (2.3 per cent of GDP) in April-December 2013.

Net capital inflows, however, increased to US$ 57.6 billion in April-December 2014-15 from US$ 39.5 billion in the corresponding period of 2013-14 owing largely to net inflows of FDI and portfolio investment. Lower CAD and rise in flows under financial account resulted in an accretion to India's foreign exchange reserve to the tune of US$ 31.3 billion in First three quarters of 2014-15 as against a US$ 8.4 billion in First three quarters of 2013-14.

The salient features of BOP developments is summarised below:

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

Items	2013-14 (April-Dec., 2013) P	2014-15 (April-Dec., 2014) P
Exports	234.9	246.0
Imports	351.8	358.4
Trade Balance	**-116.9**	**-112.5**
Net Invisible	85.9	86.1
Current Account Balance	**-31.1**	**-26.3**
External assistance (Net)	0.1	0.9
Commercial Borrowing (Net)	6.7	5.2
FDI (Net)	20.6	23.8
Portfolio	-4.4	28.5
Short term Debt	-0.6	-2.7
NRI Deposits	35.1	10.1
Errors & Omissions	-0.1	-4.3
Capital Account Balance (including errors & omission)	**39.5**	**57.6**
Overall Balance	-8.4	-31.3
Change in Reserves (- indicates increase; + indicates decrease) (on BOP Basis)	8.4	-31.3

Source: Reserve Bank of India.
Note: *Total may not tally due to rounding off.*

Foreign Exchange Reserves

India's foreign exchange reserves comprise Foreign Currency Assets (FCAs), Gold, SDRs and Reserve Tranche Position (RTP) in the IMF. 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.It further increased and stood at US$ 337.7 billion at end February 2015.

Exchange Rate of Rupee

The exchange rate of the rupee against the major currencies had remained volatile during 2013-14 especially since the US Fed announcement in May 2013 about its intent for tapering the asset purchases under the quantitative easing programme and in tandem with the elevated levels of CAD. The rupee was in the range of ₹55.0 per USD to ₹63.2 per USD during May to August 2013. .The rupee gradually stabilised after the measures taken by the Government and the RBI since August 2013.Thereafter, it remained more or less stable in the range ₹63.7 per USD to ₹61.0 per USD from September 2013 to March 2014.

During 2014-15 (April-February), the value of rupee remained broadly stable with the monthly average exchange rate of rupee (RBI's Reference Rate) in the range of ₹59.3–62.8 per US dollar. The recent softening of international crude oil prices also supported the rupee. Rupee has appreciated against US dollar, Euro and Japanese yen by 0.3 per cent, 3.2 per cent and 0.4 per cent respectively, while it depreciated against Pound Sterling by 0.6 per cent in February 2015 over the previous month of January 2015.

The month-wise exchange rate of the rupee against major international currencies during 2014-15 is given below in the table:

Table: Monthly Average Exchange Rate of Rupee per Foreign Currency*

Month	US dollar	Pound sterling	Euro	Japanese yen
April 2014	60.36	101.08	83.35	58.86
May 2014	59.31	99.94	81.49	58.28
June 2014	59.73	100.98	81.24	58.53
July 2014	60.06	102.62	81.39	59.07
August 2014	60.84	101.81	81.14	59.17
September 2014	60.87	99.31	78.60	56.77
October 2014	61.34	98.72	77.91	56.87
November 2014	61.70	97.28	76.99	53.05
December 2014	62.75	98.11	77.37	52.60
January 2015	62.23	94.48	72.69	52.52
February 2015	62.04	95.03	70.47	52.33

Source: Reserve Bank of India. ***:** RBI's reference rate. ****:** Per 100 Yen.

External Debt

India's external debt stock stood at US$ 455.9 billion at end-September 2014 recording an increase of US$ 13.7 billion over the level at end-March 2014. 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 commercial borrowings and NRI deposits. At end-September 2014, long-term external debt was US$ 369.5 billion, showing an increase of 4.7 per cent over the end-March 2014 level of US$ 353.0 billion. Long-term external debt accounted for 81.1 per cent of total external debt at end-September 2014 vis-à-vis 79.8 per cent at end-March 2014.

The share of US dollar denominated debt continued to be the highest in external debt stock at 60.1 per cent at end-September 2014, followed by Indian rupee (24.2 per cent), SDR (6.5 per cent), Japanese yen (4.5 per cent) and Euro (3.0 per cent). Government (Sovereign) external debt at end-September 2014 stood at US$ 88.4 billion. The share of Government external debt in India's total external debt was 19.4 per cent at end-September 2014 compared to 18.4 per cent at end-March 2014.

India's foreign exchange reserves provided a cover of 68.9 per cent to the external debt stock at end-September 2014 (68.8 per cent at end-March 2014). The ratio of short-term external debt to foreign exchange reserves was 27.5 per cent at end-September 2014, as compared to 29.3 per cent at end-March 2014. The ratio of concessional debt to total external debt declined to 9.8 per cent at end-September 2014 from 10.5 per cent at end-March 2014, reflects 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.

Social Infrastructure, Human Capital & Development

The objectives of higher GDP growth, financial inclusion, and a digitalized India along with social inclusion can be sustained only on the pillars of quality education, health, sanitation, gender equality and social security.

The rate of growth of population has been declining: this is the first decade in independent India that has added fewer people as compared to the previous decade: the net addition between 2001-2011 was 0.86 million (Provisional Census 2011) as compared to 19.2 million between 1991-2001. At present a little more than one out of every six persons in the world is an Indian. More than 63 per cent of population is in 15-59 age group, broadly termed as the 'working population', which is defined as India's 'demographic dividend'.

While this 'youth bulge' provides India great opportunities, it also poses a great challenge. Benefits will flow only if our population is healthy, educated, and appropriately skilled. In this context investments, especially in social infrastructure that build up human capital, are crucial. The Government has therefore continued with schemes like Pradhan Mantri Gram Sadak Yojana (PMGSY), National Rural Livelihoods Mission (NRLM), National Urban livelihoods Mission (NULM), Jawahar Lal Nehru Urban Renewal Mission (JnNURM), National Health Mission (NHM), Sarva Shiksha Abhiyan (SSA), National Rural Drinking Water Programme (NRDWP) etc.

Employment and Unemployment Scenario

A positive feature noted in the NSSO 68th Round (2011-12) is the revival of the employment growth. During 2009-10 to 2011-12, total employment under usual status (UPSS) increased by 13.9 million in comparison to 1.1 million during 2004-05 to 2009-10. However, there are several issues of concern like poor employment growth noted in rural areas, particularly among females. Though employment of rural males is slightly better than that of females, long term trend indicates a low and stagnant growth in the employment. Such trends call for diversification of livelihood in rural areas from agriculture to non-agriculture activities. Self-employment continues to dominate, with 52.2 per cent share in total employment. What is critical is the significant share of workers engaged in low income generating activities. For the first time, the share of the primary sector in total employment has dipped below the halfway mark (49 per cent), while the shares of the secondary and service sectors have witnessed increases.

Unemployment rates in India continue to hover around a low of 2 per cent by the usual status (UPSS) criteria. Although the unemployment rate may be lower than what has been prevailing in developed economies, it is significant in absolute terms. During 2009-10 to 2011-12, in absolute terms the number of unemployed people increased from 9.8 million to 10.8 million in UPSS criteria. Discussions on unemployment assume great significance considering that India is expected to reap the benefits of the demographic 'bulge' around the age group of 15-34 years. The youth unemployment rates in India, especially among the age groups of 15-34 years are significantly higher when compared to overall unemployment rates. It is important to note that underemployment rather than open unemployment is the main hurdle for developing countries like India. Yet another important issue is with respect to the quality of employment generated.

With a view to make it more productive and asset creating as well as to create sustainable wage employment, the scope of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) has been widened to agricultural activities in September, 2014. This scheme has been provided '34,000 crore in the Budget 2014-15. In the current year, up to 18th February, 2015, 3.80 crore households have been provided employment. The share of SCs, STs and Women is 22.6 per cent, 16.8 per cent and 55.1 percent respectively. The share of women in total person-days generated is well above the stipulation of 1/3 as per the Act. Now, at least 60 per cent of the work in terms of the cost in the district will be taken up for the activities related to development of land, water and trees.

A major impediment to the pace of quality employment generation in India is the small share of manufacturing in total employment. However data from the 68th NSSO round indicates a revival in employment growth in manufacturing from 11 per cent in 2009-10 to 12.6 per cent in 2011-12. This is significant given that the National Manufacturing Policy 2011 has set a target of creating 100 million jobs by 2022. Promoting growth of MSMEs is critical from the perspective of job creation which has been recognized as a prime mover of the development agenda of India. A land mark campaign called "Make in India' has been launched to boost employment by making India a manufacturing hub. The real challenge is not only to get the businesses started in this sector but ensure that they continue to grow thereby becoming a major source of quality job creation and value addition.

Skill deficit among the labour force has been recognized as a major factor that drives a large number towards low income levels and perpetrates inequality. Consequently, the thrust on skill development as well as on 'Make in India' are government's endeavors to improve employability and generate employment avenues. Skill development has been given focused attention for which a dedicated Department of Skill Development and Entrepreneurship has been created under the Ministry of Skill Development, Entrepreneurship, Youth Affairs and Sports.

The National Skill Development Policy, 2009 recognized the unprecedented challenge faced by India of skilling & up-skilling 500 million people by 2022. The National Skill Development Corporation India (NSDC) was setup with the primary mandate of catalyzing the skills of 150 million people of India through active engagement of private sector. As on 30th September 2014, the NSDC Training Partners, SSCs and affiliated training agencies have trained 33,74,817 students (including STAR) surpassing the overall target of 33 lakhs. The NSDC has also been developing its research base by commissioning district level and sector level skill gap studies. Impact assessment studies by Tata Institute of Social Science (for North-East & West) and Deloitte (South & Central) are also expected to be completed by January, 2015.

Recent Labour Reforms

Multiplicity of labour laws and the difficulty in their compliance has always been cited as an impediment to the industrial development. In a major initiative for bringing compliance in the system and to ensure ease of doing business, Government has put forth a set of a number of labour reform measures.

A Unified Labour Portal Scheme called “Shram Suvidha Portal” in central sphere has been launched to create a conducive environment for industrial development. Under this system, a Unique Labour Identification Number (LIN) has been allotted to around 6 lakh units to facilitate online registration. Industries have to file self-certified and simplified Single Consolidated Return online instead of filing 16 separate Returns. Inspection Reports will be uploaded within 72 hours mandatorily. Timely redressal of grievances will be ensured with the help of the portal. To bring in transparency in labour inspection, a transparent Labour Inspection scheme is being developed under which computerized system will be used for random selection of units for inspection. For employees of Provident Fund, portability of social security scheme across jobs and geographic areas has been ensured through allotment of a Universal Account Number.

Amendments have also been proposed to labour laws including the Factories Act 1948 and Labour Law (Exemption from Returns) Act, 1988 etc. to bring them in tune with demands of changing labour market scenario and to ensure ease of business. In line with this, recently, Government amended the Apprentice Act 1961 on 18.12.2014 to make it more responsive to industry and youth. Government is also working affirmatively to bring a single uniform law for MSME sector to ensure their operational efficiency and improve productivity while ensuring job creation at a large scale.

It is projected that the growth rate of labour force will continue to be higher than that of the population until 2021. According to an Indian Labour Report (2007), 300 million youth would enter the labour force by 2025, and 25 per cent of the world’s workers in the next three years will be Indians. In terms of human resource, it is not enough to have lots of young people — these young people need to be properly educated to fully contribute to the new economy. The main issue to address today is not just providing employment but of increasing the employability of the labor force in India. Employability is ultimately a matter of knowledge and skills developed through quality education and training. Thus, any solution to the employability problem facing the country lies in a well designed education and training regime that sets to meet these objectives. The low employability levels due to low quality of education, is accentuated by the fact that fewer students opt for higher levels of education. India’s literacy rate for ages 15 and older is around 63 per cent, while China’s is 95 per cent. The overall quality of the higher education system is also well below global standards; hence the focus is on building quality ‘education infrastructure’.

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

Streamlining Disbursal of Benefits

The disbursements of benefits need a systematic channel which will provide for financial empowerment, make the monitoring easier and the local bodies more accountable. To realize this, the Government has launched Pradhan Mantri Jan Dhan Yojna (PMJDY on 28th August, 2014 with a revised target of 10 crore bank accounts by 26th January ,2015. The scheme has resulted into deposits of ₹1049962.62 lakh with 1254.73 lakh new bank accounts as on 31.01.2015. Payment solutions are an important part of financial inclusion for which a new card payment scheme known as RuPay Card has been in operation since 8th May, 2014. Banks have further been asked to provide universal coverage across all the six lakh villages of the country by providing at least one Basic Banking Account, per household, with indigenous RuPay Debit Card having inbuilt accident insurance of ₹1.00 lakh and life insurance cover of ₹30,000. Number of RuPay Debit Cards issued as on January 31, 2015 is ₹1107.93 lakh and this number is rising. The RuPay Card is on par with other debit cards. These two schemes are complementary and will enable achievement of multiple objectives such as financial inclusion, insurance penetration and digitalization.

To improve the identification of beneficiaries and to enable direct transfer of funds from various schemes into the account of the beneficiary, the Direct Benefit Transfer (DBT) scheme under a simpler Unique Identification Authority of India (UIDAI) was launched. This is a cost-effective instrument of fulfilling KYC requirements which is also being used extensively under the PMJDY for opening of bank accounts. As of 15th December, 2014, more than ₹73 crore unique IDs (AADHAAR) have been isued and 8.35 crore transactions (across India in all schemes) amounting to ₹5320 crore have taken place. Payments under MGNREGA, Wages/Pensions/ Scholarships etc. are disbursed by this mechanism.

Despite global stocks, RBI data shows there has been couristent rise in absolute social sector expenditure by the general government (Centre and State), from ₹380628 crore during 2008-09 to ₹580868 crore in 2011-12 and further to ₹868476 crore (BE) during 2014-15. We also have to keep in mind that the demographic predictions are clear that the promise of demographic dividend will not last long, in any case beyond 2050. India needs to take advantage of this demographic window in the next couple of decades and garner its benefits. The challenge for the country now is in planning and acting towards converting its 'potential' demographic burden into enhanced opportunities of growth by dovetailing the quality of manpower to the requirements of employers (off-farm, industry and services sectors), both domestic and international.

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 bulk of the Central budgetary resources transferred to States, implementation of the recommendations of the Finance Commission and Central Pay Commission, 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, 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 coordinates all matters concerning the Ministry of Finance as a whole including Parliament-related work of the Ministry. The Department has under its administrative control the National Institute of Financial Management (NIFM), Faridabad, which is an autonomous body.

The business allocated to the Department of Expenditure is carried out through its Establishment Division, Plan Finance- I and Plan Finance-II Divisions, Finance Commission Division, Public Procurement Division, Direct Benefit Transfer Division, Staff Inspection Unit, Office of 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 2014-15 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.

4. In the financial year 2014-15, 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 2014-15 (upto 30.11.2014), 2068 (provisional) search warrants were executed leading to the seizure of assets worth ₹538.23 Crore (provisional). During the financial year (upto 30.11.2014), 1174 surveys (provisional) were conducted which yielded a disclosure of undisclosed income of ₹4673.11Crore (provisional). As regards assessees, the number of new assessees added during the F.Y. 2013-14 upto 31.12.2014 was 24,35,612.

6. The Customs and Central Excise offices also continued their drive vigorously against duty evasion. During the financial year 2014-15 (upto October 2014), 847 cases of evasion of Central Excise duty involving ₹2045.52 crore were detected, in respect of Service Tax, during the financial year 2014-15 (upto November 2014), 3700 cases involving Service Tax evasion amount of ₹7537 crore were detected and an amount of ₹2524.06 crore was recovered during investigations. As regards evasion of Customs duty during April-December 2014, 2550 cases involving duty of ₹685.08 crore were detected during same period. The drive against smuggling continues unabated. All Commissionerates along the coast, land borders and in charge of international airports remain fully alert to prevent smuggling of contraband, both into and out of the country. As a result during April-December 2014, in 13941 outright smuggling cases, contraband goods worth 12173.21 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) and Executive Directors (EDs), Legislative matters, international banking relations, appointment of Governor/Deputy Governor of Reserve Bank of India, matter 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 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 5th Delhi Economics Conclave-(2014) on "Structural Reforms and Growth in India" was organized by Economic Division on 10th & 11th December 2014 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, Trade and External Debt
- Industry and Infrastructure
- Macro Indicators
- Agriculture and Food Management
- Financial Intermediation and Monetary Management
- Public Finance
- Prices
- Social Infrastructure, Human Capital and Development
- Services
- Climate Change Finance
- Coordination

1.7 The BOP, Trade and External Debt Unit is responsible for analyzing external sector developments and offering policy advice on related issues. The Unit monitors India's foreign trade and 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 Special Data Dissemination Standard (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. The Macro Unit is responsible for maintaining the National Summary Data Page (NSDP) of India on a weekly basis. This Unit also provides inputs/ briefs on policies matters for other divisions, etc. 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. The Unit also tracks developments in banking and financial markets, including the primary and secondary markets and derivative market.

1.12 The Public Finance Unit deals with matters relating to public finance and budgetary operations of the Central Government. It is responsible for the publication of Economic and Functional Classification of Central Government Budget, Indian Public Finance Statistics which includes budgetary transactions of Centre, State and Union Territories. The unit monitors Central fiscal parameters, such as, fiscal deficits, revenue deficits, and analyses policies relating to central plan outlays, resources and expenditure. The unit also undertakes review of fiscal position and analysis of fiscal issues including those relating to tax measures.

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 Infrastructure, Human Capital and Development Unit prepares analytical notes on poverty, employment, rural development and other topics on the issues like health, education, employment including labour market etc. The unit also advises the Government on specific policy issues in social infrastructure, human capital and development.

1.15 Services sector unit deals with the issues related to services sector in Indian Economy. It monitors and analyses the performance of India's Services Sector including services trade on an ongoing basis. This unit also prepares comments on notes related to trade in services, WTO, negotiation in services, etc. for Department of Commerce.

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. 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, Forests and climate change 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, Economists and IT(Software & Hardware). 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.

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 SUPPLEMENTARY DEMANDS:

2.6.1 Supplementary Demands Section is concerned with the coordination and presentation of Supplementary Demands for Grants and Demands for Excess Grants and the connected Parliamentary work. Other activities of the Section relate to administration of the Contingency Fund of India Act.

2.6.2 This Section is also concerned with the overall policy related to Central Government Guarantees/ Guarantee Fees and Estimates of Loan Repayments and Interest Payments in respect of Public Sector Units/ Financial Institutions.

Responsibilities:

- Supplementary Demands for Grants.
- Demands for Excess Grants.
- Central Government Guarantees/Guarantee Fees.
- Estimates of Loan Repayments and Interest Payments in respect of Public Sector Units/ Financial Institutions.
- Administration of the Contingency Fund of India Act and Rules

2.7 NATIONAL SMALL SAVINGS:

2.7.1 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) Public Provident Fund, Kisan Vikas Patra and Sukanya Samriddhi Account.

2.7.2 Small Savings Collections:

The gross deposits under various small savings schemes during 2014-15 (upto December, 2014) were ₹199483.69 crore as against the deposit of ₹161429.33 crore during the same period last year. An amount of ₹48128.29 crore has been 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 ₹ 25277.91 crore transferred last year.

2.7.3 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 to 50 percent of net collections w.e.f. 1st April, 2012.

2.7.4 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.

(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 % After 1.4.2013	Rate of interest % After 1.4.2014	Rate of interest % After 1.4.2015
Savings Deposit	4.0	4.0	4.0
1 Year Time Deposit	8.2	8.4	8.4
2 Year Time Deposit	8.2	8.4	8.4
3 Year Time Deposit	8.3	8.4	8.4
5 Year Time Deposit	8.4	8.5	8.5
5 Year Recurring Deposit	8.3	8.4	8.4
5 Year SCSS	9.2	9.2	9.3
5 Year MIS	8.4	8.4	8.4
5 Year NSC	8.5	8.5	8.5
10 Year NSC	8.8	8.8	8.8
PPF	8.7	8.7	8.7
Sukanya Samriddhi Account		9.1	9.2

In respect of Kishan Vikas Patra the invested amount is doubled in 100 months. The scheme also has features of liquidity for the investor.

2.8 Government Borrowing

2.8.1 The Central Government's normal borrowing through issue of dated securities for financing the fiscal deficit was budgeted in BE 2014-15 at ₹ 6,00,000 crore (Gross) and ₹4,61,205 crore (net).

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

2.8.3 The weighted average yield and maturity of dated securities issued during 2014-15 (April 2014 to March, 2015) were 8.51% and 14.66 years respectively, as compared to 8.48% and 14.28 years in the corresponding period of the financial year 2013-14

2.8.4 Detailed analysis of existing debt and liabilities of the government is brought out in the annual debt papers, published during 2010-11, 2011-12, 2013-14 and 2014-15 (These are available in www.finmin.nic.in).

2.9 Fiscal Responsibility and Budget Management (FRBM) Cell:

2.9.1 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 provide for the responsibility of 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.

During the period from January 1, 2014 to December, 31 2014, in compliance with the relevant provisions of the FRBM Act and Rules framed thereunder the following documents were prepared and presented in the Parliament.

1) Statements of fiscal policy such as
   - a) Medium-Term Fiscal Policy Statement 2014-15
   - b) Fiscal Policy Strategy Statement 2014-15
   - c) Macro-Economic Framework Statement 2014-15

   Presented along with the General Budget 2014-15

2) Disclosure statements such as-
   - a) Tax Revenues raised but not realised.
   - b) Arrears of Non-Tax Revenues.
   - c) Asset Register.

   Presented as a part of Receipts Budget 2014-15

3) Quarterly Statements on Review of the trends in receipts and expenditure in relation to the budget at the end of-
   - (a) Third Quarter of the financial year 2013-14
   - (b) Fourth Quarter of the financial year 2013-14
   - (c) First Quarter of the financial year 2014-15

4) Medium Term Expenditure Framework (MTEF-2014-15) Statement.

2.9.2 Fiscal performance during FY 2013-14 and fiscal targets for FY 2014-15 are as below:

Fiscal Indicator/ Year	2013-14 (B.E.)(% of GDP)	2013-14 (R.E.)(% of GDP)	2014-15 (B.E.) (% of GDP)
Fiscal Deficit	4.8	4.6	4.1
Revenue Deficit	3.3	3.3	2.9
Effective Revenue Deficit	1.8	2.0	1.6
Total outstanding liabilities at the end of the year*	45.7	46.0	45.4

* "Total outstanding liabilities" include external public debt at current exchange rate. Liabilities do not include part of NSSF and total MSS liabilities which are not used for Central Government deficit.

As per provisional account of CGA for F.Y. 2013-14, fiscal deficit is 4.5 per cent, revenue deficit is 3.2 per cent and effective revenue deficit is 2.0 per cent of GDP.

2.10 Public Debt

2.10.1 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.

2.11 Debt Management Office

2.11.1 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 included 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.

2.11.2 A Task Force on Public Debt Management Agency (PDMA) was set up on September 30, 2014 with the objective of supporting the Ministry of Finance in preparatory work for the PDMA. Further, the Union Budget 2015-16 speech mentions 'One vital factor in promoting investment in India, including in the infrastructure sector, is the deepening of the Indian Bond market, which we have to bring at the same level as our world class equity market. I intend to begin this process this year by setting up a Public Debt Management Agency (PDMA) which will bring both India's external borrowings and domestic debt under one roof' (para 56).

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

2.12 Constitution of the Fourteenth Finance Commission

2.12.1 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, however, the tenure of the Commission has been extended upto 31st day of December, 2014 published vide Notification S.O 2806(E) dated 31st October, 2014 covering the period of five years commencing on the 1st day of April, 2015.

2.12.2 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. The Commission has been asked to make recommendation on additional Terms of Reference for successor or recognized States. The Notification, in his regard, has also been published in the Gazette of India (Extraordinary) vide S.O. 1424(E) dated 2nd June, 2014.

2.13 Hindi Branch

2.13.1 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.

2.13.2 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. Financial Markets Division

3.1 Primary Markets

3.1.1 The Securities Laws (Amendment) Act, 2014

3.1.1.1 The Securities Laws (Amendment) Act 2014 was notified on 25th August 2014. This Act contains urgent and critical amendments that were necessitated due to growing operational requirements of Securities and Exchange Board of India (SEBI):

(i) To empower SEBI to effectively perform enforcement functions:

a. Wider power to call for information regarding securities transactions

b. Power to conduct search and seizure

c. Strengthen the powers to regulate Collective Investment Schemes (CIS)

d. Power to attach assets and recovery of monetary penalties

(ii) To provide explicit legal backing to actions taken by SEBI under its general powers:

a. Power to share information with other regulators

b. Power to pass consent orders

c. Power to pass disgorgement orders

(iii) To strengthen the regulatory framework:

a. Establishment of Special Courts and SEBI counsels to be deemed as Public Prosecutors

b. Issuance of Regulations

(iv) Suitable amendments have been made in the Securities Contracts (Regulation) Act, 1956 and Depositories Act, 1996 to ensure consistency and alignment with the changes proposed in the SEBI Act.

3.1.1.2 The Securities Laws (Amendment) Bill 2014 was introduced in Lok Sabha on 4th August 2014 and the same was passed by both the Houses of the Parliament.

3.1.2 Increasing minimum public shareholding for listed companies:

3.1.2.1 Ministry of Finance, Department of Economic Affairs has issued a notification dated 22nd August 2014 under Securities Contracts (Regulation) Rules 1957 stating that that every listed public sector company which has public shareholding below twenty five per cent, on the date of commencement of the Securities Contracts (Regulation) (Second Amendment) Rules, 2014, shall increase its public shareholding to at least twenty five per cent, within a period of three years, in the manner, as may be specified, by the Securities and Exchange Board of India. Earlier notifications of the amendments in SCRR on public holding issued by Ministry of Finance on 4th June, 2010 and 9th August 2010 respectively mandated public shareholding for all listed companies to be 25% (except for Government owned Public Sector Enterprises where the threshold is 10%)

3.1.3 Real Estate Investment Trusts (REITs)

3.1.3.1 Pursuant to the Budget Announcement 2014-15, SEBI issued regulations on Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs) respectively on 26.09.2014.

3.1.4 Financial Literacy:

3.1.4.1 **National Strategy for Financial Education:** The process of drafting a National Strategy for Financial Education was initiated by SEBI under the aegis of Financial Stability and Development Council (FSDC) in November 2011-12. With a vision of *"a financially aware and empowered India",* National Strategy for Financial Education had been finalized under which various activities have been undertaken.

3.1.4.2 The national level exam for school students, NFLAT had been conducted consecutively for the second year under the aegis of NCFE attached to NISM. As reported, the NFLAT for the year 2014-2015 was held on December 6-7, 2014 and around a lakh students from all over the country appeared for the test held at more than 250 test centers across the country. SEBI had publicized NFLAT in various schools and colleges through ROs/LOs and provided necessary contribution.

3.1.4.3 The portal, www.ncfeindia.org on various aspects of financial market including banking, pension, insurance and securities market with content inputs from various regulators including SEBI has been launched. The website is being updated with videos, audios and other material.

3.1.5 Corporate Bond Market Developments

3.1.5.1 In context of Indian Economy a vibrant Debt Market will help in channelizing the flow of capital towards the areas where it is required most i.e. investments in infrastructure sector which has long gestation periods. Further in a bank dominated financial system providing an alternate source of financing through debt markets is crucial.

3.1.5.2 SEBI has taken several steps in the development of the Corporate Bond Market. A brief synopsis of such steps is reproduced below:

a) Simplified Listing Agreement

SEBI put in place a simplified listing agreement for debt securities. In terms of this agreement (entered into between issuing company and the stock exchange), issuers with listed equity who are already subject to detailed disclosure requirements, now have to make minimal disclosures while issuers of listed debt alone make reasonably elaborate disclosures but less than those required under the equity listing agreement. This also ensures that investors of such companies have access to meaningful and relevant

b) Mandatory Settlement of Corporate Bonds through clearing corporations

SEBI directed all SEBI, RBI and IRDA regulated entities to clear and settle their trades through the National Securities Clearing Corporation Limited (NSCCL) or the Indian Clearing Corporation Limited (ICCL) with settlement on T+1 days or T+2 days. This was aimed at encouraging such entities – which includes institutional investors to settle their trades through an institutional mechanism in a time bound manner.

c) Standardization of the Application Form and Abridged Prospectus for public issue of debt securities

In order to make the public issue application form more investor friendly and provide meaningful information in a simple manner SEBI prescribed the structure, design, format, contents and organization of information in the Application Form and Abridged Prospectus. The form is standardized it and to make it uniform for public issues of debt securities.

d) Standardized offer document/memorandum in Public issue & listing of non-convertible debt as well as privately placed debt securities which are listed or proposed to be listed.

A standardized format on the bond offering documentation was put in place to facilitate the better understanding and preparation of such documents by issuers as well as ease investors' decision making process. The standardization of these offer documents may also increase the tradability of these corporate bonds among players and can support secondary market liquidity.

e) Online System for making Application to Public issue of Debt Securities

SEBI issued guidelines in order to facilitate a system to enable investors to make online applications for public issue of debt securities and to reduce the timelines of the issue process for public issue of debt securities. This also assists in wider public participation, reducing issuer cost while enabling listing of securities in a faster and time bound manner.

f) Dedicated debt segment on Stock Exchanges

SEBI vide Circular dated January 24, 2013 has provided Guidelines for setting up of dedicated Debt Segment on Stock Exchanges. The debt segment shall offer separate trading, clearing, settlement, reporting facilities and membership to deal in corporate bonds, Government Securities, Treasury Bills, State Government loans, securitized debt instruments etc. This is a focused approach towards building a vibrant secondary market for debt securities.

g) Regulatory framework for issuance and listing of Non-Convertible Redeemable Preference Shares

SEBI has notified the SEBI (Issue and Listing of Non-Convertible Redeemable Preference Shares), Regulations,2013 on June 12, 2013. The said regulations provide a regulatory framework for public issuance of Non-convertible Redeemable Preference shares and also for listing of privately placed redeemable preference shares. Considering the risks involved in the instrument, certain requirements like minimum tenure of the instruments (three years), minimum rating ("AA-" or equivalent) etc. have been specified in case of public issuances. For listing of privately placed non-convertible redeemable preference shares, minimum application size for each investor is fixed at Rupees Ten Lakhs.

As per Basel III norms, Banks can issue non-equity instruments such as Perpetual Non-Cumulative Preference Shares and Innovative Perpetual Debt Instruments, which are in compliance with the specified criteria for inclusion in Additional Tier I Capital. SEBI (Issue and Listing of Non-Convertible Redeemable Preference Shares), Regulations,2013 was also made applicable to the non-equity instruments such as Perpetual Non-cumulative Preference shares and Innovative Perpetual Debt instruments, issued by banks (as per Basel III norms), which are in compliance with the criteria specified by RBI for inclusion in Additional Tier I Capital.

h) Centralised Database

SEBI vide it's circular dated October 22, 2014 has mandated both the depositories viz. NSDL and CDSL to jointly create, host, maintain and disseminate the centralized database of corporate bonds/debentures, which are available in demat form. The depositories shall obtain requisite information regarding the bonds/ debentures from Issuers, Stock Exchanges, Credit Rating Agencies and Debenture Trustees. The Database can be accessed by the public or any other users without paying any fees or charges. This has been done in view of the fact that the historical data on all corporate bonds issued is very crucial for an investor to take informed investment decision.

i) SEBI vide it's circular dated October 29, 2013 *has specified several measures with regards to certain issues in debt market. Details of the same are as hereunder*

Disclosure of cash flows:

SEBI had mandated that the day count convention for calculation of interest payments for listed corporate debt securities shall be Actual/Actual. It has been pointed out by the market participants that the disclosures can further be improved, if cash flows concerning interest payment and redemption of debt securities are given by way of illustration in the offer document. SEBI mandated that the cash out flows (interest payments and redemption of maturity) concerning debt securities, are to be explained by way of illustrations in the offer document.

Further, for the purpose of standardization and in line with the dated government securities, it was also stated that if the coupon payment date of the debt securities, falls on a Sunday or a holiday the coupon payment shall be made on the next working day. If the maturity date of the debt securities, falls on a Sunday or a holiday, the redemption proceeds shall be paid on the previous working day.

Disclosure of unaudited financials with limited review report:

Flexibility has been given to the listed debt issuers (who have already listed their equity shares or debentures), who are in compliance with the listing agreement, to disclose their unaudited financials with a limited review report in their offer document, instead of giving audited financials for the stub period.

j) Amendment of ILDS for allowing filing of Shelf prospectus

Companies Act, 2013 enables SEBI to specify the class of the companies which can be allowed to file Shelf Prospectus. To specify the class of companies eligible to file shelf prospectus, SEBI (Issue and Listing of Debt Securities) Regulations, 2008 was amended. Following class of entities are allowed to file Shelf Prospectus for public issuance of non-convertible debt securities:

i. Public financial institutions and Scheduled Banks;

ii. Issuers authorized by the notification of CBDT to make public issue tax free secured bonds;

iii. Infrastructure Debt Funds – Non-Banking Financial Companies;

iv. NBFCs, registered with RBI, Housing Finance Companies registered with National Housing Bank (NHB) and entities which have listed their shares/debentures in the stock exchanges for at least three years complying with prescribed criteria.

k) Reporting and clearing & settlement of trades in Securitised Debt Instruments through exchange platform

With a view to develop the Securitised Debt Instruments(SDIs) market and to improve transparency in the dealings of SDIs, SEBI vide circular dated January 07, 2014, has directed that all trades in SDIs (listed or unlisted) by Mutual Funds, Foreign Institutional Investors/ sub-accounts/Qualified Foreign Investors/ Foreign Portfolio Investors, Alternative Investment Funds, Foreign Venture Capital Investors and Portfolio Managers shall be reported on the trade reporting platform of either NSE, BSE or MCX-SX, within fifteen minutes of the trade. All trades in SDIs (listed or unlisted) done between above specified entities shall necessarily be cleared and settled through the National Securities Clearing Corporation Limited (NSCCL) or the Indian Clearing Corporation Limited (ICCL) or MCX-SX Clearing Corporation Limited (MCX-SX CCL).

l) SEBI vide circular dated June 17, 2014 had made the following provisions:

(i) SEBI has made it mandatory for the Issuers of debt securities to disclose the minimum subscription amount, in respect of the debt issuances, in the offer document and the same shall be specified at 75%. if the issuer does not receive minimum subscription of its base issue size (75%), then the entire application monies shall be refunded within 12 days from the date of the closure of the issue. In the event, there is a delay, by the issuer in making the aforesaid refund, then the issuer shall refund the subscription amount along with interest at the rate of 15% per annum for the delayed period.

(ii) SEBI has provided that the entities coming out with public issue of NCDs shall provide granular disclosures in their offer document, with regards to the "Object of the Issue" including the percentage of the issue proceeds earmarked for each of the "object of the issue". Further, the amount earmarked for "General Corporate Purposes", shall not exceed 25% of the amount raised by the issuer in the proposed issue.

(iii) It is understood that NBFCs are the most frequent users of the debt channel and most of the NBFCs utilize the issue proceeds for onward lending. In view of the same, NBFCs shall have to disclose in their offer document, the details with regards to the lending done by them, out of the issue proceeds of previous public issues. This would keep the investors informed about the application/ usage of the money borrowed from them by the NBFCs.

(iv) Issuers coming out with public issues of NCDs, need to make disclosure in accordance with the disclosure requirements as specified in Schedule II to Companies Act, 1956 and disclosure requirements as specified in Schedule I of SEBI ILDS Regulations. Since Companies Act, 1956 required detailed disclosures; the same were not repeated in SEBI ILDS Regulations. However, now it has been mandated that the Issuers shall make additional disclosures, not provided for in the Companies Act, 2013. Some of these additional disclosures are declaration about Refund, Provisions relating to fictitious applications, detailed litigation disclosures.

3.1.6 A brief summary of Steps taken by RBI and other regulators for the development of the Corporate Bond market are;

a) RBI has issued detailed guidelines on setting up of IDFs (Infrastructure Debt Funds) by banks & NBFCs, which are expected to enhance the flow of long-term debt in infrastructure development.

b) RBI has provided banks an additional limit of 10% of their investments in non-SLR securities as on the end of previous fiscal, to invest in unrated bonds of companies engaged in infrastructure activities within the overall ceiling of 20%.

c) RBI has allowed repo on corporate bonds for maturity less than 1 year

d) RBI has issued draft guidelines on allowing banks to provide Partial Credit Enhancements to bonds issued for funding infrastructure projects by Companies/ Special Purpose Vehicles (SPVs). It has proposed 2 modes under this facility:

- Credit enhancement as a loan
- Credit enhancement as a contingent facility

e) EPFO has allowed investment in debt of 15 private sector companies which was earlier 7.

f) EPFO has extended the tenure of investments in AAA rated paper of public sector units (PSUs) to up to 25 years and for AA rated PSUs up to 15 years.

g) IRDA has allowed Insurance Companies to take the Proprietary Trading Membership (PTM) of stock exchanges for trading in debt segment.

h) PFRDA has increased the investment limit, in debt securities, for Government Sector NPS Schemes, upto 40%, provided that they have 3 years of residual maturity and investment grade rating from at least once credit rating agency, subject to further due diligence by the fund managers.

3.1.7 Measures initiated in the Union Budget 2014 for infrastructure sector:

3.1.7.1 In the Union Budget 2014, Banks have been permitted to raise long term funds through issue of Bonds, for lending to infrastructure sector with minimum regulatory pre-emption such as CRR, SLR and Priority Sector Lending (PSL). In this regard, RBI has issued instructions vide a PR dated July 15, 2014 for flexible loan structuring to incentivize raising of long term funds for infrastructure financing. This move will bring high rated issuers i.e. Banks into the Corporate bond Market, giving rise to investor confidence which would in turn lead to higher volumes and liquidity.

3.1.8 Resource Mobilization by Mutual Funds

3.1.8.1 Till November 2014, Mutual Funds mobilised ₹1,29,330 crore from the market as compared to ₹53,782 crore in 2013-14. All the three mutual fund sectors viz.UTI, Public and Private mobilised to the extent of ₹7,073 crores, ₹2,364 crores and ₹1,19,893 crores respectively as compared to ₹ 401 crores, ₹4,243 crore and ₹49,138 crore, respectively during 2013-14. The market value of asset under management stood at ₹10,90,309 crores as on November 2014 compared to ₹8,25,240 crore as on March 31, 2014, indicating an increase by 32.12 percent.

Trends in Resource Mobilization (net) by MFs (₹ crore)

Sector	2012-13	2013-14	Till Nov 2014
1. UTI	4,629	401	7,073
2. Public	3,999	4,243	2,364
3. Private	67,911	49,138	1,19,893
Total (1+2+3)	76,539	53,782	1,29,330

Source: SEBI

Resource mobilization through the primary market (₹ crore)

Mode	2011-12	2012-13	2013-14	2014-15 (Till Nov 2014)
1. Debt	35,611	16,982	42,405	6,912
2. Equity	12,857	15,473	13,269	3,872
of which IPOs	5,904	6,528	1,236	1,066
Number of IPOs	34	33	38	30
Mean IPO size	174	198	33	36
3. Private Placement	2,61,282	3,61,462	2,76,054	2,21,348
Total (1+2+3)	3,09,750	3,93,917	3,31,728	2,33,264

Source: SEBI

3.2 Secondary Markets

3.2.1 Indian Markets Performance January 2014 - December 2014

3.2.1.1 Indian markets have been one of the best performers amongst the major World indices. The year 2014-15 reaped accomplishments for the Indian Securities markets with benchmark indices BSE Sensex and Nifty recording all-time highs. Indian markets have recorded a growth of over 29% (Sensex up by 29.9 per cent and Nifty up by 31.4 per cent) till 31st December, 2014. (as compared to levels on December 31, 2013). Indian markets reached historic high levels on 28th November 2014 when Sensex closed at 28,693.99 while Nifty closed at 8,588.25.

3.2.1.2 Among the selective world indices, Shanghai Composite Index registered highest percentage change of 52.9 percent during the calendar year 2014. Sensex and Nifty meanwhile, observed a percentage change of 29.9 and 31.4 percent respectively.

Table 1 : Performance of Major Markets in the World (level and percentage change)

Index	Last Trading Day of 2013	Last Trading Day of 2014	% change in 2014 over 2013
S&P BSE SENSEX	21170.68	27,499.42	29.89
NSE CNX NIFTY	6304.00	8282.70	31.39
S&P 500	1848.36	2058.90	11.39
DAX	9552.16	9805.55	2.65
FTSE 100	6749.09	6566.09	-2.71
NIKKEI 225	16291.31	17450.77	7.12
HANG SENG	23306.39	23605.04	1.28
BRAZIL IBOVESPA	51507.16	50007.41	-2.91
KOSPI	2011.34	1915.59	-4.76
DOW JONES INDUS. AVG	16576.66	17823.07	7.52
Straits Times STI	3167.43	3365.15	6.24
SHANGHAI SE	2115.98	3234.68	52.87
CAC 40	4295.95	4272.75	-0.54

Source: Bloomberg, Cogencis

3.2.1.3 Since the secondary market is a barometer of the country's financial health, global and domestic factors have a sizable impact on the Indian markets performance. Market sentiments in India during the calendar year were primarily affected by the outcome of General Elections 2014, continued FPI inflows into the Indian markets and pertinent economic data releases. The total net FII flows during 2014-15 stood at US $ 42.4 billion.

Table 2 : Net FPI/FII Investment in India in 2007-2014 (in US $ Billion)

Segments	2007	2008	2009	2010	2011	2012	2013	2014
Equity	17.7	-12.0	17.5	29.4	-0.4	24.4	20.1	16.1
Debt	2.3	2.6	1.0	10.1	8.7	6.6	-8.0	26.2
Total	20.0	-9.3	18.5	39.5	8.3	31.0	12.1	42.4

Source: SEBI, NSDL

3.3 Major Reforms in the Secondary Market Section

3.3.1 Amendment to SEBI (Delisting of Equity Shares) Regulations, 2009

3.3.1.1 The SEBI (Delisting of Equity Shares) Regulations, 2009 was discussed in the SEBI board meeting held on 19th November 2014 wherein the broad contours of the Amendments were finalised. It has been decided that the delisting shall be considered successful only when (a) the shareholding of the acquirer together with the shares tendered by public shareholders reaches 90% of the total share capital of the company and (b) if at least 25% of the number of public shareholders, holding shares in dematerialised mode as on the date of the Board meeting which approves the delisting proposal, tender in the reverse book building process. Among others, timelines for completing the delisting process has been reduced from 137 calendar days (approx. 117 working days) to 76 working days. Further, it was decided that the offer price determined through Reverse Book Building shall be the price at which the shareholding of the promoter, after including the shareholding of the public shareholders who have tendered their shares, reaches the threshold limit of 90%.

3.3.2 Single Demat Account

3.3.2.1 In the meeting of the Financial Stability Development Council-Sub Committee held on 11th December 2014, it was agreed that Reserve Bank of India (RBI) would be the designated regulator for account aggregation (AA). Initially only Credit Information Companies (CICs) would be eligible to offer AA facility and once suitable legislative framework is put in place, other entities can also approach RBI for offering AA service and RBI would work out a timeframe for formulation of regulatory framework for AA.

3.3.2.2 SEBI has issued a Circular dated 12th November 2014 on "Consolidated Account Statement (CAS) for all securities assets". This is in pursuant to the Interim Budget announcement in 2014 to create one record for all financial assets of every individual. As a first step in this direction, SEBI has directed the Depositories, Asset Management Companies and Mutual Fund RTAs to put in place a system to enable a single consolidated view of all the investments of an investor in Mutual Funds (MF) and securities held in demat form with the Depositories.

3.3.3 Enhancing Retail Participation in the Indian Financial Markets through participation in CPSE Divestments

3.3.3.1 Retail investors provide depth and stability to the market as they can be bulwark to any possible volatility created by the institutional investors - FIIs or big domestic Institutional investors. In fact, the institutional investors have occupied the place which was left behind by the retail investors.

3.3.3.2 The retail participation in the CPSE divestment offers through OFS route has also been shallow. As such the matter was taken up with SEBI. SEBI, in its recent 155th SEBI Board Meeting held on 19th June 2014 has expanded the framework of Offer for Sale (OFS) of shares through stock exchange mechanism. It has provided for reservation for retail individual investors. Minimum 10% of the issue size has been reserved for retail investors i.e. for the investors bidding for amounts less than ₹ two lakhs. In case this percentage is not fully utilized, the unutilized portion may be offered to other investors. Seller of shares may offer a discount to retail investors in accordance with the framework specified from time to time.

3.4. External Markets

3.4.1 Foreign Portfolio Investment Regulations, 2014

3.4.1.1 The new FPI Regulations based on K.M. Chandrashekhar Committee recommendations which has come into effect from 1st June, 2014 has enabled to rationalize/harmonize, various foreign portfolio investment routes and to establish a unified, simple regulatory framework. Foreign INstitutional Investors (FIIs), Sub Accounts and Qualified Foreign Investors (QFIs) are merged together to form the new investor class, namely Foreign Portfolio Investors (FPIs), with an aggregate investment limit of 24% which can be raised by the Company up to the applicable sectoral cap. As part of Risk based approach towards customer identity verification (KYC). FPIs have been categorized into three major categories; category I (low risk), II (moderate risk) and III (high risk) where the documentary requirements are simplest for Category I and most stringent for Category III.

3.4.1.2 Total net investments (equity and debt) made by FIIs/FPIs in 2014 is US$ 42.30 billion as against US$ 12.13 billion in 2013.

3.4.2 New ADR/GDR Scheme

3.4.2.1 A Committee chaired by Shri M.S. Sahoo was constituted in September, 2013 to warrant a fresh look at Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993. This committee had submitted its report along with draft new "Depository Receipts Scheme, 2014. Key recommendations are as follows:

- Allowing issuance of DRs against any underlying securities - equity or debt
- Allowing issuance by any issuer - listed or unlisted
- DRs can be issued both for capital raising through new shares or against existing/ secondary shares
- Issuance may be either sponsored or unsponsored
- DRs will count as public shareholding if they have attached voting rights for holders

3.4.2.2 In the Budget Speech of 2014-15, Hon'ble Finance Minister had announced to "Liberalize the ADR/ GDR regime to allow issuance of depository receipts on all permissible securities".

3.4.2.3 To implement this, the New Depository Receipts Scheme, 2014 has now been notified in Government of India Extraordinary Gazette which has come into effect from December 15, 2014.

3.4.3 Rationalization of External Commercial Borrowings (ECB) Policy

3.4.3.1 There has been progressive liberalization and rationalization of the key components of ECB regulations such as amount, maturity, all-in-cost ceilings, and permissible end uses etc. to facilitate availability of long term low cost funds with special thrust on infrastructure development. To strengthen foreign capital inflows to infrastructure, the definition of the infrastructure sector has also been expanded for the purpose of availing ECBs. Total ECBs between April-November, 2014 is USD 20.2 billion.

3.4.3.2 We also aim to rationalize the existing External Commercial Borrowings framework and streamline the approval route. Hedging of currency exposure is an important aspect which is being currently reviewed by Sahoo Committee (Phase II) specially constituted for this purpose. The Report of the committee is expected shortly.

3.4.4 Bharat Depository Receipts Guidelines (BhDR)

3.4.4.1 The draft BhDR Guidelines as prepared by Sahoo Committee to revamp the Indian Depository Receipts Regime will be operationalized shortly with enabling guidelines from SEBI and Ministry of Corporate Affairs. As part of the new scheme, two levels of BhDRs with Level-I being restricted to sophisticated investors and Level-II being made available for all investors, including Indian retail investors will be created.

3.4.5 International Settlement of Indian Debt Securities

3.4.5.1 In the Budget of 2014-15 Honorable Finance Minister has announced to "Allow International Settlement of Indian Debt Securities". International systems like Euroclear and Clearstream are international settlement platforms for global securities on which international participants registered on theses platforms can trade securities among themselves. International trading and settlement will enable foreign investors to transact in Indian securities but settle in dollars or other international currencies, thereby increasing access and flexibility in order to widen the investor base. Ministry of Finance in association with RBI is deliberating over the specific mechanism of implementing Euroclear system.

3.4.6 Deepening of Currency Derivatives Market

3.4.6.1 Hon'ble Finance Minister in his Budget Speech of 2014-15 had advised financial sector regulators to take early steps for deepening the currency derivatives market by eliminating unnecessary restrictions. A deep and liquid currency derivative market is essential in India to provide an opportunity for resident firms to hedge their foreign currency exposure. The following measures were taken in June, 2014 to encourage currency derivatives market:

- AD Category- 1 Banks allowed to undertake proprietary trading in exchange traded currency derivatives (ETCD) market within their net open position limit (NOPL).
- FPIs have been allowed to access currency futures or exchange traded currency options to hedge against currency risks arising out of market value of their exposure to Indian debt and equity securities. FPIs can take positions both long and short in foreign currency up to US$ 10 million without having to establish existence of any underlying exposure.
- Domestic participants have been allowed to take long and short position up to US$ 10 million per exchange without having to establish the existence of any underlying exposure, however, beyond US$ 10 million documentation process has to be undergone through an AD Category-1 Bank.

Fresh measures taken in February, 2015 include:

- Rationalized documentation and other administrative requirements for hedging on ETCD markets.
- Domestic entities and FPIs provided with greater flexibility while taking foreign currency positions in USD-INR, EUR-INR-GBP-INR and JPY-INR paris.

3.4.7 Liberalization of Withholding Tax

3.4.7.1 Section 194LC of IT Act, 1961 has been amended w.e.f October 1, 2014 vide which the concessional rate of withholding tax has been extended to borrowing by way of any long-term bonds, not limited to a long-term infrastructure bond, if the borrowing is made on or after October 1, 2014. Further the concluding date of the period of borrowings eligible for concession under Section 194LC has been extended to borrowings made before July 1, 2017.

3.5 International Cooperation

3.5.1 Brief on Sovereign Credit Ratings of India

Background

3.5.1.1 A credit rating measures the relative risk that an entity or transaction will fail to meet its financial commitments, such as interest payments and repayment of principal, on a timely basis. These relative risks are mapped into discrete rating grades that are usually expressed in terms of alphabetic identifiers. For example, from the most creditworthy to the least, Fitch and S&P use AAA, AA, A, and BBB for investment-grade long-term credit risk, and BB, B, CCC, CC, C, and D for "speculative" long-term credit risk. Modifiers are attached to further distinguish and rank ratings within each of the broader classifications-Fitch and S&P use pluses and minuses (e.g., AA+ and AA-) and Moody's uses numbers (Aa1 and Aa3). The relative scales used by these agencies for rating long term debt are shown below:

Interpretation	Fitch and S&P	Moody's
Highest quality	AAA	Aaa
High quality	AA+	Aa1
	AA	Aa2
	AA–	Aa3
Strong payment capacity	A+	A1
	A	A2
	A–	A3
Adequate payment capacity	BBB+	Baa1
	BBB	Baa2
	BBB–	Baa3
Likely to fulfill obligations, ongoing uncertainty	BB+	Ba1
	BB	Ba2
	BB–	Ba3
High-risk obligations	B+	B1
	B	B2
	B–	B3
Vulnerable to default	CCC+	Caa1
	CCC	Caa2
	CCC–	Caa3
Near or in bankruptcy or default	CC	Ca
	C	C
	D	D

Sources: Fitch; Moody's; and Standard & Poor's.

a) Investors consider the sovereign credit rating of a country carefully before making their investment decision, and this determines the terms and the extent to which the country has access to international capital markets. Government of India does not issue sovereign debt bonds in international capital markets. However, sovereign ratings influence the terms at which the public and private sector companies can borrow from international sources. As India moves towards greater Capital Account Convertibility, these ratings will prove to be even more useful as they would allow the Government, if it so decides, and the Indian companies to borrow overseas at a lower cost.

Current Ratings

b) India's sovereign debt is 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 sovereign ratings 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 F3 (ST)	BBB- (LT) (changed from -ve)	Stable	BBB-	Stable
S&P	26.09.2014	BBB- (LT) A-3 (ST)	Stable	No ratings were given for local currency	
JCRA	13.01.2015	BBB+	Stable (revised from Negative)	BBB+	Stable (revised from Negative)
R&I	31.1.2014	BBB (LT) A-2 (ST)	Stable	No ratings were given for local currency	
DBRS	5.11.2014	BBB (low) (LT) R-2 M (ST)	Positive for both LT & ST	BBB (low) (LT) R-2 M (ST)	Positive for both LT & ST

LT-Long Term, ST-Short Term

c) India's credit rating profile has not improved substantially over the years despite significant improvement in the fundamentals of the Indian economy. There is a sense that rating agencies do not attribute enough weight to India's long-term economic growth potential. To give an example, S&P rated India's sovereign debt at 'BBB' in 1990, which is higher than the current rating of 'BBB-'affirmed by them in April 2012. This anomaly persists despite a significant improvement in the achievements and the future prospects of the Indian economy over the last two decades.

d) The Government is taking a number of steps with a view to improving sovereign credit rating. These include measures taken to improve the level of and structure for the interaction between the Government and the major Sovereign Credit Rating Agencies. As a result, India has been able to secure upgrades in rating/outlook from DBRS, Fitch, and Moody's during the past two years.

e) S&P visited India on August 12, 2014 for their annual review of sovereign credit rating of India, and released its latest research update on 26th September 2014. In its report, S&P has affirmed its BBB (-) long term and A-3 short term sovereign rating on India and changed the outlook from negative to stable.

f) 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.

g) On September 8, 2014, Moody's Investor Service visited the Ministry and the current report is awaited. The previous report confirmed their Stable outlook on India's Sovereign credit rating. They also confirmed the Foreign Currency and the Local Currency ratings at Baa3.

h) DBRS visited Ministry of Finance on 6th August 2014. Their report was issued on 5th November 2014, confirming India's long term foreign and local currency sovereign credit rating at BBB (low) with the outlook raised to positive from stable.

i) R&I visited the Ministry on 07th November 2014 and the current report is awaited. Their previous report was issued on 31st January 2014, confirming India's long term foreign currency sovereign credit rating at BBB with Stable outlook.

j) JCRA visited the Ministry on 21st November 2014. In its report released on 13th January, 2015 DBRS has approved India's Foreign Currency and Local Currency Long Term rating as BBB+ with an outlook revised to stable, from Negative.

3.5.2 Issues and concerns expressed by SCRA

3.5.2.1 The main issues and concerns raised by the SCRAs during their interactions with Government of India in 2014-15 inter-alia relate to:

- Fiscal Roadmap for both short term and medium term and its sustainability.
- Revenue policy framework and Disinvestment plans.
- Structure of government debt and public debt management Policies
- Measures to improve investment and new FDI projects.
- Infrastructure implementation plans and implications on government financing.
- Restructuring of food distribution and its impact on inflation.
- Manufacturing and trade policy focus in the short and medium term.
- Reduction and rationalization of subsidies.

3.6 UTI & JPC

3.6.1 UTI Section in the Capital Market Division deals with the followings:

(i) UTI Repeal Act. 2002

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

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

3.6.2 Specified Undertaking of Unit Trust of India (SUUTI) has been created under the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002. Since then SUUTI has been managing assets and liabilities of 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.

3.6.3 The Cabinet on 5.12.2014 approved the introduction of the Indian Trust Amendment Bill, 2014 to amend to the Sections 20 and 20A of the Indian Trust Act, 1882 to enable Government to notify securities or class of securities as eligible for investment by trust, delete references to obsolete clauses and to provide the trustees greater autonomy and flexibility to take decisions on investment of trust money. The Indian Trust Amendment Bill, 2014 was listed for introduction in Lok Sabha on 23rd December, 2014 but it could not be introduced.

3.7 Securities Appellate Tribunal (SAT)

3.7.1 Securities Appellate Tribunal (SAT) is established under Section 15K of the Securities and Exchange Board of India Act, 1992, to exercise the jurisdiction, powers and authority conferred on the Tribunal by or under the SEBI Act, 1992 or any other law for the time being in force.

3.7.2 SAT comprises of one Presiding officer (who has been a sitting/retired Judge of the Supreme Court or a sitting/retired Chief Justice of a High Court; or a sitting or retired Judge of a High Court who has completed not less than 7 years of service as a Judge of a High Court) and two Members who are having ability, integrity and standing and shown capacity in dealing with problems relating to securities market and has qualification and experience of corporate law, securities law, finance, economics or accountancy. They are appointed by the Central Govt. for a term of five years and are eligible for re-appointment, subject to Presiding Officer not exceeding age of 68 years and Members the age of 62 years.

3.7.3 SAT is not bound by procedure laid down by Code of Civil Procedure but are guided by principles of natural justice and has powers to regulate its own procedure, including the places at which it shall have its sittings.

3.7.4 Appellant may appear in person or authorize chartered accountants, company secretaries, cost accountants and legal practitioners or any of its officers to present his or its case before the Securities Appellate Tribunal.

3.7.5 Civil Courts do not have jurisdiction to entertain any suit or proceeding in respect of any matter which SAT is empowered to determine and no injunction can be granted by any court or any other authority, in respect of any action taken or to be taken, in pursuance to any power conferred upon SAT under the SEBI Act. Any person aggrieved by any decision/order of SAT may file an appeal to Supreme Court. SAT is empowered to review its own decisions.

3.7.6 SAT started functioning in 1997 as a single member Tribunal and thereafter was reconstituted as three members Tribunal in 2003.

Mostly cases of following regulations are of SEBI filed before SAT :

- Issue of Capital and Disclosure Requirements.
- Collective Investment Schemes
- Euro Issues and other Guidelines
- Prohibition of insider Trading
- Intermediaries
- Merchant Bankers
- Stock Brokers/Sub-brokers and Stock Exchanges
- Takeover Regulations,
- Prohibition of Fraudulent and Unfair Trade Practices
- Venture Capital Funds

At present 289 appeals are pending before SAT and its breakup with time period wise is:-

Pendency of Cases

Month & Year	Total Appeals Pending	Less than 3 Months	Over 3 Months	Over 6 Months	Over 1 Year	Over 2 Years	Over 5 Years	Disposal Total	New Institution
December 2014	289	76	114	88	11	Nil	Nil	15	55

4. Financial Action Task Force (FATF) Cell

4.1 Financial Action Task Force (FATF) and Eurasian Group on Combating Money Laundering and Financing of Terrorism (EAG).

4.2 India, as a Member of FATF and EAG, participated actively in the Plenary and Working Group Meetings of these bodies held in 2014. India is committed to implement the AML/CFT standards consistent with the international standards. India is the Chair of EAG till November, 2015.

4.3 India organised the Evaluators' Training Programme at New Delhi from October 6-10, 2014 in association with the FATF and EAG Secretariats. The programme was attended by representatives from the EAG member countries and the representatives of some member countries of Asia Pacific Group on Anti Money Laundering (APG), Secretariat of the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA) besides the Indian participants.

5. Financial Stability and Development Council (FSDC) Secretariat

5.1 Financial Stability and Development Council (FSDC)

5.1.1 With a view to strengthening and institutionalizing the mechanism for maintaining financial stability, enhancing inter-regulatory coordination and promoting financial sector development, the Financial Stability and Development Council (FSDC) was set up by the Government as the apex level forum in December, 2010. The Chairman of the Council is the Finance Minister and its members include the heads of financial sector Regulators (RBI, SEBI, PFRDA, IRDA & FMC), Finance Secretary and/or Secretary, Department of Economic Affairs, Secretary, Department of Financial Services, and Chief Economic Adviser. 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.

5.1.2 During the year 2014, the Council held three meetings on 4th February 2014, 13th May 2014 and 7th June 2014. In these meetings, apart from assessment of macro-economic financial stability related issues, it has discussed issues such as External Sector Vulnerabilities and review of recent macroeconomic developments, state of Macro Economy, development of Corporate Bond Market, Implementation of recommendations of the Financial Sector Legislative Reforms Commission (FSLRC), Asset Quality, Capital Adequacy of Banks, Management & Governance issues of Public sector Banks, Impact of the Tapering off of the Quantitative Easing in the US etc. FM also holds FSDC meeting to have budget consultations with the financial sector regulators. The Council has met 11 times so far. The FSDC Secretariat in DEA provides Secretarial assistance to the Council.

5.2 FSDC Sub-Committee

5.2.1 The FSDC Sub-committee has also been set up under the chairmanship of Governor, RBI, which meets more often than the full Council. All members of the FSDC are also the members of the Sub-committee. Additionally, all four Deputy Governors of RBI and AS (Inv), DEA are also members of the Sub-Committee. During the year, the Sub-Committee held three meetings on 7th March 2014, 9th August 2014 and 11th December 2014. The Sub-committee has met 14 times so far.

5.3 Financial Stability Board (FSB)

5.3.1 FSB was established in 2009 under the aegis of G20 by bringing together the national authorities, standard setting bodies and international financial institutions. FSB's core functions are to assess vulnerabilities affecting the financial system and to identify and oversee actions needed to address them and to coordinate in developing and implementing strong regulatory, supervisory and other policies in the interest of financial stability. The FSB at present is chaired by Mark Carney, Governor of the Bank of England. Its Secretariat is located in Basel, Switzerland, and is hosted by the Bank for International Settlements (BIS).

5.3.2 India is an active Member of the FSB having three seats in its Plenary represented by Secretary (EA) of MoF, Deputy Governor-RBI and Chairman-SEBI. DEA through Secretary (EA) is also represented in two of the Standing Committees of the FSB viz. Standing Committee on Budget and Resources (SCBR) and Standing Committee on Standards Implementation (SCSI). India is also member of the FSB's Regional Consultative Group for Asia (RCGA) and is represented in the Group through Secretary (EA), DG-RBI and Chairman-SEBI.

5.3.3 Regular interaction with FSB takes place through periodic conference calls and meetings. Information is exchanged with FSB member jurisdictions frequently as per international requirements. The FSDC Secretariat of the Department of Economic Affairs coordinates with the various financial sector regulators and other relevant agencies to consolidate and share India's views with the FSB who in turn share it with the G20 which continuously monitors the working of the FSB. A peer review by FSB is scheduled to be conducted during first half of 2015.

5.4 Financial Sector Assessment Programme

5.4.1 The Financial Sector Assessment Program (FSAP) is a joint program of the International Monetary Fund and the World Bank. 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 based on the size and interconnectedness of their financial sectors, and is reviewed periodically to make sure it reflects developments in the global financial system.

5.4.2 Under the G20 summit, FSB Members have committed to pursue the maintenance of financial stability, enhance the openness and transparency of the financial sector, implement international financial standards and agree to undergo periodic peer reviews, using among other evidence, the IMF-World Bank FSAP reports and publishing the results of these assessments.

5.4.3. As a Member, India requested IMF/World Bank to conduct such a review by way of a full-fledged FSAP. Accordingly, India's FSAP was conducted during 2011-12. The IMF and World Bank's Scoping Mission visited India to conduct FSAP Update to assess and formulate recommendations related to financial stability, financial development, and the financial sector oversight framework.

5.4.4 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. The next FSAP assessment is due in 2017.

6. FINANCIAL SECTOR LEGISLATIVE REFORMS COMMISSION (FSLRC) DIVISION

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

6.2 A new Division namely, the FSLRC Division has been created to process implementation of the Report with the following mandate:

a) Firm up the views of the Government on the recommendations of the FSLRC following due consultative process with all the concerned stakeholders, Regulators/Ministries/State Governments/Union Territories/Stakeholders and public at large.

b) Implement the recommendations of the FSLRC, as will be approved by the Government.

c) All administrative and establishment matters relating to FSLRC.

6.3 Steps taken on the recommendations of the FSLRC

6.3.1 The Report was put in public domain on the website of the Ministry of Finance >http://finmin.nic.in< on 29th March 2013. The Hindi Version of the Report was placed alongside the English version on the website of the Ministry in Sept 2013, after making a translation thereof. Comments of stakeholders were invited through letters and press release. Copies of the report in English and Hindi versions were printed for distribution.

6.3.2 The Report was circulated to all the Ministries/ Departments, Governments of States/Union Territories, Parliament Library and academic and research institutions for wide publicity and comments. A dedicated e-mail >feedback-fslrc@nic.in< was created to receive online comments.

6.3.3 The report was discussed in various meetings of the Financial Stability and Development Council (FSDC) chaired by the Finance Minister and it was unanimously agreed that the financial sector regulatory agencies would implement the recommendations that can be adopted without legislative changes, and within a reasonable timeframe. The FSDC also decided on setting up of Task Forces with a project approach to lay the roadmap for the establishment of new agencies proposed by the FSLRC, such as Resolution Corporation (RC), Financial Sector Appellate Tribunal (FSAT), Public Debt Management Agency (PDMA) and Financial Data Management Centre (FDMC). FSDC also decided to create a Financial Sector Regulatory Appointment Search Committee (FSRASC) for recommending appointment of Chairpersons/ Members of financial sector regulatory agencies.

6.3.4 The financial sector regulatory agencies are implementing the governance enhancing principles for enhanced consumer protection, greater transparency in their functioning on voluntary basis. With a view to facilitating the task of the regulators and help develop a uniform rationale based understanding about the non-legislative governance enhancing principles, a detailed 'Guidance Handbook' for implementing the same was prepared and provided to the regulators. A Copy of the handbook has been placed on the website of the Ministry of Finance.

6.3.5 A Guidance Handbook on Management Information System (MIS) to measure and benchmark compliance of the governance enhancing/transparency measures recommended by the FSLRC, has been prepared and circulated to the financial sector regulators. Copy of this Handbook also, has been placed on the website of the Ministry of Finance.

6.3.6 A two day workshop was held on 8-9 May 2014 for middle and senior level officers of the Department of Financial Services (DFS) and the financial sector regulators, on implementation of the non-legislative aspects of the FSLRC recommendations, as per the Guidance Handbook. The workshop was inaugurated by the Finance Minister. For building consensus on the Draft Indian Financial Code (IFC) recommended by the FSLRC, the Department of Economic Affairs (DEA) in collaboration with Institute of Company Secretaries of India (ICSI) organized a number of small intense workshops and seminars on specific areas of the IFC. Work on fine tuning the Draft IFC with comments of stakeholders suitably incorporated to make it legally flawless was initiated.

6.3.7 Process for setting up a Financial Sector Regulatory Appointment Search Committee (FSRASC) for recommending appointments to the financial sector regulatory bodies has been initiated.

6.3.8 The intention of the Government to examine the recommendations of the FSLRC and implement the same was conveyed in the Finance Minister's Budget Speeches in 2014-15 and 2015-16. The Government is determined to bring in institutional reforms in the financial sector, based on the recommendations of the FSLRC. Following this and the decisions in the FSDC, the Government has set up four Task Forces for upgrading the existing Securities Appellate Tribunal (SAT) to FSAT and for establishing new agencies namely, the RC, the PDMA and the FDMC on 30th Sept 2014. The work of the Task Forces is in progress. The target date for completion is 30.9.2015. The Forwards Markets Commission (FMC) and the Securities and Exchange Board of India (SEBI) merger has been included in the Finance Bill 2015-16.

6.3.9 Going forward, the Government intends to concretize the institutional structures through task forces on RC, FSAT, FDMC and PDMA, by processing legislative aspects of the FSLRC recommendations, coordinating the work of different agencies/regulators for their smooth integration in tune with modern requirements, managing technical programs for capacity building and strengthening the Management Information System (MIS).

6.3.10 The Terms of Reference (ToRs) for setting up the Financial Redressal Agency (FRA) have been framed and sent to the financial sector regulators for comments on 17th Feb 2015. Decision to set up a Task Force to set up a sector-neutral FRA has been announced in the Budget Speech of the Finance Minister on 28.2.2015. It is proposed to set up the Task Force by April 2015. The work of the Task Force is proposed to be completed by February 2016.

6.3.11 A Bill for creating the Public Debt Management Agency and necessary amendments to the Reserve Bank of India Act (RBI) 1934 has been introduced in the Lok Sabha on 28th Feb 2015 in Chapters VII and IX (Part I) of the Finance Bill 2015-16 respectively.

6.3.12 A Monetary Policy Framework Agreement between the Government and the RBI has been signed on 20.2.2015, providing for flexible inflation targeting.

6.3.13 The Draft law- Indian Financial Code recommended by the FSLRC is being fine tuned on the basis of comments of stakeholders. The full legislative agenda of complete revamping of the institutional structure will be moved in Parliament sooner than later. Efforts are being made to introduce the Bill in Parliament in the Winter Session of 2015.

6.4. Bankruptcy Law Reforms

6.4.1 A Committee has been set up for recommending an entrepreneur friendly legal bankruptcy framework. The mandate of the Committee is to study the corporate bankruptcy legal framework in India, including preventive measures for early detection and resolution of financial distress, and liquidation procedure for all companies. An Interim Report has been submitted by the Committee on 5th February 2015. A Final Report with a Bankruptcy Code will be submitted in early 2016.

7. COMMODITY DERIVATIVES MARKETS DIVISION

7.1 Organization of Forward Contracts/ Commodity Derivative related work in the DEA subsequent to its transfer from the Department of Consumer Affairs vide Cabinet Secretariat Notification dated 05.09.2013:

7.1.1 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 Division has been set up in the Department with Adviser (CD) as the head of division to assume the transferred mandate. Ever since, a number of activities have been undertaken with regard to the transferred work.

7.2 Strengthening of FMC

7.2.1 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.

7.3 Strengthening of Commodity Future Markets:

In the Budget speech of the Finance Minister, 2015 it is proposed to merge the Forwards Markets Commission with SEBI to strengthen regulation of commodity forward markets and reduce wild speculation. Enabling legislation, amending the Government Securities Act and the RBI Act is proposed in the Finance Bill, 2015.

7.4 NSEL payment Crisis

7.4.1 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.

7.4.2 Periodic meetings under the chairmanship of Secretary (EA) as well as Additional Secretary (Investment) have been held to review the action taken on the Report of the Special Team of Secretaries. The Hon'ble MOS (Finance) also held a meeting with Hon'ble Home Minister and officials of Govt. of Maharashtra to expedite the matter. Certain decisions were taken to expedite follow up actions on the recommendations of the STS. Exemption granted to NSEL, NCDEX Spot Exchange and National APMC under Section 27 of FCR Act, 1952 in respect of Forward Contracts of one day duration for the sale and purchase of commodities have been withdrawn vide Notification dated 19.09.2014.

7.5 Budget and Annual Plan

7.5.1 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, Rs.50.00 Crores have been approved for the year 2014-2015 from Rs.14.58 Crores in 2013-14 for the FMC.

7.6 Appointment of New Chairman

7.6.1 Though the Department of Economic Affairs processed the appointment of new Chairman, Forward Markets Commission, on account of the proposed merger of FMC with SEBI the proposal has been called off. Accordingly, the tenure of incumbent Chairman, Sh. Ramesh Abhishek has been extended for a period of three months beyond 08.01.2015 or until the appointment of the new incumbent or until further orders, whichever is earliest.

7.7 FORWARD MARKETS COMMISSION:

7.7.1 Functions and working of Organization

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

7.6.1.2 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 Chairman, Mr. Ramesh Abhishek and Dr. M. Mathisekaran & Mr. Nagendraa Parakh as Members of the Commission.

7.7 Plan Scheme- "Strengthening of Forward Markets Commission"

7.7.1 The component wise physical achievements under Plan Scheme-"Strengthening of Forward Markets Commission" 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 future prices

Physical achievements (From 1st January 2014 to 31st December 2014)

Awareness Programmes	Capacity Building programmes	Stakeholders Consultations	Inspection of books of accounts
1309(67 in NER)	102(90 Gen + 12 NER)	19	295

7.8. Initiatives of the Forward Markets Commission (From 1st January 2014 to 27th March, 2015)

- The Commission on 15th January 2014 directed the Exchanges that they may exempt the market participants, who have deposited certified goods against all the relevant futures contracts sold and earmarked for delivery, to the Exchange accredited warehouse, from paying initial, additional and special margins. Such participants will continue to remain exempted from payment of delivery margins.

- The Commission on 12th March, 2014 directed the Exchanges that acceptance of cash by itself shall not constitute any trade abuse and acceptance of cash by members from their clients for commodity futures trading shall be guided only by the relevant provisions of the Income-Tax Act, Prevention of Money Laundering Act and any other law in force in this regard.

- To bring in greater efficiencies and lower transaction costs to market participants, the Commission decided that the Exchanges can levy different transaction charges for different commodities' contracts and even in the case of contracts of the same commodity.

- The Commission issued a circular on **short/non-reporting of margins**, wherein the time window has been specified for margin collection along with penalty structure for short/non-collection of margins. This has helped the Commission in regularly monitoring the collection of margins by members and has also provided a reasonable time to members for collection of margins from their clients.

- The Commission **permitted evening trade in 10 agricultural commodities contracts** which have international dimensions. This has helped the physical market players to hedge their price risks better in the evening hours as price movement in the international markets have strong co-relation with the domestic market prices.
- The Commission also decided to **stop trading on Saturdays** to give the market participants sufficient time to do their back office operations.
- On 17.1.2014, the Commission **approved 82 liquid contracts on a continuous basis** to the Exchanges as compared to the earlier practice of giving approval on yearly basis. This has resulted in stability and confidence in the market participants.
- The Commission has approved **trading in delivery-based forward contracts** on the Exchange platform. This is for the first time such trades are being allowed in National Exchanges. This will facilitate participation of physical market players and much better price discovery in futures market through reducing the cost of intermediation and enhancing efficiency in the supply chain.
- The Commission has allowed National Exchanges on 17.10.2014, **to modify themselves most contract specifications of futures contracts.** This will enable national Exchanges to respond swiftly to market requirements.
- The Commission issued **Revised Shareholding Norms** on 6th May, 2014 for National Commodity Exchanges. The highlight of these Norms is that the concept of Anchor Investor has been removed to preempt the disproportionate role of one shareholder in the affairs of the Exchange. These are also in alignment with SEBI's guidelines on stock exchanges .This is a critical initiative taken to strengthen the integrity of financial market infrastructure of the exchange.
- The Commission also **strengthened the corporate governance guidelines of the Board of Directors** by strengthening the role of Independent Directors in the Board by issuing Revised Norms in this regard on 11th June, 2014, which are also in alignment with provisions in the securities markets.
- In order to encourage **greater hedger participation**, the Commission has written to RBI, requesting them to permit banks to stipulate that their borrowers should hedge their commodity price risk by using the commodity futures platform. The Commission has taken up the matter with SEBI regarding disclosure by all listed companies of their commodity risk exposure and their risk mitigation strategies. The Commission has also written to RBI for permitting foreign entities to participate as hedgers in the commodity futures markets. These issues were also discussed during the meeting of the FSDC- Sub-Committee.
- The Commission has prescribed **Norms regarding Net Worth, Corporate Governance, etc for Warehouse Service Providers** for accreditation with the National Multi Commodity Exchanges. This measure would ensure that only well-capitalized warehouse service providers provide services to the Exchanges.
- The Commission **has revised the policy regarding position limits.** Position limits are to be linked to estimated production and imports, member level position limit shall be 10 times of client level position limit. For ensuring transparency, Exchanges have been directed to disclose top 10 clients in order of their open interest. This measure will improve participation and as a result, the quality of price discovery in the market. The numerical position limits at the client level have been revised for 18 commodities. These numerical position limits shall be revised after six months based on the advance estimates of production.
- For Common/Uniform client registration form/ process, the Commission issued a circular on 2.4.2014 providing for **e-KYC, launched by UIDAI, as a valid process for KYC verification.**
- In order to overcome the operational difficulties encountered by the trading members, the Commission on 17.10.2014, **amended the guidelines pertaining to Quarterly settlement of accounts** to provide for the members to settle accounts of clients every six months and members not requiring to refund amounts less than Rs 50,000/- to their clients for the purpose of settlement.
- The Commission on 13th March, 2014 directed the National Exchanges to make amendments in the KYC Document that declaration to obtain Electronic Contract Note (ECN) once given, need not be renewed every year.
- As per the FSLRC's recommendations for further enhancement of consumer protection in the financial markets, the Commission on 28th March, 2014 has directed the Exchanges to adopt the amendments to the Annexure 3 of KYC document "Rights and obligations of members, authorized persons and clients".
- To bring in greater transparency, minimize paper work, and save time for new clients, the Commission has issued on 24.12.2014 **Revised Guidelines on issue of Electronic Contract Notes (ECN)** which include provisions on the use of digital signatures as provided in the Information Technology (IT) Act 2000. The acknowledgement and proof of delivery of ECNs shall be retained by the member in a soft and non-tamperable form. However, the member shall continue to send the contract notes in physical form to those clients who do not opt to receive them in electronic form. In order to enable the clients to access ECNs posted in the designated website in a secured way, the member will allot a unique user name and password.
- **To avoid multiple audits of members of Exchanges**, the Commission decided on 23.4.2014 that members registered with more than one Commodity Exchange may be audited by only one of the exchanges during the same financial year.
- To improve the **transparency of spot price polling process,** the Commission on 10.12.2014, has directed all the Commodity Exchanges to display the polled price collected from participants and spot price polling mechanism for every contract, prominently on their website.

- Since the Commission received representations that the existing procedure for surrender of membership is cumbersome and time consuming, in order to improve ease of doing business, the Commission on 31.12.2014, **revised the procedure for surrender of membership** according to which the exchange has to process the surrender cases within six months from the date of request of surrender of membership from the member.
- The Commission on 15.1.2014 has directed the Regional/Commodity Specific Exchanges to follow the list of holidays declared under the Negotiable Instruments Act 1881 and the local holidays declared by State /Central Government organizations as **trading holidays** under intimation to the Commission. Thus regional exchanges do not have to approach the Commission every year for approval of trading holidays.
- The Commission had observed abnormal volatility in prices and build up of Open Interest (OI) in Castor seed and Coriander contracts traded at National Commodity & Derivatives Exchange Ltd (NCDEX) platform. Directions were issued by the Commission to the exchange to advance the staggered delivery in these commodities with effect from 29-12-2014 instead of 11th January, 2015 and pre expiry margins were imposed with effect from 26-12-2014, in a progressive and linear manner every day so that buyers and sellers pay cumulative margins equal to 100% of the value of the contract as margin on the contract expiry date.

  As a result of the above directions, Castor seed and Coriander stocks deposited at the exchange accredited warehouses and delivery executed on the Exchange platform in terms of quantity and value increased substantially. Castor seed stocks which were 2.05 lakh MTs on 19th December, 2014 increased to 4.30 lakh MT (Valued at approx. Rs 2100 Crores) as on 19th January, 2015 which is the highest ever stock deposited at the exchange accredited warehouses. Delivery of 2.03 lakh MTs (valued at Rs 947.95 Crores) was executed in Castor seed January contract at NCDEX. This is the highest ever recorded delivery executed in any agri-commodity on the Exchange platform in terms of quantity and value. Similarly, Coriander stocks were at 6923 MTs as on 19th December, 2014 which increased to 10858 MTs as on 19th January 2015. Delivery of 8230 MT (valued at Rs 94.98 Crores) was executed in Coriander January contract at NCDEX.
- The Commission on 30th January 2015, granted approval to NMCE, Ahmedabad for the auction based NTSD and TSD Forward contracts for the year 2015 in the 23 commodities viz Rubber, Castor Seed, Chana, Isabgul, Jute, Sacking, Copra, Pepper, Coffee, Rapeseed, Cardamom, Tea, Sugar, Guar Seed, Guar Gum, Onion, Jeera, Ginger, Garlic, Potato, Wheat, Soya Bean and Cotton. Members are allowed to switch their 'Unused Collateral/Deposits' between the Futures and Forwards either partially/ fully. Initial Margin is also allowed to be submitted in the form of cash/ non-cash collateral/ EMD.
- The Commission monitors the day-to-day trading developments that take place in the national exchanges and for this, calls for information in the prescribed formats. The Commission has reviewed the earlier formats and re-designed 5 new formats and asked the Exchanges to forward the information about the trading details in new formats on T+1 basis. The formats are designed in such a way that it would give full picture of trading that has taken place at micro level, and facilitate the day to day regulation. These formats are received online and have added to 'Ease of doing business'.
- The Commission on 26th February, 2015 issued a circular making KYC form of the Commodity Derivatives Market identical to that prescribed by the Securities and Exchange Board of India (SEBI) for the securities market. This has been done to enable uniform KYC registration process in the two markets to make it easier for clients to register for trading and to avoid duplication of paper work with various intermediaries.
- The Commission on 20th February, 2015 amended the Guidelines for Investor Protection Fund, (IPF) deleting the provision of nomination of an official of FMC as a trustee in IPF as the IPFs created by the Exchanges have been functioning smoothly since these were set up over 2 years back.
- The Commission, on 5th January 2015 permitted NCDEX to trade in Forward Contracts, viz., Non-transferable Specific Delivery (NTSD) and Transferable Specific Delivery (TSD) at Fixed Price in Urad, Tur, Yellow Peas, Yellow Soyabean meal (Domestic), Pepper, RBD Palmolein and Bajra.
- The Commission on 4th February 2015 permitted NCDEX to trade in Forward contracts viz. Non-transferable Specific Delivery (NTSD) and Transferable Specific Delivery (TSD) at Fixed Price in Gold and Silver.
- The Commission vide its letters dated 26th February, 2015 approved the proposals received from Reliance Mutual Fund and Axis Mutual Fund for acquisition up to 5 % of equity share capital of MCX, subject to the condition that, the companies will file declarations within fifteen days from the end of every financial year to MCX that the companies comply with the fit and proper criteria as mentioned in clause 8(6) of the Revised Norms dated 6th May, 2014, issued by the Commission.
- The Commission vide its letter dated 20th February, 2015 has directed UCX to refund trade margin money (TMC) to all the registered members without delay. However, in the case of members / brokers with regard to whom certain adverse observations have been made in the forensic audit report, refund may be done only after scrutiny and approval of the Board.
- In view of the violations of the provisions of the FCR Act, 1952 committed by NSEL, its Board of Director, Key Management Personnel, Management & Others, the Commission has vide its letter dated 16.1.2015, written to the Economic Offences Wing (EOW) to take appropriate legal action against NSEL u/s 21 and other appropriate provisions of FCRA.

FORWARD MARKETS COMMISSION
GOVERNMENT OF INDIA
MUMBAI

Plan

Sr. No.	Head of Account	Actual Expenditure from 01.01.2014 to 27.03.2015
1	Domestic Travel Expenses	51,56,626
2	Foreign Travel Expenses	36,00,711
3	Office Expenses	60,22,155
4	Rent Rate and Taxes	0
5	Other Administrative Expenses	2,99,616
6	Advertising and Publicity	4,88,56,297
7	Professional Services	2,34,87,585
8	Grants-in-aid	8,57,629
9	Grants for creation of capital assets	26,58,973
10	IOSCO	34,65,000
11	Other Charges	1,76,19,904
12	Office Expenses-IT	98,49,969
13	Professional Services-IT	0
	TOTAL	12,18,74,465

FORWARD MARKETS COMMISSION
GOVERNMENT OF INDIA
MUMBAI

Non Plan

Sr. No.	Head of Account	Actual Expenditure from 01.01.2014 to 27.03.2015
1	Salaries	6,70,83,431
2	Overtime Allowance	0
3	Medical Treatment	4,91,427
4	Domestic Travel Expenses	11,15,500
5	Foreign Travel Expenses	26,898
6	Office Expenses	88,20,250
7	Professional Services	31,37,616
8	Secret Service Expenditure	15,000
9	Office Expenses-IT	12,90,537
	TOTAL	8,19,80,659

Annexure-I

Representation of SCs, STs and OBCs

Group	Number of Employees				Number of appointments made during the previous calendar year (2014)									
					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	50+1*	4	1	1	0	0	0	0	0	0	0	2	1	1
Group B	19	1	0	4	0	0	0	0	3	0	0	0	0	0
Group C	47	4	0	2	0	0	0	0	3	0	0	0	0	0
Group D (Excluding Safai Karancharis)	13	2	1	0	0	0	0	0	0	0	0	0	0	0
Group D (Safai Karancharis)	02	0	0	1	0	0	0	0	0	0	0	0	0	0
TOTAL	131+1*	11	2	8	0	0	0	0	6	0	0	0	0	0

Annexure-II

FORWARD MARKETS COMMISSION, MUMBAI

REPRESENTATION OF SCs, STs, and OBCs (2014)

Group	Number of Employees				DIRECT RECRUITMENT							PROMOTION						
					No. of Vacancies reserved			No. of Appointment Made				No. of Vacancies reserved			No. of Appointment 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	50+1*	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Group B	19	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Group C	47	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Group D (Excluding Safai Karamcharis)	13	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Group D (Safai Karamcharis)	02	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

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 Orthopedically Handicapped (person suffering from locomotor disability or cerebral palsy)

8. INFRASTRUCTURE AND ENERGY DIVISION

The Division is headed by Joint Secretary. The Division has four sections/ policy cell which are headed by respective Director/ Joint Directors

8.1 INFRASTRUCTURE FINANCE SECTION:

8.1.1 Infrastructure Finance 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 investment in infrastructure sectors. The section deals with:

- Policy matters relating to Infrastructure Debt Funds (IDFs), Real Estate Investment Trusts (REITs)/ Infrastructure Investment Trusts (InvITs), Tax Free Bonds, Municipal Bonds and other instruments meant for infrastructure financing, including Model Tripartite Agreements (MTAs) for take-out financing of PPP projects by IDF-NBFCs.
- All international interface on infrastructure financing (other than PPPs).
- External charge- Bahrain, Oman, Saudi Arabia, Qatar, Kuwait, UAE, Yemen, Israel, Jordan and Lebanon.
- Matters relating to Infrastructure and Investment Working Group (IIWG) of G-20.
- India-Saudi Joint Investment Fund, Indo-Israeli R & D Fund.
- Examination of proposals in the related sectors requiring the approval of EFC/PIB/CCEA/COS/CCI for their viability and justification.
- All policy matters relating to Project Monitoring Group (PMG)/Cabinet Committee on Investment (CCI).
- India Saudi Arabia Joint Commission for Technical and Economic Cooperation.
- Matters relating to meetings of Board of Directors of ONGC-Videsh Limited (OVL), India Infrastructure Finance Company Limited (IIFCL) and Indian Railways Finance Corporation (IRFC) as Government nominee on the Board of Directors.
- Examination of proposals in related sectors requiring the approval of EFC/PIB/CCEA/COS/CCI for their viability and justification.
- Coordination for Infrastructure Division

8.1.2 A summary of the major policy initiatives/reform measures taken **during 2014-15** and dealt with by the Section are as under:

- **Real Estate Investment Trusts (REITs)/ Infrastructure Investment Trust (InvITs) -** Government has announced REITs and InVITs – innovative financing instruments for financing real estate and infrastructure projects. REITs have been successfully used as instruments for pooling of investments in several countries. InvITs seeks to facilitate similar structure for infrastructure projects. This will allow original equity investor to exit their investments which is expected to give a fillip to both, cash strapped real estate projects and infrastructure projects. Guidelines/ Regulations were issued by SEBI in September, 2014.

- **Municipal Borrowing-** Draft Disclosure guidelines/ framework for issuance of Municipal Bonds in India.
- **Signing of Memorandum of Understanding (MoU) with US Department of Commerce, on Infrastructure Collaboration Platform:** As a follow up to the Joint Statement by the Prime Minister of India and the President of United States of America in September, 2014, a Memorandum of Understanding (MoU) was signed between Department of Economic Affairs, Ministry of Finance, Government of India and Department of Commerce, United States of America for setting up a Infrastructure Collaboration Platform, on 17.11.2014.
- Model Tripartite Agreement (MTA), for take-out financing of PPP projects in Ports Sector, by IDF-NBFCs was notified on 30.04.2014, pursuant to the approval of the Competent Authority.
- **Financing Infrastructure in G-20 Disclosure:** India is a member of the G-20 Investment and Infrastructure Working Group (IIWG). More than 150 non-papers have been analyzed under IIWG, Development Working Group (DWG) and SAARC Meetings. Based on inputs from India, the following deliverables have been decided in the Brisbane Summit:

Ø **Global Infrastructure Initiative (GII)**: Brisbane Summit announced the GII (a multi-year work programme to boost quality public and private infrastructure investment) in Nov 2014, in line with India's suggestion that knowledge-sharing exercises should be taken up between member countries.

Ø **Voluntary Leading Practices on project prioritization and preparation**: Brisbane Summit agreed on a set of voluntary leading practices to promote and prioritize quality investment, particularly in infrastructure.

Ø **Reforms to improve investment climate**: Turkish Presidency has agreed to focus on India's suggestion to develop country-wise strategies to boost investment, especially in Infrastructure, between member countries.

8.1.3 Financial Dialogues/Investor Road Shows/ Bilateral Engagements:

a) First Meeting of Indo-Israel Joint Working Group on R&D, Tel Aviv (21st January, 2014).

b) 10th Indo-Saudi Joint Commission Meeting, Riyadh (27-28 January, 2014).

c) Meeting with High Level Delegation from Qatar, New Delhi (25-26 March, 2014).

d) Meeting between US Department of Commerce and Indian Infrastructure Ministries, through the Infrastructure Collaboration Platform, New Delhi (17.11.2014)

8.2 ENERGY CELL

8.2.1 Energy Cell is part of the Infrastructure and Energy Division of Department of Economic Affairs, Ministry of Finance, which is headed by a Joint Director and supported by a Under Secretary and Section Officer.

8.2.2 The **major functions** of Energy Cell, inter alia, include the following:

✓ All policy related issues pertaining to energy sector viz. Petroleum and Natural Gas, Coal, Atomic Energy and Renewable Energy;

✓ Examination of the investment proposals in energy sector requiring the approval of Cabinet/CCI/CCEA/ CoS/PIB/EFC for their viability and justification;

✓ Matters relating to Bhopal Gas leak Disaster and Energy coordination Committee;

✓ Appraisal of Oil Economy Budget- foreign exchange budgets for import of crude oil and petroleum product and all connected and consequential work;

✓ Examination of proposals for grant of viability gap funding under the National Clean Energy Fund (NCEF);

✓ Matters relating to OPEC Fund for International Development (OFID);

✓ Matters related to Committee on Allocation of Natural Resources (CANR).

8.2.3 Energy Cell is the Secretariat of the Monitoring Committee (MC) set up to review the implementation status of the recommendations of the Committee on Allocation of Natural Resources (CANR):

a. On the directions of the Group of Ministers (GoM), a Committee on Allocation of Natural Resources (CANR) under the Chairmanship of Shri Ashok Chawla, formerly Finance Secretary was constituted by the Cabinet Secretariat in 2011. The CANR in its Report submitted on 31st May 2011, gave 81 recommendations covering eight natural resources viz. coal, minerals, petroleum, natural gas, spectrum, forests, land and water.

b. The Group of Minister (GoM) while accepted 66 recommendations as it is and 3 recommendations with reformulations, rejected 1 recommendation and 11 recommendations were pending with the directions that DEA would finalize these in consultation with concerned Ministries/ Departments. In the interim, Cabinet Secretariat in July 2012 had constituted a Monitoring Committee (MC) to review the status of implementation of accepted recommendations of the CANR under the Chairmanship of Cabinet Secretary.

c. The MC had met thrice and in its third meeting held on 24th July 2014 reviewed the implementation progress in respect of the 69 accepted recommendations, finalization of 11 pending recommendations and setting up timeline for implementation of recommendations by individual Ministries/Departments. A decision was also taken on making the information on implementation of CANR available in the public domain. It was also decided that a Note detailing the status of recommendations of CANR may be drafted by DEA for information of the Cabinet before such information is made public. Accordingly, the draft Note for information of the Cabinet is under finalization with due inter-ministerial consultation.

8.2.4 During April-December 2014, 25 proposals/notes from the line Ministries/Departments for consideration of the Cabinet/CCEA have been examined and comments were furnished.

8.2.5 Ministry of Finance, subsequent to the Budget Anouncement 2010, had set up **National Clean Energy Fund (NCEF)** under which porjects/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 2014-15, 6 projects/proposals with total cost amounting to Rs. 13,687.93 crores involving with Viability Gap Funding (VGF) grant of Rs. 3951.69 crores for financing under the National Clean Energy Fund (NCEF) Scheme were examined for consideration of the Inter Ministerial Group (IMG).

8.3 PUBLIC PRIVATE PARTNERSHIPS (PPP) CELL

8.3.1 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.

8.3.2 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 meetings of PPPAC and Empowered Committee are held under the chairmanship of Secretary, Economic Affairs. Besides, the PPP Cell is also responsible for matters concerning Public Private Partnerships, including policy, scheme, programmes and capacity building.

8.3.3 PUBLIC PRIVATE PARTNERSHIP AAPPROVAL COMMITTEE (PPPAC) :

8.3.3.1 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 to consider and approve the proposals of Central Sector PPP Projects.

PPPAC Summary is as under:

	No of Projects	TPC (Rs. in crore)
From Inception (January 2006)	282	3,17,390.87
2014-15 (upto Dec 2014)	10	16,719.24

8.3.4 Viability Gap Funding (VGF) Scheme for PPP projects

8.3.4.1 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 'Scheme for Financial Support to PPPs in Infrastructure {Viability Gap Funding (VGF) Scheme}' provides VGF support to PPP projects up to 20 per cent of the Total Project Cost (TPC) of the project. Project Authority/State government may provide additional support of upto 20 per cent of the TPC. Proposals requiring VGF support from Government of India upto 100 crore is considered/ sanctioned by Empower Institution chaired by Additional Secretary, Department of Economic Affairs. Proposals upto Rs.200 crore are considered/approved by the Empowered Committee (EC) chaired by Secretary, Department of Economic Affairs and amount exceeding Rs. 200 crore are sanctioned by the EC with the approval of the Finance Minister. VGF Summary is as under:

	In-principle Approval			Final Approval		
	No of Projects	TPC (Rs. in crore)	VGF Approved (Rs. in crore)	No of Projects	TPC (Rs. in crore)	VGF Approved (Rs. in crore)
From Inception	182	94,888.57	16,731.55	47	30,676.96	5,116.85
2014-15 (Up to Dec 2014)	6	7329.59	65.48	4	2866.05	511.68

8.3.4.2 There are 15 different Sectors eligible for VGF grant under the Scheme for Financial Support to PPPs in Infrastructure (VGF Scheme).

8.3.5 India Infrastructure Project Development Fund (IIPDF):

8.3.5.1 Lack of credible projects on offer to private investors has been identified as one of the major constraints in promoting PPPs. Therefore to provide financial support to fund potential PPP project's project development expenses including costs of engaging consultants and Transaction Advisor; thus increasing the quality of successful PPPs and allowing informed decision making by the Government based on good quality feasibility reports, a corpus Fund titled ***'India***

Infrastructure Project Development Fund' (IIPDF) has been set up. The IIPDF supports up to 75 % of the project development expenses. Two projects have been approved in the 2014-15 upto December 2014, under the IIPDF scheme.

8.3.6 3P India:

8.3.6.1 An institution to provide support to mainstreaming PPPs called 3P India with a corpus of Rs. 500 crores, was announced in the Budget Speech for 2014-15. Work for establishing the institution is in progress.

8.3.7 Public Private Partnerships Pilot Initiatives:

8.3.7.1 The Department of Economic Affairs is supporting Central Ministries, State Governments and Urban Local Bodies in structuring PPP Projects in challenging sectors. The object of the initiative is to develop robust PPP projects and successfully bid them to establish their replication potential in the sectors concerned. The 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. The projects/sectors are:

i. **Lonavala Water Supply Project for 24 by 7 Supply**

ii. **Mumbai Solid Waste Management (MSW) and Waste to Energy (WTE) project**

iii. **A controlled Atmosphere (CA) Based Storage Value Chain**

iv. **Food Storage Sector_ Developing Food Silos in PPP**

v. **Siarmal Opencast Coalfield Project**

vi. **PURA (Provision of Urban Amenities in Rural Areas)**

vii. **Health**

viii. **Education**

8.3.8 Knowledge Resources

8.3.8.1 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:

- Green book for the Health Sector: DEA has developed a Green book for the Health Sector incorporating contract provisions and guidelines as a reference for healthcare PPP contracts in India for 7 asset classes.
- 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. 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. The website pppinindiadatabase.com has been redesigned as a database for all infrastructure projects and is called Infrastructureindia.gov.in which is live and web enabled repository of information on infrastructure projects including PPPs.

8.4 INFRASTRUCTURE SECTION

8.4.1 Infrastructure Section is headed by Director (Infra), who is assisted by Deputy Director (Infra) and Section Officer (Infra). 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.
- Policy matters related to Public Private Partnership (PPPs).
- 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.

8.4.2 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 Infrastructure Section during the year 2013 is at **Annexure-I**.

8.4.3 Some Highlights of the major issues dealt in the Infra Section during 2014-15 are at **Annexure-II.**

Annex-I

Cabinet Notes analyzed in Infra Section during 2014-15.

1. Institutional Framework for fostering Regional connectivity- widening upgradation of Highways along the National Borders.
2. Amendment to the Merchant Shipping Act, 1958 and notification of the Maritime Labour Connection, 2006 of the ILO.
3. 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 Govt.
4. Integration of Border Roads Development Board Secretariat with Ministry of Defence.
5. Creation of the circle offices of Metro Railway Safety (CMRS) in the Commission of Railway Safety under the Ministry of Civil Aviation.
6. Air Services Agreement between India and Namibia.
7. Easing Financing/ Banking norms for the Power Projects.
8. Review of eligibility criteria of scheduled carriers for operating on international routes.
9. Signing of Air Services Agreement between India and Sri Lanka.
10. New BG Rail Line between Jaigarh Port and Digni Station through Joint Venture.
11. Improving utilization of gas based generation capacity.
12. For approval of revised cost estimate and financing & implementation plan of Eastern & Western DFC Project.
13. Waiver of penal interest on GoI loans availed by Cochin Port Trust and its Management and Functioning.
14. Amendment to Electricity Tariff Policy.
15. Annual maintenance of residential, non-residential buildings and services in New Moti Bagh GPRA Complex and carrying out any additional minor capital works - Approval to incur expenses out of surplus fund in escrow account.
16. Treating Spectrum as Tangible Security.
17. Approval for JNNURM Phase-II and extension of time by one year for completion of projects and reform under UIG and UIDSSMT of current phase of JNNURM.
18. Revised agreement between GoI and Government of Republic of Korea for the avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income.
19. Licensing of Land in possession of NTPC (NTPC's own acquired Land (not in possession of NTPC) to HNPCL on commercial terms for construction of HNPCL's railway siding connecting HNPCL Power Plant parallel to NTPC simhadrs Railway siding.
20. Financial support to BSNL and MTNL.
21. Forest Diversion proposals of thermal power projects.
22. Treating inter-state transmission projects developed under Tariff-based Competitive Bidding route as "Deemed Central Projects".
23. Amendment to the Electricity Act, 2003.
24. Transfer of ownership of 288.74 acres of land in possession of Indian Air Force at Nagpur Civil Airport to AAI.
25. Increasing the standard of infrastructure maintenance by quality based tendering system.
26. Creation of Air Navigation Services Corp. of India (ANSCI) by hiving off Air Navigation Services from AAI.
27. Inter-Governmental Agreement between India and USA and implementation of common Reporting standards for Automatic Exchange of Info on tax matters.
28. Setting up of a Regulator/ Authority under section 3(3) of the Environment (Protection) Act, 1986.
29. Adoption of National Competition Policy.
30. Granting of Market Economy Status (MES) to the Republic of Belarus.
31. Honouring of Concession Agreement of Hyderabad Airport – Tariff Determination.
32. Promulgation of ordinance amending sub-section (8) of section 5 of TRAI Act.
33. Handing over of 28.10 Acres of AAI land to the State Govt. of Tripura (for rehabilitation) in lieu of taking over of 90.12 acres of land from the State Government –Reg. Development of Agartala Airport.

34. Haj-2014 operations
35. Proposal for introducing official Amendments to the Merchant shipping (second Amendment) Bill, 2013 incorporating the recommendations of the Department Related parliamentary standing committee and for notification of the Maritime Labour convention 2006 of the International Labour organization (120) after amendment of the bill.
36. Transfer of defence land to the NHAI/MoRT&H for the purpose of Building, Maintenance, Management and operation of NH.
37. Leasing of Airports Authority of India land at various airports to Indian coast guard and Indian Navy.
38. Proposal to introduce the payment and settlement systems (Amendment) Bill, 2014 in Parliament.
39. Swapping of SoS village land admeasuring 2397 sqm with equivalent airport land admeasuring 2397sqm for construction of hangers at LGBI Airport, Guwahati.
40. Extension of lease Agreement in respect of land at CSI Airport, Mumbai between M/s Hotel Leela Venture Ltd. (M/s HLV) and AAI.
41. USoF supported scheme to provide services in Areas affected by left wing extension.
42. Setting up transport logistics corporation of India.
43. Request for selecting and announcing Ramanagara district as one of the location to set up a smart city in Karnataka.
44. Signing of air services agreement between India and Namibia.
45. Carriage by Air (Amendment Bill, 2014) for Amendment to the carriage by Air Act, 1972.
46. Right to services and grievances redress bill, 2014.
47. Framework of cooperation between the Ministry of Road Transport and Highways of the republic of India and the Ministry of Land, Infrastructure and Transport of the Republic of Korea in the field of Road Transport & Highways.
48. Exchange/swapping of AAI land (out of the land demised to M/s. MIAL) measuring 28459 m with equivalent land of M/s sears Construction Pvt. Ltd. (a Private Party) for the proposed construction of down ramp of elevated road at CSIA, Mumbai.
49. Revised guidelines for establishing Joint venture companies by Defence Public Sector undertaking and ordinance factory board.
50. Comprehensive Telecom Plan for North Eastern Region (NER)
51. Amendment to the National Highways Act, 1956.
52. Transfer of additional 47.20 hectares of JNPT land to Government of Maharashtra for allotment to the Project affects persons (PAPs) of JNPT.
53. Draft Merchant shipping (Amendment) Bill 2014 for amending the Merchant shipping Act, 1958.
54. Proposal for enactment of a central legislation to declare Lakhipur- Banga stretch of River Bank as a National Waterways.
55. Proposed for introducing of Merchant Shipping (Amendment) Bill 2014 and accession to the International convention for the control and management of ships Ballast water and sediments, 2004 of International Maritime organization, subsequent to enactment of Bill.
56. Monitization of AI properties sale of plot of land at Pankaj Mills Road, Coimbatore.
57. Ratification of 120 convention No. 185 on the Seafarers Identify document (SID).
58. Policy measures for promotion of Indian ship- Building and Ship-Repair Industry.
59. Allotment of land to the Government of Gujarat for construction of second State Guest House in Delhi.
60. SAARC Motor Vehicle Agreement for the regulation of passenger and cargo vehicular traffic amongst SAARC Members states.
61. Guidelines for allocation of power from central sector generating stations including from Ultra Mega Power Plants to States/UTs.
62. Promulgation of Defence Band and Defence Interest Zone.

8.4.4 CCEA NOTES

1 Restricting Ministries/ Department/ PSUs of the Central Govt. from asking for land in exchange for land in exchange for land required for implementation of Metro Rail Projects.

2 Reimbursement of costs incurred by Dredging Corporation of India Ltd. (DCI) in connection with execution of dredging works at Sethusumundarm Ship Channel Project (SSCP) in the amount received by it to the extent of Rs. 308.97 crores.

3 Proposed Development of road corridor components in the state of West Bengal on sub-Regional Road connectivity among Bangladesh, Bhutan, India and Nepal under the loan assistance from ADB.

4 Disinvestment on Container Corporation of India (CoNCOR).

5 Financial support to MTNL an account of liability arising levy of minimum alternative tax (MAT).

6 Scheme for creation of NoFN for Broadband connectivity to Panchayats - Revision of execution strategy, project execution period, phasing of the project and revision of Project cost.

7 Implementation of reforms by the states under urban infrastructure and governance (UIG) such mission of the JNNURM and release of with held amount of 10% Additional Central Assistance (ACA).

8 Coal linkages to power projects which are already commissioned are to be commissioned in future.

9 Abolition of Empowered Committee on Mass Rapid Transit system.

8.4.5 CCI Notes analysed in Infra Section during the year 2014-15.

1 CCI Note for approval of RCE and financing and implementation plan for Eastern and Western dedicated flight corridor projects

Annexure-II

Other important issues considered in Infra Section during Jan 2014- December 2014

1. EFC seeking approval of the original estimate for the work-widening and strengthening in km 173 to 205 and km 221 to 232 of NH-60 in West Bengal under EPC mode contract.
2. EFC Memo on development of land at Ghitorni, Delhi for construction of Residential and office/commercial accommodation
3. SFC Memo for upgradation of Ludhina Talwndni Bhai Section of NH-95 State of Punjab on EPC mode.
4. EFC on formation of National Industrial Corridor Development Authority (NICDA) for integrated and coordinated Development of Industrial Corridors.
5. EFC Memo on improvement/augmentation of two laning with paved shoulders of Nagapatinam – Thanjaveur section of NH-67 under NHDP-III on EPC mode.
6. EFC Memo on construction of General Pool office accommodation at Fazal Ganj, Kanpur (UP)
7. EFC Memo for 4-laning of Ghoshpukur – Dhupguri Section of NH-31D in the State of West Bengal under NHDP Phase-II to be implemented on EPC mode in two packages.
8. SFC for approval of Widening and strengthening from Km. 414.00 to 419.00 of NH-91 (New NH No.34) in UP.
9. EFC for North Eastern Region Power System Improvement Project (NERPSIP) in Six States (Assam, Manipura, Mizoram, Nagaland and Tripura) at an estimated cost of Rs. 4923.32 crore.
10. PIB for pre-construction activities of 1320 MW Buxar Thermal Power Project in the State of Bihar.
11. MoU between India and Government of UK for cooperation in the power sector.
12. MoU between the GoI between government of united states of America and GoI to enhance cooperation a Energy security, clean energy and climate change.
13. MoU between M/o Power and NTPC Ltd. for the year 2015-16.
14. DPR on Metro Link Express for Gandhinagar and Ahmedabad (MEGA) Company Ltd.
15. DPR on 4-laning Varanasi Gorakhpur Section of NH-29 and Sultanpur to Varanasi Section of NH-56 in UP on EPC mode.
16. DPR on Metro connection between Noida and Greater Noida (UP)
17. DPR on Four laning of Parwanoo-Solan Section of NH-22.
18. DPR on long-term sustainability of 7 Stretches of NH leading to Char Dham in Uttarakhand.
19. DPR on Delhi MRTS Phase-IV
20. DPR on development of six-lane Eastern Peripheral Expressway (NH No.NE-II) Package I to VI on EPC mode.

Financial Dialogues/Bilateral Engagements :

i.. 4th India-Korea Finance Ministerial meeting held on 8th January, 2014 in New Delhi.

ii. 7th India-China Financial Dialogue held on 19th December, 2014 in New Delhi.

9. INVESTMENT DIVISION

9.1 Foreign Investment Promotion Board

9.1.1 The Foreign Investment Promotion Board 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, Min. of Small Scale Industries, D/o Revenue, D/o Commerce, Min. of 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, within 3-4 weeks interval.

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

9.1.3. During the year 2014 upto 31-12-2014, 13 FIPB meetings were held in which 204 proposals, with FDO/ NRI inflow of approximately Rs. 34,906 crore were approved (includes proposals recommended for CCEA approval of Rs. 16,099 Crore) vis a vis 198 proposals of Rs.60,326 crore approved in the year 2013.

9.2 Foreign Trade Section

9.2.1 The Foreign Trade Section deals with various matters related to foreign trade in the country. Inputs on matters relating to financial services aspect of the WTO, and Regional Trade Agreements, Comprehensive Economic Cooperation Agreement (CECA) etc. which are negotiated under the aegis of Ministry of Commerce & Industry are provided by this section. The foreign exchange aspects relating to the import and export of gold and silver are also examined in this section. Keeping in mind the improvements in the country's current account balance, the 80:20 scheme on the import of gold in India was withdrawn vide RBI Circular No.42 dated November 28, 2014.

9.3 Domestic Investment Section

9.3.1 DEA is closely coordinating with DIPP to improve the ease of doing business in the country. The 'Invest in India Summit, 2015' which was held in Gandhinagar on 12th January 2015, was jointly organised by the Ministry of Finance and the Confederation of Indian Industry (CII) alongwith Government of Gujarat's 'Vibrant Gujarat'. The 'India Investor Summit 2015' was also organised by Ministry of Finance in association with BlackRock, USA, on 3rd February 2014 in New Delhi in order to discuss recent developments in India and progress regarding the structural reform agenda.

9.4 International Investment Agreements Section

9.4.1 Bilateral Investment Promotion or Protection Agreements (BIPAs) were initiated by the Government of India as part of the economic reforms program initiated in 1991. The aim of BIPAs is essentially to create a stable legal regime for espousal of claims of foreign investors as per international law. As on December 2014, Government of India has signed BIPAs with 83 countries, out of which 73 treaties have entered into force. BIPAs have been negotiated on the basis of Model BIPA text adopted in 1993 with the approval of Screening Committee of Secretaries. In July, 2012, the Department of Economic Affairs (DEA) began the process of reviewing the existing Model BIPA as per the directions of the Committee of Secretaries. The review process was carried out led by a Working Group chaired by Secretary, DEA. The Working Group completed its task in September 2014 and the draft Indian Model BIT has now been placed before the Committee of Secretaries for its approval.

9.5. Foreign Investment Unit

9.5.1 The Foreign Investment Unit within the Investment Division keeps a constant watch on the Foreign Direct Investment Policy and the flow of proposals through the Foreign Investment Promotion Board. It provides comments / views on the proposals as also 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. As an allocated subject, FDI Policy is handled by the Department of Industrial Policy & Promotion (DIPP)

9.6 FDI Policy

9.6.1. 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.

9.6.2. 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.

9.6.3. 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.

9.6.4. 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).

9.6.5. 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.

9.6.6. 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 e.g: (I) Atomic Energy and (II) Railway operations (other than permitted activities as notified vide PN 8/2014 dated 26th August, 2014).

9.6.7 Major Sectors* where FDI caps exist are as under:-

S. No	Sector	Sectoral Cap / Route
1.	Defence Industry subject to Industrial license under the Industries (Development & Regulation) Act, 1951	49% FIPB. Above 49% to Cabinet Committee on Security (CCS) on case to case basis, wherever it is likely to result in access to modern and state-of-art technology in the country.
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)	)
	(v) Setting up of hardware facilities : Up linking, HUB etc	)74% (FDI+FII) FIPB beyond 49%)
	(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 –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 – 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 Nov. 8, 2011
18.	Power Exchanges	49%(26%FDI+23%FII) Automatic

* Details of all sectors having sectoral caps and conditionalities can be seen by visiting the Consolidated FDI policy 2014 (available on the website of DIPP.)

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

9.6.9 Since its constitution, 215 meetings of the Foreign Investment Promotion Board (FIPB) have been held. The Board is the Single Window clearance mechanism for the Foreign Investment Proposals in compliance with the FDI Policy. During the period 1st January 2014 to 31st March, 2015, 15 meetings were held in which 447 proposals were considered and 229 proposals with FDI/NRI inflow of approximately Rs 52,937.38 crore were approved. (Web-site of FIPB is: http://fipb.gov.in)

9.7 Recent Initiatives

9.7.1. Committee on rationalizing the definition of FDI and FIIs

9.7.1.1 The Government had set up a Committee for rationalizing the definition of FDI and FII under the chairmanship of Secretary, DEA. The Committee submitted its report which was accepted by the Govt. it is available on the web-site of Ministry of Finance. The relevant notifications for Foreign Portfolio Investors (FPI) have been issued by SEBI & RBI. The FPI category subsumes the earlier Foreign Institutional Investors (FII) and Qualified Foreign Investors (QFI) Categories.

9.8 FDI in Railways Sector (Press Note 8 of 2014 dated 26th August, 2014)

9.8.1 FDI in the railways sector has been opened up selectively recently. The rationale for this has been that modernization of Railways requires very large amount of capital investment which cannot be met either from internal source of Railway on account of realization of less charges towards passenger / freight or from the Govt. on account of fiscal position. As such, private and foreign investment has been allowed (vide Press Note dated 26th August 2014) in rail infrastructure especially in highly capital and technology intensive areas like suburban corridors, high speed train systems, train sets, railway rolling stock including locomotives/coaches, railway electrification, signalling systems dedicated freight line projects. It is expected that FDI inflows into these projects would not only bring in the much needed capital but also technology and global best practices.

9.9. FDI in Defence Sector (Press Note 7 of 2014 dated 26th August, 2014)

9.9.1 FDI in Defence sector has been increased to 49% under approval route subject to certain conditions including the applicant company seeking approval is an Indian company owned and controlled by resident Indian citizens. FDI above 49% is also allowed but with the additional condition that the proposal should result access to modern & state-of-art technology in India. The earlier condition of holding at least 51% equity by the largest Indian shareholder of the total equity is dispensed with. The ban on FII investment has been lifted and now up to 24% FII investment has been allowed under automatic route.

9.9.2 The validity of industrial license has been increased to 3 years from earlier 2 years vide DIPP PN 5/2014 dated 2nd July 2014. Further, list of items which requires industrial license has been updated vide PN 3/2014 dated 26th June, 2014. It was clarified that items which are not listed therein need not to seek industrial license approval and items which are of dual use and not included in the list does not require to seek approval for industrial license for defence purpose .

9.10 NIC Code

9.10.1 Mapping of the sector specific FDI Policy in Consolidated FDI Policy 2014 in terms of National Industrial Classification (NIC)-2008 has been done with the objective of improving ease of doing of business in India and published vide Press Note 1 of 2015 dated 5th January, 2015.

9.11 Pricing guidelines

9.11.1 RBI on 15th July 2014 has notified the revised pricing guidelines for issue/transfer of shares or convertible debentures for unlisted companies and clarified that the price can be worked out as per any internationally accepted pricing methodology on arm's length basis.

9.12 Insurance Sector

9.12.1 Vide Press Note 3/2015 dated 2nd March 2015, the Government has increased the FDI limit to 49% (up to 26% on automatic route and beyond 26% to 49% under approval route) in respect of Insurance Company, Insurance Brokers, Third Party Administrators, Surveyors and Loss Assessors and Other Insurance Intermediaries appointed under the provisions of Insurance Regulatory and Development Authority Act, 1999 subject to compliance of Insurance Act and necessary license from IRDA for undertaking insurance activities. Further, **ownership and control** of Indian Insurance Company should remains in the hands of resident Indian entities at all times.

9.13. Construction & Development Sector (Press Note 10 of 2014 dated 3rd December, 2014)

9.13.1 The Government expects more foreign investment in "Construction & Development Sector" to meet growing demands/ requirement in the housing and commercial infrastructure sector through further liberalization of FDI policy vide Press Note. No. 10 (2014 Series) dated 3rs December, 2014. Through it, FDI policy norms has been further relaxed by way of reducing minimum built up area, minimum investment amount, relaxation of conditions and relaxation in exit norms. The Govt. has relaxed norms for low cost affordable housing projects also.

Pharma Sector

In view of difficulties of investors, the Govt. vide Press Note 2 of 2015 dated 5th January, 2015 has allowed FDI up to 100% under the automatic route for manufacturing of medical devices, which was earlier placed in the Govt. approval route.

Ease of business

The extant FDI policy and FDI statistics are available on the web-site of DIPP (http://dipp.nic.in). For the ease of the investors, the process of applying for Industrial License & Industrial Entrepreneur Memorandum has been made online on 24×7 basis through eBiz portal (https://www.ebiz.gov.in/home/). Process of obtaining environmental clearances has also been made online. Investors can visit http://www.investindia.gov.in/ to know detailed procedure including for investment in India. They can get reply of their query as well through the web-site.

Further, The Foreign Investment Policy Board (FIPB) is the Single Window clearance mechanism for the Foreign Investment Proposals in compliance with the FDI Policy. The procedure for FIPB approval (application for approval of FIPB can be filed online through their newly user-friendly web-site (launched recently) :http://www.fipb.gov.in) is being simplified on an on-going basis with constant efforts for timely and quick action to consider FIPB proposals.

9.14 FDI Inflows

9.14.1 The cumulative FDI inflows from April 2000 to January 2015 aggregate US $ 361,320 Million. The cumulative FDI equity inflows from April 2000 to January 2015 aggregate to US $ 243,107 million (Rs. 11,99,386 crores).

9.14.2 In the financial year 2014-2015, the FDI equity inflows from April 2014 to January 2015 are US $ 25,526 million compared to US $ 18,749 million during the corresponding period in 2013-14.

9.14.3 In the current calendar year 2015 , the FDI equity inflows for January, 2015 are US $ 4,481 million (Rs. 27,880 crores) compared to US $ 2,189 million (Rs. 13,589 crores) during the corresponding period in 2014 representing a increase of 105 % in dollar terms and an increase of 105 % in rupee terms.

10. MULTILATERAL INSTITUTIONS DIVISION

10.1 Introduction

10.1.1 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 &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).

10.2 World Bank Group

10.2.1 The World Bank is among the world's leading development institutions with a mission to fight poverty and to 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 Nations' specialized agencies. The World Bank concentrates its efforts on reaching the Millennium Development Goals aimed at sustainable poverty reduction.

10.2.2 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 level 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).

10.3 World Bank Reforms

10.3.1 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, India's voting power was 2.77% at 11th position among shareholders. India has commenced its subscription of additional shares allocated following 2010 reforms. As on 30th December, 2014, India holds 61,890 shares amounting to US $ 7466.1 million.

10.4 World Bank India Portfolio

10.4.1 At the end of December 31st, 2014, a total 78 World Bank Projects with commitment of US$ 21.13 billion are under implementation in India. Out of these, 22 are IBRD Projects (US$ 7.98 billion), 45 are IDA Projects (US$9.30 billion) and 11 are blend projects (US$ 3.85 billion). Four projects,involving a commitment of US$ 1.43 billion have been approved by Bank Board and are awaiting effectiveness. The World Bank projects are spread across sectors like Urban, Transport, Education, Health, Rural Development, Panchayati Raj Institutions, Irrigation, Water Supply, Power, Environment & Forest etc.Details are given at **Table-6.1.**

10.5 Major activities pertaining to the World Bank in 2014

10.5.1 **India as donor to IDA**: India has recently graduated from IDA and is being provided transitional support during IDA 17. As a commitment to India's shared objective of eliminating extreme poverty, reducing vulnerability and increasing resilience across countries, India has decided to become donor to IDA with a contribution of US$ 200 million to IDA 17 replenishment.

10.5.2 **Loan Signed & Disbursement**: Total 15 projects were signed during the year 2014 which includes 11 IDA Projects amounting to US$ 2670.20 million of assistance, 4 IBRD Projects amounting to US$ 1975 million of assistance. Details of the Signed Projects are given at **Table-6.2**. Total Disbursement for the period January to December 2014 is U$ 2647.13 million (IBRD US$ 1078.17 million and IDA US$ 1569.14).

10.6 The Global Environment facility (GEF)

10.6.1 The GEF operates as a mechanism for international cooperation for the purpose of providing new and additional grant and concessional funding to meet the agreed incremental costs of measures to achieve agreed global environmental benefits. GEF provides grants to eligible countries in its five focal areas: Biodiversity, Climate change, Land Degradation, international waters, chemicals and waste. It also serves as financial mechanism for the Convention on Biological Diversity (CBD), United Nations Framework Convention on Climate Change (UNFCCC), Stockholm Convention on Persistent Organic Pollutants (POPs), UN Convention to Combat Desertification (UNCCD), Minamata Convention on Mercury and supports implementation of the Protocol in countries with economics in transition for the Montreal Protocol on Substances that Deplete the Ozone Layer (MP).

10.6.2 India has been actively involved with GEF process right from its inception. It has been one of the donors to the GEF Trust Fund since beginning. The GEF Trust Fund is replenished every four years through a process in which countries that wish to contribute to GEF Trust Fund discuss and come to agreement on a set of policy reforms to be undertaken, the programming of resources and also pledge resources. The fifth cycle of the GEF Replenishment ended on June 30, 2014 and the GEF-6 (sixth replenishment of resources of the GEF Trust Fund) will fund four years of GEF operations and activities from July 1, 2014 to June 30, 2018. Towards the payment of 1st Instalment to 6th Replenishment, an amount of US$ 3 Million has been paid by India during 2014-15. During the year 2014 two GEF projects amounting to GEF Grant of US$ 17.2 million were negotiated.

10.7 Meetings of Fund Bank

10.7.1 The Spring Meetings of the IMF-World Bank and associated meetings at the sidelines were held during April 8-14, 2014. The Finance Ministry delegation was led by the Finance Secretary and comprised of JS (MI), JS (MR) and other officers of DEA. Governor, RBI also attended the spring meetings. The Development Committee deliberated on (i) Growth in the Post-Crisis Global Economy: Policy Challenges for Developing Countries; (ii) Progress Report on Mainstreaming Disaster Risk Management in World Bank Group Operations. During intervention in Development Committee (DC) plenary, India advocated that the attainment of twin goals of World Bank Group (Ending Extreme Poverty by 2030 and Boosting Shared prosperity) is contingent on post-crisis recovery and restoration of growth momentum in global economy. India pointed out the critical importance of infrastructure, increase in agriculture productivity and diversification and huge challenges posed by rapid urbanization.

10.7.2 Finance Secretary further stressed the need to increase the financial capacity of the Bank which should be commensurate to the need of the borrowing members. India also called for the Bank to actively engage with the countries and use its global knowledge base for finding transformative and innovative solutions for developmental challenges being faced by the developing countries.

10.7.3 The Annual Meetings of the World Bank and the IMF and other associated meetings on the sidelines took place in Washington DC, USA from October 8-12, 2014. Indian Delegation was led by Finance Secretary and comprised of Governor RBI and other officers from Ministry of Finance and RBI. The Development Committee meeting focused on 'Global Energy: Triple Challenge for Policy Makers', deliberations on promoting shared prosperity in an unequal world.These meetings also provided opportunity of holding various bilateral meetings with various countries and organizations/ agencies.

10.8 International Finance Corporation (IFC)

10.8.1 IFC is an important development partner for India with its operations of financing and advising the private sector in the country. As of June 30, 2014, IFC's committed portfolio in India stood at US$ 4.7 billion, making India IFC's largest portfolio exposure which accounts for 9% of its global portfolio. The IFC's investments in India are spread across important sectors like 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. In last fiscal year, IFC invested US$ 1.5 billion in infrastructure development, promoting financial inclusion, and enhancing access to quality and affordable healthcare. In the current fiscal year, IFC has invested US$ 1 billion so far across sectors like financial inclusion, manufacturing, healthcare, etc.

10.8.2 The Government of India approved an off-shore rupee linked bond issuance by IFC for an amount of US$ 1 billion (INR 62 billion) in October 2013. The first tranche was issued in November 2013 and the programme was successfully closed, with the last of the six issuances, completed in April 2014. All issuances of maturities ranging from 3-7 year received strong interest from global investors. The programme showed that the main investor base for the rupee-linked bonds was in the US, followed by Europe and Asia and the investors were mainly asset managers and private bankers. IFC global rupee bonds are denominated in Indian rupee but settled in U.S. dollars, with all principal and coupon payments tied to the U.S. dollar-rupee exchange rate. IFC converts bond proceeds from dollars into rupees on the domestic spot exchange market, and uses the rupees to invest in the country.

10.8.3 Government of India approved the request of IFC for expansion of INR linked offshore bonds issuance by an additional amount of US$ 2 billion over the next five years in October 2014, subject to the conditions: (i) Bonds issued by IFC should have a minimum maturity of three years and (ii) At least 50% of the total issuance should be of minimum five year tenor.

10.8.4 **Masala Bonds:** IFC issued a 10-year, 10 billion Indian rupee bond (equivalent to $163 million) on November 8, 2014. The "Masala bonds" mark the first rupee bonds listed on the London Stock Exchange. The bond yield was 6.3 percent. They are the longest-dated bonds in the offshore rupee markets, building on earlier offshore rupee issuances by IFC at three-, five-, and seven-year maturities. The vast majority of investors in masala bonds are European insurance companies. Proceeds from the offering were invested in infrastructure bond issuance by Axis Bank.

10.8.5 IFC launched a US$ 2.5 billion rupee onshore bond programme in India on August 20, 2014 to strengthen capital markets and support infrastructure development in India. IFC launched and priced the four inaugural tranches of the Maharaja Bond Programme on September 23, 2014. The four tranches were issued in total for INR 6 Billion (USD100million). Proceeds from the Bonds will be invested in infrastructure projects 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.

10.9 International Monetary Fund

10.9.1 India is a founder member of the International Monetary Fund, which has been established to promote a cooperative and stable global monetary framework. At present, 188 nations are members of the IMF. Since its establishment, IMF's purposes have remained unchanged but its operations - which involve surveillance, financial assistance and technical assistance - have developed to meet the changing needs of its 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.

10.9.2 **Meetings of Board of Governors**: The Board of Governors usually meets 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 2014 Spring Meeting of the International Monetary Fund and World Bank Group was held in Washington D.C from April 11-13 2014. The last Annual Meeting of the IMF and World Bank was held during October 11-12, 2014 at Washington D.C. The 29th 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 April 12, 2014. The 30th Meeting of the IMFC was held on 11th October, 2014 and chaired by Mr. Tharman Shanmugaratnam, Deputy Prime Minister of Singapore and Minister for Finance of Singapore.

10.10 India's Quota and Ranking

10.10.1 India's current quota in the IMF is SDR (Special Drawing Rights) 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.

10.10.2 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. Once 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 (from current eleventh)quota holding country at the IMF. In absolute terms, India's quota share will increase from SDR 5821.5 million to SDR 13,114.4 million.

10.10.3 For the proposed quota increases under the 14th General Review of Quotas to become effective, members having not less than 70 percent of the total of quotas as on November 5, 2010 have to consent to the increases in their quotas and the proposed Board Reform Amendment must have entered into force. The proposed Board Reform Amendment enters into force once three-fifths of the members (i.e.113 members) representing 85 percent of the total voting power have accepted the proposed amendment. The 2010 quota review was expected to be in force during 2013. However it is still pending since the conditions (stated above) as its effectiveness have not been completely satisfied.

10.11 India's contribution to borrowing arrangement of the IMF

10.11.1 In April 2009, the G-20 agreed to increase the resources available to the IMF by up to $500 billion (which would triple the total pre-crisis lending resources of about $250 billion) to support growth in emerging market and developing countries, viz. through bilateral financing from IMF member countries; and by incorporating this financing into an expanded and more flexible New Arrangements to Borrow (NAB). In July 2010, India committed a maximum of up to USD 14 billion for the New Arrangements to Borrow (NAB). The NAB became effective on April 1, 2011 and was activated for a period of six months till September, 2011 for a maximum amount of SDR 211 billion. Since then the enlarged and amended NAB has been activated seven times, viz. (a) 1st October, 2011 (SDR 189 million), (b) 1st April, 2012 (SDR 180 billion), (c) 1st October 2012 (SDR 177 billion) and (d) 1st April, 2013 (SDR 165 billion), (e) 1st October, 2013 to March 2014 (SDR 164 billion), (f) April 2014 to September 2014 (SDR 163 billion), (g) October 2014 to March 2015 (SDR 566 billion projected).

10.11.2 At the Los Cabos Summit of the G20 held on June 19th, 2012, BRICS countries have announced their contributions, including US$ 10 billion by India. The total commitments amount to US$ 461 Billion from 38 countries. 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. 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.

10.11.3 This bilateral borrowing arrangement is in the form of Note Purchase Agreements (NPA) and will be used as a second line of defence only if the resources under Quota and NAB are substantially exhausted. The initial term of two years has been recently extended by one-year following IMF Board approval. The Agreement for this borrowing programme 2012 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. An MOU has been signed between Government of India and RBI on 19th December, 2013.

10.11.4 India has agreed to participate in the FTP of the IMF with effect from the quarter Sept-Nov 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. While the participation in FTP allows India to earn additional interest on its' enhanced credit tranche position with IMF, the encashment of interest free rupee securities may lead to higher borrowing cost as well as deterioration of fiscal position. To address this problem, it has been decided to replace special securities issued to the IMF by non-interest bearing non-marketable securities to be issued to the RBI.

10.12 Article IV Consultations

10.12.1 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 Annual Article IV Mission with International Monetary Fund was concluded on 12th December, 2014.

10.13 Asian Development Bank

10.13.1 India is a founding member of Asian Development Bank (ADB) established in 1966. The Bank is engaged in promoting economic and social progress of its developing member countries (DMCs) in the Asia Pacific Region.

10.13.2 ADB's authorized & subscribed capital stock is US$163.12 billion of which India's subscription is US$10.3 billion. India is holding 6.36% of shares, totaling 672,030 shares with 5.38% voting rights.

10.13.3 Payment of US$17.30 million (**Rs.105.47 Cr.**) in cash and Promissory Note of **Rs.157.22 Cr.** (equivalent of US$25.94 million) has been done to ADB in October 2014 as the fifth & the last installment towards the GCI-V.

10.13.4 The Annual meetings are statutory occasions for Governors of ADB members to provide guidance on ADB administrative, financial, and operational directions. India successfully hosted the 46th Annual Meeting of ADB during 2-5 May, 2013 in New Delhi. 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.

10.14 ADB's Portfolio with India

10.14.1 ADB assistance to India commenced in 1986. Average annual lending increased from US$586 million during 1986-96 to US$905 million during 1997-2002, to US$1.094 billion during 2003-07 and to about US$2 billion during 2008-14. Contract awards have also increased from $550.5 million in 2004 to about $2 billion in 2014, while loan disbursements have risen from $381 million to $1.4 billion over the same period. In 2014 loans worth US$2039.71million have been negotiated as per details at **Table-6.3**. Details of the ongoing projects are at **Table 6.4**.

10.14.2 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.

10.14.3 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. Details of ongoing TAs as on 31st December 2014 is at **Table 6.5**.

10.14.4 Loan for an innovative project, "Additional Skill Acquisition Programme in Kerala"(ASAP), has been negotiated and signed in 2014 with ADB for assistance of US$100 million. This is the first Results Based Lending by ADB in India. ASAP initiative has some unique features which will help Government of Kerala to encourage and promote vocational training at both, the higher secondary level and at the undergraduate level in arts and science colleges by offering modules in communication English, basic IT, and a vocational trade to grade 11 students, and enabling them to enhance their employability even while studying. ASAP will also support increase accountability and incentives to deliver and sustain results; improve the effectiveness and efficiency of government-owned sector programs; promote institutional development; and enhance development effectiveness.

10.15 Contribution towards Asian Development Fund (ADF):

10.15.1 India has become a donor to the ADF of ADB by pledging to contribute US$30 million in three instalments of Promissory Notes during 2014-15, 2015-16 and 2016-17. The three notes will be encashed in 16 instalments during 2014-2021. 1st P-Note of US$15 million was created on 15th Sep 2014 against which US$2.7 million each has been encashed on 1st Oct 2014 and 15th Dec 2014. The next instalment of P-Notes for US$7.5 million will be issued during 2015-16.

10.16 African Development Bank

10.16.1 The African Development Bank Group comprises of (i) African Development Bank, (ii) African Development Fund (iii) Nigeria Trust Fund and (iv) African Growing Together Fund (AGTF). The Bank Group is headed by a President.

10.16.2 The African Development Bank (AfDB) was established in 1963 with membership being open only to regional countries with a view to promote the Economic Development and social progress of its regional members by providing finances as well as Technical Assistance for Development Projects and programs. To mobilize external resources stimulating growth and accelerating the pace of development in Regional Member Countries, AfDB opened its membership in 1982 to non-regional members of the African Development Fund. Headquarters of the bank is located in Abidjan, Cote d' Ivoire. Due to declaration of phase IV by the UN, the Bank Headquarters was temporarily shifted to Tunis, Tunisia. Now it is in the process of getting back to Abidjan.

10.16.3 **Membership:** The Bank has 78 countries spread all over the world as its members. Out of these, 53 (excluding South Sudan) are African Countries called Regional Members and 25 are other countries called Non regional Members. All the members have been grouped into 20 Constituencies – *13 regional and 7 non-regional.*

10.16.4 **Structural Set-Up:** The President is the Executive Head of the Bank. He is also the Chairman of the Board of Directors. He is elected for a period of 5 years with a right to re-election. Under him there are five Vice Presidents and entire staff of the Bank. The Bank has two boards (1) Board of Governors and (2) Board of Directors. Each member country is represented in the Board of Governors by a Governor and an Alternate Governor. The Board of Governors is the highest policy making body of the Bank and meets annually.

10.16.5 The Board of Governors gives general directives concerning operational policy, amendments to the Bank Agreement, admittance of new members and election of the President etc. The Board of Directors comprises 20 Executive Directors representing 20 constituencies of the Bank. Out of these 13 are regional and 7 are non-regional. The board is responsible for conducting general business of the Bank.

10.17 India's Partnership with African Development Bank Group

10.17.1 With the overall objective of fostering south-south cooperation and keeping in view the historical ties India had with African Sub continent, India was one of the first few countries to become non-regional member of AfDB. India became a State participant of the African Development Fund on May 6, 1982 and was admitted to the membership of the African Development Bank on December 6, 1983. Finance Minister and Finance Secretary are designated as Governor and Alternate Governor respectively to represent India.

10.17.2 In comparison to other Non-Regional member, India has token presence at the Bank, in terms of financial commitments. With 14,955 votes, we account only for 14,330 of the total shares. We have only 0.233% of voting powers. Except for Argentina, Kuwait &Saudi Arabia, all other 20 non-regional Countries are ahead of India in terms of vote share. India supported and stands committed for 200% enhancement in the share capital of the Bank. As a result, the capital of the Bank has increased from UA23.947 billion to UA 67.687 billion (The value of Unit of Account is one SDR). Resultantly India has been allocated 9,763 new shares having a capital value of UA 97,630,000.

10.18 Nordic-India Constituency

10.18.1 India joined the Nordic Constituency comprising Norway, Sweden, Finland and Denmark. As per the allocation of shares among the regional and non-regional member states, regional members account for 60% of the voting power in the AfDB. The non-regional members account for remaining vote share. Among the non-regional member countries, USA is the leading stakeholder followed by Japan. India's share is only 0.233% of the voting power. However, Nordic + India (NI) together command 4.663% of voting power (as on 30th November, 2014).

10.19 African Development Fund

10.19.1 Established in 1972, the African Development Fund (ADF) became operational in 1974. It is administered by the African Development Bank and comprises State participants (donor countries) and recipient countries. Its main objective is to reduce poverty in Regional Member Countries (RMC) by providing loans and grants. The ADF contributes to the promotion of economic and social development in 41 least developed African countries by providing concessional funding for projects and programs, as well as technical assistance for studies and capacity-building activities. India holds 0.171 percentage of the voting power in African Development Fund (ADF).

10.20 Contribution to African Development Fund

10.20.1 India is contributing to African Development Fund (ADF) in all its replenishment cycles. Efforts of India in salvaging the ADF 13 process were highly appreciated by the Bank. Along with Denmark India was the only country to break away from constrained scenarios. Keeping in view India's principled stand that replenishment for funds aimed at poverty reduction should see a real growth over past replenishments and with a view to enhance its engagement with Africa and AfDB, India decided to opt for the consolidation (or medium) scenario where our contribution would be UA 12,364,333 (or Rs.104.33 crores), paid with the option of 10 year standard encashment schedule. This meant a 57% increase over our ADF-12 contribution of Rs.66.33 crores in INR terms (31% increase in UA terms over ADF-12 contribution of UA 9,427,031 – Unit of Account is the terms of replenishment). India released Fourth Instalment of ADF-13 in 2014.

10.21 Contribution to Multilateral Debt Relief Initiatives (MDRI) of ADF: India is also participant in MDRI initiative of ADF. This is in addition to regular ADF replenishment contribution. In 2005, it was decided that IDA (International Development Association), the African Development Fund (ADF) & IMF would cancel 100% of their debt gains against countries which have reached or will reach completion under the enhanced HIPC initiative. This would be financed by MDRI of ADF.

10.21.1 India's contribution to MDRI of African Development Fund is UA 14.11 million over a long period from 2006-2054 against which a sum of ₹ 13.04 Crore has been paid during 2006-07 to 2014-15.

10.22 Technical Cooperation Agreement

10.22.1 Technical Cooperation Agreement (TCA) was drawn up between Government of India, African Development Bank (AfDB) and African Development Fund (ADF) in July 1998. Under this agreement, a sum of US$ 3.39 million (Indian Rupees 15 crores) had been placed at the disposal of AfDB as a grant. The grant was to be utilized for financing consultancy services, training and other techno-economic activities. The initial tenure of the agreement was for three years, i.e. up to 26th July, 2001. The validation of TCA isnow extended up to 2015.

10.23 Fostering Public-Private Partnership (PPP)

10.23.1 One of the identified priorities under the TCA is private sector development and fostering private-public partnerships, clubbed with knowledge sharing on India's economic development experience. In view of development of many successful PPP projects by GOI, including the establishment of an interactive electronic database and website focusing on how to initiate, manage and complete PPP projects which enhances and promotes PPP capacity building programs; AfDB has been in discussion with GOI for sharing the information, data, reports and analysis contained in this interactive electronic database and website (hereinafter referred to as "the PPP Toolkit") with the Bank for onward dissemination to the Bank's Regional Member Countries (RMCs). In order to effectuate the understanding reached,the PPP agreement has been signed with AfDB on 18.3.2014.

10.24 International Fund for Agricultural Development (IFAD)

10.24.1 International Fund for Agricultural Development (IFAD) was set up in 1977 as the 13th specialized agency of the United Nations. Currently, 172 countries are members of the IFAD and these are grouped into three lists: viz – A: Developed Countries, List – B: Oil Producing Countries and List – C: Developing Countries. India is one of the founding members of IFAD; and figures in List C.

10.24.2 India has so far contributed USD 134.00 million towards IFAD's resources. India pledged a contribution of USD 30 million during the 9th Replenishment (2013-15) and was top donor within List C-II Group of countries. A payment of USD 10 million as third and last installment for the 9th Replenishment Cycle has been made in December 2014. (For the 10th Replenishment cycle of IFAD (2016 – 18) for which conmltatrain concluded recently, India has pledged a contribution of USD 37 million.)

10.24.3 Since 1979, IFAD has assisted in 27 projects in the agriculture, rural development, tribal development, women's empowerment, natural resources management and rural finance sector with the commitment of USD 875.71 million (approx.). Out of these, 17 projects have already been closed. As in December, 2014, ten projects with a total assistance of USD 431 million are under implementation. An agreement for a new IFAD assisted project, Meghalaya Livelihood and Access to Market Project (Megha-LAMP) for a loan amount of USD 50 million has been signed on 09.12.2014.

10.24.4 IFAD Loans are repayable over a period of 40 years including a grace period of ten years and carry no interest charges. Besides, a service charge at the rate of three-fourths of one percent (0.75%) per annum is levied on loan amounts outstanding. However, a new blend term was approved by IFAD Governing Council in 2013 (36th Meeting). In blend term the Loans are provided at a fixed interest rate of 1.25 percent plus a service charge of 0.75 percent per annum, and with a maturity period of 25 years including a grace period of 5 years.

10.25 Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM)

10.25.1 Following India's announcement to pledge USD 16.5 million for the years 2013 to 2016 to the Global Fund to fight AIDS, Tuberculosis and Malaria (GFATM) in the 4th Voluntary Replenishment Conference held in December, 2013, a 'Multi-Year Contribution Agreement' was signed for this purpose in January, 2014. India's contributions for 2013 and 2014 of USD 3 million and USD 4.5 million respectively were paid during 2014.

10.26 Global Alliance for Vaccines and Immunization (GAVI)

10.26.1 India has committed to contribute USD 1 million per annum for the years 2013 – 14 to 2016 – 17 to the Global Alliance for Vaccines and Immunization (GAVI Alliance) 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. A 'Contribution Agreement' for this purpose between Department of Economic Affairs, on behalf of Government of India, and GAVI Alliance was signed in January, 2014. During 2014, two installments of India's contribution of USD 1 million each for 2013 – 14 and 2014 – 15, were paid to GAVI Alliance.

10.27 Other Initiatives

10.27.1 The Guarantee Agreement for World Bank lending of USD 1100 million to the Eastern Dedicated Freight Corridor – II Project was signed in December, 2014. This project will augment rail transport capacity, improve service quality and enhance freight carriage throughout on the 393 km Kanpur – Mughal Sarai section of the Eastern Dedicated Freight Corridor. This project is in continuation to the Phase – I of the EDFC Project presently being implemented by the DFCCIL with the World Bank loan of USD 975 million on the Khurja – Kanpur stretch of the Eastern rail Corridor (Ludhiana – Delhi – Kolkatta). The project will directly benefit the power and heavy manufacturing industries of northern and eastern India, which rely on railway network for transportation of their material inputs and also for the distribution of bulk processed and semi-processed commodities and consumer goods. Railway passengers will also be benefitted through decongestion of the existing passenger lines.

10.27.2 The Mizoram State Roads Project II signed in August, 2014 is fully funded through the International Development Agency (IDA) assistance of USD 107 million. The objective of the project is to enhance transport connectivity along regional trade corridors in Mizoram. The project will focus on improvement of priority cross-border roads connecting Bangladesh and Myanmar, as also on trade related infrastructure.

Table 6.1

Sector-wise Ongoing Portfolio of World Bank assisted Projects in India

Sl. No.	Sector	No. of Loans	Amount(US$ Million)	%
1	Total of Transport Sector	14	4149.26	19.5
2	Total of Urban Sector	3	561.00	2.7
3	Total of Energy Sector	4	2159.56	10.2
4	Total of Environment Sector	4	1300.09	6.2
5	Total of Education Sector	4	2006.20	9.5
6	Total of Health Sector	7	1117.27	5.3
7	Total of Agriculture Sector	8	1133.20	5.4
8	Total of Rural Development Sector	9	2869.10	13.6
9	Total of PRI Sector	3	484.00	2.3
10	Total of Disaster Management	5	1167.90	5.5
11	Total of Finance Sector	4	795.00	3.8
12	Total of Irrigation and Water Supply	8	2300.30	10.8
13	Total of Rural Water Supply	5	1089.30	5.2
	Grand Total	78	21132.18	100

Table 6.2

World Bank assisted projects signed during 2014

S. No	Name of Project	Date of Signing	Date of Closing	Loan Amount (USD Million) IDA	IBRD
1	Rajasthan Rural Road Sector Modernization Project	02-Jan-20	31-Dec-18	160.00	-
2	Uttarakhand Disaster Recovery Project	09-Jan-2014	31-Dec-17	250.00	
3	RWSS Project for Low Income States	07-Feb-20	31-Mar-20	500.00	-
4	Second Gujarat State Highway Project	12-Feb-20	31-Jan-19	-	175.00
5	Bihar Integrated Social Protection Strengthening Project	28-May-20	31-Mar-20	84.00	-
6	Third Elementary Education Project (SSA)	29-May-20	30-Sep-17	1,006.00	-
7	Uttarakhand RWSS Project – Additional Financing	30-May-20	31-Dec-15	24.00	-
8	Accelerating Universal Access to Early and Effective TB Care	30-May-20	31-Mar-17	100.00	-
9	Maharashtra RWSS Program	30-May-20	31-Mar-20	165.00	-
10	Odisha Disaster Recovery Project	11-July-2014	31-Mar-19	153.00	
11	Uttrakhand Decentralized Watershed Development II Project	30-May-20	30-Sep-21	121.20	-
12	National Highways Interconnectivity Improvement Project	01-Jul-20	30-Jun-19	-	500.00
13	Mizoram State Roads II – Regional Connectivity	28-Aug-20	31-Oct-20	107.00	-
14	Technology Centres System Program Project	10-Nov.-2014	20-June-20		200
15	Eastern Dedicated Freight Corridor – II Project	11-Dec-20	31-Dec-19	-	1100.00

Table-6.3

Projects Negotiated with Asian Development Bank in 2014

S. No.	Project Name	Loan Amount(US$ Million)
1	SASEC Road Connectivity Investment Program	300.0
2	Second **Assam** Power Sector Investment Program – Tranche-1	50.0
3	**Karnataka** Integrated & Sustainable Water Resources Management Invest. Program – Tranche 1	31.0
4	Clean Energy Finance Invest. Program – Tranche 1 (IREDA)	200.0
5	**Madhya Pradesh** District Connectivity Sector Project	350.0
6	**Assam** Power Sector Enhancement Investment Program – Tranche 4	50.2
7	**Karnataka** Integrated Urban Water Management Investment Program-Tranche-1	75.0
8	Jammu & Kashmir Urban Sector Develop. Investment Program – Tranche-3	60.0
9	**Punjab** Development Finance Program	200.0
10	Supporting Skill Development in **Kerala**	100.0
11	**Rajasthan** Urban Development Program	500.0
12	Infrastructure Develop Investment Program for **Tourism** – Tranche 3 (Punjab-41.66, HP-43.51, UK-38.34))	123.51
	Total	**2,039.71**

Table 6.4

Sector-wise Ongoing Portfolio of ADB assisted Projects in India

Sector	No. of Loans	Amount(US $ Million)	%
Agriculture, Environment &Natural Resources	6	195	1.7
Education	2	200	1.7
Energy	27	3752	32.5
Finance and Public Sector Management	7	1100	9.6
Transport and Communications	19	4098	35.5
Urban Development & Multi Sector	25	2190	19.0
Total	**86**	**11536**	**100.0**

Table 6.5

Sector-wise Ongoing Technical Assistance with ADB Assistance

Sector	No. of TA	Amount(US $ in Thousand)	%
Agriculture, Environment & Natural Resources	5	6361.0	9.4
Education	7	7875.0	11.7
Energy	14	10110.0	15.0
Finance	4	4575.0	6.8
Multi-sector	5	8700.0	12.9
PPP	3	4800.0	7.1
Public Sector Management	2	1100.0	1.6
Transport	16	16875.0	25.1
Urban	7	6950	10.4
Total	**63**	**67346.0**	**100.0**

11. MULTILATERAL RELATIONS DIVISION

11.1 Background:

11.1.1 G-20 is a premier forum for international cooperation on the most important issues of global economic and financial agenda and to promote open and constructive policy discussions between developed and Emerging Market Economies. G20 includes 19 member Countries and the European Union, representing around 85 percent of global GDP. The collective economic weight of members of G-20 gives this forum a unique capacity to tackle the developmental challenges of developing economies. India as a member of G20 has been actively engaged in global economic governance and in shaping the world order.

11.1.2 The current Presidency of G20 is with Turkey and the Summit is scheduled to be held in Antalya on 15-16 November, 2015.

11.2 Initiatives & Achievements on Finance Track of G20 in 2014:

11.2.1 Priorities of Australian Presidency

11.2.1.1In 2014, Australia's Presidency structured discussions around key themes of: (i) Promoting stronger economic growth and employment outcomes, and (ii) making global economy more resilient to deal with future shocks.

11.3 Issues deliberated at G20 fora in 2014

11.3.1 During 2014, G20 focused on longer term economic reforms, whereas, strengthening growth and creating jobs continued to remain a priority for G 20 members. G20 Leaders recognized the importance of financing investment for infrastructure and identified an ambitious work agenda for members in 2014.

11.3.2. To meet this ambition, Investment and Infrastructure Working Group (IIWG) was created with a clear remit to look at the range of factors impacting investment. IIWG has three co-chairs viz, Germany, Indonesia and Mexico. IIWG met four times during 2014. Infrastructure Division, DEA from the Ministry of Finance and a Director from Reserve Bank of India represent India in the IIWG. The Framework Working Group (FWG), co-chaired by India and Canada, played a pivotal role in the development and coordination of comprehensive growth strategies which were presented at the Brisbane Summit in 2014. These commitments encapsulated in a "Brisbane Action Plan" included practical actions to improve productivity and competitiveness, strengthen investment in infrastructure, encourage trade, make it easier to do business and boost employment. India also raised the issue of negative spillovers and urged that the International Organizations (IOs) to integrate their studies in a manner that the spillover analysis and growth analysis are linked, and safety nets such as swap lines are studied.

11.4 Extracts from Hon'ble Prime Minister's statements at the Brisbane Summit, 2014

11.4.1 During G20 Brisbane Summit, Hon'ble Prime Minister had made intervention in the Session of Delivering Global Economic Resilience , where, the Prime Minister , inter-alia, expressed India's support for a new global standard on automatic exchange of information, which would be instrumental in getting information about unaccounted money hoarded abroad and enable its eventual repatriation. He supported all initiatives to facilitate exchange of information and mutual assistance in tax policy and administration and also urged every jurisdiction, especially tax havens, to provide information for tax purposes in accordance with treaty obligations. In his intervention at the retreat for G20 Leaders, Prime Minister, stressed that reforms cannot be done by stealth but have to be people –driven and people centric. Prime Minister in a statement on Energy at G20 Summit, inter-alia, proposed setting up a global virtual centre for clean energy research and development, with adequate public funding, which will fund collaborative projects in diverse sources of clean energy, smart grids, energy efficiency, etc. India and the United States have built an excellent virtual centre on a bilateral basis, with matching public and private funding.

11.6 Outcomes of Brisbane Summit

11.6.1 G20 Leaders committed to lift GDP by at least an additional two per cent by 2018 through collective and individual country actions address tax base erosion and profit shifting through the two year G20-OECD Base Erosion and Profit Shifting Action Plan, with remaining steps to be completed in 2015, a implement the global Common Reporting Standard for the automatic exchange of tax information (AEOI) on a reciprocal basis between tax authorities by 2017 or end-2018; set up of the Global Infrastructure Hub in Sydney to increase quality public and private sector investment in infrastructure and help raise the $70 trillion in global infrastructure finance that is needed by 2030; lower the gender gap in participation rate by 35/by 2015; take strong practical measures to reduce the global average cost of transferring remittances to five per cent and to enhance financial inclusion as a priority.

11.7 Priorities of Turkish Presidency in 2015

11.7.1 Turkey has taken over the G-20 presidency from December ,2014 .The Turkish Presidency will focus its efforts on ensuring inclusive and robust growth through collective action. This has been referred to as the three I's of the Turkish Presidency viz **Inclusiveness, Implementation and Investment for growth.** A gist of the important issues is as given below:

i. Strengthening Global Recovery and Lifting the Potential

- Macro Policy Coordination: Coordinate and understand the positive and negative spillovers and try to reach at appropriate fiscal and monetary policy mix in addition to implementation of the structural reform agenda.
- Investment: Turkey has asked the International Chamber of Commerce to establish a World SME Forum. There will be a special focus on efficient Public Private Partnerships and the presidency will attribute great importance to non-traditional sources of lending especially equity based financing, new modalities of asset based financing etc.
- Employment: Creating better quality jobs, understanding factors behind jobless growth and initiate discussions on the labour income as a share of GDP
- Trade: Continue to follow up commitment to resist protectionism and support multilateral trading system. The World Trade Organisation(WTO) rules shall remain the backbone of the global trading system. There shall also be special focus on better integration of SME's and on global value chains

ii. Enhancing Resilience

- Financial Regulation: To finalize the new regulatory framework and ensure efficient implementation
- International Financial Architecture: Completing the IMF reform will not only ensure a more even-handed realignment in the ranking of quota shares, but also help the Fund maintain its legitimacy and effectiveness. Hence, there will be a continued emphasis on the ratification of the 2010 IMF Quota and Governance Reform in 2015. Strengthening the IMF surveillance in the post-crisis world, addressing concerns related to the stigma associated with the Fund financing, and ensuring adequacy of the global financial safety net will also be within the G20 radar.
- International Tax: Monitor the implementation of the 2014 Base Erosion and Profit Shifting (BEPS) Project and ensure a smooth transition to the 2015 deliverables of the BEPS project. To enhance inclusiveness, G20 will further incorporate the developing country perspective to the G20 tax agenda, with an increased emphasis on bilateral and multilateral cooperation between tax authorities.
- Anti-Corruption: Focus on an effective implementation of the 2015-2016 Anti-Corruption Action Plan

iii. Buttressing Sustainability

- Development: 2015 will be a key year as United Nations Summit will be convened in September where post-2015 development agenda is expected to be adopted by member states and the third International Conference on Financing for Development will be held in July 2015.The primary focus will be on further enhancing the integration of developing and low-income countries into the world economy. Further, Turkey will be the first G20 Presidency to implement the Food Security and Nutrition Framework.

- Energy Sustainability: Monitor the implementation of "G20 Energy Efficiency Action Plan"
- Climate Change Finance: 2015 will be a crucial year for the climate change negotiations as the United Nations Framework Convention on Climate Change is expected to render an agreement that will define the future of efforts in this important field. The Turkish Presidency will particularly focus on financing aspect, pay special attention to the needs of the LIDCs and try and improve the collaboration, dialogue and cooperation between the climate funds.

11.8 BRICS

11.8.1 During the 6th BRICS Summit at Fortaleza in July 2014, BRICS countries signed two crucial Agreements for the establishment of the BRICS New Development Bank (NDB) and the BRICS Contingent Reserve Agreement (CRA). These Agreements are significant in that they have brought the BRICS countries together in a formal institutional framework as well as created an alternative institutional structure in the global financial architecture.

11.9. BRICS New Development Bank:

11.9.1 The New Development Bank (NDB) will mobilize resources for infrastructure and sustainable development projects in BRICS and other emerging economies and developing countries. Apart from making available resources for financing part of the huge infrastructure gaps in developing countries, it will also play a crucial role in strengthening the voice of emerging economies for their greater effective participation in the global financial architecture. The Bank will also have equal shareholding among founding members and the candidate for the First President of the Bank will be nominated by India. The founding members are now working together for speedy establishment of the NDB. It is expected that the Bank will be established by the end of 2015. DEA represents India on the Interim Board of Directors of the Bank.

11.10 BRICS Contingent Reserve Arrangement:

11.10.1 The Contingent Reserve Arrangement is a framework to provide support through liquidity and precautionary instruments in response to actual or potential short-term balance of payments pressures. The Arrangement will provide access to large pool of reserve and therefore further enhance the financial safety net available to India. The Central Banks of the BRICS countries are negotiating to finalize a separate Inter-Central Bank Agreement and Standing Committee's Operational Procedures after which CRA will be operational.

11.11 BRICS Reinsurance Project and BRICS Tax and Customs Cooperation:

Apart from the above two initiatives, the MoF also coordinate two issues namely:

a. BRICS Reinsurance Project: This initiative is led by Department of Financial Services and coordinated by DEA. It will provide BRICS investors and Governments unfettered access to quality insurance capacity in support of private sector or state funded infrastructure projects.

b. BRICS Tax and Custom Cooperation: This initiative is led by Department of Revenue and coordinated by DEA. It facilitate cooperation among BRICS countries in international taxation, transfer pricing, exchange of information and tax evasion and avoidance. Three areas for cooperation has been identified- Base Erosion and Profit Shifting, Common Approach in International Forums and Customs Cooperation.

11.12 Asian Infrastructure Investment Bank (AIIB)

11.12.1 India along with 21 other countries signed an inter-governmental Memorandum of Understanding (MoU) on October, 2014 to become a prospective founding member of the AIIB. The Bank will mobilize resources for infrastructure development in Asia, and complement the existing MDBs to promote growth. Member countries are now negotiating the Articles of Agreement of the AIIB which is expected to be signed around mid-2015 and the Bank is expected to begin operations by late 2015/early 2016. The Chief Negetation is represpended by DEA.

11.13 UNDP:

11.13.1 India's annual contribution to the UNDP has been to the extent of US $ 4.5 million. 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 on 1.3.2013 concentrates 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. Projects totaling to USD 5.74 Million were signed during the year 2014.

11.14 SAARC:

11.14.1 The 7th Meeting of SAARC Inter Governmental Expert Group Meeting was held at Kathmandu, Nepal on 20-21 May, 2014. As requested in the Meeting, India will be hosting the 2nd Meeting of the Expert Group on Development of Capital Markets.

11.14.2 The SAARC Development Fund (SDF) Meetings were held in Dhaka, Bangladesh on 28-30 April, 2014; Islamabad, Pakistan on 6-8 August, 2014; and Male, Maldives on 1-3 December, 2014. 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 , Project Development Facility & Social Enterprise Development Programme from 2015-16.

11.14.3 The 7th Meeting of SAARC Finance Ministers preceded by the meeting of SAARC Finance Secretaries is likely to be held in Augest 2015.

12. AID ACCOUNTS & AUDIT DIVISION (AAAD)

12.1 Introduction

12.1.1 AAAD under Department of Economic Affairs implements the financial covenants 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. The division is ISO 9001:2008 certified since 2007 for its functions related to External Assistance.

12.2 Performance/Achievement during Financial Year 2014-15(till 30th March, 2015)

12.2.1 Receipt of External Loans/ Credits in the financial year 2014-15 stands at Rs. 26772.74 crore and Assistance in the form of Cash Grant was Rs. 1063.73 crore. Debt service payments made during 2014-15 are Rs.20585.69 crore on account of principal repayment, Rs.3415.67 crore on account of interest payment and Rs.129.81 for commitment charges & other charges.

12.3 E-Governance

12.3.1 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.

12.3.2 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 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.

12.3.3 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.

12.3.4 In order to familiarize the officers/staff of the PIAs training on E-submission is being organized by this Division periodically 55 Officers/staff members of different PIAs were imparted training during 2014-15. As a result of these initiatives, 357 e- claims have been received, processed and disbursed in the financial year 2014-15.

12.5 Standards &Improvements in service delivery

12.5.1 All the activities of this Division have been organized 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 divisions are well defined consisting of three group 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 managements information as and when required.

12.5.2 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.

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

12.6 Audit under Export Promotion

12.6.1 AAAD carries out audit of Export Licenses issued by Director General of Foreign Trade located at various stations. During the financial year 2014-15 total 71847 Filesrelating to 25 regional offices were audited and 3171 audit memos issued. A sum of Rs. 19.66 Crore was recovered during the period, by DGFT offices based on audit observations made by this office.

13 ADMINISTRTION DIVISION

13.1 Functions

13.1.1 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.

13.2 Staff Strength

13.2.1 The staff strength in Department of Economic Affairs and its attached/sub-ordinate offices/statutory bodies along with the representation of Scheduled Castes (SCs), Scheduled Tribes (STs), Other Backward Classes (OBCs) and persons with Disabilities therein is given in Annex.I & II respectively. The information regarding Pending ATN on PAC in respect of Admn.III is nil and placed at Annex.III

13.3. Grants-in-aid

13.3.1 During the year 2014, grants-in-aid of Rs. 250.00 lac was sanctioned to only 1 Institution by Department of Economic Affairs as given in Annexure-IV

13.4. Complaints Committee on Sexual Harassment of Women Employees

13.4.1 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.

13.5 Training of Staff Members

13.5.1 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 1.1.2014 to 31.12.2014, a total of 42 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.

13.6 Record Retention Schedule

13.6.1 During the period 1.1.2014 to 31.12.2014 a special drive was carried out to review and weed out the old records. A total of 11470 files were weeded out during the special drive.

13.7 REDRESSAL OF PUBLIC GRIEVANCES:

13.7.1 A Centralized Public Grievances Redressal And Monitoring System (CPGRAM) is operational within the Government which attends to all the Public Grievances related to various Ministries/Departments. During the year 2014 a total of 774 fresh public grievance cases were received in the Department besides 327 brought forward from the previous year. Out of these 1101 cases, 672 cases were disposed off during the year.

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

13.8 RIGHT TO INFORMATION ACT, 2005

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 official 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 subjects 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 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 calendar year 2014-15, 1810 applications and 121 appeals, including 1214 online applications and 53 appeals, were received. An amount of Rs. 14,316/-(Rupees fourteen thousand three hundred and sixteen only) was collected as fee under the RTI Act.

(vii) 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.

13.9 Use of Hindi in Official work

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

i. Annual Programme for the year 2014-15 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. Hon'ble Minister of Finance in his "Message" on the auspicious occasion of Hindi Day on 14th September, 2014 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;

iii. To create a conducive atmosphere in the Department regarding the progressive use of Hindi, in the month of September was celebrated as Hindi Month. On the occasion various Hindi Competitions were conducted and prizes were awarded to the winners on merit;

iv A Hindi slogan competition was organized and prizes were awarded to winners on the occasion of launch of "Swachha Bharat Abhiyan";

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

vi 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;

vii 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

viii 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.

13.10 FINANCE LIBRARY & PUBLICATION SECTION 2014-15

13.10.1 Finance Library & Publication Section, established in 1945, 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.

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

13.11 COLLECTION

13.11.1 Library has a 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 Agriwatch. Access to e-journals and back-filed collection through JSTOR is also available.

Article I. ELECTRONIC RESOURCES

Section 1.01 Electronic resources include the following CD-ROM databases

Section 1.02

Section 1.03 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. 2nd edition, 2007

India - Economic Survey

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

India- Union Budget

List of Major and Minor Heads of Accounts

RBI – 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

13.12 SERVICES

13.12.1 Library provides different kinds of services viz. lending, inter-library loan, consultation, reprographic, circulation of newspapers and magazines, reference service, current awareness service through "WEEKLY BULLETIN" 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.

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

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

13.13 PUBLICATIONS

13.13.1 Finance Library compiles one (print+online) weekly publication i.e. "Weekly Bulletin" a subject bibliography indexing articles of interest from journals received in the library.

13.14. DIGITIAL RECORDS:

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

13.15 COMPUTERISATION

13.15.1 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 of Ministry of Finance.

13.15.2 Other works : Modernization and infrastructure improvement was under taken by the Library and 75% work has been completed during the year.

14. BILATERAL COOPERATION DIVISION

14.1. NORWAY

14.1.1 As per the revised policy of bilateral development cooperation of 2005, development assistance from Norway is not possible, being a non G-8 and non-EU country. Therefore at present they can only provide bilateral development assistance to autonomous institutions, universities, NGOs etc. Till date, 24 NGO projects have been cleared since 2005. It was decided in 2007 to hold Annual Consultation between senior officials of Finance Ministries of India and Norway. **The 6th Annual Bilateral Meeting between the Ministries of Finance of India and Norway was held on 26th November, 2014 in North Block, New Delhi.**

14.2 SWITZERLAND

14.2.1 Switzerland had extended economic and technical assistance to India since 1964 in the form of grants and technical assistance. Switzerland had also provided mix credit comprising 40% grant and 60% loans for power sector project. 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 organizations, universities, NGOs etc. 12 NGO projects with Swiss assistance have been cleared since 2006. A MoU, with provisions for Annual. Finance Dialogue, was signed between the Ministries of Finance of India and Switzerland on 3.10.2011 during the visit of Hon'ble President of India to Switzerland. Two such dialogues has been held so far. The last dialogue was held on 12.6.2013 in New Delhi.

14.3 UNITED STATES OF AMERICA

14.3.1 Indo-US Financial and Economic Partnership

14.3.1.1 The fourth Cabinet level meeting of Indo-US Economic and Financial Partnership (EFP) was held in Washington 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 covered included Macroeconomic scenario; 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, etc.

14.3.1.12 The fifth Cabinet level meeting of Indo-US EFP is scheduled to be held in New Delhi on 12th February 2015.

14.3.1.3 The fourth Sub-Cabinet level meeting was held on 24th September 2014 in New Delhi and was co-chaired by Secretary, Department of Economic Affairs, Dr. ArvindMayaram on the Indian side and Under Secretary for International Affairs, Mr. Nathan Sheets, on the US side. The meeting focussed on macroeconomic developments, infrastructure finance and Indian Capital Market reforms.

14.3.2 Indo-US Financial and Regulatory Dialogue

14.3.2.1 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 covered included 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.

14.3.3 U.S. Agency International Development (USAID)

14.3.3.1 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.

14.3.3.2 During 2010-2011, USAID had signed six bilateral agreements with Governments of India in areas such as Food Security, Health, Climate Change, and Education. These agreements, along with an agreement in the field of Disaster Management Support signed in September 2003, make a total of seven ongoing bilateral agreements with USAID.

14.3.4 United States Trade and Development Agency (USTDA)

14.3.4.1 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 Agency's 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, USTDA's programs have helped to generate over $1.3 billion in U.S. exports.Priorities for USTDA's program in India include energy and climate change, transportation (especially aviation), and information and communication technology. In 2014, three grants for technical assistance were approved by DEA viz. – (i) Gujarat Energy Transmission Corporation (GETCO) Renewable Power Integration Project, (ii) Aviation Safety Technical Assistance project with Directorate General of Civil Aviation, and (iii) Aviation Security Equipment Testing and Evaluation Program with Airports Authority of India.

14.3.5 Assistance from Ford Foundation

14.3.5.1 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 2014, 59 proposals involving grants assistance of US$ 14.87 million were received by DEA for approval.

14.4 CANADA

14.4.1 India – Canada Economic and Financial Sector Policy Dialogue (ICEFSPD)

14.4.1.1 The first 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.

14.4.1.2 The second ICEFSPD is scheduled in February 2015 in New Delhi.

14.4.2 Assistance from International Development Research Centre (IDRC) of Canada

14.4.2.1 IDRC extends grant assistance to various Governments and Non-Government organizations for projects in the field of agriculture, health and family welfare etc. During 2014, 32 proposals involving grants assistance of CAD 23.7 million were received.

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

14.5.1 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 recommendation of Ministry of External Affairs (DPA Division).

14.5.2 During the year 2014-15 (i.e. from April 1, 2014 to December 15, 2014), 13 GOI supported Exim Bank of India Lines of Credit totaling US$ 804.61 million were approved, as under:

Sl. No.	Countries	Amount in US$ Million	Date of Approval
African Countries			
1	Gambia	22.50	17.7.2014
2	Gambia	22.50	17.7.2014
3	Ghana	24.54	18.7.2014
4	Senegal	62.95	06.8.2014
5	Mauritania	65.68	13.8.2014
6	Cote d'Ivoire	24.00	26.9.2014
7	Mauritius	200.00	7.11.2014 (In-principle Approval)
8	D.R. Congo	40.00	15.12.2014 (In-principle Approval)
	Sub-Total	**462.17 Mn.**	
Non-African countries			
1	Nicaragua	26.24	22.7.2014
2	Fiji	70.00	13.8.2014
3	Myanmar	6.20	25.8.2014
4	Vietnam	100.00	10.9.2014 (In-principle Approval)
5	Myanmar	140.00	13.10.2014 (In-principle Approval)
	Sub-Total	**342.44 Mn.**	
Total Amount – US$ 804.61 Million (13 LOCs)			

14.6 Foreign Trainings

14.6.1 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 and state Governments and it aids in capacity development which is crucial for socio-economic development of the country.

14.6.2 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 coordinated by Department of Economic Affairs can be accessed at http://www.finmin.nic.in under "Training Programmes". About 130 Foreign Training Programmes were handled during the year.

14.7 Europe-I

14.7.1 India-UK Bilateral Development Cooperation Programme

14.6.1. 1 The United Kingdom (UK) has been providing development assistance to India since 1958. Development assistance from UK, in the form of grants, 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.

14.7.1.2 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 programmes 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.

14.8. DFID's Country Plan to India 2008-2015

14.8.1 During the first phase of UK's Operational Plan for India from 2008-09 to 2010-11, DFID had committed to provide £825 million for the ongoing projects which was fully utilized by 2010-11.UK has committed provide approximately £ 910 million during the second phase of its operational plan from 2011-12 to 2014-15. So far £ 800 million has been disbursed.

14.8.2 The development partnership was reviewed during 2011 by both the countries 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.

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

14.9 Agreements signed during 2014-15

14.9.1 During 2014-15, the following two agreements have been signed between Government of India and DFID:

S.No	Project Name	Date of Signing	Project period	DFID Technical Assistance (£ million)
1	Bihar Governance & Administrative Reform **(BGAR)**	08.10.2014	01.12.2014/31.12.2019	TA 10
2	Odisha Support to Urban Infrastructure Project **(OSUIP)**	19.11.2014	01.12.2014/30.11.2018	TA 5

14.9.2 DEA has also granted approval on October 31, 2014 for implementing **'MSME Debt Financing Programme'** under Private Sector Development with DFID's returnable capital of £ 50 million

14.10 India-UK Economic & Financial Dialogue (EFD)

14.10.1 The seventh round of Ministerial level India-UK Economic and Financial Dialogue (EFD) was held on July 08, 2014 in New Delhi. Indian delegation was led by Hon'ble Finance Minister Sh. Arun Jaitley while Mr. George Osborne, Chancellor of the Exchequer led the UK delegation. Discussions in the EFD was focused on 'Trade and Investment issues', 'Infrastructure Financing', 'Financial Services and Regulations'. The dialogue reaffirmed the continued strength of the India-UK economic and financial relationship.

14.10.2 In pursuance of the decision taken in the EFD, an UK-India Financial Partnership (UIFP) has been established to further deepen the financial sector links between the two countries. Sir Gerry Grimstone, Chairman of Standard Life and Sh. UdayKotak,Vice-Chairman and Managing Director of Kotak Mahindra Bank have been named UK and Indian leads respectively on UIFP. UIFP was formally launched in Mumbai on October 10, 2014.

14.11 Europe-III

14.11.1 India-European Union (EU) Development Cooperation

14.11.1.1 The European Union (EU) has been providing development assistance to India in the form of grants. The EU 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.

14.11.1.2 EU had committed to provide an amount of Euro 260 million and Euro 105 million to India for Multiannual Indicative programme-I (MIP-I) from 2007-2010 and Multiannual Indicative Programme-II (MIP-II) from 2011-2013 under CSP respectively. The major programmes of Government of India which received EU aid along with other development partners include are SarvaShikshaAbhiyan (SSA), National Rural Health Mission (NRHM) and Reproductive and Child Health (RCH). In 2012, Government of India has signed an agreement with EU for the project " Sector Policy Support Programme for Elementary and Secondary education", which will receive a grant of Euro 80 million.

14.11.1.3 The EU side had conveyed that a new strategy was being envisaged for its bilateral development cooperation with India and that grants would not be available for India after December, 2013. This issue was discussed in the meeting of India-European Union Sub-Commission on Development Cooperation held on June 3rd, 2014 in which it was conveyed by EU that although EU has discontinued its development grant assistance programme in India from 2014 onwards, it will continue cooperation with India along three lines: (1) in areas of mutual interest through the Partnership Instrument, (2) in areas relevant to the MDGs with civil society organizations and (3) at a regional level to address global challenges. Although the financial envelope will reduce, technical cooperation and exchange of best practices will remain active between both parties. The modalities of implementation of new partnership Programme with European Union are being finalized.

14.12 European Investment Bank (EIB)

14.12.1 The European Investment Bank (the *BanqueEuropeenned'Investissement*) is the European Union's 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 Bank's capital. Outside the European Union, EIB financing operations are conducted principally from the Bank's own resources but also, under mandate, from Union or Member States' budgetary resources. Under these arrangements, the EIB's funds are utilised to finance investments in countries signatory to Co-operation Agreements with the EU.

14.13 EIB in India

14.13.1 EIB's 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.

14.13.2 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.

14.14 Approval granted by DEA during 2013-14.

14.14.1 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 is 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, and Guarantee Agreement for these loans have been signed by Government of India with EIB on 29th April, 2014.

14.15 Europle-IV

14.15.1 GERMANY

14.15.1.1 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: energy; environmental policy; protection and sustainable use of natural resources and sustainable economic development.

14.15.1.2 The Government of Germany made total commitment of € 1.2 billion (approx. Rs. 9,000 crore) in 2014 for financial as well as technical assistance for implementing various projects in India.

14.15.1.3 The agreements for € 736.25 million (approx. Rs. 5,500 crore) for five projects were signed during the year 2014-15 (upto December 2014).

14.15.1.4 During 2014-15 (upto December 2014), Germany has disbursed financial assistance of Rs. 390.21 crore under the Government projects. The total disbursement including the Non-Government projects during this period was Rs. 1,350 crore (approx.).

14.16 FRANCE

14.16.1 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 such as JNNURM or UIDSSMT, and (iii) the preservation of bio-diversity.

14.16.2 AFD has proposed to make commitment of € 250 million (approx. Rs. 1,900 crore) in 2014 for financial assistance for implementing two projects in India.

14.17 Official Development Assistance

14.17.1 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.

14.17.2 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.

14.17.3 Government of Japan has committed JPY 328.967 billion(Rs.17436 Crores approx.) for six projects to India from January 1, 2014 to December 31, 2014. As on December 31, 2014, sixty seven projects were under implementation with Japanese loan assistance. The loan amount committed for these projects is JPY 1725.694 billion (Rs.92170 Crores approx.). The cumulative commitment of ODA loan to India has reached JPY 4173.002 billion on commitment basis till December 31, 2014.

14.17.4 The ODA loan disbursement to India from January 1, 2014 to December 31, 2014 was JPY 138.654 billion (Rs.8418.66 Crores).

14.17.5 The Government of India has identified North-Eastern Region as one of the key areas for development. Accordingly, the road connectivity proposals pertaining to the region of Ministry of Road Transport & Highways have been identified and two sub-projects worth Rs. 1972 crore have been posed to Govt. of Japan for seeking JICA ODA loan.

14.17.6 In the Tokyo Declaration signed during the visit of PM Modi to Japan in September, 2014, the Japanese side have shown their desire to enhance the economic cooperation between the two countries. In order to absorb the enhanced economic cooperation, DEA has taken several measures including working out of conditionalities for the Japan International Cooperation Agency (JICA) New Official Development Assistance loan Scheme to India which would be mutually beneficial. The New ODA loan Scheme if successfully negotiated with the Japanese side is likely to contribute to funding Mass Rapid Transport System projects in the country under the new ODA loan Scheme.

14.18 Grant Aid

14.18.1 The Government of Japan provides Grant Aid to India under three categories, viz. general grant aid, grant aid for fisheries and grant 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.

14.18.2 There is one ongoing project under Grant Aid programme, viz., '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 January25, 2014 for JPY 1495.00 million.

14.19 Technical Cooperation Programme

14.19.1 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.

14.19.2 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.

14.19.3 There are 3 ongoing projects under Technical Cooperation Programme.

14.20 JOCV Programme

14.20.1 In the year 2014 - 2015, proposals from 6 institutes have been posed to Embassy of Japan and 8 Japanese volunteers have already been appointed under JOCV programme.

14.21 JICA Partnership Programme

14.21.1 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.

Two proposals have been received during 2014-15.

14.22 Grassroots Funding

14.22.1 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 2014-2015, total 16 proposals has been received and DEA has cleared 8 proposals. One proposal has been rejected. As regards to one proposal having its project site in NE State, clearance from Intelligence Bureau and MHA (FCRA) are awaited.

14.23 Green Aid Plan

14.23.1 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 carried 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.

(a) List of projects under implementation with JICA loan assistance ongoing

Sl. No.	Name of the Project	State	Loan Amount (YEN Mln./Rs Crore)	Date of Signing/ Closing
1	(IDP-178) Transmission System Modernization and Strengthening Project in Hyderabad Metropolitan Area	Andhra Pradesh	23697/940.35	30.3.2007/ 31.12.2015
2	(ID-P 216) Andhra Pradesh Rural High Voltage Distribution System Project	Andhra Pradesh	18590/1044.38	16.6.2011/ 12.10.2019
3	(IDP-174) Hussain Sagar Lake and Catchment Area Improvement Project	Andhra Pradesh	7729/3312.93	31.3.2006/ 24.7.2016
4	(ID-P 193) Hyderabad Outer Ring Road Project Phase.1	Andhra Pradesh	41853/1468.53	10.3.2008/ 25.3.2016
5	(ID-P 198) Hyderabad Outer Ring Road Project Phase 2	Andhra Pradesh	42027/1654.61	21.11.2008/ 25.02.2017
6	(IDP-181) Andhra Pradesh Irrigation & Livelihoods Improvement Project	Andhra Pradesh	23974/951.35	30.3.2007/ 11.7.2016
7	(ID-P 201) Guwahati Water Supply Project	Assam	29453/1860.36	31.3.2009/ 28.07.2019
8	(ID-P 199) Capacity Development for Forest Management and Personnel Training Project	Central Sector Project - All India	5241/206.34	21.11.2008/ 16.10.2018
9	(ID-P 218) Micro, Small and Medium Enterprises Energy Saving Project (Phase 2)	Central Sector Project - All India	30000/1685.40	16.6.2011/ 22.9.2016
10	(ID-P 219) New and Renewable Energy Development Project	Central Sector Project - All India	30000/1685.40	16.6.2011/ 22.9.2018
11	(ID-P 228) Bihar National Highway Improvement Project	Central Sector Project - Bihar	22903/1526.87	22.2.2013/ 21.6.2023
12	(ID-P 232) Bihar National Highway Improvement Project (II)	Central Sector Project - Bihar	21426/1438.00	30.1.2014/ 11.8.2024
13	(ID-P 227) Campus Development Project of IIT, Hyderabad(I)	Central Sector Project	5332/ 306.43	28.1.2014/ 11.8.2020
14	(ID-P 234 Campus Development Project of IIT, Hyderabad(II)	Central Sector Project	17703/1188	28.1.2014/ 11.8.2024
15	(ID-P 215) Yamuna Action Plan Project (III)	Central Sector Project - Delhi	32571/1732.50	17.2.2011/ 15.2.2022
16	(ID-P 202) Delhi Mass Rapid Transport System Project Phase 2 (IV)	Central Sector Project - Delhi	77753/3239.70	31.3.2009/ 28.7.2015
17	(ID-P 206) Delhi Mass Rapid Transport System Project (Phase 2) (V)	Central Sector Project - Delhi	33640/1690.45	31.3.2010/ 15.6.2016
18	(ID-P 222) Delhi Mass Rapid Transport System Project Phase 3	Central Sector Project - Delhi	127917/6914.43	29.3.2012/ 28.5.2018

19	(IDP-190) Haryana Transmission System Project	Central Sector Project - Haryana	20902/836.08	10.3.2008/ 31.3.2016
20	(IDP-171) Bangalore Metro Rail Project	CentralSector Project - Karnataka	44704/1705.34	31.3.2006/ 24.7.2016
21	(ID-P 220) Bangalore Metro Rail Project (II)	Central Sector Project - Karnataka	19832/1114.15	16.6.2011/ 22.9.2017
22	(ID-P 233) Mumbai Metro Line 3 project	Central Sector Project – Maharashtra	71000/5000	31.3.2014/ 17.09.2020
23	(ID-P 197) Chennai Metro Project	Central Sector Project - Tamil Nadu	21751/856.34	21.11.2008/ 19.03.2015
24	(ID-P 208) Chennai Metro Project (II)	CentralSector Project - Tamil Nadu	59851/3117.24	31.3.2010/ 15.6.2017
25	(ID-P 230) Chennai Metro Project (III)	CentralSector Project - Tamil Nadu	48691/3428.82	28.3.2013/ 25.07.2020
26	(IDP 207) Kolkata East West Metro Project (II)	CentralSector Project – West Bengal	23402/1175.98	31.3.2010/ 15.6.2017
27	(IDP-164) Ganga Action Plan (Varanasi)	CentralSector Project - Uttar Pradesh	11184/658.26	31.3.2005/ 28.7.2015
28	(IDP-180) Visakhapatnam Port Expansion Project	***1) Central Sector Project - Visakhapatnam***	4129/163.84	30.3.2007/ 16.1.2016
29	(ID-P 205) Dedicated Freight Corridor Project (Phase 1)	Central Sector Project - All India	2606/132.90	27.10.2009/ 23.02.2015
30	(ID-P 209) Dedicated Freight Corridor Project Phase 1 (II)	Central Sector Project - All India	90262/4701.14	31.03.2010/ 18.02.2023
31	(ID-P212) Dedicated Freight Corridor Project (Phase 2)	Central Sector Project - All India	1616/82.03	26.7.2010/ 16.11.2015
32	(ID-P 229) Dedicated Freight Corridor Project Phase 2 (II)	Central Sector Project - All India	136119/9585.50	28.3.2013/ 25.07.2020
33	(ID-P 225) Delhi Water Supply Improvement Project	Delhi	28975/1704.30	29.10.2012/ 23.1.2023
34	(IDP-189) Goa Water Supply & Sewerage Project	Goa	22806/905.00	14.9.2007/ 28.11.2017
35	(IDP-183) Gujarat Forestry Development Project Phase 2	Gujarat	17521/695.28	30.3.2007/ 11.7.2017
36	(IDP-172) Swan River Integ. Watershed Management	H.P.	3493/128.24	31.3.2006/ 24.7.2016
37	(ID-P 240)Haryana Distribution System Upgradation System	Haryana	26,800/1528.08	31.3.2014/ 28.08.2022
38	(ID-P 213) Himachal Pradesh Crop Diversification Promotion Project	***2) Himachal Pradesh***	5001/266.01	17.2.2011/ 16.6.2021
39	(IDP-177)Bangalore Distribution Upgradation Project	Karnataka	10643/422.34	30.3.2007/ 11.7.2015
40	(IDP- 163) Karnataka Sustainable Forest Mgt& Biodiversity Con Project	Karnataka	15209/633.70	31.3.2005/ 28.7.2015
41	(IDP-165) Bangalore Water Supply and Sewerage (II)	Karnataka	41997/1686.62	31.3.2005/ 28.7.2015
42	(IDP-168) Bangalore Water Supply and Sewerage (II-2)	Karnataka	28358/1181.58	31.3.2006/ 24.7.2016

43	(ID-P 203) Kerala Water Supply Project (III)	Kerala	12727/511.12	31.3.2009/ 27.7.2015
44	(ID-P 217) Madhya Pradesh Transmission System Modenization Project	Madhya Pradesh	18475/1037.38	16.6.2011/ 22.9.2018
45	(IDP-173) Orissa Forestry Sector Development Project	Orissa	13937/559.71	31.3.2006/ 24.7.2016
46	(IDP-187) Orissa Integrated Sanitation Improvement Project	Orissa	19061/ 860.00	30.3.2007/ 11.7.2016
47	(ID-P 210) Rengali Irrigation Project III	Orissa	3072/160	31.3.2010/ 24.11.2015
48	(IDP-186) Amritsar Sewerage Project	Punjab	6961/276.23	30.302007/ 11.7.2015
49	(ID-P 221) Rajasthan Forestry and Biodiversity Project Phase 2	Rajasthan	15749/884.77	16.6.2011/ 12.10.2021
50	(IDP-161) Rajasthan Minor Irrigation Improvement	Rajasthan	11555/481.46	31.3.2005/ 28.7.2015
51	(ID-P 226) Rajasthan Rural Water supply and Fluorosis Mitigation Project (Nagaur)	***3) Rajasthan***	37598/2199.10	28.9.2012/ 23.1.2020
52	(ID-P 211) Sikkim Biodiversity Conservation and Forest Management Project	Sikkim	5384/280.42	31.3.2010/ 15.06.2022
53	(ID-P 224) Tamil Nadu Transmission System Improvement Project	Tamil Nadu	60740/3572.72	28.9.2012/ 23.1.2020
54	(IDP-162) Tamil Nadu Afforestation Project II	Tamil Nadu	9818/409.08	31.3.2005/ 28.7.2015
55	(ID-P214) Tamil Nadu Biodiversity Conservation and Greening Project	Tamil Nadu	8829/469.62	17.2.2011/ 16.6.2021
56	(ID-P 196) Tamil Nadu Urban Infrastructure Project	Tamil Nadu	8551/374.49	10.3.2008/ 25.3.2016
57	(IDP-195) Hogenakkal Water Supply and Fluorosis Mitigation Project	***1) Tamil Nadu***	22387/785.33	10.3.2008/ 25.3.2017
58	(ID-P 204) Hogenakkal Water Supply and Fluorosis Mitigation Project Phase 2	***2) Tamil Nadu***	17095/374.80	31.3.2009/ 28.7.2017
59	(ID-C8) Tamil Nadu Investment Promotion Programme	Tamil Nadu	13000/770	12.11.2013/ 17.2.2019
60	(Idp-182) Tripura Forest Environmental Improvement and Poverty Alleviation Project	Tripura	7725/306.55	30.3.2007/ 11.7.2017
61	(IDP-194) Uttar Pradesh Participatory Forest Management and Poverty Alleviation Project	Uttar Pradesh	13345/624.93	10.3.2008/ 25.3.2018
62	(IDP-185) Agra Water Supply Project	Uttar Pradesh	24822/985.00	30.3.2007/ 11.7.2017
63	(ID-P 235) Uttarakhand Forest Resource Management Project	Uttrakhand	11390/657.00	11.4.2014/ 28.8.2024
64	(IDP-167) Purulia Pumped Storage Project III	West Bengal	17963/721.40	31.3.2006/ 24.1.2015
65	(ID-P 223) West Bengal Forest and Biodiversity Conservation Project	West Bengal	6371/657.00	29.3.2012/ 24.8.2022
66	(IDP-175) Kolkata Solid Waste Management Improvement Project	West Bengal	3584/143.94	31.3.2006/ 24.7.2016
67	(ID-P 231) West Bengal Piped Water Supply Project (Purulia)	***3) West Bengal***	14225/955.00	28.3.2013/ 25.07.2022

15. INTEGRATED FINANCE DIVISION

15.1 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).

15.2 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/ Forward Markets Commission (FMC)/ Fourteenth Finance Commission (14thFC)/G-20 Secretariat/Office of Special Court, Mumbai/ Office of Custodian/ Appellate Authority for Industrial and Financial Reconstruction/ Board for Industrial and Financial Reconstruction/ Debt Recovery Tribunals/Debt Recovery Appellate 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.34-Department of Economic Affairs and Grant No.35-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 Demands 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.

(vii) Monitoring of pending 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 LokSabha/RajyaSabha in respect of implementation of Reports of the standing Committee.

(viii) Budgetary position regarding the Grants administered by the Division is given below:

Budgetary allocation of the Grants (on net basis).

(₹ in Crore)

Grant		BE 2014-15	RE 2014-15	BE 2015-16
34-Department of Economic Affairs	Plan	9931.00	8343.76	8465.10
	Non Plan	6875.11	6050.81	8774.46
	Total	**16806.11**	**14394.57**	**17239.56**
35– Department of Financial Services	Plan	14100.00	9650.00	9805.00
	Non Plan	7536.10	11963.51	15061.80
	Total	**21636.10**	**21613.51**	**24866.80**

The best practices followed for effective expenditure control includes:

(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.

16. DIRECTORATE OF CURRNECY

16.1 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.

16.2. The two Currency Presses, i.e., Bank Note Press (BNP), Dewas and Currency Note Press (CNP), Nashik produce currency notes for circulation by the Reserve Bank of India (RBI). The two Security Presses, i.e. Security Printing Press (SPP), Hyderabad and India Security Press

(ISP), Nashik, Security and Hyderabad produce & supply Non-Judicial Stamp Papers and allied stamps to the State Governments and postal stationery, stamps etc. to Postal Department. 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. The four Mints at Mumbai, Kolkata, Hyderabad and Noida produce circulation coins for supply by the RBI. The Security Paper Mill at Hoshangabad manufactures security paper for use of currency / security presses.

16.3 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 2.01 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.

16.4 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 24.79% 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 as against 2925 MT produced during 2012-13.

16.5 The Sales turnover of the Company has increased to ₹3797.61crore in 2013-14 from ₹3625.17 crore in 2012-13 registering a growth of 4.75% over the previous year. The Sales per employee during 2013-14 has increased by 7.72% to ₹30.98 lac from ₹28.76 lac during the year 2012-13 primarily due to increase in the production during 2013-14. Despite the increase in overall production and productivity per employee, the Net Profit of the Company during the year 2013-14 has decreased as compared to previous year 2012-13. This is mainly because Revenue from Operations during 2013-14 has been adjusted by making provision for rate difference of Coins and Postal items, increase in cost of paper due to forex variation and increase in salary and wages.

16.6 The Company has declared a dividend @ 20% on Profit after Tax (PAT) and paid to Government an amount of ₹42.93 crore during FY 2013-14. This is the fourth year in succession SPMCIL has paid dividend since its inception. SPMCIL has achieved MoU 2013-14 Composite Score of 1.257 thus obtained the Excellent rating for the fifth year in succession. SPMCIL has also achieved 'Excellent' grading for compliance of Guidelines on Corporate Governance issued by DPE for 2013-14 for the fourth year in succession. The Company has created reserves of ₹2860 crore as on 31st March 2014. The Corporation has Total Assets of about ₹7332 crore as on 31st March, 2014.

16.7. Continuing its momentum of modernization, the Company has taken-up various capital projects during the year 2013-14. 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 Bank Note Processing Systems, (BPS-2000) have been installed one each at CNP, Nashik and BNP, Dewas. Two Mini Finishing Machines for Bank Note Processing have been installed in Currency Note Press, Nashik. Three 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 PVD coating machine for coining Dies has been commissioned at India Government Mint, Noida. Blank sorting machines in the Mints have been commissioned. They 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 stabilization phase.

16.8 It is the Human Resource which is an invaluable asset during the phase of transition in our Company and various measures are being taken for welfare of the employees including socialization programmes, community activities, cultural functions, games and sports which are slowly getting momentum in the corporate life. In comparison to the preceding year, i.e. 2012-13, the Employees strength has come down from 12,606 to 12,257 as on 31.03.2014 due to natural attrition of manpower on account of superannuation.

16.9 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.

16.10 **Indigenisation-** 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. The commercial production from JV Project is expected to begin in 2015-16. 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 the first quarter of 2015-16.. 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.

16.11 Commemorative Coin Released During 2014-15. The following Commemorative Coins were released during 2014-15:

Year	Name of the Commemorative	Date of Release
2014	Diamond Jubilee of Coir Board	16-04-2014
2014	Centenary commemoration of Komagata Maru incident	29-09-2014
2014	Birth Centenary of Begum Akhtar	07-10-2014
2014	125th Birth Anniversary of Jawaharlal Nehru	14-11-2014
2015	175th Birth Anniversary of Jamsetji Nusserwanji Tata	06-01-2015
2015	BHEL-50 Years of Engineering Excellance	07-01-2015
2015	Centenary Commemoration-Mahatma Gandhi', Return from Sourth Africa	08-01-2015

Annexure-I

REPRESENTATION OF SCs, STs and OBCs in respect of Department of Economic Affairs (Main) as on 29.12.2014

Representation of SCs STs and OBCs

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	170	11	7	13	-	-	-	-	1	-	-	17	1	1
Group B	258	35	21	10	8	2	1	3	2	-	-	-	-	-
Group C	294	68	8	13	-	-	-	-	1	-	-	-	-	-
Group D (Excl.Safai Karamcharis)					-	-	-	-	-	-	-	-	-	-
Gr.D (Safai Karamcharis)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	722	114	36	36	8	2	1	3	4	-	-	17	1	1

Annexure-II

REPRESENTAION OF Persons with Disabilities in respect of Department of Economic Affaris (Main) as on 29.12.2014

Groups	Number of Employees				DIRECT RECRUITMENT							PROMOTION						
					No. of Vacancies reserved			No. of Appointments Made				No. of Vacancies reserved			No. of Appointments			
	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	170	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B	250	-	03	03	-	-	-	-	-	-	-	-	-	-	-	-	-	-
C	294	-	-	02	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**722**	**-**	**03**	**05**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

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 Sands for Orthopedically Handicapped (persons suffering from locomotors disability or cerebral palsy)

Annexure-I

SECURITY PRINTING & MINTING CORPORATION OF INDIA LTD., (SPMCIL)

Representation of SCs STs and OBCs

FOR THE PERIOD 1.1.2014 TO 31.12.2014

Groups	Representation of SCs/STs/OBCs (As on 01.01.2015)				Number of appointments made during the calendar year 2014 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 (E-1 to E-8)	347	52	17	63	55	7	4	15	0	0	0	3	1	0
Group B (S-1 & S-2)	1199	209	101	119	67	10	5	22	49	7	4	17	5	2
Group C (W-1 to W-6)	10325	2219	909	1039	273	45	16	132	1185	239	118	18	4	2
GRAND TOTAL	**11871**	**2480**	**1027**	**1221**	**395**	**62**	**25**	**169**	**1234**	**246**	**122**	**38**	**10**	**4**

Annexure II

SECURITY PRINTING & MINTING CORPORATION OF INDIA LTD., (SPMCIL)
REPRESENTAION OF PERSONS WITH DISABILITIES
Number of appointments made during the Calendar Year 2014 (As on 1.1.2015)

Groups	Number of Employees				DIRECT RECRUITMENT No. of Vacancies reserved			No. of Appointments Made				PROMOTION 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 (E-1 to E-8)	347	0	1	2	0	0	0	58	0	1	1	0	0	0	0	0	0	0
Group B (S-1 & S-2)	1199	1	1	24	1	0	3	69	1	0	1	0	0	0	33	0	0	0
Group C (W-1 to W-6)	10325	49	88	191	2	5	7	294	0	0	3	0	0	1	619	1	1	3
Total	**11871**	**50**	**90**	**217**	**3**	**5**	**10**	**421**	**1**	**1**	**5**	**0**	**0**	**1**	**652**	**1**	**1**	**3**

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 Sands for Orthopedically Handicapped (persons suffering from locomotors disability or cerebral palsy)

Annexure-I

REPRESENTATION OF SCs, STs and OBCs in respect of Securities Appellate Tribunal. Mumbai Ministry of Finance Department of Economic Affairs

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	3	-	-	-	-	-		-	-	-	-	-	-	-
Group B	9	1	-	-	-	-		-	-	-	-	-	-	-
Group C	13	2	-	4	-	-		-	-	-	-	-	-	-
Group D (Excl.Safai Karamcharis)	0	-	-	-	-	-		-	-	-	-	-	-	-
Gr.D (Safai Karamcharis)	0	-	-	-	-	-		-	-	-	-	-	-	-
TOTAL	25	3	-	4	-	-		-	-	-	-	-	-	-

Annexure-II

REPRESENTATION OF Persons with Disabilities in respect of Securities Appellate Tribunal. Mumbai Ministry of Finance Department of Economic Affairs

Groups	Number of Employees				DIRECT RECRUITMENT							PROMOTION						
					No. of Vacancies reserved			No. of Appointments Made				No. of Vacancies reserved			No. of Appointments			
	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	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group B	9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group C	13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group D (Excluding safai Karmacharis)	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group D (safai Karmacharis)	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**25**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

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-I

REPRESENTATION OF SCs, STs and OBCs FOR THE PERIOD FROM 01.01.2014 TO 31.12.2014

MINISTRY / DEPARTMENT / ATTACHED/ SUBORDINATE OFFICE : National Saving 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	4	2	-	2	-	-	-	-	-	-	-	-	-	-
Group B	10	2	1	7	5	1	-	4	-	-	-	-	-	-
Group C	36	16	7	13	-	-	-	-	-	-	-	-	-	-
Group D (Excl.Safai Karamcharis)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gr. D (Safai Karamcharis)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	50	20	8	22	5	1	-	4	-	-	-	-	-	-

Annexure-II

REPRESENTATION OF THE PERSONS WITH DISABILITIES FOR THE PERIOD FROM 01.01.2014 TO 31.12.2014

Ministry Department : National Saving 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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group C	1	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**1**	**-**	**-**	**1**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

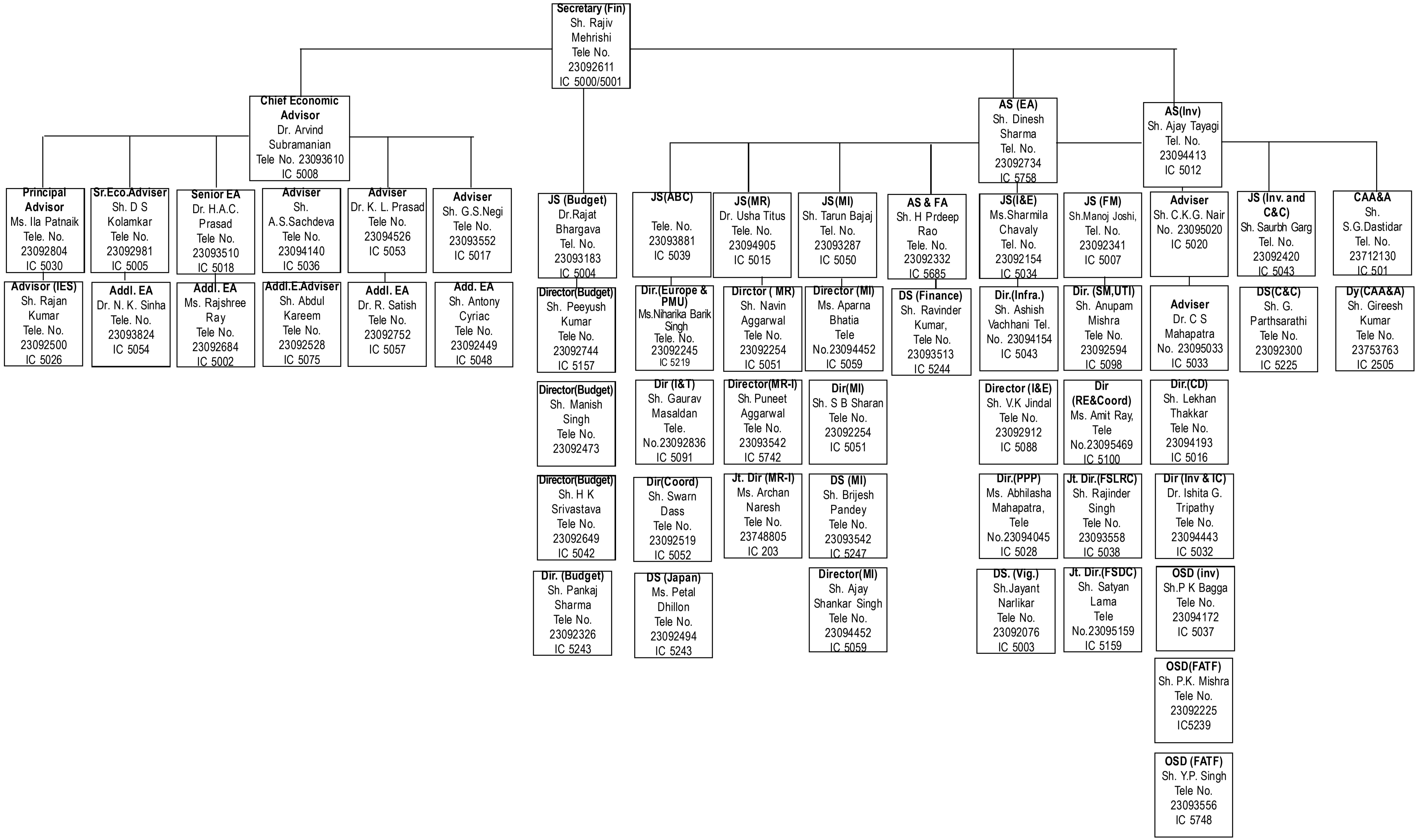
Note: (i) VH stands for Visually Handicapped (persons suffering from blindness or low vision)
(ii) HH stands for Hearing Handicapped(persons suffering from hearing impairment)
(iii) OH stands for Orthopaedically Handicapped (persons suffering from locomotor disability or cerebral palsy)

Annexure

Grants – in – aid released to economic research oriented institutes from 1-4-2014 to 31-12-2014.

S.No.	Name of the Grantee Institute	Purpose of the grant	Sanctioned Amount
1.	National Council of Applied Economic Research (NCAER), New Delhi	Construction of NCAER's Campus	₹ 250 lakhs

ORGANISATION CHART IN THE DEPARMENT OF ECONOMIC AFFAIRS



Department of Expenditure

1. Establishment 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 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 of Secretaries' 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 indicates the physical dimensions of the financial budget as also the actual performance of the following year.

1.3 With a view to containing the non-developmental expenditure and releasing additional resources for priority schemes, this Division has been issuing 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 the 29th October 2014.

1.4 **Pay Related Issues**: During the year 2014-15, 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.

1.5 **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.

1.6 The Seventh Central Pay Commission comprises the following:

1. Chairman - Justice (Retd.)Shri Ashok Kumar Mathur
2. Member - Shri Vivek Rae
3. Member - Dr. Rathin Roy
4. Secretary - Smt. Meena Agarwal

1.7 **Expenditure Management Commission**: An Expenditure Management Commission headed by Dr. Bimal Jalan, former Governor, Reserve Bank of India, Eminent Economist and Policy Expert, has been set up vide Resolution dated 4th September, 2014. This Commission will review the allocative and operational efficiencies of Government expenditure to achieve maximum output including review of the major areas of Central Government expenditure, and suggest ways of creating fiscal space required to meet developmental expenditure needs without compromising the commitment to fiscal discipline and other issues concerning Public Expenditure Management. The EMC will submit its final report before the Budget of 2016-17.

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 numbers of incumbents in position.

2.2 The unit brought out the 35th issue of the series of the Brochure for the year 2012-13 in May 2014.

3. Right to Information Act

3.1 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. Suo-Moto disclosure has been made mandatory as per orders of the Department of Personnel & Training.

3.2 During the year 1551 Applications and 100 Appeals under RTI Act 2005, received in physical form and 1457 Applications and 98 Appeals received online were disposed off in a time bound manner.

4. Plan Finance-I Division

4.1 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 to States is provided through schemes covering programmes implemented under State Plan and Centrally Sponsored Schemes, which were hitherto a part of Central Plan upto 2013-14, have been restructured and reclassified as Central assistance to State & UT Plans from 2014-15 BE. Central assistance includes Normal Central Assistance (NCA), Special Plan Assistance (SPA) and Special Central Assistance (SCA), Additional Central Assistance (ACA) for Externally Aided Projects (EAPs), ACA for other specific schemes. A brief write-up on various State Plan Schemes where funds are released by MoF, Department of Expenditure during 2014-15 is as under:

4.1.1 Normal Central Assistance (NCA)

NCA is allocated on the basis of the Gadgil-Mukherjee formula approved by National Development Council (NDC) taking into consideration factors like population, per capita income, special problems of States, etc. During 2014-15 (upto December, 2014), an amount of ₹ 20,812.61 crore has been released to various States as NCA against Rs.28,514 crore (BE-2014-15).

4.1.2 Special Central Assistance/Special Plan Assistance (SCA/SPA)

Apart from Normal Central Assistance, untied Special Central Assistance to meet the gap in resources for financing of the States' Annual Plans is also allocated by the Planning Commission to Special Category States (SCS). 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 2014-15(upto December, 2014), SCA of ₹ 6699.70 crore has been released to Special Category States against Rs.11,000 crore in BE-2014-15.

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. In the year 2014(upto December, 2014), SPA of ₹ 2944.35 crore has been released to States against Rs.6837 crore in BE-2014-15.

4.1.3. 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.

The allocation for the District Component as well as for the State Component is fixed as an Additional Central Assistance (ACA) on 100% grant basis. The District Component of BRGF is implemented by the Ministry of Panchayati Raj and funds for the State Component of BRGF are released by DoE, Ministry of Finance on the basis of recommendations made by the Planning Commission. The BRGF scheme has been approved by the Cabinet for continuation during 12th Plan. An amount of ₹477.91 crore has been released under State component of BRGF during the financial year 2014-15 (upto December, 2014).

4.1.4. Additional Central Assistance (ACA) for Left Wing Extremism (LWE) affected districts:-

Additional Central Assistance (ACA) @ Rs.30 crore per year per affected district is provided to Left Wing Extremism (LWE) affected districts. Presently, ACA is extended to 88 districts in 10 affected States of Andhra Pradesh (4 districts), Bihar (11 districts),Chhattisgarh(14 districts), Jharkhand(17 districts), Madhya Pradesh(10 districts), Maharashtra(4 districts), Odisha(18 districts), Uttar Pradesh(3 districts), Telangana (4 districts) and West Bengal(3 districts). As per extant guidelines, Additional Central Assistance (ACA) for Left Wing Extremism (LWE) affected districts is 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 developmental schemes according to the local need.

In the financial year 2014-15 (upto December, 2014), an amount of Rs.1760 crore towards ACA for LWE affected districts has been released against ₹ 2640 crore in BE-2014-15.

4.1.5 State Treasury Computerization under National e-Governance Programme (NeGP) -

Scheme for computerization of State Treasuries, one of Mission Mode Projects (MMPs) under NeGP, implemented by Ministry of Finance, was launched on 1 April 2010 at an overall cost of ₹ 626 crore (with central assistance of ₹ 482 crore), computed at ₹ one crore per district. The scheme supports States and UTs to fill the existing gaps in their treasury computerisation, upgradation, expansion, and interface requirements, apart from supporting basic computerisation. 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 following 21 States and 3 UTs for Treasury Computerization under NeGAP have been approved: 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. ACA of Rs.148 crore has been released to these states till 2014-15 (upto December, 2014).

4.2 Additional Central Assistance for Externally Aided Projects

Additional Central Assistance for Externally-Aided Projects (EAPs) is passed on to the General Category States on back to back basis on the same terms and conditions on which these loans are received by the Central Government from donor agencies. However, in case of Special Category States, special dispensation has been made whereby they receive the assistance for externally aided projects in grant:loan ratio of 90:10. Based on the recommendations of Office of Controller of Aid, Account and Audit, an amount of ₹ 12,455.54 crore has been released to the State Governments during 2014-15 (upto December, 2014) as against ₹ 15,500 crore in BE-2014-15.

4.3 Other Schemes

Special Central Assistance is also released for schemes like Hill Area Development Programme (HADP) and Western Ghats Development Programme (WGDP). During 2014-15(upto 15.12.2014), an amount of Rs 121.90 crore in total has been released for HADP and WGDP. Moreover, one time grant in the form of ACA for other projects (OTACA) and other ACA is also provided to the States.

Scheme-wise allocation vis-à-vis releases of Central Plan Assistance to States under Demand No.36 (formerly Demand No. 35) of Department of Expenditure, Ministry of Finance in 2014-15 (Up to December, 2014) are shown in the following table.

(₹ in crore)

Sl. No.	Scheme/ Programme	2014-15 Budget Estimate	2014-15 Releases (upto 15.12.2014)
1	Normal Central Assistance (NCA)	28,514	20,813
2	Special Plan Assistance (SPA)	6837	2944
3	Special Central Assistance (SCA) (untied)	11,000	6700
4	Additional Central Assistance -One Time	1261	-
5	Other ACA	1180	62
6	Additional Central Assistance (ACA) for Externally Aided Projects	15,500	12,456
7	Additional Central Assistance (ACA) for HADP/WGDP	300	122
8	State Treasury Computerization under National e-Governance Programme (NeGP)	50	2
9	Special Central Assistance under Backward Regions Grant Fund	5050	478
10	ACA for LWE affected Districts	2640	1760
	Total	**72,332**	**45,337**

5. Finance Commission Division

5.1 Non-Plan Grants to States (FCD) from Demand No. 36

The States are supported through Non-plan grants as per recommendation of Finance Commissions. The award period of the 13th Finance (FC-XIII) is from 1 April, 2010 to 31 March, 2015. The year 2014-15 is the last year of the award period of FC-XIII. On the Non-plan side ₹ 30,691.56 crore has been released during 2014-15 (upto December, 2014) 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. In addition to assistance released under SDRF, ₹795.95 crores has been released from National Disaster Response Fund (NDRF) during the same corresponding period in 2013-14.

5.2 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.

All the States have in place their FRBMAs incorporating the targets of revenue deficit, fiscal deficit and debt as a ratio to their Gross State Domestic Product (GSDP). States in aggregate have been able to achieve the fiscal targets laid down by FC-XIII. Position for 2014-15(BE) is summarized as follows:

i. Aggregate revenue surplus is about 0.45% of GSDP, ahead of the FC-XIII projections of Revenue Deficit of 0.0%.

ii. Aggregate fiscal deficit is at 2.56% of GSDP (2.23% of GDP) as against the target of 3.0% of aggregate GSDP (2.4% of GDP) prescribed by the FC-XIII.

iii. Aggregate debt to GSDP ratio is around 23.71% of aggregate GSDP, well within FC-XIII's projections of 30.3% of GSDP.

5.3 Debt Relief recommended by FC XIII

The Thirteenth Finance Commission (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 State specific grants.

5.3.1. 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.
- The loans contracted by States from National Small Savings Fund (NSSF) till 2006-07 and outstanding at the end of year preceding the year of enactment of Fiscal Responsibility and Budget Management Act, have been reset at 9% interest rate for eligible States.

5.4 Borrowings:

The methodology for determining annual borrowing ceilings of States during the 2010-15 period has been devised in line with the FC- XIII recommendations. The borrowing limits of States are being worked out by Ministry of Finance (MoF) in accordance with the prescribed fiscal reform path for each State. Compliance with the prescribed fiscal parameters has contributed in bringing down to aggregate Debt to GSDP ratio to 23.7% (2014-15 BE) as against the target of 30.3% of GSDP by the end of year 2014-15.

5.5 Fourteenth Finance Commission

The 14th Finance Commission has submitted its Report to the Government.

6. Plan Finance-II Division

6.1 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.

6.2 During the period 1st January, 2014 to 31st December, 2014, the Expenditure Finance Committee (EFC) chaired by the Secretary (Expenditure) recommended 85 Plan Investment proposals/Schemes of various Ministries/Departments costing ₹ 4,10,313.044 crore.

6.3 Also during the period, Public Investment Board (PIB) chaired by the Secretary (Expenditure) considered and recommended 5 proposals involving an amount of Rs.23,271.62 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	1424.08
2.	M/o Urban Development	2	19453.00
3.	M/o External Affairs	1	1765.54
4.	M/o Shipping	1	729.00
	Total	**5**	**23,371.62**

6.4 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.

6.5 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.

6.6 Revised Guidelines for Formulation, Appraisal and Approval of Government funded Plan Schemes/ Projects have been issued vide O.M. No.24(35)/PF-II/ 2012 dated 29th August, 2014. This has been done to rationalize the delegation of financial powers 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.

7. Procurement Policy Division

7.1 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 other related matters such as setting up of a Central Public Procurement Portal.

7.2 The Division deals with the following items of work:-

(i) Public Procurement legislation and rules, notifications, orders there under;

(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.

7.2.1 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 Rs.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.

- Currently, approximately 1500 tenders are floated per month using facility of CPP. This translates to around Rs.20,000 crores worth procurement per annum through CPP only. Apart from it, many procurement organizations like Railways, PSUs like ONGC, BHEL etc. have their own e-procurement portals.

7.2.2 Swachh Bharat Kosh

The Kosh has been set up to achieve the objective of improving cleanliness levels in rural and urban areas, including in schools. It will also be enabled to bring out innovative/unique projects and girl toilets will be the priority area to start with. The following broad activities will be financed from the Kosh:

a) Construction of community/individual toilets in rural areas, urban areas, in elementary, secondary and senior secondary government schools and aanganwaadis (Centre that provide support to children below 6 years and their mothers under the Integrated Child Development Scheme, Ministry of Women and Child Development);

b) Renovation and repair of dysfunctional community/individual toilets in elementary, secondary and senior secondary government schools, and aanganwadis;

c) Construction activity for water supply to the constructed toilets;

d) Training and skill development to facilitate maintenance of constructed toilets and to ensure its inter-linkages with education on hygiene;

e) Other initiatives of improving sanitation and cleanliness in rural and urban areas including solid and liquid waste management;

f) Any other activity to improve sanitation in the country as decided by the Governing Council.

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 with a view of rationalisation of posts and also evolve performance standards and work norms. SIU also looks into work simplification in 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.

8.2 In the changed scenario and keeping in view the Govt. 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.

8.3 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 mandatorly required to be implemented by the concerned organisation within the stipulated period.

8.4 During the year 2014-15, SIU has finalised 05 study reports of the following organisations:

- Staffing study of Coconut Development Board (HQ office, Regional offices, State Centre and its Demonstration cum Seed Production Farms), Ministry of Agriculture.
- Staffing study of Gr. 'B' and 'C' posts (NG) of Directorate General of Foreign Trade (DGFT), Ministry of Commerce & Industry.
- Norms-cum-staffing study for a Recruits Training Centre (RTC) of 1500 Trainees Capacity in Central Armed Police Forces (CAPFs), Ministry of Home Affairs
- Staffing study of Commission of Railway Safety (CRS) for strengthening of existing set up of Chief Commissioner of Railway Safety (CCRS) w.r.t. its HQ office including Technical Wing and Commissioners of Railway Safety (CsRS) w.r.t. 09 Circle Offices and also for creation of two Circle Office of Commissioner of Metro Railway Safety (CMRS), Ministry of Civil Aviation.
- Study of canteen staff strength, UPSC has also been reviewed and made suitable recommendations.

8.5 These studies have covered the sanctioned strength of 4020 posts. SIU has found justification for retention of 3458 posts and found 584 posts as surplus from the existing sanctioned strength. Simultaneously, out of additional demand of 2318 posts, 988 posts have been found justified and 1330 posts prevented from new creation. These studies have resulted a direct economy of Rs.25.92 crores while Rs.351.01 crores as preventive economy and Rs.13.86 crores as an additional expenditure towards new posts recommended for creation.

9. Implementation of Official Language Policy (Hindi)

9.1 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 responsibilities 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.

9.2 Officers/staff of the Department are nominated for Hindi Language, Hindi Stenography/typing training. Hindi Section is facilitating these training programs. During the year 2014, 6 officers/staff has completed Hindi Stenography training successfully and 7 officers/staff were nominated for the same.

9.3 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, 2013, original correspondence in Hindi with Region "A", "B" and "C" was 68.68%, 59.67% and 37.10% respectively while original Hindi correspondence during the quarter ended on September 30, 2014 stood at 69.04%, 58.32% and 33.48% respectively.

9.4 Regular Quarterly meetings of the Departmental Official Language Implementation Committee were held. These were held on March 13, June 26, September 17 and December 29, 2014. 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. A program of inspection for monitoring progress in implementation of provisions relating to Official Language in respect of 9 Sections/ Offices viz. Administration II, E.II(A), Parliament, Confidential, Cadre Administration, General Administration, E.III(A), Plan Finance-I and Central Pension Accounting Office was prepared and concerned sections/offices were intimated accordingly.

9.5 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 26, 2014. 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. A total of 40 officers/officials participated in these workshops. The workshops were found very useful by the employees.

9.6 Quarterly Progress Reports regarding progressive use of Hindi were regularly received from sections/offices of the department. A detailed review of progress reports (Part-I & II) in respect of the quarter ending 31.03.2014 was done keeping in view the targets prescribed in the Annual Program and review reports were sent to CGA, CPAO, INGAF and NIFM for follow up and necessary action. In addition, a helping hand has been extended to make websites of the department and its offices viz. CPAO and Chief Adviser(Cost) bilingual (Hindi & English) by completing Hindi translation/vetting of the material to be uploaded on the websites.

9.7 During the year 2014 "Hindi Fortnight" was organized in the Department from 01-15 September, 2014. During "Hindi Fortnight" various competitions were organized which included Hindi Essay Writing, Noting-Drafting, Official Language and General knowledge, Hindi Stenography, Hindi Typing, Shabd Samarthya, Dictation and Sulekh. In addition to this, a campaign was launched for undertaking more and more work in Hindi (minimum 2000 words) during the period of August 2014 to September 2015. As many as 172 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 Secretary(Exp.) in a prize distribution ceremony held on December 30, 2014.

10. Integrated Finance Unit (IFU)

10.1 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, Direct Benefit Transfer Division, 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 of Financial Management, 7th Central Pay Commission, Expenditure Management Commission, Contribution to International Body (AGAOA) and the budget relating to payment of service charges to the Central recordkeeping Agency for the New Pension Scheme.

10.2 This Unit also monitors the expenditure under Grant No.40 - Pension; and Grant No.41 - Indian Audit & Accounts Department.

10.3 The allocations under the respective Grants are as under:-

(₹ in crore)

Grant No.	Budget Estimates 2014-15			Revised Estimates 2014-15		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total
39 - Department of Expenditure	4.00	151.90	155.90	3.50	141.01	144.51
40 - Pensions	-	24778.00	24778.00	-	25500.00	25500.00
41 - Indian Audit & Accounts Department	-	3337.08	3337.08	-	3311.48	3311.48

10.4 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 by the Government from time to time.

The expenditure trend of Grant Nos.39, 40 and 41 have been consistently monitored and strict control has been exercised over the Government expenditure. A report of the review is regularly submitted to the Secretary (Expenditure) on quarterly basis.

11. CHIEF CONTROLLER OF ACCOUNTS

11.1 The Chief Controller of Accounts (CCA) is in overall charge of the payment and accounting set up of the Ministry. Some of the important functions of the CCA (Finance) are:

(i) Budget related work

(ii) Payments, accounting and internal audit in the Ministry of Finance

(iii) Financial reporting to Chief Accounting Authority (i.e. the Secretary of the respective Department) and to the Controller General of Accounts

(iv) Preparation of monthly and quarterly reviews of receipt and expenditure

(v) Settlement of Pension cases and Pension authorization under various Pension Rules

(vi) Pension payment to foreign pensioners residing in India on behalf of Sri Lanka, Singapore, UK and Burma

(vii) Accounting and monitoring of Loans advanced to foreign countries

(viii) Transfer of funds to and from CFI to Public Account of India

(ix) Formulation of detailed Accounting procedures in respect of the Funds maintained under Public Account of India

11.2 ACHIEVEMENTS

(a) By using the technology, it was made possible to transfer the grants/loans to States within the same day of issuance of sanction and also to reflect it in the PFMS portal of CGA. Sanctions and IGA advices to RBI are also uploaded on the Finance Ministry web site http://finmin.nic.in/stateloan/state main.asp and are accessible to all the States.

(b) In the Pay and Accounts offices, most of the payments/releases are being made electronically and only few cheques are issued (like Government to Government). During the FY 2014-15 (up-to December 2014), in the Department of Economic Affairs, payments/releases worth ₹1220.89 crore were made electronically through more than 13971 authorisations for electronic transfer of funds to the Bank accounts of vendors/beneficiaries, in addition to the Inter Government Advice (IGA) issued to RBI for direct transfer of funds to State Governments and other bodies. The PAO, Department of Expenditure issued authorisations for electronic transfer of funds for an amount of ₹79.48 crore (92% of total payments) up-to December 2014 in the FY 2014-15.

(c) During the year 2014-15 (up-to December 2014), the performance in the settlement of outstanding verification cases of absorbed employees of SPMCIL was significant. 14109 cases (99.2%) of Leave Encashment, 3048 cases (99.8%) of Combined Pension cases, 11,088 cases (99.8%)

of Pro rata pension and 16,822 cases (98.8%) of Leave Salary and Pension Contribution were achieved during this period.

(d) About 1000 Pre-2006 pending Pension cases (including Pre-1990) were revised electronically by the Pay and Accounts Offices during FY 2013-14.

12. Direct Benefit Transfer(DBT) Division

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 affect 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.

12.1.5 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

12.2 Transfer of DBT Division from Planning Commission to Ministry of Finance

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 to the Department of Expenditure under Ministry of Finance.

12.3 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. The 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.

12.6 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	**APB**	**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**

12.7 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.

12.8 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.

12.9 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

12.10 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**

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. It is estimated that if this scheme could have been rolled out throughout the country then saving in the subsidy of Rs.9000 Cr would have 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. The committee will consult stakeholders and will submit its recommendations on improving the scheme design and implementation to MOPNG by 31.05.2014.

12.11 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	National Scheme For Incentive For The Girl Child For Secondary Education
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	Pre Matric Scholarship for Children of those engaged in Unclean Occupations
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

12.12 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 Fellowship for Women
5	UGC	JRF in Science, Social science and Humanities (NET-JRF)
6	UGC	D.S. Kothari Fellowship

13. Controller General of Accounts (CGA)

13.1 The Controller General of Accounts (CGA), under the Department of Expenditure of Ministry of Finance, is the principal Accounts Adviser to the Government of India and is responsible for establishing and maintaining a technically sound management accounting system.

13.2 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.

13.3 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

13.4 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.

13.5 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.

13.6 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.

13.6.1 Some of the notable proposals processed during the year include Revision of CGA(Receipts and Payments) Rules, 1983, Revision of Civil Accounts Manual.

13.6.2 Creation of important heads of Account

New head 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, Rajiv Gandhi Gramin Vidyut Yojana.

13.6.3 Workshop on reclassification of the restructured Centrally Sponsored Schemes

A workshop was organized at 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.

13.7 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.

13.7.1 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.

13.8 Information Technology Initiatives

COMPACT (Computerized Payment and Accounts)

COMPACT is an application from O/o 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.

13.8.1 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.

13.8.2 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, which 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.

13.8.3 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 3 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.

13.8.4 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 Govt. offices. .

13.8.5 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.

13.9 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.

13.10 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.

13.11 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 Rs.100 crores and above, appearing in the Annual Appropriation Accounts.

13.11.1 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-e 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.

13.12 TRAINING- Institute of Government Accounts and Finance (INGAF)

INGAF in 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 neighbouring SAARC countries.

13.12.1 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 neighbouring 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's.

13.13 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 system working efficiently.

➢ A grievance Cell with 10 telephone lines with dedicated consultants was strengthened for redressal of grievances of pensioners.

➢ 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.

13.13.1 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.

13.13.2 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 crores against the Budget provision to ₹1.55 Lakh crores (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/state main.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.

13.13.3 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. 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 audited.

a. Internal Audit (BFI), audits the schemes of PPF-1968 & SCSS-2004 at various focal point branches of State Bank of India and its Associates Bank, 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 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.

13.13.4 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.

13.13.5 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 .

14. Office of Chief Adviser Cost

14.1 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.

14.2 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/ Department of Government of India.

14.3 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. 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 posting of 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.

14.4 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.

14.5 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.

14.6 During the period January to December 2014, 47 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 for various years at Rashtrapati Bhawan, New Delhi Nilokheri, Faridabad, Shimla, Korathy, Mayapuri, New Delhi, Mysore, Coimbatore, Chandigarh, Minto Road, New Delhi, Santragachi and Temple Street, Kolkata.

b) Cost of production & Selling Price of Postal Stationery produced & supplied by Security Printing Press, Nashik to Department of Posts for the year 2007-08 to 2012-13.

c) Cost of production & Selling Price of Postal Stationery produced & supplied by Security Printing Press, Hyderabad to Department of Posts for the year 2010-11 to 2012-13.

(ii) 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 supplied by Hindustan Insecticides limited to NVBDCP, Ministry of Health during 2012-13 and Provisional Prices for the year 2013-14.

b. Fixation of Fair Price of Opium procurement for crop year 2013-14.

c. Fixation of Fair Price of coins supplied by India Govt. Mint, Kolkata and NOIDA to RBI during the year 2011-12.

d. Fixation of Fair Price of coins supplied by India Govt. Mint, Mumbai to RBI during the year 2012-13.

e. Fixation of Fair Price of SG, GS, GSCN Coaches supplied by M/s Bharat Earth Movers Limited, Bangalore to Indian Railways during the year 2012-13.

f. Fixation of Fair Selling Price of the year 2012-13 and 2013-14 in respect of Tear Gas Gun and for the year 2012-13 for Multi Barrel Launcher manufactured by CENWOSTO, BSF, Tekanpur Gwalior.

(iii) Fixation of service charges for the services rendered by a Govt. Department/Agency on behalf of the other

a) Revision of Storage Charges payable by FCI to CWC for the year 2012-13.

(iv) Determination of subsidy

a) Price Support Scheme (PSS) for Milly Copra 2011 season under taken by NAFED - Vetting of Accounts.

b) Implementation of MIS for C Grade Apple in Himachal Pradesh for the years 2010, 2011and 2013.

c) Implementation of MIS for Iskut in Mizoram during 2012-13.

d) Implementation of MIS for Pineapple in Nagaland for the year 2013-14.

e) Subsidy payable to Northern Railway Catering Unit functioning in Parliament House for the year 2012-13.

(v) Balance Sheet on accrual accounting principles in case of Departmental manufacturing units

a. Balance Sheet and Income & Expenditure Account of Tear Smoke Unit, Border Security Force (BSF), Tekanpur (Gwalior) for the year 2013-14.

b. User Charges

c. Review of Non-tax Revenue - Fees and user charges in respect of Salt Commissioner Organisation, Jaipur, Rajasthan.

d. Other studies

e. Special Dispensation provided to Kendriya Bhandar and NCCF

14.7 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:

(i) National Pharmaceuticals Pricing Authority, Department of Pharmaceuticals.

(ii) Board of Governors and the society of the National Institute of Financial Management (NIFM), Faridabad.

(iii) Governing Body of Tear Smoke Unit, BSF, Tekanpur.

(iv) Committee to consider the procurement of agricultural commodities under the Market Intervention Scheme.

(v) Rate Structure Committee under the Chairmanship of AS&FA, Ministry of Information and Broadcasting to review the DAVP advertisement rates.

(vi) Advisory Committee for consideration of techno-economic viability of major/ medium, flood control and multipurpose projects, coordinated by Central Water Commission.

(vii) 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.

(viii) Committee for review of costing methods of Heavy Water & also for reviewing the practices of accounting & pricing of Heavy Water Pool

(ix) 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 & dispensaries.

(x) Committee to Review and Recommend Non Tax Revenue (User Charges) generated By India Meteorology Department, New Delhi.

(xi) Committee by Ministry of Home Affairs for fixation of Deployment charges for Central Police Forces/ Rapid Action Force of CRPF.

(xii) Committee to revise the Rental Charges of Sirifort Auditoria Complex, New Delhi, Directorate of Film Festivals, Ministry of Information and Broadcasting.

(xiii) Standing Committee of Experts under Drugs (Prices Control) Order 2013.

(xiv) Standing Committees to examine the reasons of time and cost overrun of various Ministries.

(xv) Standing Committees for Revision of Cost Estimates (REC) established in various Ministries.

(xvi) Committee to examine specific issues with regard to Price regime applicable on sale of DDT by Hindustan Insecticides Ltd.,

14.8 e-Governance activities

A website ww.cac.gov.in for the office of Chief Adviser Cost has been developed. CAC intranet link for the internal use of office of Chief Adviser Cost has also been developed.

14.9 Right to Information Act, 2005

Right to Information Act, 2005 is completely implemented. PIO and Appellate Authority have been nominated under the said act and the information sought by the applicants is provided within the stipulated time.

14.10 Initiative undertaken for SC/ ST/ OBC/ Disabled

Recruitment to the entry level of ICoAS i.e. Assistant Director (Cost) is made including persons belonging to SC/ST/OBC categories.

15. National Institute of Financial Management

15.1 The National Institute of Financial Management (NIFM) is Centre of Excellence specializing in capacity building of professionals in the fields of Public Policy, Financial Management and other governance issues for promoting highest standards of professional competence and practice.

15.2 NIFM was set up in 1993 as a registered society under Ministry of Finance, Government of India. To begin with it was mandated to train the 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. In due course of time NIFM has become a premier resource centre to meet the training needs of Central Government for senior and middle level management too. NIFM also caters to the State Governments, Defence establishments, Banks and other Financial Institutions.

15.3 Currently, the Institute runs six long-term programmes-Professional Training Course of 44 weeks for newly recruited probationers of Accounting services; a one year Diploma Course in Government Financial Management; a two year Post Graduate Diploma in Management (Financial Management) programme for officers of the Central Government, the State Governments, Public Sector Undertakings and other organizations under Government; a one-year weekend Post Graduate Executive Programme in Financial Markets; a one year full time Post Grade Programme in Management(Financial Markets) both in collaboration with National Stock Exchange and a four-year Fellow Programme in Management to pursue research work to produce competent researchers, teachers and Consultants. In addition, NIFM also conducts short term programme for Central Government, State Government, PSUs, Autonomous Bodies and officers from different foreign countries also participate in the programmes. NIFM also provides consultancy services to various departments and organizations of the Government of India, State Government, PSUs, Autonomous Bodies, Universities and Foreign countries.

15.4 NIFM plays a pivotal role in governance and administrative reforms by providing a platform for interaction and exchange of ideas and experiences among officers from different organised services, different state governments and between personnel of civil and defence establishments.

15.5 Apart from capacity building, NIFM is also engaged in serious research studies in the areas of accounting audit, financial management, parliamentary financial control and other issues related to public policy and delivery systems. The outcomes of such research studies are published and disseminated through Research Papers, Journals and Books.

15.6 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, NIFM is responsible for the administration and academic programs of the Institute. NIFM has a distinct advantage of an amalgamation of faculty from academics as well as from Government. 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 eminent members from acclaimed academic fraternity of India. The Management Committee of NIFM handles the day to day affairs of the institute.

Annexure - I

Representation of SCs, STs & 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	68	09	05	-	-	-	-	-	10	03	02	02	-	-
Group B	177	28	11	10	-	-	-	-	16	05 01 (OBC)	-	-	-	-
Group C	228	65	16	19	02	-	-	-	-	-	-	-	-	-
Group D (Excluding Safai Karmchari)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group D (Safai Karamchari)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**473**	**102**	**32**	**29**	**02**	**-**	**-**	**-**	**26**	**08+ 01 (OBC)**	**02**	**02**	**-**	**-**

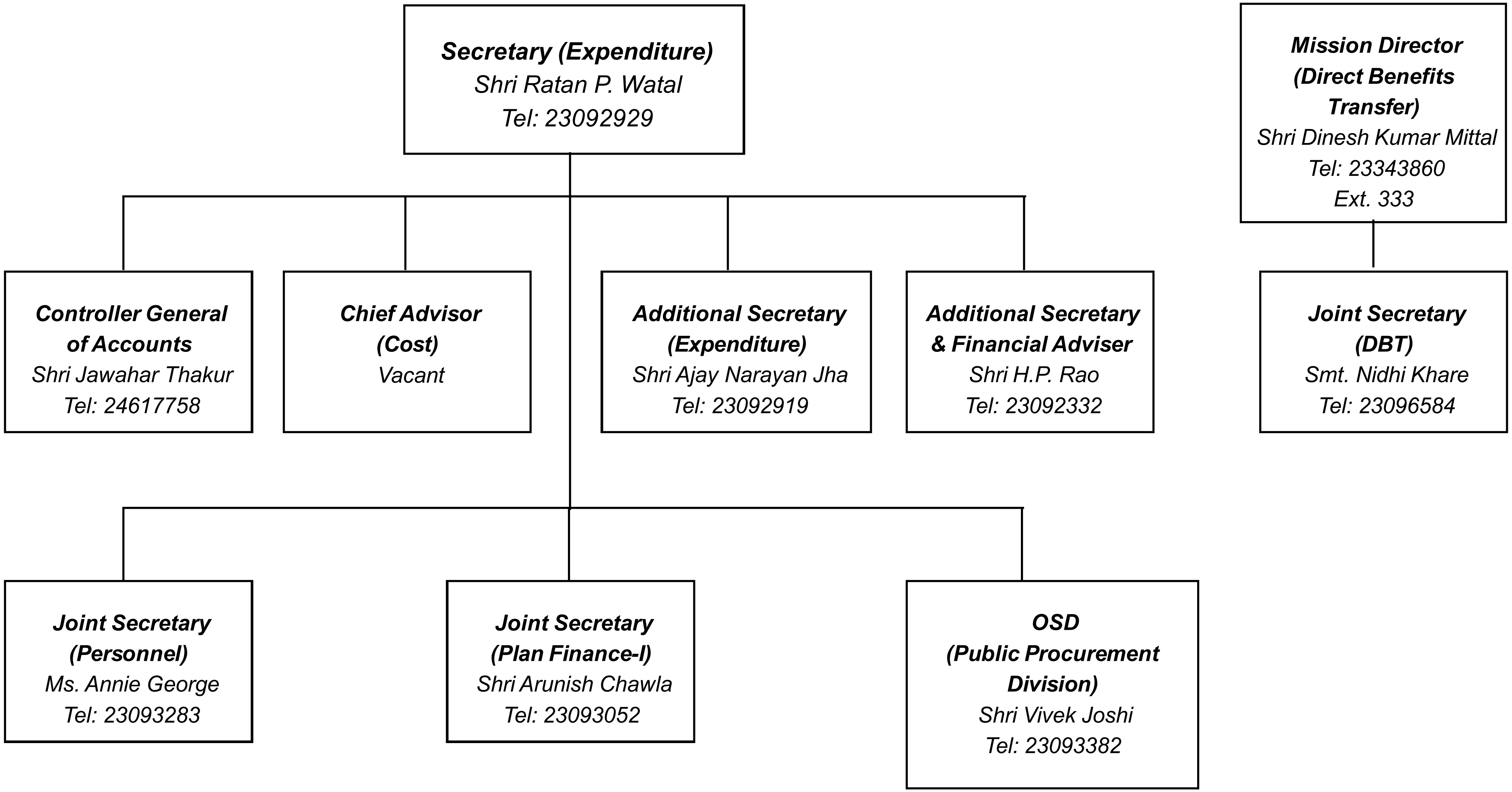
Annexure - II

Representation of Persons with Disabilities

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	68	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group B	177	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group C	228	01	01	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**473**	**01**	**01**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

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)

ORGANISATIONAL CHART OF DEPARTMENT OF EXPENDITURE



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;

xx. Prevention of Money Laundering Act, 2002; and

xxi. Foreign Exchange Management Act, 1999.

1.2.1 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 Houses 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;

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 2014-2015 with that during the previous financial year is given below:

Sl.No.	Nature of Taxes	Amounts collected during the Financial Year (₹ in Crores)		
		2013-14 (upto December 2013)	2014-15 (uto December 2014)	Percentage of growth over last year
1.	Corporate Income Tax	2,60,408	2,77,257	6.47%
2.	Personal Income Tax (including FBT, BCTT, Other Taxes)	1,56,293	1,70,310	8.96%
3.	Central Excise Duty*	1,17,877	1,19,719	1.6%
4.	Customs Duty	1,26,285	1,38,529	9.7%
5.	Service Tax	1,09,887	1,49,400	8.7%
6.	Wealth Tax	776	834	7.45 %

*(*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

2.3.1 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 2014-15, 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; and

(v) Annual Inspection of the sections in the Department of Revenue.

2.3.2 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 (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]; and

ii. Prescribe obligations on banks, financial Institutions and intermediaries relating to KYC, record keeping and furnishing reports [Implemented by Financial Intelligence Unit (FIU-IND)].

2.4.3 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).

2.4.4 Financial Action Task Force (FATF)

2.4.4.1 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.

2.4.4.2 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 Narcotics Control 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) Act 2014 was published in the Gazette of India dated 10.3.2014 as Act No.16 of 2014. The Amendment Act came into force w.e.f. 01.05.2014.

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, Psychotropic Substances and precursor chemicals is exercised through the provisions of Narcotics Drugs & Psychotropic Substances Act (NDPS), 1985 and the Rules and Orders made thereunder. The NDPS Act is intended to figure the requirements of the 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 of contracts 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 in bulk or preparation form and their salts are declared as 'controlled substances'. In all 17 'controlled substances' require 'No Objection Certificate' from the Narcotics Commissioner, Gwalior for Export or Import from/into India.

Central Bureau of Narcotics also issues manufacturing licence for manufacture of synthetic narcotic drugs. It also issues import certificates / export authorisations for import / export of narcotic drugs and Psychotropic Substances.

3.1.3 Achievements

(i) The performance of CBN with respect to issuance of NOCs during the year 2014-15 (for the period from 1.4.14 to 31.12.2014) for the export/import of Precursor Chemicals is as under:

No. of NOC issued from 01.4.14 to 31.12.14	
For export of Controlled Substance	932
For import of Controlled Substance	205
No. of Pre-export Notifications issued	908
Number of Stop Shipments of Controlled Substances	5

(ii) During this period, the cases of import of several consignments of a 'controlled substances' Methyl Ethyl Ketone in violation of the condition of Narcotics Drug and Psychotropic Substances (Regulation of Controlled Substances) Order 2013 by two firms namely East wind Footwear Company Ltd., and **Lotus Foot Wear Enterprises Limited** both situated at Thiruvannamalai, were detected which resulted into the seizure of 3585 Kgs of Methyl Ethyl Ketone from East Wind Footwear Company Ltd., Thiruvannamalai and 1245 Kgs Methyl Ethyl Ketone from **Lotus Foot Wear Enterprises Limited** Thiruvannamalai by Preventive and Intelligence Cell, Central Bureau of Narcotics, Chennai.

(iii) CBN has registered itself and started using the new secure online tool known by its acronym "PICS" – Precursors Incident Communication system introduced by the International Narcotics Control Board (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 of CBN with respect to issuance of Export authorization and Import Certificate during the current financial year for the export/ import of narcotic drugs /psychotropic substances is as under:

	Psychotropic Substances 2014-15 (up to 31st December, 2014)	Narcotic Drugs 2014-15 (up to 31st December, 2014)
No. of Export Authorization Issued	1792	155
No. of Import Certificate issued	306	109

(v) Number of Manufacturing license issued/ renewed for manufacture of synthetic narcotic drugs and number of Registrations for import of poppy seeds issued in this period is as under :-

No. of Registration certificates issued for import of Poppy Seeds calendar year 2014	No. of Manufacturing licence issued in calendar year 2014	Quota Allocation issued in calendar year 2014
83	43	248

(vi) The details of quota of narcotic drugs allocated to consuming companies for the year 2014 are as under:-

Position of allocation of narcotic drugs in 2014 (as on 31.12.2014)

Name of Drug	Allotment made to existing companies	Allotment made to new companies	No. of total companies to whom allocation has been made in 2013	Quantity allocated (in base) (in kgs.)
1	2	3	4	5
Codeine	82	3	85	64,551.72
Cannabis	1	0	1	32.12
Diphenoxylate	9	0	9	5832.03
Ethylmorphine	4	0	4	311.85
Fentanyl (In gram)	20	2	22	5409.8138
Opium	38	0	38	5000
Morphine	21	2	23	244.43
Pethidine	3	0	3	55.68
Pholcodine	5	0	5	410.7
Thebaine	6	0	6	1650
Dihydrocodeine	5	2	7	1021.4345
Oxycodone	2	1	3	17.675
Hydrocodone	3	1	4	6.100223
Methadone	2	0	2	32.12
Total	**201**	**11**	**212**	

(vii) 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.

3.1.4 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 calendar year 2014 several seizures under the NDPS Act were affected by Central Bureau of Narcotics

Sl. No	Date of Seizure.	Details
1.	01.01.2014	On the basis of secret information, the Preventive Party of the Dy. Narcotics Commissioner office, Neemuch (M.P.) effected a seizure of 3770.170 Kgs. Poppy Straw Powder alongwith one Truck vehicle No.RJ-32-G-2070 on 01.01.2014 at village-Kesarpura Highway, Neemuch-Chittorgarh Road. The Poppy Straw powder and the truck were seized under section 8/15 and 60/3 of the NDPS Act,1985. Further investigation is in progress.
2.	03.01.2014	On the basis of secret information, the Preventive Party of the Dy. Narcotics Commissioner office, Lucknow (U.P.) effected a seizure of 0.500 Kg. Heroin on 03.01.2014 at Polytechnic Chauraha beside the Kalyan Motors, near bus stop, Lucknow (U.P.) and one person was arrested under the section 8/21 of NDPS Act, 1985. Further investigation is in progress.
3.	07.01.2014	On the basis of secret information, the Preventive Party of the Preventive and Intelligence Cell, Ghazipur (U.P.) effected a seizure of 1.300 Kg. Charas and 32.300 Kg. Ganja on 07.01.2014 at near Chauka Ghat Bus Stand, Varanasi (U.P.) and one person was arrested under the section 8/20 of NDPS Act,1985. Further investigation is in progress.
4.	10.01.2014	On the basis of secret information, the Preventive Party of the Dy. Narcotics Commissioner office, Neemuch (M.P.) effected a seizure of 0.500 Kg. Heroin on 10.01.2014 at Neemuch Railway Station, Neemuch (M.P.) and one person was arrested under the section 8/21 of NDPS Act, 1985. Further investigation is in progress.
5.	17.01.2014	On the basis of specific information, the Preventive Party of the Superintendent (Ex.), Preventive and Intelligence Cell, Mumbai and Indore effected a seizure of 79.20 Kg. Mts. Methyl Ethyl Ketone on 17.01.2014 at Atul Housing and Construction Pvt. Ltd. Godown No. 01, Vill. Shirdhon, Tal, Panvel, Distt. Raigad, Maharastra. Further investigation is in progress.
6.	21.01.2014	On the basis of secret information, the Preventive Party of the Superintendent (Ex.), Preventive and Intelligence Cell, Ujjain (M.P.) effected a seizure of 2.075 Kg. Heroin on 21.01.2014 at Nanakheda Bus Stand, Ujjain (M.P.) and one person was arrested under the section 8/21 of NDPS Act,1985. Further investigation is in progress.
7.	21.01.2014	On the basis of secret information, the Preventive Party of the Superintendent (Ex.), Preventive and Intelligence Cell,Ghazipur (U.P.) effected a seizure of 43.200 Kg. Ganja on 21.01.2014 at R/o village- &-post-Bagha, P.S. Chunar, Distt. Mirzapur (U.P.) and one person was arrested under the section 8/20 of NDPS Act, 1985. Further investigation is in progress.
8.	25.01.2014	On the basis of secret information, the Preventive Party of the Dy. Narcotics Commissioner office, Neemuch (M.P.) effected a seizure of 7.350 Kgs. Opium on 25.01.2014 near Yatri Pratikshalaya at Bhadawa Mata Mandir, P.S. Neemuch City, Neemuch (M.P.). No one could be arrested due to assault or seizing party because of which the accused absconded. Further investigation is in progress.

Sl. No	Date of Seizure.	Details
9.	02.02.2014	On the basis of secret information, the Preventive Party of the office Preventive and Intelligence Cell, Indore (M.P.) effected a seizure of 0.200 Kg. Heroin on 02.02.2014 at M.Y.Hospital, Indore (M.P.) and one person was arrested under the section 8/21 of NDPS Act,1985. Further investigation is in progress.
10.	12.02.2014	On the basis of secret information, the Preventive Party of the office Preventive and Intelligence Cell, Ghazipur (U.P.) effected a seizure of 40.300 Kg. Ganja on 12.02.2014 at Near Tampal of Shitla Mata Mandir, Bhadau Chungi, Old GT Road, Varanasi (U.P.) and two persons were arrested under the section 8/20 of NDPS Act,1985 alongwith One Mahindra Bolero vehicle bearing No.UP-63-P-0391. Further investigation is in progress.
11.	17.02.2014	On the basis of secret information, the Preventive Party of the Dy. Narcotics Commissioner office, Neemuch (M.P.) effected a seizure of 4.000 Kg. Opium on 17.02.2014 at Bhat Kheda Fanta, Neemuch (M.P.). and one person was arrested alongwith one Motor Cycle U/S 60(3) of the NDPS Act,1985. Further investigation is in progress.
12.	10.03.2014	On the basis of secret information, the Joint Preventive Party and office of the Preventive and Intelligence Cell, Udaipur (Raj.) effected a seizure of 62.000 Kg. Opium on 10.03.2014 at Beawar -Barr Road, infront of the RTDC Midway, NH-14, PS-Raipur, Distt. Pali (Raj.) and three persons were arrested alongwith one Truck No.RJ-05/GA-3282 which were seized under the section 8/18 and 60 (3) of NDPS Act,1985. Further investigation is in progress.
13.	20.03.2014	The office of the Preventive and Intelligence Cell, Udaipur (Raj.) effected a seizure of 5.000 Kg. Opium on 20.03.2014 at residential house of Prahalad Singh S/o Natwar Singh, village-Vijaya Magri, PS-Bhindar, Tehsil-Vallabh Nagar, Distt.Udaipur (Raj.) and one person was arrested under the section 8/18 of NDPS Act,1985. Further investigation is in progress.
14.	22.03.2014	On the basis the receipt of the telephonic massage, the preventive party of the Preventive and Intelligence Cell, Jaipur (Raj.) effected a seizure of 270 illicit poppy plant on 22.03.2014 at infront of Saras Dairy, J.L.N. Marg, Jaipur (Raj.). Further investigation is in progress.
15.	29.03.2014	On the basis of secret information, office of the Preventive and Intelligence Cell, Mandsaur (M.P.) effected a seizure of 21.500 Kg. Acetic Anhydride on 29.03.2014 at Suwasara Bus Stand, Mandsaur, Distt. Mandsaur (M.P..) and one person was arrested alongwith one Motor Cycle Bajaj Discover No.MP-14-MJ-3252 which was seized under the relevant provisions of NDPS Act,1985. Further investigation is in progress.
16.	14.04.2014	On the basis of secret information, the Preventive Party office of the Preventive and Intelligence Cell, Udaipur (Raj.) effected a seizure of 0.400 Kg. Heroin on 14.04.2014 at Jojran Ka Kheda, Toll plaza, Gangrar ,Distt. Chittorgarh (Raj.) and one person was arrested under the NDPS Act,1985. Further investigation is in progress.
17.	17.04.2014	On the basis of search of the Preventive Party office of the Preventive and Intelligence Cell, Ghazipur (U.P.) effected a seizure of 0.530 Kg. heroin on 17.04.2014 at Jamania Road Tiraha, P.S. Kotwali, District- Ghazipur (U.P.) and one person was arrested alongwith one Motor cycle bearing No.UP-61S-7146 which was also seized under the section of 8/21 and 60(iii) of NDPS Act,1985. Further investigation is in progress.
18.	24.04.2014	On the basis of secret information, office of the Dy. Narcotics Commissioner, Lucknow (U.P.) effected a seizure of 2.600 Kgs. Alprazolam on 24.4.2014 at Underground Parking of Kaisherbagh Bus Station, Lucknow (U.P.) and one person was arrested. Further investigation is in progress.

Sl. No	Date of Seizure.	Details
19.	05.05.2014	On the basis of secret information, the Preventive Party office of the Preventive and Intelligence Cell, Pratapgarh (Raj.) effected a seizure of 0.265 Kg. Heroin on 05.05.2014 at Ambamata Mandir Chauraha, Pratapgarh - Choti Sadri Road (Raj.) and one person was arrested under the section 8/21 of NDPS Act, 1985. Further investigation is in progress.
20.	31.05.2014	On the basis of secret information, the Joint Preventive Party and office of the Preventive and Intelligence Cell, Chittorgarh (Raj.) effected a seizure of 205.500 Kg. Opium on 31.05.2014 at Gogunda Toll Plaza, Udaipur-Pindwara Road, NH-76, Police Station-Gogunda, Distt.Udaipur (Raj.) and four persons were arrested under the section 8/18 (b) of NDPS Act,1985. One Maruti Swift Dezire Car bearing No.RJ-30-CA-3104, was also seized under the section 60 (b) of NDPS Act,1985. Further investigation is in progress.
21.	04.06.2014	On the basis of secret information, the Preventive Party office of the Preventive and Intelligence Cell, Ghazipur(U.P.) effected a seizure of 232 Nos. Buprenorphine Injection on 04.06.2014 at Bilaichiya Turn (Near Andhau Hawai Patti), Ghazipur Distt. Ghazipur(U.P.) and one person was arrested under the section 8/22 of NDPS Act,1985. One Mahendra Centero Motor Cycle bearing No.UP-61-V-7920 was also seized under the section 60 (iii) of NDPS Act, 1985 . Further investigation is in progress.
22.	29.06.2014	On the basis of secret information, the Preventive Party of the Preventive and Intelligence Cell, Ratlam seized 1.7 kg. opium at Railway Station, Ratlam on 29.06.2014 from the possession of a person Raju Das Bairagi S/o Ramsukh Das R/o Village Sagoria, Tehsil Shamgarh, Mandsaur.
23.	18.07.2014	On the basis of secret information, the Preventive Party of O/o the Dy. Narcotics Commissioner, Lucknow (U.P.) effected a seizure of 0.900 kg. Heroin on 18.07.2014 at the corner of Pratap Hotel in front of Cantonment Railway Station, Varanasi and two persons were arrested under the section 8/21 of NDPS Act,1985. Further investigation is in progress.
24.	12.08.2014	Preventive Party of O/o the Superintendent, Preventive & Intelligence Cell, Chennai seized a quantity of 1.245 MT imported Methyl Ethyl Ketone in the warehouse of M/s Lotus Footware Enterprises Ltd., Thiruvannamalai District and a quantity of 3.585 MT imported Methyl Ethyl Ketone in the warehouse of M/s Eastwind Footwear Company ltd., Thiruvannamalai District on 12.08.2014.
25.	23.08.2014	On the basis of secret information, the Preventive Party of O/o the Dy. Narcotics Commissioner, Neemuch effected a seizure of 7.7 kg opium on 23.08.2014 at Bhawsara Fanta, Neemuch and a person was arrested under the section 8/18 of NDPS Act, 1985. Further investigation is in progress.
26.	11.09.2014	On the basis of secret information, the Preventive Party of Preventive & Intelligence Cell, Indore effected a seizure of 0.1 kg. Heroin on 11.09.2014 outside Rly Station, Siyaganj Road, near S.B.I. ATM, Indore and two persons were arrested under the section 8/21 of NDPS Act,1985. Further investigation is in progress
27.	15.09.2014	On the basis of secret information, the Preventive Party of O/o the Dy. Narcotics Commissioner, Lucknow has effected a seizure of 0.5 kg. Heroin on 15.09.2014 near Northern Railway Stadium gate, Charbagh, Lucknow and a person was arrested under the section 8/22 of NDPS Act,1985. Further investigation is in progress.
28.	17.09.2014	On the basis of secret information, the Preventive Party of O/o the Dy. Narcotics Commissioner, Lucknow effected a seizure of 2.3 kg. Alprazolam on 17.09.2014 near Maa Kali Mandir Gate, Engineering College Chauraha, Lucknow and a person was arrested under the section 8/22 of NDPS Act,1985. Further investigation is in progress.

Sl. No	Date of Seizure.	Details
29.	23.09.2014	On the basis of secret information, joint Preventive Party of Preventive & Intelligence Cell, Indore and Jaora effected a seizure of 0.4 kg. Heroin on 23.09.2014 at Khajrana Mandir, Ring Road, Indore and a person was arrested under the section 8/21 of NDPS Act,1985. Further investigation is in progress
30.	26.09.2014	On the basis of secret information, joint Preventive Party of O/o Preventive & Intelligence Cell, Ghazipur and O/o the Dy. Narcotics Commissioner, Lucknow effected a seizure of 3400 injections of Buprenorphine (2 ml) on 26.09.2014 opposite Bharat Petroleum Pump, Ghosabad (Choukaghat), Varanasi and a person was arrested under the section 8/22 of NDPS Act,1985. Further investigation is in progress.
31.	02.11.2014	On the basis of secret information, the Preventive Party of O/o the Dy. Narcotics Commissioner, Lucknow seized 32.450 kg. Acetic Anhydride from the possession of Deepak Kumar Singh S/o Naresh Singh on 02.11.2014 in front of Mission Hospital Gate on Bareilly-Lucknow Highway, Faridpur, Bareilly under the section 9A/25A of NDPS Act,1985. Further investigation is in progress.
32.	19.11.2014	On the basis of secret information, Preventive Party of O/o the Dy. Narcotics Commissioner, Lucknow effected a seizure of 0.5 kg Heroin on 19.11.2014 near Juhi Gaushala, P.S. Kidwai Nagar, Kanpur and a person Sonu @ Manoj was arrested under the section 8/21 of NDPS Act,1985. Further investigation is in progress
33.	01.12.2014	A preventive party of O/o Dy. Narcotics Commissioner, Kota seized 2.5 kg. Opium near Samrat Hotel, Hanumangarh (Raj.) on 01.12.2014 and arrested a person Balaram Malviya S/o Narayan Jee Malviya, R/o Rishanand Nagar, Mandsaur
34.	10.12.2014	On the basis of secret information, preventive party of O/o Distt. Opium Officer, Mandsaur-III seized 0.525 kg. Morphine near Nayakhera Mandsaur Petrol Pump, Mhow- Neemuch road, Mandsaur on 10.12.2014 and arrested a person Mohanlal S/o Rameshwar Patidar R/o vill. Gujarbardia, The./ Distt. Mandsaur
35	13.12.2014	On the basis of secret information, preventive party of O/o the Dy. Narcotics Commissioner, Lucknow seized 0.730 kg. Heroin outside Kesarbagh Busstand, in front of Shiva Mandir, Kaiserbagh, Lucknow on 13.12.2014 from the possession of a lady Nasreen Bano W/o Mohd. Kaleem @ Sabir R/o H.No. 101/163, Begumganj, P.S. Colonelganj, Kanpur.
36.	13.12.2014	A preventive party of O/o Superintendent (Preventive), P&I Cell, Chittorgarh seized 1 kg. Opium on 13.12.2014 at Gangrar Toll Plaza, Gangrar, Chittorgarh from a person Bhagwan s/o Dulichand Jat, R/o village Dhansa, PS Jafarpur, Delhi who was traveling from a bus of Rishabh Travels RJ-18-PA-3299 plying between Nimbahera and Delhi.
37.	25.12.2014	On the basis of secret information, preventive party of Preventive & Intelligence Cell, Bareilly seized 0.075 kg. heroin at Ramganga Kargaina Road, Chaubari Mod, Bareilly from the possession of a Rizwan Ali S/o Late Kallu Shah R/o village Nawada Imamabad, The. Nawabganj, bareilly

Seizure cases effected by CBN in financial year 2014-2015 upto 31-12-2014		
Name of Drug	**Quantity**	**2014-15 (up-to 31.12.2014)**
Opium	Qty. (in kgs.)	296.750
	No. of cases	9
	Persons Arrested	13

Name of Drug	Quantity	2014-15 (up-to 31.12.2014)
Heroin	Qty. (in kgs.)	7.750
	No. of cases	14
	Persons Arrested	16
Morphine	Qty. (in kgs.)	0.525
	No. of cases	1
	Persons Arrested	1
Charas	Qty. (in kgs.)	1.300
	No. of cases	1
	Persons Arrested	1
Acetic Anhydride	Qty. (in ltrs.)	53.950
	No. of cases	2
	Persons Arrested	2
Poppy Husk Powder	Qty. (in Kgs.) No. of cases P.A.	3770.170 1 0
Buprenorphine injs.	Quantity (No.)	3632
	Case	2
	P.A.	2
Illicit poppy cultivation	Area (in Hect.), Arunachal Pradesh	217.600
	P.A.	0
Alprazolam	Quantity (in Kgs.)	4.900
	Case	2
	P.A.	2
Methyl Ethyl Ketone	Quantity (M.T)	127.500
	Case	2
	P.A.	0

(ii) Number of persons convicted/acquitted in CBN cases decided by various Court during the financial year 2014-15 (up-to-31.12.2014):

Financial year	Total no. of persons who were facing prosecution	Total no. of persons convicted	Total no. of persons acquitted	Conviction rate (%)
2014-15	244	11	16	40.74

Number of cases decided by various Courts during the financial year 2013-14 (up-to 30.11.2013)

Financial 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 (%)
2014-15	15	8	7	53.33

3.1.5 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/SC/OBC employees.

3.1.6 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 fulfilment of other usual conditions.

3.1.7 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.

3.1.8 E-Governance Activities

Various instructions of the Government on issue of e-governance are duly noted for compliance. Use of CCTV's at Settlement and Weighment centers was also successfully carried out. Payment to cultivators has been made through e-payment from the crop year 2012-13 onwards.

Computers have been provided, almost, in each section on the CBN headquarter 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 web site of Central Bureau of Narcotics has been updated and all the application forms for issue of export/ import authorization for export/ import of psychotropic substances/ narcotics drugs and 'controlled substances' can be down loaded from the CBN website: www.cbn.nic.in.

3.1.9. During the crop year 2013-14, a quantity of 318 Metric Tonne 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 2013-14 was 56.435, 63.269 & 55.990 respectively. The All India average yield during 2013-14 was **59.649** kg./ hectare at 70 degree consistency. The figures related to opium cultivation are provisional as final reports from factories for the crop year 2013-14 are awaited. The figures are for crop year 2013-14 as the crop cycle for the cultivation of opium is October to September next year. Settlement/ Licensing operation for crop year 2014-15 has been completed during the month of November 2014 and consequently **38465** cultivators have been increased far as area of **6170.900** hectare.

3.1.10 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 was adopted. There was high risk in drawing big amount from Banks, carrying it to weighment centers, disbursing it to concerned cultivators /Lambardars and carrying it to villages by cultivators from weighment centres in late evening. Since banking infrastructure has been improved in opium growing areas cost of opium/ commission were paid through e-payment directly in Bank Accounts of cultivators during weighment operation. Final payment to cultivatosr after receipt of computed challans from Govt. Opium Factories is also being done without waiting for Settlement Operation.

3.1.11 Other highlights of performance and achievements during the year 2014-15

3.1.11.1 World Drug Day, 2014 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, 2014 to 30th June, 2014. The following events were organized:

3.1.11.2Motor Cycle Rally: A Road show/ Motor Cycle Rally of around 100 volunteers was organized on 26th June, 2014. 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.

3.1.11.3Signature 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, 2014. The signature campaign attracted 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.

3.1.11.4Health Check-up camps: On 27-6-2014, 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.

3.1.11.5Poster painting competition: An open poster painting competition was held at the office premises on 28-6-2014. 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 programmers including Nukkad Sabha at Kota, Essay Writing competition, Quiz competition, Slogan and Debate Competitions were organized at Unit Headquarters, Kota, Lucknow and Neemuch.

3.2 Government Opium and Alkaloid Works (GOAW)

3.2.1 Chief Controller of Factories(CCF)

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 syrups, pain relievers and tablets for terminally ill cancer and HIV patients. The GOAWs 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 Chairperson 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 GOAWs have employed a total work force of about 1400 people at its two opium and alkaloid plants. The work force comprises 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 (2013-14) is as follows:

Government Opium and Alkaloid Factories (GOAF)

PERFORMANCE OF GOAF FOR THE FINANCIAL YEAR 2013-2014 (01.04.2013 to 31.03.2014)

Sl. No.	Particulars	Unit	Production Targets for 2013-14	Actual Production for 2013-14	**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

Sl. No.	Particulars	Unit	Production Targets for 2013-14	Actual Production for 2013-14	Percentage Increase over Targets
	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	**Quantity (Kgs)**	**Amount (Rs. in Crores)**
(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

(Quantity in Kgs)

Unit	U.S.A.	IRAN	FRANCE	JAPAN	TOTAL
Ghazipur	292	NIL	1996	94352	96640
Neemuch	243851	NIL	NIL	NIL	243851
Total	244143	NIL	1996	94352	340491

D	OPIUM CHARGED FOR PRODUCTION			(Qty. in MTs at 90°C)
	OF DRUGS & IMOs:			147 (aprrox.)
E	REVENUE RECEIPTS (ON REALISATION BASIS)			
				(Rs. in crores)
	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**

Similarly, the achievements during the period April to December of current year 2014-2015 are as follows:- **ACHIEVEMENT OF CCF ORGANISATION**

UP TO THE MONTH OF DECEMBER 2015 WITH COMPARATIVE DATA OF PREVIOUS YEAR i.e. 2014 FOR THE SIMILAR PERIOD

Sl. No.	Particulars	Unit	Actual Production Up to December 2013-14	Actual Production Up to December 2014-15	% age increase over previous year
(1)	(2)	(3)	(4)	(5)	(6)
A.	**PRODUCTION**				
1	Drying of opium for Export at 90°C	MT	166	39	-76
2	Manufacture of Drugs :				
	a) Codeine Sulphate	KG.	162	0	-100
	b) Morphine Sulphate	KG.	218	305	40
	c) Codeine Phosphate	KG.	6635	9347	41
	d) Dionine	KG.	296	0	-100
	e) Pure Thebaine	KG.	62	59	-5
	f) Noscapine BP	KG.	2202	3382	54
	g) Pholcodine	KG.	109	140	28
	h) Papavarine S.R.	KG.	927	1178	27
	i) IMO Powder	KG.	5300	6500	23
	j) IMO Cake	KG.	2740	910	-67
	Total Finished Drugs	**KG.**	**18651**	**21821**	**17**
3.	i) Cod. Phos. Import for Domestic Market KG.		14000	15491	11
	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	2013-14		2014-15	
		Qty. (Kgs.)	(Rs. in Crores)	Qty. (Kgs)	(Rs. in Crores)
1	Export of opium on accrual basis	214775	95.16	147564	73.65
2	Domestic Sale of Drugs : (on actual basis)				
	a) Codeine Sulphate	0	0	95	0.83
	b) Morphine salts	280	1.01	279	1.01
	c) Codeine Phosphate(Indigenous & Imported)	36398	142.55	33453	142.17
	d) Dionine	309	3.69	167	1.99
	e) Pure Thebaine	1015	3.60	1060	3.76
	f) Papavarine S.R.	1375	0.28	1430	0.29
	g) Noscapine BP	2121	7.55	2980	10.60
	h) Pholcodine	207	1.11	170	0.91
	i) Oxycodone HCl	0	0	11	1.62
	j) IMO Powder(Domestic sale + Export)	5208	4.31	2840	2.61
	k) IMO Cake(Domestic sale + Export)	2954	2.66	2176	1.99
	Total (2)	**49867**	**166.76**	**44661**	**167.78**
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)	**264642**	**261.92**	**192225**	**241.43**

C COMPARATIVE COUNTRY WISE EXPORT OF OPIUM AT 90°C (upto December of each financial year)

(Qty. in Kgs at 90ºC

Unit	USA	FRANCE	HUNGARY	JAPAN	SWITZERLAND	TOTAL
2013-14						
Ghazipur	292	812	0	56995	0	58099
Neemuch	156676	0	0	0	0	156676
Total	156968	812	0	56995	0	214775
2014-15						
Ghazipur	0	0	0	77391	1097	78488
Neemuch	69076	0	0	0	0	69076
Total	69076	0	0	77391	1097	147564

D COMPARATIVE REVENUE RECEIPTS ON REALISATION BASIS (upto December of each financial year)

(Rs. in Crores)

(Provisional)

Unit	Opium Factories	Alkaloid Works	Total
2013-14			
Ghazipur	0.08	63.26	63.34
Neemuch	76.67	95.44	172.11
Total	**76.75**	**158.70**	**235.45**
2014-15			
Ghazipur	25.15	71.44	96.59
Neemuch	15.59	96.62	112.21
Total	**40.74**	**168.06**	**208.80**

3.3.2 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.

3.3.3 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.

3.3.4 Grievances Redressal Machinery

Public Grievances in the CCF's Organization are dealt with promptly. The labour grievances are also dealt with expeditiously and the relations between the Management & workers during this period was harmonious and cordial.

3.3.5 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.

3.3.6 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.

4. STATE TAXES

4.1 State Taxes Division

State Taxes Division 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 other significant assignments of the State Taxes Section.

4.2 State Value Added Tax (VAT)

4.2.1 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 Value Added Tax (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 (as there is no VAT in these UTs). 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:

4.2.2 A package for payment of compensation to States for any revenue loss on account of introduction of VAT has been completed and an amount of Rs. 19002.82 crore has been released by the Central Government to States till date on account of claims filed by the States for the years 2005-06, 2006-07 & 2007-08.

4.2.3 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 implemented.

4.2.4 A Mission Mode project for computerization of VAT administrations of States and UTs has been completed in March, 2014.

4.2.5 50% funding has been 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 upto 31st March, 2014.

4.2.6 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 Rs. 18 crore and Rs. 14 crore respectively.

4.2.7 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 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 Central Sales Tax 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 Goods and Services Tax (GST). A consensus was reached amongst States and the Centre on the strategy for phasing out the CST to facilitate introduction of GST in the meeting of the Hon'ble Finance Minister with the State Finance Ministers held on 03.01.2007. CST rate had been reduced from 4% to 3% w.e.f. 01.04.2007 and from 3% to 2% w.e.f. 1st June, 2008.

4.3.4 The Central Government has released Rs. 32800.93 crore to States as compensation for the loss due to reduction in CST rate for the years 2007-08, 2008-09, 2009-10 and 2010-11.

4.3.5 Central Government has further agreed, in-principle, to release CST Compensation for the years 2010-11, 2011-12 and 2012-13 as per the recommendations made by the Empowered Committee of State Finance Ministers (EC). In this regard EC has recommended for payment of 100% CST compensation for the year 2010-11, 75% CST compensation for the year 2011-12 and 50% CST compensation for the year 2012-13 as per the Guidelines dated 22.08.2008. Accordingly, Budget Provision of Rs. 11000 crore has been made in Financial Year 2014-15 for the release of balance payment of CST Compensation for the year 2010-11. Further, provision of funds would be made in the next Financial Year. Action for seeking Cabinet Approval is under process.

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 in the Budget Speech for the Financial Year 2006-07.

4.4.2 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. The Bill, however, lapsed with the dissolution of the 15th Lok Sabha. Thereafter, several meetings have been held between the Central Government and the States to resolve the outstanding contentious issues on the introduction of GST. In terms of the broad consensus arrived at in the last few meetings, the Government introduced on 19.12.2014 the Constitution (122nd Amendment) Bill, 2014 in the Parliament for amending the Constitution of India to facilitate the introduction of Goods and Services Tax (GST) in the country.

4.4.3 The salient features of the GST Bill are as follows:

(i) Power both to the Parliament and State legislatures to make laws for levying GST on the supply of goods and services in the same transaction.

(ii) Creation of a Goods & Services Tax Council, a joint forum of the Centre and the States under the Chairmanship of the Union Finance Minister with State Finance/Taxation Ministers as members, to make recommendations to the Union and the States on important issues like tax rates, exemptions, threshold limits, dispute resolution modalities etc.

(iii) Subsumation of central taxes like Central Excise Duty, Additional Excise Duties, Service Tax, Additional Customs Duty (CVD) and Special Additional Duty of Customs (SAD), etc. in GST.

(iv) Subsumation of State taxes like VAT/Sales Tax, Central Sales Tax, Entertainment Tax, Octroi and Entry Tax, Purchase Tax and Luxury Tax, etc. in GST.

(v) All goods and services, except alcoholic liquor for human consumption, will be brought under the purview of GST. Petroleum and petroleum products have also been Constitutionally brought under GST. However, it has also been provided that petroleum and petroleum products shall not be subject to the levy of GST till notified at a future date on the recommendation of the GST Council. The present taxes levied by the States and the Centre on petroleum and petroleum products, i.e. Sales Tax/VAT and Excise Duty respectively will continue to be levied in between.

(vi) Both Centre and States will simultaneously levy GST across the value chain. Centre would levy and collect Central Goods and Services Tax (CGST), and States would levy and collect the State Goods and Services Tax (SGST) on all transactions within a State.

(vii) The Centre would levy and collect the Integrated Goods and Services Tax (IGST) on all inter-State supply of goods and services. The IGST mechanism has been designed to ensure seamless flow of input tax credit from one State to another. The inter-State seller would pay IGST on the sale of his goods to the Central Government after adjusting credit of IGST, CGST and SGST on his purchases(in that order). The exporting State will transfer to the Centre the credit of SGST used in payment of IGST. The importing dealer will claim credit of IGST while discharging his output tax liability (both CGST and SGST) in his own State. The Centre will transfer to the importing State the credit of IGST used in payment of SGST.

(viii) GST is a destination-based tax. All SGST on the final product will ordinarily accrue to the consuming State.

(ix) GST rates will be uniform across the country. However, to give some fiscal autonomy to the States and Centre, there will a provision of a narrow tax band over and above the floor rates of CGST and SGST.

(x) To levy a non-vatable additional tax of not more than 1% on supply of goods in the course of inter-State trade or commerce. This tax will be for a period not exceeding 2 years, or further such period as recommended by the GST Council. This additional tax on supply of goods shall be assigned to the States from where such supplies originate.

4.5 Indian Stamp Act, 1899

4.5.1 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:-

4.5.2 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.

4.5.3 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.

4.5.4 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.

4.5.5 A comprehensive Review of Indian Stamp Act, 1899 has been undertaken. Consultation with State Governments and Central Ministries is complete. The draft of the Bill will be sent shortly for vetting to the Ministry of Law & Justice.

4.6 Action taken to implement the Programme and other Important Policy initiatives announced in Budget Speech, 2014-15

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 Dec., 2014.
1	9	Goods and Services Tax (GST) The debate whether to introduce a Goods and Services Tax (GST) must now come to an end. We have discussed the issue for the past many years. Some States have been apprehensive about surrendering their taxation jurisdiction; others want to be adequately compensated. I have discussed the matter with the States both individually and collectively. I do hope we are able to find a solution in the course of this year and approve the legislative scheme which enables the introduction of GST. This will streamline the tax administration, avoid harassment of the business and result in higher revenue collection both for the Centre and the States. I assure all States that government will be more than fair in dealing with them.	The proposal for the introduction of GST was first mooted in the Budget Speech for the Financial Year 2006-07. Since then, detailed deliberations and negotiations have been held with the Empowered Committee of State Finance Ministers (EC) on the topic. The 115th Constitutional (Amendment) Bill, 2011, for the introduction of GST was first introduced in the Lok Sabha in March 2011. The Bill, however, lapsed with the dissolution of the 15th Lok Sabha. Thereafter, several meetings have been held between the Central Government and the States to resolve the outstanding contentious issues on the introduction of GST. In terms of the broad consensus arrived at in the last few meetings, the Government introduced on 19.12.2014 the Constitution (122nd Amendment) Bill, 2014 in the Parliament for amending the Constitution of India to facilitate the introduction of Goods and Services Tax (GST) in the country.

4.7 Work done on the development of North Eastern Region and Sikkim – Projects/ Schemes being operated and actual expenditure thereon:

For computerization of VAT administration of North-Eastern States financial support, upto 90% of the project cost was provided under Mission Mode Project (MMP-CT) of Commercial Taxes, to develop and upgrade the IT systems of their commercial tax administrations.

4.10 E-Governance Activities:

4.10.1 Special Purpose Vehicle for Goods & Services Tax Network(GSTN-SPV)

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 has been set up by the Government in March, 2013 to provide shared IT infrastructure and services to Central and State Governments, tax payers and other stake holders for the implementation of GST. The GSTN-SPV has been incorporated as a non-Government, not for profit, private limited company registered under section 25 of the Companies Act, 1956, with 49 percent equity held by Government and 51% held by non Government institutions. The Centre and States hold equal stakes in equity i.e. 24.5% each and retain strategic control over the company. GSTN-SPV has an authorized equity share capital of Rs. 10 crore. The affairs of the GSTN are looked after by a 14-member Board of Directors.

4.10.2 Mission Mode Project (MMP-CT) on Commercial Taxes

Under the National e-Governance Plan (NEGP), the Department of Revenue 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, has helped States/UTs to develop and upgrade the IT systems in their commercial taxes administrations. A project Empowered Committee (PEC) chaired by Revenue Secretary had been set up to consider and approve individual projects submitted by the States and UTs. The PEC 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 was Rs 725 crore. An amount of Rs. 570.69 crore had been released to respective States/UTs as Central share as on 31st March,2014. This project has concluded on 31st March, 2014.

4.10.3 Project for computerization of VAT administrations of Jammu & Kashmir and Himachal Pradesh

A project for computerization of VAT administration of J&K and Himachal Pradesh had been approved with the 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 had been entrusted to the Empowered Committee of State Finance Ministers (EC) on the request of these States. 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. As on 31st December, 2014 the total amount of Rs 25.33 crore has been released to EC by this Department for the approved project activities.

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 provided financial support @ 50% of the cost of this project while States collectively share the rest. The project has been supported up to 31st March, 2013 and a total amount of Rs. 23.38 cr. has been released so far. This project is now being continued entirely with the States' funding.

4.10.5 Grievance Redressal Machinery

The State Taxes Section does not directly administer any taxation 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 a quasi judicial authority empowered to either confirm or relieve the Provisional Attachment after hearing the aggrieved parties to ensure that property is not disposed off during the pendency of trial for scheduled offences of money laundering or proceeds of crime money laundered.

5.3 The Adjudicating Authority consists of a Chairperson and two Members. The Adjudicating Authority PMLA brought out the Adjudicating Authority (Procedures) Regulations 2013. The post of Chairman and Members are tenure post after taking retirement from their erstwhile job. The Adjudicating Authority received 147 provisional attachments and 147 Original complaints during the year from the Directorate of Enforcement. Final Orders have already been passed in all cases except 43 cases including 4 cases where the Hon'ble court granted the stay in respect of provisional attachments orders issued by Directorate of Enforcement. In addition the Authority received 13 applications for retention of documents during the year and out of which 21 have already been disposed off.

5.4 The staff posted in the Authority is on deputation basis as all the posts are ex-cadre post. No appointments made during the previous calendar either by Direct Recruitment or Promotion. The supporting staff have been outsourced through contractor.

6. Appellate Tribunal Under Prevention of Money Laundering Act

6.1 The Tribunal comprises a chairman (who is or has been a Judge of the High Court or Supreme Court) and two members. One of the Members in an Accountant Member, who has been in the practice of accountancy as a Chartered Accountant for at least ten years and the other Member is a person who is or has been a judge of a High Court or who is a member of India Revenue 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.

6.2 The appellate Tribunal under PMLA is a National Tribunals 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 fine passed by the Director – Financial Intelligence Unit India (FIU-India). The Benches of the Appellate Tribunal sit at New Delhi without any benches elsewhere in the country.

6.3 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 01.01.2014 to 29.12.2014, 232 appeals and 585 miscellaneous petitions were filed and 45 appeals and 447 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 01.01.2014 to 31.12.2014, 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 2014-2015 are given in Annexure 'A'.

8.5 During the period from 01.01.2014 to 31.12.2014, 34 appeals and 43 miscellaneous petitions were filed and 99 appeals and 65 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 ₹ Lakhs)	Number	Value (in ₹ Lakhs)	
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	Rs.1294.28 lakh + US $3400
2013-2014	61	5	73.55	3	118.73	608.37
2014-2015 (01.01.2014-31.12.2014)	**62**	**20**	**276.14**	**10**	**3316.03**	**2.76 crore**

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.

9.1.1 Zones of Customs, Central Excise and Customs (Preventive)

Union Cabinet approved the plan for Cadre Restructuring and Reorganization of the Field Formations under CBEC on 5th December, 2013. Reorganized organizational set up has been operationalized w.e.f 15.10.2014. The details about reorganized organizational set up are furnished below:

9.1.2 Reorganization of the Field Formations:

Gist of Reorganization proposal as approved by the Union Cabinet			
S.No.	**Formations**	**Pre-CR Number**	**Post-CR Number**
1	Central Excise & Service Tax Zones	23	23 CE+4 ST
2	Central Excise Commissionerates	93	119
3	Service Tax Commissionerates	7	22
4	Audit Commissionerates	0	45
5	Customs Zones	11	11
6	Customs Commissionerates	35	60
7	Directorate General/Directorates/ Other formations	19	19

9.1.3 Central & Service Tax Formations:

There are 23 integrated Central Excise & Service Tax Zones, 4 exclusive Service Tax Zone, 119 Central Excise Commissionerates and 22 Service Tax Commissionerates. Each of the Central Excise and Service Tax Commissionerate normatively has 5 Divisions and 25 Ranges. Central Excise Commissionerates that will do Service Tax work also will have an additional Division and 5 Ranges exclusively for Service Tax work.

Following are integrated Central Excise & Service Tax Zones and Commissionerates:

Central Excise Zones (headed by Principal Chief Commissioner):

Chennai, Delhi, Hyderabad, Lucknow, Mumbai-I, Kolkata, Vadodara,

Central Excise Zones (headed by Chief Commissioner):

Ahmedabad, Bangalore, Bhopal, Bhubaneshwar, Chandigarh, Cochin, Coimbatore, Jaipur, Mysore, Meerut, Mumbai-II, Nagpur, Pune, Ranchi, Shillong, Vishakhapatnam,

Central Excise Commissionerates (headed by Principal Commissioner):

Chennai-I, Chennai-II, Chennai-III, Chennai-IV, Puducherry, Delhi-I, Delhi-II, Gurgaon-I, Gurgaon-II, Rohtak, Panchkula, Faridabad-I, Faridabad-II, Sonepat, Hyderabad-I, Hyderabad-II, Hyderabad-III, Hyderabad-IV, Lucknow, Allahabad, Kanpur, Agra, Mumbai-I, Mumbai-IV, Thane-I, Thane-II, Kolkata-I, Kolkata-II, Kolkata-III, Kolkata-IV, Kolkata-V, Durgapur, Bolpur, Haldia, Siliguri, Vadodara-I, Vadodara-II, Valsad, Surat-I, Surat-II, Daman, Bharuch, Silvassa, Anand, Ahmedabad-I, Ahmedabad-II, Ahmedabad-III, Rajkot, Bhavnagar, Kutch, Bangalore-I, Bangalore-II, Bangalore-III, Bangalore-IV, Bangalore-V, Bhopal, Indore, Raipur, Gwalior, Bilaspur, Jabalpur, Bhubaneshwar-I, Bhubaneshwar-II, Rourkela, Chandigarh-I, Chandigarh-II, Ludhiana, Jammu & Kashmir, Jalandhar, Cochin, Calicut, Thiruvananthapuram, Coimbatore, Madurai, Salem, Tirunelveli, Tiruchirappally, Jaipur, Jodhpur, Alwar, Udaipur, Mysore, Mangalore, Belgaum, Meerut, Hapur, Ghaziabad, NOIDA-I, NOIDA-II, Dehradun, Mumbai-II, Mumbai-III, Belapur, Raigad, Nasik-I, Nasik-II, Nagpur-I, Nagpur-II, Aurangabad, Wardha, Pune-I, Pune-II, Pune-III, Pune-IV, Goa, Kohlapur, Ranchi, Bokaro, Patna, Dhanbad, Jamshedpur, Shillong, Guwahati, Dibrugarh, Vishakhapatnam, Kakinada, Nellor, Guntur and Thirupati,

Service Tax Zones (headed by Chief Commissioner):

Delhi, Mumbai, Chennai and Kolkata

Service Tax Commissionerates (headed by Principal

Commissioner): Ahmedabad, Bangalore-I, Bangalore-II, Chennai-I, Chennai-II, Chennai-III, Delhi-I, Delhi-II, Delhi-III, Delhi-IV, Hyderabad, Kolkata-I, Kolkata-II, Mumbai-I, Mumbai-II, Mumbai-III, Mumbai-IV, Mumbai-V, Mumbai-VI, Mumbai-VII, NOIDA and Pune.

Large Tax Payer Units (headed by Chief Commissioner): Bangalore, Kolkata, Chennai.

Commissioners at LTU, Mumbai, Chennai, Kolkata, Delhi and Bangalore

9.1.4 Customs Formations: There are Eleven (11) Customs Zones and sixty (60) Customs/Customs (Preventive) Commissionerates after reorganization. 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.

Following are the details of Zones and Commissionerates:

Customs Zones (headed by Principal Chief Commissioner): Mumbai-I,

Customs Zones (headed by Chief Commissioner):

Delhi, Mumbai-II, Mumbai-III, Kolkata, Chennai, Bangalore, Delhi Customs (P), Patna Customs (P), Tiruchirapalli Customs (P), Cochin Customs (P), Ahmedabad.

Customs Commissionerates (headed by Principal Commissioner):

ACC (Import) Delhi, ICD Tughlakabad Delhi, Mumbai General, Nhava Sheva-I, Nhava Sheva-II, Mumbai Airport, Mumbai ACC Import, Mumbai Preventive, Kolkata Port, Kolkata Airport & ACC, Chennai-I Airport, Chennai-III, Chennai VII ACC, Bangalore Airport & ACC, Ahmedabad, Mundra, Hyderabad, NOIDA, Vishakhapatnam.

Customs Commissionerates (headed by Commissioner):

Delhi General, Delhi Airport, Delhi ACC Export, ICD Tughlakabad Export, ICD Parpargang & other ICDs, Mumbai Import-I, Mumbai-Import-II, Mumbai Export-I, Mumbai Export-II, Nhava Sheva-III, Nhava Sheva-IV, Nhava Sheva-V, Nhva Sheva General, Mumbai Airport Special Cargo, Mumbai ACC Export, Mumbai ACC General, West Bengal Customs (P), Chennai-II, Chennai-IV, Chennai-V, Chennai-VI, Chennai VIII General, Bangalore City, Mangalore, Delhi Customs (P), Amritsar Customs (P), Jodhpur Customs (P), Ludhiana, Patna Customs (P), Lucknow Customs (P), Tiruchirapalli Customs (P), Tuticorin, Cochin, Cochin Customs (P), Jamnagar Customs (P), Kandla, Shillong Customs (P), Bhubaneshwar Customs (P), Vijaywada Customs (P), Pune, Goa.

9.1.5 Strengthening of Audit Set-up in Central Excise and Service Tax Zones:

In the present non-intrusive indirect taxes administration, it was necessary to strengthen audit set-up in the Department in order to plug revenue leakages. Accordingly, 45 dedicated Audit Commissionerates, which are responsible for conducting Central Excise and Service Tax Audit as well as Post-clearance Audit in Customs, have been created.

Central Excise & Service Tax Audit Commissionerates (headed by Commissioner):

Chennai-I, Chennai-II, Delhi-I, Delhi-II, Hyderabad, Lucknow, Mumbai-I, Kolkata-I, Kolkata-II, Vadodara-I, Vadodara-II, Vadodara-III, Ahmedabad-I, Ahmedabad-II, Ahmedabad-III, Bangalore, Bhopal-I, Bhopal-II, Bhubaneshwar, Chandigarh, Cochin, Coimbatore, Jaipur, Mysore, Meerut-I, Meerut-II, Mumbai-II, Nagpur-I, Nagpur-II, Pune-I, Pune-II, Patna, Guwahati, Vijaiwada, LTU (Delhi), LTU (Mumbai), Service Tax Mumbai-I, Service Tax Mumbai-II, Service Tax Mumbai-III, Service Tax Pune, Service Tax Bangalore, Service Tax Delhi-I, Service Tax Delhi-II, Service Tax Chennai, Service Tax Kolkata.

9.1.6 Directorates General / Directorates:

The functional requirements of the Department needed strengthening of Directorates, which have pan-India jurisdiction and assist CBEC in policy formulation. Particular emphasis has been placed in the reorganization exercise on strengthening of Directorate General of Service Tax, Directorate General of Revenue Intelligence, Directorate General of Systems & Data Management, Directorate General of Central Excise Intelligence, Directorate General of Vigilance and the National Academy of Customs, Excise & Narcotics (NACEN).

Following Table encapsulates the reorganization of the field formations:

9.1.7 Appellate and Tax Recovery Machinery:

Presently, there are 60 Commissioners of Central Excise Customs (Appeals), and 1 Chief Commissioner & 6 Commissioner (TAR). The appellate machinery comprising the Commissioners (Appeals) deals with appeals against the orders passed by the officers lower in rank than Commissioner of Customs and Central Excise under the Customs Act, 1962, the Central Excise Act, 1944 and Service Tax laws.

9.1.8 Commissioners in CBEC :

There are 4 Principal Commissioners of Central Excise and Customs and 4 Commissioners of Central Excise & Customs in Central Board of Excise & Customs, who assist the Board in various policy matters. Principal Commissioners and Commissioners in the CBEC are assisted by 4 Addl./ Jt. Commissioners and 22 Dy./ Asst. Commissioners.

9.1.9 Commissioners (Adjudication):

There are presently 4 posts of Commissioner (Adjudication)(2 each in DGRI and DGCEI) to decide the cases having all-India ramifications and high revenue stakes. These Commissioners will attend to Central Excise as well as Customs cases.

9.1.10 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 Departmental Representative, CESTAT

q) Central Revenues Control Laboratory

The functions of the Directorates, the Office of the Chief Departmental 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 ramification; 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 CBEC's 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:

(d) 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 alongwith 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.

(e) 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,

(iii) 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 Board's 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 Departmental Representative (CDR), CESTAT

(a) To receive the cause list of cases from the Tribunal registry and distribute case files among Departmental Representatives (DRs);

(b) To monitor the efficient representation by DRs 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 DRs and attend to the administrative matters pertaining to the CDR 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 2013-14

The total indirect tax collection during 2013-14 was Rs.496238 crore against the Budget Estimate (BE) of Rs.565003 crore and Revised Estimate (RE) of Rs.519520 crore. The overall growth in indirect tax collection in 2013-14 was nearly 4.6% over 2012-13. The tax head-wise details are given below.

9.2.1 Customs Duty

The RE was fixed at Rs 175056 crore against the BE of Rs.187308crore in 2013-14. The actual collection during 2013-14 was Rs 172033 crore, represented a growth of 4.0% over actual collection in 2012-13.

9.2.2 Central Excise Duty

In view of economic slowdown the R.E was lowered to Rs 179537 crore against BE of Rs. 197554 crore in 2013-14. The actual collection during 2013-14 was Rs. 169469 crore, represented a decline growth of (-) 4.0 % over actual collection in 2012-13.

9.2.3 Service Tax

In view of low buoyancy in service tax, the R.E was fixed at Rs 164927 crore against the BE of Rs. 180401 crore in 2013-14. The actual collection of service tax during 2013-14 was Rs. 154736 crore, represented a growth of 16.7% over actual collection in 2012-13.

9.2.4 Revenue collections in F.Y 2014-15 (April-December)

The Budget Estimate (BE) for indirect tax revenue for F.Y 2014-15 is Rs.623244 crore (exclusive of other cess, not administered by DoR). The total indirect tax collection during 2014-15 (April-December) is Rs.377,648 crore, which shows a growth of 6.7% growth over actual collection in the corresponding period of previous year.

Indirect Tax Revenue : Targets & Actuals

(Amount ₹ In crore)

Sl. No.	MAJOR HEAD	2010-11	2011-12	2012-13	2013-14(p)	#2014-15 (April-December)
I	**CUSTOMS**					
	BE	115,000	151,700	186,694	187308	201819
	RE	131,800	153,000	164,853	175056	
	Actuals	135,813	149,328	165,346	172033	138529
	% achievement of BE	118.1	98.4	88.6	91.8	68.6
	% achievement of RE	103.0	97.6	100.3	98.3	
	% growth over last year	**63.0**	**10.0**	**10.7**	**4.0**	**9.7**
II	**UNION EXCISE**					
	BE	132,000	164,116	194,350	197554	205452
	RE	137,778	150,696	171,996	179537	
	Actuals	138,299	145,607	176,535	169469	119719
	% achievement of BE	104.8	88.7	90.8	85.8	58.30
	% achievement of RE	100.4	96.6	102.6	94.4	
	% growth over last year	**33.5**	**5.3**	**21.2**	**-4.0**	**1.6**
III	**SERVICE TAX**					
	BE	68,000	82,000	124,000	180141	215973
	RE	69,400	95,000	132,697	164927	
	Actuals	71,016	97,509	132,601	154736	119400
	% achievement of BE	104.4	118.9	106.9	85.9	55.3
	% achievement of RE	102.3	102.6	99.9	93.8	
	% growth over last year	**21.6**	**37.3**	**36.0**	**16.7**	**8.7**
IV	**INDIRECT TAX TOTAL**					
	BE	315,000	397,816	505,044	565,003	623,244
	RE	338,978	398,696	469,546	519,520	
	Actuals	345,127	392,444	474,482	496,238	377,648
	% achievement of BE	109.6	98.6	93.9	87.8	60.6
	% achievement of RE	101.8	98.4	101.1	95.5	
	% growth over last year	**40.7**	**13.7**	**20.9**	**4.6**	**6.7**

P-provisional

Exclusive of cesses not administered by D/o Revenue.

9.3 BUDGET 2014-15: SOME IMPORTANT CHANGES (FEBRUARY 2014)

9.3.1 Service Tax

- Negative List of Services and service tax exemptions were reviewed for broadening the tax base and also as a preparation for introduction of GST, in the following manner:

  (i) The Following services have been brought under the tax net,-

  - Online and mobile advertising;
  - Services provided by radio taxis or radio cabs.

  (ii) The service tax exemption on the following services has been withdrawn,-

  - Clinical research on human participants;
  - services provided by air-conditioned contract carriages

  (iii) Scope of some of the existing exemption was rationalized.

- Following new exemptions were given in general public interest,-

  - Life micro-insurance schemes for the poor where sum assured does not exceed Rupees Fifty Thousand per life insured
  - Transport of organic manure by vessel, rail or road (by GTA)
  - Loading, unloading, packing, storage or warehousing, transport by vessel, rail, road(GTA), of cotton, ginned or baled
  - Services provided by common bio-medical waste treatment facility operators
  - Specialized financial services received by RBI from global financial institutions in the course of management of foreign exchange reserves
  - Services provided by Indian tour operators to foreign tourists in relation to a tour wholly conducted outside India

- Services provided by Employees' State Insurance Corporation (ESIC) during the period prior to 1.7.2012 has been exempted with retrospective effect

9.3.2 Customs

SECTOR SPECIFIC CHANGES:

I. AGRICULTURE/AGRO PROCESSING/ PLANTATION SECTOR:

1) To improve availability of pulses, full exemption from customs duty on pulses valid till 31.03.2014 was extended by another 6 months i.e. up to 30.09.2014.

[The said exemption was subsequently extended for another 6 months i.e. upto 31.03.2015 for all pulses (except chickpeas) and for another 3 months i.e. upto 31.12.2014 for chickpeas, in September, 2014].

II. CHEMICALS:

1) The basic customs duty structure on non-edible grade industrial oils and its fractions, palm stearin, fatty acids and fatty alcohols was rationalised at 7.5%.

III. CAPITAL GOODS/INFRA-STRUCTURE:

1) To provide level playing field to the domestic manufacturers, CVD exemption hitherto available on specified road construction machinery was withdrawn. These specified machinery now attract CVD and SAD. Exemption from the basic customs duty however continues.

IV. MISCELLANEOUS:

1) LNG consumed in the authorized operations in the ONGC SEZ unit at Dahej and the remnant LNG cleared into the domestic tariff area (DTA) was exempted from basic customs duty and CVD.

2) A concessional basic customs duty of 5% [CVD (Nil) + SAD (Nil)] was provided to capital goods imported by Bank Note Paper Mill India Private Limited. The exemption is valid up to 31.12.2014.

3) Human embryo was fully exempted from customs duty.

9.3.3 CENTRAL EXCISE

SECTOR SPECIFIC CHANGES:

I. ELECTRONICS/HARDWARE:

1) The excise duty structure on mobile handsets was restructured so as to provide that all mobile handsets will attract 1% excise duty if CENVAT benefit is not availed of. The duty will be 6% if CENVAT benefit is availed of.

II. CAPITAL GOODS:

1) To provide impetus to the domestic industry, with effect from 17.02.2014, the general excise duty on all machinery & equipment, appliances etc and parts thereof falling under Chapters 84 and 85 of the Central Excise Tariff was reduced from 12% to 10%. The reduced duty was in force upto 30.06.2014, which was subsequently extended for a further period of 6 months i.e. upto 31.12.2014 in June, 2014.

III. AUTOMOBILES:

1) To provide impetus to the domestic industry, with effect from 17.02.2014, the excise duty on small cars, motor cycles, scooters, commercial vehicles and trailers was reduced from 12% to 8% and the excise duty on SUVs was reduced from 30% to 24%. The excise duties on large and mid segment cars was reduced from 27% and 24% to 24% and 20% respectively. In line with the duty reduction on commercial vehicles, the excise duty on chassis was also reduced appropriately. The reduced duty rates were in force upto 30.06.2014, which were subsequently extended for a further period of 6 months i.e. upto 31.12.2014 in June, 2014.

9.4 MEASURES TAKEN DURING THE BUDGET 2014-15 (JULY 2014)

9.4.1 CUSTOMS

I. AGRICULTURE/AGRO PROCESSING/ PLANTATION SECTOR:

1) To ensure availability of feed ingredients at reasonable prices, full exemption from customs duty was granted to de-oiled soya extract, groundnut oil cake/oil cake meal, sunflower oil cake/oil cake meal, canola oil cake/oil cake meal, mustard oil cake/oil cake meal, rice bran/rice bran oil cake and palm kernel cake, up to 31.12.2014.

II. CHEMICALS AND PETROCHEMICALS

To make available feedstock at lower costs-

1) Basic Customs duty on reformate was reduced from 10% to 2.5%. Basic Customs duty on propane, ethane, ethylene, propylene, butadiene was reduced from 5% to 2.5%.

2) Basic Customs Duty on ortho-xylene was reduced from 5% to 2.5%.

3) Basic Customs Duty on denatured ethyl alcohol and methyl alcohol was reduced from 7.5% to 5%.

4) Basic Customs Duty on crude naphthalene was reduced from 10% to 5%.

5) Basic Customs Duty on fatty acids, crude palm stearin, RBD and other palm stearin and specified industrial grade crude oils was reduced from 7.5% to Nil for manufacture of soaps and oleochemicals subject to actual user condition. Basic Customs Duty was also reduced on crude glycerine from 12.5% to 7.5% in general and from 12.5% to Nil for manufacture of soaps subject to actual user condition.

III. ENERGY SECTOR

1) The duty structure on non-agglomerated coal of various types was rationalized at 2.5% BCD and 2% CVD. Accordingly, the BCD on Coking coal was increased from NIL to 2.5% and on steam coal and bituminous coal from 2% to 2.5%. The BCD on anthracite coal and other coal was reduced from 5% to 2.5%. The CVD on Anthracite coal, Coking coal and other Coal was reduced from 6% to 2%.

2) Basic Customs Duty on metallurgical coke was increased from Nil to 2.5%.

3) Exemption from Basic Customs Duty was granted on re-gasified LNG for supply to Pakistan.

4) Liquefied Propane and Butane mixture, Liquefied Propane, Liquefied Butane and Liquefied Petroleum Gases (LPG) imported by the Indian Oil Corporation Limited, Hindustan Petroleum Corporation Limited or Bharat Petroleum Corporation Limited, for supply to Non-Domestic Exempted Category (NDEC) customers was fully exempted retrospectively w.e.f. 08.02.2013.

IV. TEXTILES and EXPORTS:

1) The duty free entitlement for import of trimmings & embellishments used by the readymade textile garment sector for manufacture of garments for export was increased from 3% to 5%.

2) Non-fusible embroidery motifs or prints was included in the list of items eligible to be imported duty free for manufacture of garments for export.

3) The list of specified goods required by handicraft manufacturer-exporters was expanded by including wire rolls so as to provide Customs Duty exemption on import by handicraft manufacturer-exporters.

4) Fusible embroidery motifs or prints, anti-theft devices, pin bullets for packing, plastic tag bullets, metal tabs, bows, ring and slider hand rings have been included in the list of items eligible to be imported duty free for manufacture of handloom made ups or cotton made ups or manmade made ups for export.

5) Basic Customs Duty on raw materials for manufacture of spandex yarn viz. Polytetramethylene ether glycol (PT MEG) and Diphenylmethane 4,4 di-isocyanate (MDI) was reduced from 5% to Nil.

V. METALS:

1) Basic Customs Duty on stainless steel flat products (CTH 7219 and 7220) was increased from 5% to 7.5%

2) The BCD on ships imported for breaking up was reduced from 5% to 2.5%.

3) Basic Customs Duty on coal tar pitch was reduced from 10% to 5%.

4) Basic Customs Duty on battery waste and battery scrap was reduced from 10% to 5%

5) Basic Customs Duty on steel grade limestone and steel grade dolomite was reduced from 5% to 2.5%.

6) Export duty on bauxite was increased from 10% to 20% .

VI. PRECIOUS METALS:

1) Basic Customs Duty on half-cut or broken diamonds was increased from NIL to 2.5%. Basic Customs Duty on cut & polished diamonds and colored gemstones was increased from 2% to 2.5%.

2) Full exemption from Basic Customs Duty was granted to pre-forms of precious and semi-precious stones.

3) As a trade facilitation measure, revised variation level and the parameter of measurement in respect of re-import of cut and polished diamonds after certification/grading from a foreign laboratory/agency were specified.

VII. ELECTRONICS/HARDWARE:

A. To give impetus to domestic manufacturing-

1) Basic Customs Duty on LCD and LED TV panels of below 19 inches was reduced from 10% to NIL.

2) Basic Customs Duty was exempted on specified parts of LCD and LED panels for TVs.

3) Basic Customs Duty on colour picture tubes for manufacture of cathode ray TVs was reduced from 10% to NIL.

4) CVD exemption on portable X-ray machine / system was withdrawn.

B. Basic Customs Duty on specified telecommunication products not covered under the ITA (Information Technology Agreement) was increased from NIL to 10%.

C. Special Additional Duty (SAD) on all inputs/ components used in the manufacture of Personal Computers (laptops/desktops) and tablet computers was exempted, subject to actual user condition.

D. Education cess and Secondary and Higher Education (SHE) cess was levied on imported electronic products.

E. Full exemption from Special Additional Duty (SAD) was provided on specified inputs (PVC sheet & Ribbon) used in the manufacture of smart cards.

F. Basic Customs Duty was reduced from 7.5% to NIL on E-Book readers.

VIII. RENEWABLE ENERGY:

A. To encourage domestic value addition in renewable energy sector-

1) Basic Customs Duty was reduced from 10% to 5% on forged steel rings used in the manufacture of bearings of wind operated electricity generators.

2) Full exemption from Special Additional Duty was provided on parts and components required for the manufacture of wind operated electricity generators.

3) Basic customs duty on machinery, equipments, etc. required for setting up of solar energy production projects was reduced to 5%.

4) Full exemption from Basic Customs Duty was provided on specified raw materials used in the manufacture of solar backsheet and EVA sheet.

5) Full exemption from Basic Customs Duty was provided on flat copper wire used in the manufacture of PV ribbons (tinned copper interconnect) for solar PV cells/modules.

B. Concessional customs duty of 5% was provided on machinery, equipments, etc. required for setting up of compressed biogas plant (Bio-CNG).

IX. CAPITAL GOODS/INFRA-STRUCTURE:

1) It was clarified that road construction machinery imported duty free can be sold within 5 years of

importation subject to payment of customs duty on depreciated value and that individual constituents of the consortium whose names appear in the contract can import goods without payment of duty.

2) State Governments concerned have been notified as sponsoring authority for Metro Rail Projects covered under the Project Import Regulations, 1986.

3) Plants & Equipment imported prior to 2008 for use in projects financed by the UN or an international organization, which till then could not be transferred / sold / re-exported out of the project site, were allowed to be transferred / sold / re-exported from the project site.

4) The requirement of certification by Ministry of Road Transport (or NHAI) for availing of customs duty exemption on specified goods required for construction of roads was done away with.

5) Director (Electrical) of Delhi Metro Rail Corporation (DMRC) was authorized to issue the requisite certificate to enable DMRC to avail of Nil BCD and Nil CVD benefits in respect of their Phase-1 and Phase-2 projects instead of Director (Rolling Stock, Electrical & Signalling) at present.

X. HEALTH

1) Full exemption from customs duty was provided for HIV/AIDS drugs and diagnostic kits imported under National AIDS Control Programme (NACP) funded by the Global Fund to Fight AIDS, TB and Malaria (GFATM).

XI. SECURITY AND STRATEGIC PURPOSES:

1) Full exemption from Basic customs Duty was provided to goods imported by National Technical Research Organisation (NTRO).

2) Full exemption of customs duty was provided on security fibre, security threads and M-feature imported by Bank Note Paper Mill India Private Limited (BNPMIPL), Mysore. Full exemption from BCD and CVD is also being provided for raw materials required for manufacture of security threads and security fibre subject to actual user condition.

3) The scope of exemption notification No.39/96-Customs dated 23.07.1996 [S.No.7] granting full exemption from BCD and CVD on goods imported for use in the manufacture of aircrafts for the Ministry of Defence was clarified to the effect that the exemption is available to all materials in any form and articles thereof, subject to the overall condition that they conform to aeronautical specification accompanied with certificate of conformance/release note/ airworthiness certificate for development.

XII. AIRCRAFTS & SHIPS:

1) It was clarified that aircraft engines and parts thereof are eligible for duty exemption when imported for servicing, repair or maintenance of aircrafts used for scheduled operations.

XIII. MISCELLANEOUS:

1) Basic Customs Duty was reduced from 5% to 2.5% on electrolysers and their parts/spares required by caustic soda or caustic potash units and membranes and their parts/spares required by industrial plants based on membrane cell technology. The BCD on other spares (other than membranes and parts thereof) was also reduced from 7.5% to 2.5%.

2) A provision was made for refund of Customs duty paid at the time of import of scientific and technical instruments, apparatus, etc. by public funded and other research institutions, subject to submission of a certificate of registration from the Department of Scientific & Industrial Research (DSIR).

3) Section 8B of the Customs Tariff Act, 1975 was amended so as to provide for levy of safeguard duty on inputs/raw materials imported by an EOU and cleared into DTA as such or are used in the manufacture of final products & cleared into DTA.

9.4.2 CENTRAL EXCISE

I. AGRICULTURE/AGRO PROCESSING/ PLANTATION SECTOR:

1) Excise duty on machinery for the preparation of meat, poultry, fruits, nuts or vegetables, and on presses, crushers and similar machinery used in the manufacture of wine, cider, fruit juices or similar beverages and on packaging machinery was reduced from 10% to 6%.

II. AUTOMOBILES:

1) Excise duty was exempted on parts of tractors removed from one or more factories of a tractor manufacturer to another factory of the same manufacturer for manufacture of tractors.

III. METALS:

1) Excise duty on winding wires of copper was increased from 10% to 12%.

IV. PRECIOUS METALS

1) Un-branded articles of precious metals were exempted from excise duty for the period 01.03.2011 to 16.03.2012.

V. TEXTILES:

1) Excise duty on Polyester Staple Fiber (PSF) and Polyester Filament Yarn (PFY) manufactured from plastic waste or scrap or plastic waste including waste polyethylene terephthalate (PET) bottles (which is already exempt w.e.f. 08.05.2012) was exempted retrospectively w.e.f. 29.06.2010 to 07.05.2012 and intermediate product 'Tow' arising during the course of manufacture of such PSF/PFY was exempted retrospectively w.e.f. 29.06.2010 to 10.07.2014.

2) Excise duty at the rate of 2% (without CENVAT) or 6% (with CENVAT) was imposed on Polyester Staple Fiber and Polyester Filament Yarn manufactured from plastic waste or scrap or plastic waste including waste polyethylene terephthalate (PET) bottles w.e.f. 11th July, 2014.

VI. HEALTH:

1) Full exemption from excise duty was provided to DDT manufactured by Hindustan Insecticides Limited for supply to the National Vector Borne Diseases Control Programme (NVBDCP) of the Ministry of Health & Family Welfare.

2) Full exemption from excise duty was provided for HIV/AIDS drugs and diagnostic kits supplied under National AIDS Control Programme (NACP) funded by the Global Fund to Fight AIDS, TB and Malaria (GFATM).

3) Excise duty on cigarettes was increased by 72% for cigarettes of length not exceeding 65 mm and by 11% to 21% for cigarettes of other lengths. Similar increases have been made on cigars, cheroots and cigarillos.

4) Basic excise duty was increased from 12% to 16% on pan masala, from 50% to 55% on unmanufactured tobacco and from 60% to 70% on jarda scented tobacco, gutkha and chewing tobacco.

VII. ELECTRONICS/HARDWARE:

1) Excise duty on recorded smart cards was increased from 2% without CENVAT and 6% with CENVAT to a uniform rate of 12%.

2) Full exemption from Excise Duty was provided to reverse osmosis (RO) membrane element used in water filtration or purification equipment (other than household type filter). Excise duty on RO membrane element used in household type filters was reduced from 12% / 10% to 6%.

3) Excise duty on Metal Core PCB and LED driver for use in the manufacture of LED lights and fixtures and LED lamps was reduced from 12% / 10% to 6%.

VIII. RENEWABLE ENERGY

1) Excise duty was reduced from 12% to Nil on forged steel rings used in the manufacture of bearings of wind operated electricity generators.

2) Full exemption from excise duty was provided for solar tempered glass used in the manufacture of solar photovoltaic cells/modules, solar power generating equipment/system, and flat plate solar collectors.

3) Full exemption from excise duty was granted in respect of machinery, equipments, etc. required for setting up of solar energy production projects.

4) Full exemption from excise duty was provided to back sheet and EVA sheet used in the manufacture of photovoltaic cells/modules and specified raw materials used in their manufacture.

5) Full exemption from excise duty was provided to parts consumed within the factory of production for the manufacture of non-conventional energy devices.

6) Full exemption from Excise Duty was provided on flat copper wire used in the manufacture of PV ribbons (tinned copper interconnect) for use in the manufacture of solar cells/modules.

7) Full exemption from excise duty was provided on machinery, equipments, etc. required for setting up of compressed biogas plant (Bio-CNG).

IX. CONSUMER GOODS

1) An additional duty of excise was levied at the rate of 5% ad valorem on aerated waters containing added sugar.

2) Excise duty was reduced from 12% to 6% on footwear of retail price exceeding Rs.500 per pair but not exceeding Rs.1,000 per pair. Footwear of retail price upto Rs.500 per pair will continue to remain exempted.

3) Excise duty on hand operated sewing machine (2% without CENVAT / 6% with CENVAT) was rationalized by levying concessional excise duty on sewing machines other than those operated with electric motors (whether in-built or attachable to the body)

4) Semi- mechanized units manufacturing safety matches, which attract concessional excise duty of 6%, were allowed to carry out the processes of 'Pasting of labels' and 'Packing' with the aid of power.

5) Concessional excise duty of 2% without CENVAT credit and 6% with CENVAT credit was extended to gloves specially designed for use in sports.

X. ENERGY SECTOR

1) Central Excise duty on Branded Petrol was reduced from Rs.7.50 per litre to Rs. 2.35 per litre, so as to reduce the price differential between branded and unbranded petrol.

2) Full exemption from Central Excise duty was provided to Liquefied Propane and Butane mixture, Liquefied Propane, Liquefied Butane and Liquefied Petroleum Gases (LPG) for supply to Non-Domestic Exempted Category (NDEC) customers by the Indian Oil Corporation Limited, Hindustan Petroleum Corporation Limited or Bharat Petroleum Corporation Limited retrospectively from 08.02.2013 so as to treat NDEC customers, such as, hospitals, government canteens, BSF/CISF mess, etc., at par with domestic customers for the purposes of supply of LPG.

3) The rate of Clean Energy Cess levied on coal, lignite and peat was increased from Rs.50 per tonne to Rs. 100 per tonne.

XI. SECURITY AND STRATEGIC PURPOSES:

1) Full exemption from Excise Duty was provided to goods supplied to National Technical Research Organisation (NTRO).

2) Full exemption from excise duty was provided for security threads and security fibre supplied to Security Paper Mill Corporation of India Limited (SPMCIL) and Bank Note Paper Mill India Private Limited (BNPMIPL).

XII. MISCELLANEOUS

1) Optional excise duty of 2% (without CENVAT)/ 6% (with CENVAT) on writing and printing paper for printing of educational textbooks was withdrawn and a uniform excise duty of 6% with CENVAT was levied on such goods.

2) Intermediate goods manufactured and consumed captively for further manufacture of matches was fully exempted.

3) Scope of the Excise Duty exemption to "all goods supplied against International Competitive Bidding" was clarified to the effect that the said exemption is also available to sub-contractors for manufacture and supply of goods to the main contractor (who has won the bid for the project through ICB) for execution of the said project.

4) Full exemption from Excise duty was provided on plastic materials reprocessed out of the scrap or waste and cleared into the DTA by an EOU.

5) Education cess and secondary & higher education cess (customs component) on goods cleared by an EOU into the DTA was exempted.

6) The Tenth Schedule to the Finance Act, 2010 dealing with Clean Energy Cess was amended so as to expand the scope of purposes of levy of the said cess to include clean environment initiatives and funding research in the area of clean environment.

9.5 MEASURES TAKEN DURING THE POST-BUDGET 2014-15

9.5.1 CUSTOMS

1) Basic Customs Duty on raw and refined / white sugar was increased from 15% to 25%.

2) Notification No.12/2012-Customs, dated 17.03.2012 (S.No.139A) exempts Liquefied Natural Gas (LNG) and Natural Gas (NG) from basic customs duty when imported by an importer for supply to a generating company for generation of electrical energy subject to the conditions, inter alia, that the importer shall furnish a certificate of utilisation within 6 months or such extended period not exceeding 6 months as may be permitted by the Commissioner of Customs, from the date of import. The time period of initial 6 months to furnish the utilisation certificate was extended to 12 months.

3) Bunker fuels, namely IFO 180 CST and IFO 380 CST falling under Chapter 27 of the Customs Tariff, for use in Indian Flag vessels for carrying export-import (EXIM) containers and empties, have been exempted from Basic Customs Duty and CVD.

4) Full exemption from customs duty was provided to specified anti-malarial drugs and diagnostic & medical products required for the Intensified Malaria Control Project (IMCP)-Phase II under the National Vector Borne Disease Control Programme (NVBDCP), funded by Global Fund to fight AIDS, TB and Malaria (GFATM).

5) Full exemption from customs duty was provided to goods imported for donation for the relief and rehabilitation of people affected by the floods in the State of Jammu and Kashmir.

9.5.2 EXCISE

1) The excise duty on petrol and diesel (both branded and unbranded) was increased as under:

   a. Unbranded petrol from Rs.1.20 per litre to Rs.4.95 per litre;

   b. Branded petrol from Rs.2.35 per litre to Rs.6.10 per litre;

   c. Unbranded diesel from Rs.1.46 per litre to Rs.3.96 per litre; and

   d. Branded diesel from Rs.3.75 per litre to Rs.6.25 per litre.

2) Full exemption from excise duty was provided to specified anti-malarial drugs and diagnostic & medical products required for the Intensified Malaria Control Project (IMCP)-Phase II under the National Vector Borne Disease Control Programme (NVBDCP), funded by Global Fund to fight AIDS, TB and Malaria (GFATM).

3) Full exemption from excise duty was provided to goods donated or purchased out of cash donations for the relief and rehabilitation of people affected by the floods in the State of Jammu and Kashmir.

9.6 Service Tax

(A) An important facilitation measure was undertaken to make it compulsory for every assessee to electronically pay the Service Tax payable by him, through internet banking w.e.f. 1/10/2014.

(B) In order to check evasion, legal provisions introduced in the 2014 Budget in Central Excise for furnishing an information return by specified authorities with regard to tax payments, were also made applicable to Service Tax.

9.7 Central Excise Legislative Measures

9.7.1 Notifications:

(i) Notification No. 08/2014 – Central Excise (N.T.) dated 28.02.2014 was issued to provide that importer shall take registration when the importer wishes to issue invoice to pass on the Cenvat Credit.

(ii) Notification No. 15/2014 - Central Excise (N.T.) dated 21.03.2014 was issued to further amend the CENVAT Credit Rules, 2004 and delegate the powers of the Board to the Chief Commissioners to issue orders for deterrent action.

(iii) Notification No. 19/2014 - Central Excise (N.T.) dated 11.07.2014 was issued to Provided that the Assistant Commissioner or the Deputy Commissioner of Central Excise , for reasons to be recorded in writing , allow an assessee payment of duty by any mode other than internet banking

(iv) Notification No. 20/2014 - Central Excise (N.T.) dated 21.03.2014 was issued to Provide that where price is not the sole consideration for sale of such excisable goods and they are sold by the assessee at a price less than manufacturing cost and profit, and no additional consideration is flowing directly or indirectly from the buyer to such assessee, the value of such goods shall be deemed to be the transaction value

(v) Notification No. 27/2014-CENT dt. 16-09-2014 dated 16.09.2014 was issued to carry out Jurisdictional changes of Central Excise Commissionerates on account of restructuring in Department of Central Excise & Customs.

9.7.2 Central Excise - Circulars

Central tructions in order to clarify various ambiguities and disputes arising due to varying interpretations by Trade and field formations and to bring Uniformity of practice.

S.No.	Circular No. & date	Subject
1	990/14/2014 Dated 19-11-2014	Circular was issued to clarify that limitation of six months from the date of eligible documents to take Cenvat credit will not apply in cases where a re-credit is taken in certain cases as per legal provisions.
2	988/12/2014 Dated 20-10-2014	Circular was issued clarify doubts regarding determination of place of removal. It was reiterated that the place of removal needs to be ascertained in term of provisions of Central Excise Act, 1944 read with provisions of the Sale of Goods Act, 1930.
4	978/2/2014 dated 07-01-2014	Circular was issued to reiterate that the Education Cess and the 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.

9.7.3 Central Excise - Instructions

S.No.	File No. dated	Subject
1	F. No. 6/8/2014-CX.1 dated 17-09-2014	Instructions in light of Judgment of Hon'ble Supreme Court in case of M/s Super Synotex India Ltd. on Sales Tax Incentive Scheme was brought to the notice of the trade and the assessing officers for finalisation of similar cases.
2	F.No. 201/01/2014-CX.6 dated 26-06-2014	Order of Hon'ble High Court of Gujarat at Ahmedabad in case of M/s E. I. Dupont India Pvt Ltd was brought to the notice and Instructions issued regarding need to follow Judicial discipline in adjudication proceedings.

9.8 Customs trade facilitation measures:

(a) 24x7 Customs Clearance:

In order to facilitate imports and exports, CBEC has begun Customs clearance on 24x7 basis at 17 identified Air Cargo Complexes and 18 major Seaports in respect of following categories of imports and exports:

(a) Facilitated Bills of Entry where no Customs examination and assessment is required; and

(b) All exports at the 17 Air Cargo Complexes and Factory stuffed export containers and export consignment covered by Free Shipping Bills at the 18 Sea ports.

(b) RMS in Exports:

An automated Risk Management System (RMS), on the lines of similar RMS on the import side, was introduced with objective of enabling Customs to speedily clear low risk export consignments on basis of self assessment by exporters. This is aimed at enhancing the level of trade facilitation, speeding up the process of clearance of export goods, reducing the transaction costs, and making our exporters internationally competitive. Currently, RMS (Exports) is operational at 89 locations where EDI is functional.

(c) Single Window Customs Clearance:

CBEC has initiated steps to implement Indian Customs Single Window Project, which was announced by Finance Minister in the Budget 2014. The Single Window Project would provide importers and exporters a common interface for filing electronic declarations that meet requirements of all regulatory agencies for clearance of import and export goods. The information relevant to regulatory agencies will be disseminated to them through secured electronic messages and necessary clearances obtained electronically. Thus, the importers and exporters would not have to approach different regulatory agencies as at present. The Single Window Project would reduce dwell time and transaction costs while increasing transparency and ensuring optimal utilization of resources. In this direction, the CBEC would establish an online message exchange between Customs and FSSAI and Plant Quarantine Authorities by 31.03.2015.

(d) Authorized Economic Operator (AEO) Programme:

The CBEC rolled out the AEO Programme in November 2012. The AEO Programme is developed in line with World Customs Organizations' SAFE Framework of Standards to secure global supply chain (end to end). The AEO Programme provides preferential treatment to AEO status holders in terms of reduced Customs examination and faster clearances. 18 AEO status holders have been recognized as on date. Indian Customs has also signed an AEO – Mutual Recognition Agreement (MRA) with Hong Kong Customs under which the two administrations would extend benefits to the AEO status holders, as are available to their own AEO status holders.

(e) Documentary and procedural simplifications:

In order to ease doing business, the CBEC has taken the following measures to reduce and simplify Customs documentation and procedures:

(i) It has been decided to accept a commercial invoice that also captures the details of packing list. This has reduced the number of mandatory documents required by the Customs for import and export with resultant reduced compliance costs.

(ii) CBEC has simplified the Customs procedures on shipping such as reduction in number of hard copies of Import General Manifest (IGM), Sub Manifest Transhipment Permit (SMTP), simplification of Bond and Bank Guarantee for Port Clearance etc.

(iii) For expeditious decision making in respect of re-export of mis-routed consignments, CBEC has decided that the permission for re-export may be granted on merit by the officer concerned as per the adjudication powers.

(iv) On passenger facilitation, “Help Desk” have been set up at prominent places immediately after immigration in the arrival hall and similarly in the departure hall of international airports. There should also be a signboard to guide the international passengers to the “Help Desk”. This is in addition to renewed emphasis on polite and courteous behaviour by the Customs officers.

9.9 DRAWBACK DIVISION

9.9.1 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).

9.9.2 Achievements during the year:

The major work done by the Drawback Division during the period 01.01.2014 to 31.12.2014.

9.9.3 Foreign Trade Policy

(A) To promote value added manufacturing in the country, export of items otherwise prohibited for exports allowed under Advance Authorization Scheme with stricter conditions vide Notification No. 01/2014-Customs dated 17.01.2014.

(B) Circular No. 04/2014-Cus dated 10.02.2014 issued highlighting the salient feature of the export of a prohibited item under Advance Authorization under notification no. 01/2014-cus dated 17.01.2014.

(C) Instruction dated 25.02.2014 issued from F.No, 609/156/2013-DBK regarding formulation of action plan to monitor cases where export obligation period and time prescribed for furnishing evidence of fulfilling of EO are over - Board’s Instruction No. 609/119/2010-DBK dated 18.01.2011.

(D) Instruction no. F.No. 609/156/2013-DBK dated 13.03.2014 issued on processing at the time of export of Drawback Shipping Bills in which higher composite All Industry Rate of Drawback is applicable when Cenvat facility has not been availed is claimed.

(E) Instruction F.No. 603/13/2013-DBK dated 27.05.2014 issued on the subject “Regarding differences between duty credit scrips and goods permitted / not-permitted against them under respective FTP Paragraphs / Customs Notification”.

(F) Circular No 15/2014- Customs dated 18.12.2014 issued to amend Circular No 58/2004-Customs dated 21.10.2004 to provide exemption from 100% Bank Guarantee in those cases where license holder have been penalized during the previous three financial years in certain types of cases booked against him under various statutes if the jurisdictional Commissioner of Customs is satisfied, for reasons recorded in the file, that 100% BG is not justified on account of absence of risk to revenue.”

(G) Circular No 16/2014- Customs dated 18.12.2014 and Circular No 17/2014- Customs dated 18.12.2014 issued to amend Circular No 19/2007-Customs dated 03.05.2007and Circular No 15/2008-Customs dated 26.09.2008 respectively to provide that the Superintendent in charge of recipient unit shall endorse dated signatures on documents and if the recipient unit is 100% EOU operating under self-bonding/warehousing procedure under Circular no. 19/2007-Cus, shall provide a attested true copy of ARE-3 alongwith dated signatures to the unit.

9.9.4 Drawback Schedule

(A) Certain amendments were made (effective from 25.01.2014) to the All Industry Rates of Duty Drawback notified with effect from 21.09.2013. The amendments were made vide notification no. 05/2014-Customs (NT) dated 21.01.2014.

(B) The All Industry Rates of Duty Drawback Schedule has been notified w.e.f. 22.11.2014 vide notification no. 110/2014-Customs (N.T.) dated 17.11.2014. The salient features of the Schedule are :-

(a) AIR changed for many items already covered under the Drawback Schedule prior to incorporation of erstwhile DEPB items. In continuation of a transitory arrangement, for the items incorporated in the drawback schedule from the erstwhile DEPB Scheme there is a reduction in the AIR.

(b) Drawback caps continue on most tariff items with AIRs above 2%. The caps have been revised.

(c) Further, in the case of project exports, where export product is accompanied with ARE-1 and for which no drawback cap has been prescribed in the Schedule, the Note/ Condition (6) in the AIR notification now specifies a cap. It has been provided that such cases shall be declared by the exporter and the maximum amount of drawback that can be availed under the Schedule shall not exceed the amount calculated by applying the ad valorem rate of drawback to one and half times the ARE-1 value. In such cases, before Let Export Order is made, the relevant ARE-1 value (s) are to be recorded in the "Departmental Comments" field which is to be also taken into account at the subsequent stage of drawback processing.

(d) Several entries have been rationalized by merging them at respective four digit level or under the respective residuary sub-heading 'others'. Tariff item numbers changed in many cases.

(e) The hitherto residuary rate of 1% (composite) and 0.3% (Customs) changed to 1% (composite) and 0.15% (Customs). Further existing residuary rates of 1.3% and 1.7%, increased to 1.4% and 1.9%, respectively, with some exceptions.

(f) In chapter 57, the six digit tariff item (TI) under 5705 have been changed to refer to the composition of fibre as is under other four digit tariff items. Further, all caps have been made on the basis of per sq.mtr instead of earlier per kg (for some items) in the chapter.

(g) Several entries have been modified / amended to address issues brought to Ministry's notice. Laptop bags and shopping bags have been specifically mentioned at six digit level below TI 4202. 'Cami' has been included with women's/girl's tops in TI 611402 and 621102; 'three fourth pants' along with 'capris' included in TI 610302, 610402, 620302, and 620402; and 'leggings" included in TI 610402. An entry for 'other jackets' below TI 6114 and 6211 has been made. Mountain terrain bicycles have been specified against TI 871203. Cricket bats made from English willow (TI 9506) have been distinguished from other cricket bats.

(h) Separate entries have been created distinguishing certain export products such as cotton yarn of less than 50 counts or 50 or more counts (Chapter 52); core spun cotton yarn containing 3% or more of lycra / spandex/ elastane (TI 5205); flame retardant fabric treated with organic phosphorous compound (TI 5209); knotted/tufted woolen /fine animal hair carpets containing 15% or more by weight of silk (TI 5701, 5703); embroidery in the piece, in strips or in motifs, of flax/linen (TI 5810); cotton blankets (TI 6301); leather safety footwear with protective toe caps of composite/synthetic material (TI 6403); glass artware/handicraft made out of two or more ply glass with or without metallic fusion (TI 7020); delivery tricycles/cycle rickshaws (TI 8712); specified electrical apparatus, of aluminium (TI 8536) and parts of aluminium for specified electrical apparatus (TI 8538).

(i) AIR has been provided to calcined kaolin packed in HDPE/ LDPE/ PP bags (TI 2507), umbrellas, etc. of Chapter 66 and artificial flowers, etc. (TI 6702). Composite rate of 7% has been provided for all agricultural machinery etc. of TI 8432.

(j) AIR has been fixed as Rs. 219.9/gm for gold jewellery /parts and Rs. 3112.5/kg for silver jewellery /articles. Guar Gum has been provided ad valorem rate (composite) of 0.75% with a cap of Rs. 1270 per MT.

(k) Note/Condition (20) in the AIR Notification specifies that "shirts" shall include "shirts with hoods". Similarly, Note (25) specifies that "vehicles" of Chapter 87 shall comprise completely built unit or completely knocked down (CKD) unit or semi knocked down (SKD) unit.

(C) Notification No. 109/2014-Customs (N.T.) dated 17.11.2014 issued to amend Rule 7 of The Customs, Central Excise Duties and Service Tax Drawback Rules 1995 to make explicit that an application under sub rule (1) of rule 7 of said rules shall not be admissible when claim for drawback under rule 3 or rule 4 of the said rules has been made.

9.9.5 *Regarding Audit observation, the submission are as under:-*

(a) Audit Report No. 9 of 2014 pertaining to Duty Entitlement Pass Book (DEPB) scheme was tabled in Parliament on 18.07.2014. This Report primarily pertains to DGFT/DoC. Ministry's Action taken Note on observations/paragraphs pertaining to DoR has been sent to C&AG office on 27.11.2014.

(b) Audit Report No. 12 of 2014 pertaining to Compliance Audit (Customs) was tabled in Parliament on 01.08.2014. Action taken notes on Audit paras pertaining to Drawback Division has been submitted to PAC Wing of CBEC on 05.11.2014.

7th Report of the Public Accounts Committee (2014-15) arising out of detailed examination of Audit Report 15 of 2011-12-Section-II Duty Drawback was tabled in Parliament on 11.12.2014. Ministry's Action taken notes on recommendations & observations of PAC is to be submitted by 10.06.2015 to Hon'ble PAC. The Report is under examination.

9.10 INTERNATIONAL CUSTOMS WING

1. An Agreement on Co-operation and Mutual Assistance in Customs Matters between the Government of the Republic of India and the Government of the People's Republic of China was signed on 18th September, 2014 in New Delhi. This Agreement abrogated and replaced the previous Agreement signed on 11th April, 2005. The Agreement was signed in presence of Hon'ble Prime Minister of India and Hon'ble President of China.

2. An Agreement between the Government of the Republic of India and the Government of the Socialist Republic of Vietnam on Co-operation and Mutual Assistance in Customs Matters was signed on 15th September 2014 at Hanoi. The Agreement was signed in presence of H.E. the President of India and H.E. the President of Vietnam. These Agreements facilitate and provide a framework for exchange of information among Customs administrations, for prevention, investigation and combating customs offences.

3. India co-hosted the Indian Ocean Rim Association for Regional Cooperation (IOR-ARC) Trade Facilitation Workshop in Bengaluru from 15-17 September, 2014. The workshop drew participants from 15 countries.

9.11 DISPUTE RESOLUTION- LITIGATION POLICY

9.11.1 Settlement Commission:

(a) Changes in the Customs Act, 1962 through the Finance Act (No: 2) of 2014

(i) Section 127A has been amended to change the name of Settlement Commission as "Customs, Central Excise and Service Tax Settlement Commission".

(ii) Section 127B (1) has been amended to insert Section 28AA against Section 28AB regarding provisions of interest.

(iii) Section 127B (2) has been amended to include Bill of export, Baggage declaration, Label or Declaration accompanying the goods through Post or Courier regarding filing of application of Settlement.

(iv) Section 127B has been amended to omit sub-section (2) as the same has become redundant in the change scenario.

(v) Section 128L has been amended to insert an explanation that the concealment of particulars of duty liability relates to any such concealment made from the officer of Customs and not from the Settlement Commission.

(b) Changes in the Central Excise Act, 1944 through the Finance Act (No: 2), 2014

(i) Section 31(g) and 32(1) have been amended to change the name of Settlement Commission as ''Customs, Central Excise and Service Tax Settlement Commission".

(ii) Section 32E (1) has been amended to insert Section 11AA against Section11AB regarding provision of interest

(iii) Section 32E (1) has been amended to allow filing of application of Settlement Commission before the Commission in case the applicant has not filed return after recording reason for the same.

(iv) Section 32E has been amended to omit sub-section (2) as the same has become redundant in the change scenario.

(v) Section 32-O(i)(1) has been amended to insert an explanation that concealment of particulars of duty liability relates to any such concealment made from the officer of Central Excise not from the Settlement Commission.

9.11.2 Advance Ruling:

Scope of advance ruling has been further extended to cover resident Private Limited Companies.

9.11.3 The number of cases alongwith amount involved and Commissioner (Appeals) as on 31.10.2014 is as under:-

NO. OF CASES PENDING AS ON 31.10.2014 (Amount ₹ in crores)							
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	Grant Total No. of Appeals (D+P)	Grant Total Amount Involved
1	Supreme Court	2307	8696.64	1183	3226.53	3490	11923.17
2	High Court	7167	9627.25	7967	10418.65	15134	20045.90
3	CESTAT	20409	19298.73	51343	112081.60	71752	131380.33
	Total	**29883**	**37622.62**	**60493**	**125726.78**	**90376**	**163349.4**
4	Commissioner (Appeal)	4366	959.04	32890	9618.60	37256	10577.64
	Grand Total (1+2+3+4)	**34249**	**38581.66**	**93383**	**135345.38**	**127632**	**173927.04**

9.11.4.Information about the performance/achievements in departmental SLPs is given below

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 on a/c of merit/low amount
2009-10	387	331	56
2010-11	444	311	133
2011-12	374	187	187
2012-13	220	120	100
2013-14	324	237	87

9.11.5 Engagement of Counsels: Legal Cell engages/ appoints Senior Standing Counsels and Junior Standing Counsels for conducting CBEC matters before various High Courts. A fresh panel for the term 2014-2017 is under consideration. Instructions have been issued to field formations to avail services of those Standing Counsels (Sr./Jr.) who were on the panel of CBEC as 14.10.2014 and who were also recommended by the concerned Committees of Chief Commissioner for further term, till a regular panel of Sr./Jr. Standing Counsel is constituted. Instructions have also been issued conveying the field formations to avail services of the Central Government Standing Counsels/Assistants Solicitor General of India appointed by Ministry of Law to defend CBEC cases. Department also appoints retired officers (IRS:C&CE) as Special Counsels to conduct CBEC cases before CESTAT. Special Public Prosecutors are also appointed by department for handling criminal matters at various lower Courts. In exceptional cases Special Fee Counsels are also appointed by CBEC with the concurrence of Ministry of Law.

9.12 ANTI-SMUGGLING:

The AS Unit assists the Central Board of Excise and Customs (CBEC) in the formulation of policy and provision of logistics for effective implementation of anti-smuggling measures through the Directorates of Revenue Intelligence, Directorate of Logistics, and field formations. In this regard, the following measures have been taken:

9.12.1 Policy measures for strengthening enforcement capabilities:

i) The Department has reiterated its proposal for creation of seven new Customs Overseas Intelligence Network (COIN) Posts at Beijing, Guangzhou, Dhaka, Colombo, Bangkok, Brasilia and Pretoria to Ministry of External Affairs.

ii) Prosecution guidelines and gold disposal guidelines have been finalized. Revised guidelines for reward to informers and departmental officers are being finalised in consultation with Integrated Financial Unit (IFU) of the Department of Revenue.

iii) The A S Unit coordinated with other Ministries, National Security Council Secretariat (NSCS), Central Economic Intelligence Bureau (CEIB), Economic Intelligence Council(EIC), National Committee on Strengthening Maritime and

Coastal Security(NCSMCS), etc. on issues relating to marine, coastal, economic and national security.

iv) The A S Unit t assisted in the finalisation of CBEC's recommendations for the inclusion of "Tax Crime" as part of scheduled offence under Prevention of Money Laundering Act, 2002 (PMLA) as per recommendation of Financial Action Task Force(FATF).

v) The Shasatra Seema Bal(SSB) has been delegated power under Customs Act, 1962 through issue of notification to strengthen anti-smuggling set-up across Indo-Nepal and Indo-Bhutan border.

vi) The A S Unit participated in the multilateral / International Co-operation initiatives like the Protocol on Combating Illicit Trade in Tobacco Control, Indo-US Home Land Security Dialogue (HSD), Asia-Pacific Trade Based Money Laundering(TBML) & Trade-Related Economic Risks Workshop, coordinated training of 20 Customs officers in the Weapons of Mass Destruction(WMD) programme in USA and coordinated various Joint Operations under the aegis of Interpol, WCO, WTO and UNEP targeting illicit trade activities in relation to piracy, counterfeit products / medicines, smuggling, environmental crime, smuggling, cross border crime etc. in compliance with International Conventions.

9.12.2 Procurement of Anti-smuggling Equipments

i) In order to secure supply chain security in the sensitive Indo-Pak Border, one Z- back scatter XBIS (at Attari) and four High Energy X-ray Cargo/Pallet Scanners (HEXS)[in the Trade Facilitation Centres at Line of Control (LoC) at Salamabad and Chakan-da-Bad (J&K)] were installed and their performance monitored on regular basis.

ii) For expeditious commissioning of Three Mobile Gamma Ray Container Scanners (during Feb'14 –Dec'14) and Four X-Ray Container Scanners (during Feb-March' 15) at Mumbai, Chennai, Kandla and Tuticorin ports, the Unit got the timeline for commissioning advanced. Mobile Gamma Ray Container Scanners at Tuticorin and Chennai were operationalized in Apr' 2014 and June, 2014 respectively and other five container scanners are expected to be commissioned by March 2015.

iii) Hon'ble Finance Minister's approval obtained for installing of 3 drive through(road) container scanners at JNPT, Cochin and Mundra Port after critical evaluation by the Committee on Non-Plan Expenditure (CNE). The three modern generation drive through (road) container scanners are expected to be commissioned by mid 2015.

iv) Comprehensive review of requirements of CBEC's field formations for various modern anti-smuggling equipments, arms and ammunition etc and capacity building was made. Accordingly road map was prepared in association with DGRI and DOL and action including floating of global tender(s), approval by Technical Evaluation Committees (TEC)/ Price Negotiation Committee (PNC), vetting by Law Ministry/ Finance Wing/ CNE/ Standing Finance Committee (SFC), and final approval by the Competent Authority initiated as follows:

- Approval of Board for 76 additional new generation XBIS obtained, Global Tender floated for purchase and installation at various customs locations all over the country by March, 2015. TEC has completed the evaluation.
- Approval and financial sanction for procurement of 18 Carat meters from Special Equipment Fund (SEF) was processed. These equipments are likely to be deployed by March, 2015.
- Proposal for procurement of ten mail scanners for high speed scanning of letters/ packets at FPOs by FY 2015-16 was finalized and are being procured through open global tender.
- Proposal for procurement of 130 No. of personal radiation detectors (PRD) and 26 No. of radionuclide identification device (RID) by FY 2015-16 have been processed. Appraisal by SFC and administrative approval are awaited for Floating Global Tender.
- CCTV cameras at various Land Customs Stations(LCS) on international borders have been installed.
- Proposals for installation of under carriage inspection system for vehicles/trains at Integrated Check Posts(ICP), Attari by FY 2015-16 is finalized and sanction from SEF obtained. Draft tender has been floated.
- 21 Dogs along with handlers trained on narcotics detection at the canine training facility of Border Security Force (BSF), Tekanpur; Standard Operating Procedure (SOP) for management of canine squad approved; procured nine artificial narcotics

scent kits from Special Equipment Fund (SEF) for continued training of sniffer dogs. Further process of procurement of Canines/ training etc. for the canine handlers during 2nd phase has been initiated.

v) Comprehensive maintenance of 63 Category III A & III B Vessels as well as acquisition of spare parts for 24 Category I & 22 Category II Vessels finalized with concurrence of IFU of the Department of Revunue.

9.12.3 Anti-smuggling Performance

The Government of India has signed Bilateral Agreements / Customs Mutual Assistance Agreements (CMAA) with various countries in previous years with a view to help detect and curb evasion of Customs Duty and frauds. The Government of India has revised CMAA with Government of the People's Republic of China in 2014. The agreement aims at affording each other administrative assistance for proper application of Customs law and for prevention, investigation and combating of Customs offences.

The Directorate of Revenue Intelligence has been expanded with the creation of two regional centres at Hyderabad and Ludhiana. 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, and 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 REPORT

(₹ In crore)

Sl. No	ITEM OF WORK	2012-13		2013-14		2014-15 (Upto Dec.) Provisional	
		No. of Cases	Duty	No. of Cases	Duty	No. of Cases	Duty
1	Seizures effected	28317	3079.43	28168	4062.64	13941	12173.21
	gold	871	99.34	2669	692.35	2915	734.10
	Narcotics (value in lmv)	470	969.15	459	451.98	205	103.17
	FICN (face value)	21	2.23	17	1.13	21	1.54
	Others	26375	386.24	24374	409.98	10366	336.14
	Commercial Fraud cases	580	1622.47	649	2507.20	434	10998.26
2	Commercial Fraud cases detected	5390	5970.38	4625	3974.14	2310	2534.33
	Under valuation	1961	320.20	300	439.53	184	185.25
	Mis-declaration	1217	2673.12	1134	417.91	410	250.11
	Misuse of deec/ advance licence scheme	11	139.99	1	0.00	31	91.19
	Misuse of DEPB scheme	18	22.94	9	4.63	2	0.24
	Misuse of EPCG scheme	25	231.85	29	611.01	50	231.03
	Misuse of EOU/EPZ/ SEZ scheme	**9**	**44.13**	**4**	**6.96**	6	4.61
	Misuse of drawback scheme	188	87.57	51	104.69	89	20.22
	Misuse of end use & other notification	207	2348.17	188	1261.72	80	897.58
	Others	**1754**	**102.41**	**2909**	**1127.69**	**1458**	**854.10**
3	Duty recovered	6757	1603.52	4630	1609.39	2550	685.08
4	No. Of persons arrested	575		1397		1121	
5	No. Of persons detained	28		36		17	

9.13 PUBLIC ACCOUNTS COMMITTEE

During this financial year 2014-15, **251** Draft Audit Paras (DAPs) of **A**, **B** & **D** category (Central Excise & Service Tax) and **34** Audit Paras in respect of Central Excise & Service Tax were received from C&AG office.

Out of these, Ministry's comments on **59** DAPs of A category, **03 (03 sent to C&AG and 61 admitted** on B category and **88** on D category have been sent to C&AG office of India. Out of **34** Audit Paras, Action Taken Note (ATN) on **19** Audit Paras have been sent to C&AG office and **23** are submitted for approval.

During the year, **9** Draft Review Paras were received from C&AG office, out of which 3 DRPs have been submitted to C&AG office, other **6** are under submission.

Performance Audit Report No. **29 of 2014** Administration of Prosecution and Penalties in Central Excise and Service Tax was laid in the Parliament of 28.11.2014. Similarly, Performance Audit Report No 33 of 2014 on Central Excise Administration in Automotive Sector was also laid in the Parliament on 19.12.2014. Ministry's Action Taken Note on these two Performance Audit Reports is being prepared.

Public Accounts Committee (2014-15) during the year selected **6** Audit Paras of Compliance Audit Report No.**6** of 2014 (Indirect Taxes–Central Excise) and Compliance Audit Report No.**8** of 2014 (Indirect Taxes – Service Tax) for detailed examination. Ministry's Detailed Background Note on these **2** reports has been sent to Lok Sabha Secretariat on 11th December, 2014. Lok Sabha Secretariat had further sent a set of questionnaire on CA Report No.**6 & 8** of 2014. Ministry's comment on the questionnaire was sent to Office of the C&AG of India for vetting and advance copy on the questionnaire was also sent to Lok Sabha Secretariat. After receiving vetting comments, Ministry's final reply will be sent to Lok Sabha Secretariat.

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).

9.14 PUBLICITY

The Directorate placed massive multi-media campaigns in English, Hindi and major regional segments to publicise important schemes, provisions & amendments for the taxpayer's education and to inculcate the culture of voluntary compliance amongst taxpayers.

9.14.1 Print Media: Advertisements

9.14.1.1 Newspapers

Under the directions of the Ministry, the Directorate undertook an extensive campaign through print media on the last date (30.6.2014] to pay second and final installment of service tax dues, without any interest, under the Service Tax Voluntary Compliance Encouragement Scheme, 2013 (VCES). The campaign was repeated during the months of October and December, 2014 for the assessees' information & guidance.

These advertisements were placed through English, Hindi and major vernacular segments across the country.

9.14.1.2 Magazines

The reach of most of these campaigns was extended through a vast bouquet of popular magazines viz. India Today, Business India, Business World, Business Today, Outlook, Outlook Business, Rail Bandhu (on-board Railway magazine), Shubh Yatra, Airport India, Cargo Talk, Jet Wings, Spice Jet, Lonely Planet, Competition Success Review, The Fortune, Data Quest, Forbes India, PC Quest, Airport India, FHRAI, The Carvan, Discover India, Mice Talk, Fortune India, Trav Talk, Society Interior, Travel Mail, Travel & Leisure, Smart Photography, CA Journal, Pratiyogita Darpan (H), Auto Car, Go Getter and Inside Outside, and Chitralekha for taxpayers' awareness and guidance.

9.14.1.3 Outdoor/Misc. Media

This multi-mode campaign was covered through Bus Que Shelters, Hoardings/ Unipoles/ Bridge Panels, Pole Kiosks, Street Furniture, Metro Bridge Panels & Station Guide Maps, Metro displays covering important centers across the country.

It was placed for popular website taxindiaonline.com during the month of June, 2014.

This slide show of advertisements on last date i.e. 30th June, 2014 was placed for 3600 LED Screen at T-3 Domestic Airport Delhi.

Apart from the VCES, print campaigns were undertaken on other schemes and clarifications on **'Authorized Economic Operator Programme (AEO)'**, CBEC's major initiative towards establishing Customs Business Partnership; **'Settlement Commission'** on a balanced resolution of tax disputes with a view to avoid lengthy litigation; **'Scheme of Advance Rulings**'; '**Safeguard Duty** which breaks the overflow of import and makes domestic industry competitive; '**Last Date for filing Service Tax Half Yearly Returns'** reminding assessees' to file their ST-3 Returns correctly on time before last date; **Safety First'** with a message that import of fireworks is not permitted and an appeal to general public to say no to fireworks of foreign origin & inform Customs about such fireworks; **Extended Last Date for filing Service Tax Half Yearly Returns' (14.11.2014)** on the extended last date for filing ST-3 Returns; '**Service Tax**', laying out that two services i.e. Radio Taxi Service and all forms of advertising (except print media) are leviable to service tax w.e.f. 1st October, 2014; and '**e-payment of Service Tax**' on e-payment provisions were placed for taxpayer's awareness. Besides, the Directorate's campaigns this year were significantly focused on promoting the culture of voluntary compliance among the taxpayers. With this motive, following advertisements were placed nationally through print media: '**Indian Customs, the Guardian of our Economic Frontiers**' on the role and working of Indian Customs, '**Nation building**' exhorting taxpayers to pay their Customs, Central Excise & Service Tax correctly and in time to become partners in nation building.

9.14.2 Electronic Media

The Directorate roped in World Wrestling Champion Sushil Kumar as brand ambassador for the department. In this 30-seconder '**Sushil Kumar-Pay your Tax**', he exhorts the taxpayers to voluntarily comply with the tax laws for nation's development. This TVC was telecast on major News/Business Channels of English, Hindi & Vernacular segments.

A 30 second TV Commercial 'Hariharan-CX' featuring renowned singer Hariharan, delivering a message to tax payers that pay Central Excise timely & correctly through a jingle on Central Excise was telecast on Hindi/English News/Business Channels.

9.14.3 OUTDOOR/MISC. MEDIA

The Directorate undertook an SMS campaign on the occasion of International Day against Drug Abuse and Illicit Trafficking, 2014 during June, 2014 on behalf of NACEN.

The audio-visual '**Sushil Kumar-Pay your Tax**', was placed for 360 degree LED Screen at T-3 Domestic Airport New Delhi during November, 2014.

The 30-seconder Audio-visual '**Hariharan-CX**' on Central Excise was placed for 3600 LED Screen at T-3 Domestic Airport Delhi.

The 30-seconder audio-visual '**Hariharan-CX**' on Central Excise also placed for digital out of home live media at different locations viz. Airlines Coaches (Indigo), Restaurants, Business Hotels, Gyms, Coffee Shops, Clubs etc. in Delhi NCR, Mumbai, Bengaluru, Pune, Kolkata, Chennai & Hyderabad over extended frequency.

A 20-seconder audio-visual '**Pay Your Customs, Central Excise & Service Tax**' was placed for 3600 LED Screen at T-3 Domestic Airport Delhi during September-October, 2014.

The above 20-seconder AV also placed for digital out of home live media at different locations viz. Airlines Coaches (Indigo), Restaurants, Business Hotels, Gyms, Coffee Shops, Clubs etc. in Delhi NCR, Mumbai, Bengaluru, Pune, Kolkata, Chennai & Hyderabad during September, 2014.

The above 20-seconder '**Pay Your Customs, Central Excise & Service Tax**' was placed for 3600 LED Screen at T-3 Domestic Airport Delhi during Sept-Oct., 2014.

The 25-seconder **'Hariharan-ST'** featuring playback singer Hariharan on Service Tax was placed for digital out of home live media at different locations viz. Airlines Coaches (Indigo), Restaurants, Business Hotels, Gyms, Coffee Shops, Clubs etc. in Delhi NCR, Mumbai, Bengaluru, Pune, Kolkata, Chennai & Hyderabad in Oct.-Nov., 2014. The said 25 second AV '**Hariharan-ST**' on Service Tax was placed for display through 3600 LED Screen at T-3 Domestic Airport Delhi during October-November, 2014.

The 30-seconder AV '**Hariharan-ST**' was also displayed through digital out of home live media at different locations viz. Airlines Coaches (Indigo), Restaurants, Business Hotels, Gyms, Coffee Shops, Clubs etc. in Delhi NCR, Mumbai, Bengaluru, Pune, Kolkata, Chennai & Hyderabad during October-November, 2014.

The Directorate roped in World Boxing Champion Mary Kom as brand ambassador for the department. In the 30-seconder '**Mary Kom**' she invites taxpayers to voluntarily comply with the tax laws towards provision of better infrastructure and development for telecast.

9.14.4 Projections for the period January, 2015 to March, 2015

The Directorate will place advertisements on the occasion of International Customs Day (26.1.2015); Central Excise Day (24th February, 2015), last date for deposit of Central Excise Duty and Service Tax; apart from any campaigns to be undertaken under the directions of the Board/Ministry in respect of important post-budget changes for taxpayer's information.

9.14.5 CBEC Pavilion at IITF-2014

The Directorate set up 'CBEC Pavilion' at the Indian International Trade Fair-2014, held at Pragati Maidan, New Delhi, from 14th to 27th November, 2014. The Pavilion was part of department's facilitation measures to bring its objectives, procedures and working to the public domain and with aim to promote the culture of voluntary compliance among the taxpayers. Information on various matters relating to customs, central excise and service tax was displayed through panels, translites, blowups & screens playing departmental films/ commercials. Separate Help Desks manned by departmental officers were set up to handle the queries and clarifications of the visiting trade and public on the three taxes. Updated booklets on various topics related to customs, central excise and service tax were made available for free distribution to visitors. In this endeavor, World Champions Mary Kom and Sushil Kumar were roped in as brand ambassadors for the department. Endorsements from these two celebrities were strategically used to motivate and prompt the visitors to comply with the tax laws. Rounds of painting competitions for kids, quiz contests, magic and mime shows and lots of other interactive sessions were held throughout the fair period. Attractive prizes and gifts were given by the department to winners & participants. All gift items were embossed with departmental logo and carried educative take home message. The Pavilion drew huge response from the trade & public and was quite successful in its aim of promoting public awareness about the role and working of the department.

9.14.6 RTI AND PUBLIC GRIEVANCES

This Directorate is the nodal authority under CBEC to monitor the progress of filing of quarterly returns by Public Authorities under CBEC on the website of Central Information Commission (CIC) as required under Section 25(2) of the RTI Act, 2005. The report includes details of number of ETI applications received by the Public Authority, number of cases where request/appeal was rejected, number of cases where disciplinary action was initiated against the officers in the respect of administration under the Act etc. Role of the Directorate is limited to pursuing with the public authorities to ensure that quarterly returns are filed by them. During the period 29 (twenty nine) applications received under the RTI Act, 2005 were processed forwarded to the appropriate formations for further action.

19.14.7 E-HELPLINE

This Directorate also maintains a record of e-helpline of all field formations under CBEC since October, 2012, for submission before the Board, as and when required.

19.14.8 PUBLICATIONS (1st April, 2014 to 31st December, 2014)

The Directorate brought out following publications at the behest of Central Board of Excise & Customs and other formations:

Tax Payer's Information Publications

'Brave the Rave' – The Bane of Party Drugs in India (NACEN)

Detection Drug – The Canine Companion in Customs (NACEN)

Dope to Hope (NACEN)

Customs Tariff, 2014

Central Excise Tariff, 2014

Guide for Travellers

Reward Scheme for Informers

Green Customs

Advance Ruling Scheme

Convenience @ ACES

ICEGATE

Appellate Procedures

Duty Drawback Schedule 2014-15

Departmental Publications

Annual Report, 2012-13 (DG, Audit)

Indian Customs Declaration Forms (ICDF)

Civil List, 2014

ICE Magazine, April, 2014; July, 2014

Monthly Audit Bulletin, Feb., March, April, May, June, 2014

ECS Law Reporter Vol. 3, No. 1, 2 & 3, 2014

Customs, Central Excise & Service Tax Department: An Overview

Annual Report 2012-13 (DGCEI) 5

CC Conference Booklet held on 11-12th August, 2014

Information Booklet

Sanctioned & Working Strength and Vacancy position in different grades under CBEC as on 1.7.2014 (DGHRD Booklet)

CC Conference of Chief Commissioners and Directors General on Customs Tariff and Allied Matters 8- October, 2014 at Goa – Minutes (CBEC)

Projections for the period January, 2015 to March, 2015

Indian Customs Declaration Forms

Sampark, 2015

ECS Law Reporter

Quarterly ICE Magazine

Monthly Audit Bulletin

Civil List, 2015

Customs Tariff, 2015

Central Excise Tariff, 2015

CC Conference Booklets

9.15 DIRECTORATE GENERAL OF INSPECTION CUSTOMS & CENTRAL EXCISE

9.15.1 This Directorate General was constituted in 1939, as part of the Central Board of Excise & Customs office for conducting periodical inspections and for advising the Board on technical questions and on standardization of organization and procedure in the Custom Houses and the Central Excise Commissionerates. It was separated from the Board on 1st April, 1946 and given the status of an attached office. The main functions of the Directorate General of Inspection are:-

(i) To study the working of the Customs and Central Excise Departmental machinery throughout the country

(ii) 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

(iii) To carry out inspection to determine whether the working of the field formation is as per Customs and Central Excise procedures and to make recommendations in respect to the procedural flaws, if any noticed

(iv) To suggest measures for improvement in functioning of the field formations

(v) To examine and make recommendations in respect of excise refund claims of the Government of Nepal and Bhutan

(vi) Nodal office for implementation of Official Language Policy of Government

i) Nodal office for implementation of AEO Programme

ii) Nodal office for implementation of "Sevottam" programme

9.15.2 PERFORMANCE HIGHLIGHTS

(a) Inspection of field formations:

The DGICCE is tasked with inspection of field Commissionerate to ensure that the field offices are working as per Board's policy guidelines. This is ensured through a periodic review of Commissionerate records, making an assessment of how the formation is performing and issuing inspection note highlighting the specific shortcomings with observed trends, if any. A copy of the inspection report is sent to the zonal Chief Commissioner for oversight. The field Commissionerate sends its compliance report for the inspection note to ensure that the shortcomings are mitigated in a time bound manner.

The Board has revised the norms of frequency for inspection of field formations of Central Excise, Customs and Service Tax in 2010. As per the new norms, the DGICCE is required to inspect the Commissionerate headquarters once in three years. Additional inspections would be based on careful profiling of the risk parameters. Each Commissionerate shall be inspected every year by either the DGICCE or jurisdictional Chief Commissioners. For this purpose, the DGICCE shall prepare the inspection plan allocating the Commissionerates for inspection to the DGICCE or Chief Commissioner.

(b) Inspections performance:

The Board's norms require that the DGICCE mandatorily carries out the inspection of one third of the Commissionerates. Some findings have emerged through the analysis of inspections of areas which the Commissionerate could focus to meet the benchmarks set by the Board. An indicative list of these is detailed below:

- Adjudications continue to remain pending over one year.
- Orders-in-original could not be issued within 30 days of final personal hearing.
- Non-stayed arrears of revenue could not be pursued vigorously.
- Adequate efforts could not be made to get the stay vacated or to get an early hearing in the stayed arrears cases.
- EA 2000 paras remain pending over six months in spite of monthly audit meetings by the Commissioners.
- Draft Audit Paras are not replied after the prescribed time limit of ten days.
- Anti-evasion investigation usually stretches beyond six months although no fresh evidences are collected.
- Call book cases are not being reviewed as per the norms.
- Mandatory audit of the entire Category A units is not completed.

(c) Central Excise:

As per approved annual CX action plan for the year 2014-15, 36 Central Excise Commissionerate have been scheduled for inspection by H.Q and its Regional Units. The remaining 66 CX formations have been allocated to jurisdictional Chief Commissioners.

(d) Central Excise:

At all India level, there are 97 CX and 7 Service Tax Commissionerate. Inspections carried out in the last 2 years and Current year 2014-15 up to December 2014 are as below:-

Formation	2012-13	2013-14	2014-15 (Upto Dec. 2014)
CX HQ	08	11	02
NRU	04	06	04
SRU	05	06	03
ERU	05	03	04
CRU	03	03	03
WRU	11	07	05
Total	**36**	**36**	**22**

9.15.3 Customs Section

As per approved annual Customs action plan for the year 2014-15, 16 Customs Commissionerates have been scheduled for inspection by H.Q and its Regional Units, The remaining 21 Customs formations have been allocated to jurisdiction Chief Commissioners.

Formation	2012-13	2013-14	2014-15 (Upto Dec. 2014)
Customs			
CUS HQ	08	8	4
NRU	03	2	2
ERU	02	2	2
CRU	00	3	2
SRU	03	2	3
WRU	04	3	3
Total	**20**	**20**	**16**

Customs Appraising Manual Status:

S. No	Manuals	Zone / CC / DG responsible for update	Present Status
1	Central Excise Manual	CC (C.Ex) Chennai	Deferred in view of the likelihood of the implementation of GST in near future.
2	Customs Manual	CC-Mumbai-I	Released by Board on 27.01.2014
3	Bond Manual	CC-Customs (Kolkata)	Subsumed in the Custom Manual as per BMB and the Customs Manual has been released by Board on 27.01.2014
4	Valuation Manual	DG (Valuation)	Subsumed in the Custom Manual as per BMB and the Customs Manual has been released by Board on 27.01.2014
5	Service Tax Audit Manual	DG-Audit	Has been released as communicated by the Board on 7.10.2011
6	Arrears Recovery Manual for C. Ex. Cus. & S. Tax	CC-TAR	Released by Board on 24.02.2012
7	Confiscated Goods Disposal Manual	CC-Preventive (Mumbai) Zone-III	Sent to Board on 29.3.2011.
8	C.Ex. Audit Manual	DG-Audit	Revised draft Manual received from the Working Group is under examination with Directorate of Audit.
9	Adjudication Manual	CC-C. Ex.(Delhi)	Sent to Member (Central Excise) in April 2012 as confirmed by DC (CCU) Delhi Zone.
10	Customs Appraising Manual-I	CC-Customs (Mumbai)-I	Assigned to C.C Customs Mumbai-I, who vide letter dated 17.07.2014 has informed that the same has been prepared in 3 volumes and the work on other volume is under progress and expected to make available as soon as completed.

S. No	Manuals	Zone / CC / DG responsible for update	Present Status
11	C.Ex. Intelligence & Investigation Manual	DGCEI-Delhi	Recasting and updation of 'Central Excise Intelligence and Investigation Manual' is under final stages of preparation.
12	Customs Preventive Manual	DGRI	Under preparation. Placed on web, comments recd, needs more time It has been decided that the draft manual in its present form can be retained as a Compendium on Customs Preventive Matters and simultaneously, a concise version of the same can be prepared to be used for practical purposes. Work for preparation of the concise version of the Customs Preventive Manual is complete and has been forwarded to Commissioner Co-Ordination

Total	Released	Sent to the Board	Not to be updated	Under updation
12	05	03	01	03

9.15.4 Implementation of official language policy:

In the year 2013-14 (From 01/04/2014 to 30/11/2014) the following major work for promotion of the Official Language was undertaken:-

- 71 inspections of different field formations with respect to implementation of Official Language policy during the year are proposed.
- Translation of CHA Model paper in Hindi.
- Translation of Customs inspection questionnaire in Hindi.
- Translation of various material in Hindi
- Hindi week was celebrated and various competitions were held.
- Workshops on Unicode were conducted during the rajbhasha inspections of field formations.
- OLIC meetings were organized in DGICCE.
- Incentive scheme was implemented.

9.15.5 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.

Year	Amount of refund	Number of invoices processed
2011-12	**Rs. 202 Crore**	73,500
2012-13	**Rs. 241 Crore**	57,110
2013-14	**Rs. 153 Crore**	29,326

9.15.6 Process and sanction refund to Royal Government of Bhutan (RGoB)

The work undertaken by DGICCE in respect of Bhutan exports are falls in two categories:

1. Refund of Excise duty to RGoB
2. 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
2012 (for the year 2010 & 2011)	Rs. 306 Crore
2013 (for the year 2012)	Rs. 203.85 Crore
2014 (for the year 2013)	Rs. 175.62 Crore

9.15.7 Results Framework Document (RFD) formulation and monitoring

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. 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). The programme has been rolled out in phases with 30 Ministries / Departments of Government of India chosen in Phase I roll out in 2009-10. The Department of Revenue approved the RFD for 2012-13 in June 2012. A range of values was given to rate performance from 'Excellent' to Poor'. The percentage weightage for each objective indicated the inter se priority. The targeted rating to be achieved was 'Very Good'.

Results achieved:

CBEC scored 54.8 marks out of 100 in external assessment in 2013-14 as compared to 74.2 % during 2012-13. Decline is attributed to non submission / timely submission of inputs by some of the action owners and failure to meet the targets in some cases.

RFD 2014-15: Secretary Revenue has approved CBEC RFD 2014-15 in December, 2014.

9.15.8 Conduct of examination for issuance of license to Customs Brokers

Customs Brokers examination at all India level is being conducted by the Directorate General of Inspection, Customs & Central Excise (DGICCE) in terms of Customs Brokers Licensing Regulations, 2013 issued vide Notification No. 65/2013-Customs (N.T) dated 21.06.2013. The examination consists of two parts - Written & Oral examination. The written examination is conducted on all India level. The successful candidates are called for oral examination, being held at 5 zonal levels. The mark sheet is prepared at DGICCE Hqrs. at Delhi compiling the marks of written and oral examination received. Thereafter, the same are sent to the jurisdictional Commissionerates for declaration of result at their end.

In 2014, written examination under Customs Brokers Licensing Regulation, 2013 was conducted on 31.01.2014 throughout India wherein 890 candidates appeared. The oral examination was conducted on 29th to 31st October, 2014 wherein 504 candidates appeared. The result was declared on 19th November, 2014.

Further, an advertisement was published in different Newspapers in the month of April, 2014 at all India level for conducting the CBLR examination for the year 2015. The written examination is scheduled for 28.01.2015.

9.15.9 Indian AEO – Customs & business partnership for secured and facilitated international trade

The Indian 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 SAFE Framework is aimed to secure and facilitate global trade acting as a deterrent to international terrorism, promote trade facilitation worldwide and secure revenue collections. The framework is based on four core principles: advance electronic information exchange, risk management system, on request inspection of outbound high risk cargo and benefits to business that meet norms. The programme aims to provide business entities with an internationally recognized certification, to recognize business entities as "secure and reliable" trading partners and to incentivize business entities through defined benefits that translate into savings in time and cost.

A pilot scheme of Indian AEO programme was launched in 2011 wherein 9 entities out of 38 applicants were selected for validation; Three (3) entities namely M/s LG Electronics India Pvt. Ltd., M/s IBM India Pvt. Ltd and M/s Ennore Cargo Container Terminal Pvt. Ltd were awarded AEO certification on 18th July, 2012. Based on the pilot experience and business entities feedback, a fully operational AEO programme has been put in place in 2012 through circular 28/2012-CUS with modified criteria subsequent to those listed vide circular 37/2011-CUS. After roll out, 45 applications have been received for grant of AEO certificate till 06.01.2015. Out of these,

Fourteen (15) applications have been awarded with AEO certificate. 22 applications have been rejected or withdrawn. Further, rest 8 applications are at different stages of document verification / onsite validation at AEO Centers at Regional Units as well as Headquarters. Accordingly, **total Seventeen (18)** applications have been awarded with AEO certificate as on 07.01.2015. Annual reviews of AEO certified entities are being conducted in terms of Para 17 of AEO Circular.

Criteria for Grant of AEO Status:

1. Established in India,
2. Appropriate record of compliance of Customs and other relevant laws,
3. Satisfactory system of managing commercial and applicable transport records,
4. Proven financial solvency, and
5. Maintenance of approved security and safety standards.

Definite benefits are promised to businesses to facilitate trade:

Importer or Exporter:

Reduced Customs examination

Reduced bank guarantee

Logistics provider:

Waiver of transshipment bank guarantee

No need of case-wise transit permission

Warehouse Owners:

Faster approval for new warehouse

Reduced bank guarantee

Custom House Agents:

Extended license validity

Waiver of license renewal fee

Custodian:

Waiver of bank guarantee

Extended approval for 10 years

Joint validation/ observation exercise:

- US CBP team observed validation process of India AEO entity M/s IBM India Ltd. Bangaluru on 19.09.2013
- Hong Kong Customs team completed a validation of India AEO entity M/s LG Electronics Pvt.Ltd., Greater Noida on 09.10.2013. MRA (Mutual Recognition Arrangement) has been signed with Hong Kong.
- Korean Customs team completed a validation of India AEO entities M/s LG Electronics, M/s Albatross & Shahi Export between 17.12.2013 to 20.12.2013.
- Turkey Customs has sent request on 10.01.2014 to begin process of MRA. The request has been forwarded to JS (Customs).
- Indian AEO team participated with US C-TPAT team to observe their validation on 9th, 10th, 12th & 13th December, 2013 and further, on 15th & 16th May, 2014.
- A team of officers visited Washington D.C., USA from 3rd to 6th December, 2013 to attend training on C-TPAT.
- A team of officers also visited Spain to attend WCO Global AEO Conference which was held from April 28th to 30th in Madrid, Spain.
- Indian AEO team participated with US C-TPAT team to observe their validation on 29th & 30th October and further on 4th, 6th, 10th and 13th November, 2014.

9.16 SYSTEMS AND COMPUTERISATION

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:

- Citizen-centric delivery of services through "single window" interface.
- Providing services on an "anytime, anywhere" basis.
- Ushering in Transparency and Accountability.
- Simplification of Procedures.
- Reduction in Transaction Costs.
- Minimization of manual interface.
- Encouraging voluntary compliance.
- 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.

9.16.1 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 146 Commssionerates.] After the cadre restructuring, the number of Commissionerate is 146 (119 Central Excise Commissionerate + 22 Service Tax Commissionerate + 5 LTU)
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 146 Commssionerates. After the cadre restructuring, the number of Commissionerate is 146 (119 Central Excise Commissioerate + 22 Service Tax Commissioerate + 5 LTU)
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 146 Commissionerates] After the cadre restructuring, the number of Commissionerate is 146 (119 Central Excise Commissioerate + 22 Service Tax Commissioerate + 5 LTU)
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 146 Commissionerates.] After the cadre restructuring, the number of Commissionerate is 146 (119 Central Excise Commissioerate + 22 Service Tax Commissioerate + 5 LTU)
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 146 Commissionerates. After the cadre restructuring, the number of Commissionerate is 146 (119 Central Excise Commissioerate + 22 Service Tax Commissioerate + 5 LTU)
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-easiest.gov.in/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 146 Commissionerates.] **On the website www.aces.gov.in** After the cadre restructuring, the number of Commissionerate is 146 (119 Central Excise Commissioerate + 22 Service Tax Commissioerate + 5 LTU)
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 146 Commissionerates.] After the cadre restructuring, the number of Commissionerate is 146 (119 Central Excise Commissionerate + 22 Service Tax Commissionerate + 5 LTU)

S.No	Activity	Brief Account
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 01.12.2014 , 8,94,057 issues have been received out of which 8,93,985 have been resolved and percentage of resolution is 99.99 %]**
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. More than 188.95 Million documents have been filed during 2013-14 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 129 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.

S.No	Activity	Brief Account
16.	Electronic filing options	There are three options for filing the documents 1. E-Mails (SMTP – 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. More than 99% customs duty paid through at 129 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 goods' 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: • BE status tracking • SB status tracking • Container based tracking • BL tracking • IGM/ SGM/ CGM tracking • EGM tracking • tracking of queries raised in BE • tracking of queries raised in SB

S.No	Activity	Brief Account
		• Inquiry Module for Service Centre users for ICES 1.5 locations also runs through ICEGATE • Challan tracking • IEC tracking • License status tracking etc. • CHA PAN based enquiry • DBK scroll tracking and • 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: • IEC (Importer Exporter Code) issued by DGFT • Shipping bill data transmission to DGFT by Customs for the issue of Licenses • Import Export Licenses issued by DGFT • 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 • DGFT • 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.	Automation of Manual Procedures (Reduction in Dwell time):	**a. PCCC(Precious Cargo Complex Module) -:** The Precious cargo module will reduce the dwell time in clearance of precious cargo. Import module is already in place. **b. LCS Module:** LCS export Module which was already in operation at Petrapole LCS was also made operational at Raxaul and Jogbani.Similarly import module has been implemented at Raxaul ,Jogbani and Attari.

S.No	Activity	Brief Account
		a. **Air –Air/ICD Transhipment Module:** A facility for trans-shipment of import cargo is enabled in EDI from air site to another air cargo/ICD. This will replace manual procedure, thus enabling electronic approval which is quick and transparent. This will reduce the manual interface and dwell time of the cargo. **b.** **CRCL(Central Revenue Controlled laboratory) Imports Module**: The module facilitates sending the samples for testing (the test memo) to a chosen CRCL lab, and receiving the test reports online on the ICES 1.5. This test report will automatically integrate with the Bill of Entry. Thereafter, customs can finalize the Bill of Entry. **c.** **ICES- SEZ integration**: Integration of the two systems (message exchange) is on between NSDL (Ministry of Commerce) and DGoS, and the pilot is launched in Chennai for testing in January,2014. This will eliminate the need for paper based documents needed for transaction on movement of cargo between SEZs and customs ports. **d.** **Payment related to Warehousing:** The payments related to warehousing are automated thus reducing manual interface. **e.** Automation of newly introduced export promotion schemes like **Incremental Export Incentive schemes** has reduced manual processing of documents which increases the dwell time for clearance.
	Enhanced public interface	**a.** **E BRC (Electronic Bank Realisation Certificate):** This system shall have huge impact upon export proceeds monitoring and preventive frauds on account of export. This system on its full operation shall be able to check export frauds very effectively and shall keep strict check over trans-boundary financial offences. Import related transaction monitoring system of EDPMS is under development. (exporter would not be required to run from pillar to post between AD banks, RBI and Customs to settle their export proceeds realization related obligations.) **b.** **Online Export Compliance Information:** A facility has been provided on the CBEC website to view compliance requirements for particular commodity during exports. This will increase transparency and assist exporters to adhere to compliance requirements of all cross border regulatory authorities in advance. **c.** **Improved duty calculator:** The duty calculator application available in CBEC Website has been enhanced to provide more information on incidence of duty and policy compliance requirements. This will act as ready reckoner for importers. **d.** **New CHA registration Module:** Enhanced CHA Module along with relevant CHA based MIS reports was provided in ICES 1.5. Earlier all such activities could be performed only by the Master Policy Section sites in a separate server.
	Enhanced monitoring mechanism and thereby reduced verification	Certain modules were developed which has impact on the enhanced monitoring mechanism thereby reducing the verification mechanism and thereby reducing the cost of compliance. **a.** **Seal & Signature module:** This module has recently developed and implemented with the help of DRI. This will provide effective control and authenticity in user of certificates issued by the authorities of exporting countries.

S.No	Activity	Brief Account
		Provisional Assessment Finalisation Module: This module enables online finalization of provisional assessments done in EDI. a. **License wise Export Information**: A facility has been provided in ICES 1.5 for the customs house where the license has been registered for import to view the details of exports made all over India against their licenses. This will facilitate Export Obligation Monitoring. Relevant MIS reports have also been provided.
27.	API (Application Program Interface) for the ICES	API (Application Program Interface) for the Customs EDI by way of publication of: • Communication Guidelines With ICEGATE for ICES 1.0 and ICES 1.5 • Code List / Directories such as port code,AD code, and currency code directories etc. • 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. 193927 calls and 110195 mails are received by Helpdesk during 2014-2015 up to December 2014.
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 2013-14, about 74.42 Lakh challans were uploaded by the banks. In respect of the current financial year 2014-15 (upto 31st December 2014), 57.87 Lakh challans have been uploaded. 99% of the revenue in Central Excise and 93% of revenue in Service tax was through e-payment. With effect from 1st October 2014, every assessee shall electronically pay the service tax payable by him, through internet banking vide notification 9/2014-ST dated 11.07.2014.

S.No	Activity	Brief Account
		With effect from 1st October 2014, every assessee shall electronically pay the central excise duty, through internet banking vide notification 19/2014-CE (NT) dated 11.07.2014. **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 code' using the link 'Assessee 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. **T**he 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

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<tr><th>S.No</th><th>Activity</th><th>Brief Account</th></tr>
<tr><td></td><td></td><td>
<table>
<tr><th>Report</th><th>Information Available</th><th>Levels</th></tr>
<tr><td>Chief Commissionerwise collection Report</td><td>Excise and Service Tax collection
Accounting code wise breakup
current and previous year figures and growth percentage thereof</td><td>All India
Chief Commissioner
Commissioner</td></tr>
<tr><td>Top Assessee Report Top 25/50/100/500/ 1000 taxpayers for selected period</td><td>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</td><td>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 1000 top taxpayers
Challan Wise details are available in respect of such top tax payers</td></tr>
<tr><td>e-payment Report</td><td>e-payment and physical payments
Accounting code wise breakup
The % of e-payment as compared to physical payment.</td><td>All India
Chief Commissioner
Commissioner</td></tr>
</table>
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 (Month-wise)
Revenue Report as per RBI
All India users like Chairman, Members, D.Gs can view such reports. This would help generation of bank-wise summary of Gross Revenue settled with RBI vis-à-vis Gross revenue uploaded into NSDL. This would help 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.
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S.No	Activity	Brief Account
		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).

9.16.2 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. During 2014-15, consequent to Cadre re-organization and formation of additional Commissionerates, the extent of ACES has enhanced and now encompasses altogether 146 Commissionerates. 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 30.11.2014, 57,91,958 Central Excise Returns and 65,41,702 Service Tax Returns have been filed in ACES. Also 1,53,735 Registration applications in Central Excise & 14,12,673 Registration applications in Service Tax have been filed in ACES. Further, 1,92,549 claims of Refund and 3,52,715 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 30.11.2014; 8,94,057 issues were received in Service Desk, out of which 8,93,985 (99.99%) issues have been resolved.

S.No.	On- Going Projects	Brief Account
		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 **1220** 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. The infrastructure is being augmented for enhancing the quality of services being delivered to internal and external stakeholders – the departmental officers and taxpayers. • 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 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 1374 crore hits in the current FY 2014-15 till 31st Dec 2014.

S.No.	On- Going Projects	Brief Account
		• A 24*7*365 SI helpdesk is in operation for Infrastructure and resolution of end user problems. A total of 41095 tickets were logged at the SI helpdesk in 2014-15 up to December 2014. • 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 extension of RMS Export application to 85 ICES locations. • New modules in ICES - Nepal CTD, Seal & Signature, CRCL, Air Transshipment in ICES were hosted on the SI infrastructure • 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 • User Access Review and Verification Tool (UARV) was implemented
	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.

S.No.	On- Going Projects	Brief Account
		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. The pilot has now been extended to cover, besides Maharashtra, the VAT Administrations of Gujarat, Kerala, Tamil Nadu, Andhra Pradesh and West Bengal.
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 124 Customs locations. The number of documents file in the period 01.01.2014 to 31.12.2014 is as follows: Bills of Entry : 3620362 Shipping Bills: 6701767 Import General Manifests: 313539 Export General Manifests: 206952
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). (A) 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. Based on EG recommendations and approval of Empowered Committee of State Finance Ministers, the Union Cabinet on April 12 2012, approved the setting up of Goods and Services Tax Network (GSTN SPV) as a non Government, not for profit, private limited Company. In the SPV, 24.5 % equity would be held by Government of India, 24.5% equity by all States of the Indian Union, including NCT of Delhi and Puducherry, and the Empowered Committee of State Finance Ministers (EC) and remaining 51 % by non Government financial institutions. GSTN would deliver shared services to various stakeholders, including taxpayers and tax authorities, before and after rollout of GST.

S.No.	On- Going Projects	Brief Account
		The GSTN has been established in March 2013 and its Chairman appointed. CBEC Member (Computerization) is ex-officio Director in the GSTN Board of Directors. So the role of DG (Systems) in providing support for the various steps leading to incorporation of the company, is complete. (B) DG (Systems) had coordinated a Pilot Project, through NSDL, covering Centre and States for GST implementation under the aegis of the EG . The following tasks were completed – • 'As-Is' Study 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 were based on the interim business processes which were under discussion between Centre and States. • Based on the above prototype modules, workshops had been conducted for officials and select dealers in the States of Maharashtra, Assam, West Bengal, Punjab, Gujarat, Delhi, Tamil Nadu, Orissa, Kerala and Jammu & Kashmir as also for select Central Excise and Service Tax formations in Chennai and Bangalore With the set up of GSTN, the work of pilot project has been taken over by GSTN in June 2014 and it is working with NSDL to complete the project. So DG Systems has completed its task.
7	ICEGATE	ICEGATE is a platform that connects all EDI stake holders with customs core application for remote EDI services, data sharing, validation and processing under customs IT business flow. It also connects other governments through SFTP for information sharing. ICEGATE 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 expanded in terms of data exchange with from many other agencies like PQIS, FSSAI, Pr. CCA, RBI. The ICEGATE offers a host of services including electronic filing of documents through Remote EDI Services (RES) including Bills of Entry, Shipping Bills, IGM, EGM, CGM etc.; data transmission with various trade partners like Custodians, Airlines, Shipping Lines, Banks, Consol Agents etc. and other Govt. Agencies like DGFT, DOV, etc. Further, ICEGATE also provides real time documents tracking system, appraising query and reply support online, e-payment, export incentive disbursal to the exporters account, Service Tax refund on exported goods etc. ICEGATE provides multiple formats (flat file, xml etc.) and communication protocols (SFTP, Web-form, direct upload through e-mail etc.) for users. Besides, DTR data is also exchanged with other Regulatory and licensing Authorities like DGFT, RBI and DGCI&S, Ministry of Steel, Coffee Board

S.No.	On- Going Projects	Brief Account
		etc. 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 handled by the ICEGATE are processed by the Customs' and by the Indian Customs EDI Systems (ICES). In addition, ICEGATE also provides many other services like online registration of IPR, online verification of DEPB/DES/EPCG licenses, online Import-Export Code (IEC) update, PAN based CHA data verification and Registration and links to the various other Agencies' servers for completing business process of Customs like various Banks, Custodians, DGFT etc. ICEGATE also provides 24X365 helpdesk /support Services to the trades and industries. It deals with all the grievances through toll free dedicated telephone lines as well as through e-mails. There has been a constant rise in the filing of customs documents through ICEGATE, since its introduction in 2004. ICEGATE has handled data exchange between Customs and Trade Partners with the help of **138** types of messages, and more than 99% of duty payment at **129** EDI locations through e-payment gateway. Most importantly, it provides services to the trade and Industries and the other agencies at their door steps. It also handles 24x7 customs clearances at specified Customs locations.

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** .

Further, the following major initiatives have also been taken for upgradation of systems and moving towards e-mode:

9.16.3 RISK MANAGEMENT SYSTEMS (RMS)

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. 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 operationalise the risk management system, the CBEC had issued a circular (43/2005 – Cus) on 24.11.2005. 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.

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.

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 255 such ACP importers as on 02.01.2015. 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.

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.

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. With 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.

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".

Prior to 2013-14, the Risk Management System was confined to Import operations. During the year 2013-14, RMS was launched on the Export side as well. As on 31.12.2014, both Import and Exports RMS modules were operational at 89 Customs locations in the country. **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.

The Risk Management System for courier clearances has been developed and is ready for implementation.

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. 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.

9.16.4 Implementation of RMS in Export Promotion Scheme

Risk Management System in Export Promotion Schemes, covering about **28** such schemes, has been implemented at all **89** 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.

9.16.5 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.

9.16.6 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.I6.7 GM 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.

9.16.8 Accredited Clients Programme (ACP)

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.

The objective of the RMS is to enable the department to strike an appropritate balance 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.

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.

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.

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.

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 02.01.2015 is 255.

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.

9.16.9Compulsory 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.

9.16.10 Advance Passenger Information System (APIS) :

Indian Customs has achieved another milestone with the launch of Advance Passenger Information System (APIS) in the month of March, 2014 at the IGI Airport New Delhi. This aims at automating the process of profiling of international passengers and facilitating clearance of bonafide passengers at the international airports across India.

The application, developed by NIC under the supervision of the Directorate of Systems, entails collection, storage, collation and analysis of passenger manifests received electronically from the airlines in advance before the flights land at airports in India. Implementation of APIS at six airports namely Delhi, Mumbai, Kolkata, Chennai, Hyderabad and Bengaluru has resulted in detection of a good number of cases of smuggling, particularly of gold. More than 100 cases of smuggling of gold, involving seizure of more than 150 Kgs. of gold have since been detected with the help of APIS.

It is planned to roll out APIs at other international airports in the country in due course.

9.16.11 Message exchanges with Food Safety & Plant Quarantine – Single Window

Single Window Pilot project was initiated by the CBEC with two external departments/ agencies, viz. Directorate of Plant Protection, Quarantine and Storage (DPPQS) and Food Safety and Standards Authority of India. Based on the discussions with the external departments/ agencies and IT readiness at the other side, it is proposed to start limited message exchange of No Objection Certificate (NOC) with the concerned agencies electronically. This module is proposed to be to be completed by March 31, 2015. However, for establishing a single window environment with all stakeholders an inter-ministerial steering group has been constituted involving stakeholders from all concerned external departments. Additionally, project monitoring group has been set up involving officers from policy and technical side to oversee the implementation at the earliest.

9.16.12 Utility for Non-EDI locations:

All the ports (including ICDs/ LCS etc.) across the country have not been covered with EDI facility yet, due to constraints of infrastructure. Due to non-availability of EDI system the data is not captured at these non-EDI locations in a proper manner. The manual entry of records which is done at few locations is susceptible to manipulation and incorrectness. To address the aforesaid issues a new utility application has been developed and made available to field formations w.e.f 15th Jan, 2015. It is expected that field formation shall install the utility and get the data captured and transmitted. This needs continuous monitoring of installation, data feeding and data transmitting to the stake holders. Advisory and User Manual are also available for the field formation. The following are the envisaged benefits of the Utility application:

i. Automation of data entry which will save time.

ii. Automation of Report generation

iii. Facilitate data integration & validation

iv. Uniformity of generated data

v. Ensures User friendliness, scalability & security

vi. Ensures Data Security

9.17.1 SEVOTTAM IMPLEMENTATION IN CBEC:

As a part of the Central Government initiative to improve the quality of public services, the Central Board of Excise & Customs (CBEC) has been identified as one of the 10 organizations 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”.

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. A consultant was also nominated for CBEC in this matter by the Department of Administrative Reforms & Public Grievances (DARPG).

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.

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) approved by CBEC for replicating capability at all field formations.

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.

Phase-II: 20 Commissionerates were selected by the Board vide letter F. No. 296/34/2010-CX.9 dt.11th October, 2010 for Sevottam Roll. Out of these, 10 Commissionerates has applied to BIS for Sevottam certification as they have completed Sevottam work. Hyderabad-III Commissionerate implemented Sevottam at their own and they are also certified by the BIS.

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.

Phase III: Board vide letter F.No. 296/34/2010-CX9 date 18.11.2011 has decided to roll out SEVOTTAM in 47 more formations in Phase III. This includes 29 CX formations, 12 Custom Houses and 6 Service Tax formations. Out of these, 5 Commissionerates have already been certified by BIS. In addition, 8 Commissionerates have completed Sevottam work and applied to BIS for Sevottam certification.

Phase IV: Board vide letter F.No. 1055/2/2014 date 29.09.2014 has decided to roll out SEVOTTAM in the remaining 63 Commissionerates in Phase IV. This includes 51 CX and 12 Customs Commissionerates. Out of these, Customs (Air Cargo Export) New Delhi and Hyderabad-I CX Commissionerates have applied to BIS for certification.

Phase V: Board has decided to roll out Sevottam in the newly created Commissionerates (which have been newly formed after Cadre-Restructuring). DG(I) has requested Zonal Chief Commissioners to roll out Sevottam scheme in the Commissionerates by 30.06.2015.

9.17.2 PRESENT STATUS:

At present 20 offices are Sevottam Certified with 17 more at BIS audit stage for Sevottam certification. BIS has renewed the certificate covering 12 formations for next 3 years, valid upto 03.11.2016 after conducting renewal audit in October / November 2013 of selected Commissionerates i.e. Delhi Customs (I & G), Hyderabad-III (CX), Jaipur-I (CX), Belapur (CX) and DGICCE, Hqrs., New Delhi (Apex Office).

9.17.3 Next Steps

DGICCE is monitoring the progress of Sevottam roll out in Commissionerates and taking up the issue with BIS for early audits and issuance of certificates to Commissionerate(s), who had already applied to BIS. DGICCE's Regional Units have also been directed to pro-actively provide hand holding support to Commissionerates in Ph- II, Ph-III, Ph-IV & Ph-V of Sevottam & to adjudge their progress. Further, the inspection teams of Central Excise have been asked to cover Sevottam review when they go to inspect field formations as per annual inspection plan.

9.18.3 The overall position is as under:

Sl. No.	Phase	Allotted by CBEC	CX	C Cus	S. Tax	Certified	Pending with BIS for Audit	Pending with BIS for certification (audit by BIS already completed)
1.	Phase-I	4	1	1	1	4	-	-
2.	Phase-II	20	9	11	-	10	6	1
3.	Suo Moto	-	1	-	-	1	-	-
4.	Phase-III	47	29	12	6	5	6	2
	Total	**71**	**40**	**24**	**7**	**20**	**12**	**3**

Progress report as on 07.01.2015: Phase-IV implemented vide Member (CX) D.O. F. No. 1055/2/2014 dated 29.09.2014 and Phase-V Vide DG(I) D.O. F. No. 1055/3/2014 dated 17.11.2014.

Sl. No.	Phase	Allotted by CBEC	CX	CUS	S. Tax	Certified	Pending with BIS for Audit	Pending with BIS for certification (audit by BIS already completed)
1.	Phase-IV	63	51	12	-		1	1
2..	Phase-V	79	34	30	15			
	Total	**142**	**85**	**42**	**15**	**-**	**1**	**1**

9.18 GRIEVANCE REDRESSAL MACHINERY

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.

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.

9.19 Gender Issues/Empowerment of Women and girl child

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. The Directorate General of Human Resource Development has taken certain specific initiatives for welfare of women. 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 2014-15, an amount of Rs. 99,75,000/- was sanctioned in 56 cases as ex-gratia financial assistance to the wives/ dependents of the employees who died while in service.**

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. During the financial year 2014-15, out of total 1965 Cash Awards granted, 1241 Cash Awards involving an amount of Rs. 74,46,000/- were granted to the girl children. 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 2014-15, out of total of 132 Scholarships granted, 64 scholarships involving an amount of Rs. 11,96,072/- were granted to the girl children.

9.20 Activities undertaken for Disability Sector, SCs & STs and Other Weaker Section of Society

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, 2014 in CBEC, are given in Annexure I & II.

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.

During the current financial year 2014-15, out of 1965 total Cash Awards granted, 816 Cash Awards involving an amount of Rs. 45,98,000/- have been granted to the children of Department officials belonging to SC/ ST/OBC categories.

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.

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. During the financial year 2014-15, out of total 132 scholarships granted, 36 scholarships involving an amount of Rs. 7,34,937/- 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 are 16 posts of Members (Judicial) and 16 posts of Members (Technical).

10.2 Highlights of the performance and achievements during the year

10.2.1 In spite 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	Appeals	Stay
From January 2014 to November 2014	22040	10788	13612	13128

10.2.2 Effective steps have been taken to dispose appeals wherein high stakes are involved, by the setting up of circuit benches at various centres thereby reducing the pendency of appeals.

10.2.3 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 reducing the pendency of appeals considerably.

10.2.4 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.

10.2.5 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.

10.2.6 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.

10.2.7 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 judgements are being highlighted specially in separate ICON. Efforts are being made to streamline all the benches of the Tribunal. As for development which have taken place in the current financial year are like timely updation of judgements and cause list and other information's 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.

10.2.8 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.

10.2.9 During the year 2014, no audit has been conducted in the Tribunal.

11. Customs & Central Excise Settlement Commission

11.1 Function & 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 a Principal Bench presided over by the Chairman at New Delhi and 3 Additional Benches at Chennai, Mumbai and Kolkata presided over by the 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 give 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 assesses, 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 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 assesses, importers and exporters can seek the settlement of the disputes. However, these amendments were reversed in this 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 from January 2014 to December 2014	No. of applications disposed from January 2014 to December 2014	Duty settled (Rs. in crores) from January 2014 to December 2014
1628	2047	527.29

Year	No. of applications received	Disposal		
		No. of applications Rejected	No. of applications Settled	Duty Settled (in Crores)
1999-2000	3	1		
2000-01	327	28	146	21.28
2001-02	559	63	153	26.64
2002-03	656	105	365	187.51
2003-04	753	141	431	114.04
2004-05	1273	205	1143	181.25
2005-06	1587	283	1207	129.09
2006-07	1960	219	1434	239.02
2007-08	1596	369	2274	507.92
2008-09	857	124	569	125.43
2009-10	723	68	599	67.36

Year	No. of applications received	Disposal		
		No. of applications Rejected	No. of applications Settled	Duty Settled (in Crores)
2010-11	885	103	770	114.33
2011-12	959	247	702	462.48
2012-13	1610	74	934	198.06
2013-14 (Upto March 2014)	1623	156	1680	482.99
Total	**15371**	**2186**	**12407**	**2857.4**
2014 (January-March 2014)	431	88	603	93.22
2014-15 (April- December 2014)	1197	275	1081	434.07
Total	**1628**	**363**	**1684**	**527.29**

12. Authority for advance Rulings (Central Excise, Customs & Service Tax)

12.1 Function / working of the Organization and set-up 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 certainty 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) 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 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

12.1.5 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.

12.1.6 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.

12.1.7 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.

12.1.8 Advance rulings would indicate, in advance, the duty liability in respect of an 'activity', viz. 'import' or 'export' under the Customs Act, 'production' or 'manufacture' of goods under the Central Excise Act and 'taxable services' under the Service Tax law, proposed to be undertaken by an applicant. (Service Tax is administered by Central Excise officers).

12.2 Highlights of the performance and achievements during the year 01.01.2014 to 31.12.2014

12.2.1 For the period from 01.04.2014 to 31.12.2014, thirty five applications seeking advance ruling were received.

12.2.2 During the period supra, the ambit of the authority was widened and the following amendments were made as follows:

12.2.3 Section 23A of the Central Excise Act, 1944 was amended so as to include the "Private limited company" as valid applicant in the category of 'Resident" to seek Advance Rulings vide Notification No.18/2014-CE(NT) dated 11.07.2014 and Section 28E of the Customs Act, 1962 was amended so as to include the "Private limited company" as valid applicant in the category of 'Resident" to seek Advance Rulings vide Notification No.51/2014-CE(NT) dated 11.07.2014. Similarly in the matter of Service Tax, the notification No. 15/2014-ST dated 11.07.2014 was issued to include "Private limited company" as valid applicant..

12.2.4 The first application for seeking an advance ruling was received on 20.11.2002. During the period 20.11.2002 to 31.12.2014, 229 applications were received, out of which rulings were pronounced in 99 cases (72 relating to Customs, 16 relating to Central Excise and 11 relating to Service Tax). During this period, orders were also issued in 5 cases relating to Service Tax issued under section 96 D(2) of the Finance Act, 1994

12.3 Significant developments/Policy decision taken during the year

12.3.1 During the Period, the ambit of the authority was widened and the following amendments were made as follows:

12.3.2 Section 23A of the Central Excise Act, 1944 was amended so as to include the "Private limited company" as valid applicant in the category of 'Resident" to seek Advance Rulings vide Notification No.18/2014-CE(NT) dated 11.07.2014 and Section 28E of the Customs Act, 1962 was amended so as to include the "Private limited company" as valid applicant in the category of 'Resident" to seek Advance Rulings vide Notification No.51/2014-CE(NT) dated 11.07.2014. Similarly in the matter of Service Tax, the notification No. 15/2014-ST dated 11.07.2014 was issued to include "Private limited company" as valid applicant.

12.4 Authority maintains website i.e. - http://www.cbec.gov.in/aar/aar.htm

12.4.1 All the Acts, Rules, Regulations, Procedures & guidelines are available on the website for guidance for the users. The copy of the rulings and Orders as Permitted by the Hon'ble Chairman are also available on the Website. It is being regularly updated.

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 Board consists of a Chairman and six Members. It is the cadre controlling authority for the Income Tax Department. It employs a workforce of 42,069 officers and staff as against the sanctioned strength of 75,092 of which approximately 21.68% are Gazetted officers in Group 'A' and 'B' categories and the remaining are non-Gazetted employees in Group 'B' and 'C' categories.

13.1.1 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) Principal Directorate General of Income Tax (Risk Assessment)

13.1.2 Various Principal 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. Director General of Income Tax (Intelligence & Criminal Investigation) supervises the machinery tasked with intelligence gathering and unearthing income tax related crimes. CCIT (Exemptions) supervises the work of exemptions and non-profit sector across the country and Principal CCIT (International Taxation) supervises the work in the field of International Tax and transfer pricing. Principal Chief Commissioners of Income Tax are assisted by Chief Commissioners, Principal Commissioners and Commissioners of Income Tax and Principal Directors General/Directors General of Income Tax are assisted by Pr. Directors/ Directors of Income Tax within their jurisdictions. Commissioners of Income Tax posted as CIT (Appeals) perform appellate functions, adjudicating disputes between tax payers and assessing officers. The Income Tax department has presence in 530 cities and towns across India, and a taxpayer base of around 4.70 crore.

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

13.1.4 The Pr. Chief Controller of Accounts, CBDT assisted by Zonal Accounts Officers is responsible for accounting for the revenue collections as well as expenditure incurred by the Income Tax Department.

13.2 DIRECT TAX COLLECTIONS

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

13.2.2 The collection of direct taxes has increased from Rs. 3,77,546 crore in FY 2009-10 to Rs. 6,38,591 crore in FY 2013-14 at an average annual growth of 13.77%. The net direct taxes collection during the current financial year i.e. 2014-15 (upto 30th December, 2014) is Rs.4,45,929 crore. During the FY 2013-14, the share of Direct Taxes to the Total Central taxes Collection (excluding Taxes on Union Territories) was 56.27%.

13.2.3 The Direct Tax-GDP ratio has marginally declined from 5.82% in FY 2009-10 to 5.62% in FY 2013-14.

13.2.4 The cost of collection measured in terms of total administrative cost as a ratio of the revenue generated has decreased from 0.72% to 0.57% in the period 2009-10 to 2013-14, which is one of the lowest in the world.

13.2.5 During the FY 2013-14, the department collected Rs. 33,364 crore from arrear demand which is 16.15%% higher than the collection of the previous Financial Year. With respect to current demand, collection for FY 2013-14 is Rs.41,218 crore (Provisional) as against Rs.40,815 crore in FY 2012-13. Up to Oct. 2014 the department has collected Rs.25,187 crore (Arrear + Current).

13.2.6 The TDS administration has been showing an impressive performance over the past few years. For FY 2013-14, total collection from TDS was Rs.2,71,194 crore (Provisional) registering a growth of 17.94% over the previous year collections under the same head. TDS revenue has now grown to be 37.27% of the Gross Total Tax Collections. In the current year (upto 29th Dec. 2014) TDS collections stood at Rs.1,97,983 crore which is 7.99% higher than the collection in corresponding period of previous year which stood at Rs.1,83,328 crore.

Table: Budget Estimates and Actual Collection of Direct Taxes during the Financial Years 2011-2012, 2012-2013 & 2013-14 (Provisional)

(Rs. in Crores)

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	4,19,520	3,56,326	4,19,520	3,94,677
2	Personal Income Tax	1,27,982	1,70,344	2,47,639	2,01,487	2,47,639	2,42,907
3	Wealth Tax		787	950	845	950	1,007
	Total		4,93,947	6,68,109	5,58,658	6,68,109	6,38,591

*Note: *Personal Income Tax collection includes collection under Securities Transaction Tax, Fringe Benefit Tax and Banking Cash Transaction Tax, etc.*

#Figures for the F.Y. 2013-14 are Provisional.

Table: Arrear & Current Demand of Corporate Income Tax and Personal Income Tax for Financial Years 2012-2013 and 2013-2014

(Rs in Crores)

	Financial	Financial Year 2012-13	Financial Year 2013-14
A	Total Outstanding Demand	5,80,326	6,74,916
B	Reason wise Analysis		
	1. Amount Not Fallen Due	94,146	99,576
	2. Amount difficult to recover including amounts stayed by I.T. Authorities, Courts etc.	4,66,854	5,52,538
C	Net Collectible Demand (A-B)	19,326	22,802

Table: BE-RE-Actual Collection

BUDGET ESTIMATES, REVISED ESTIMATES AND ACTUAL COLLECTIONS						
Financial Year	Budget Estimates	Revised Estimates	Actual Collections	Growth Rate of Actual Collections over last year	%age of Budget Estimates Achieved	%age of Revised Achieved
						(In Rs. Crores)
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	14.30%	95.58%	100.36%

** The figures for the year 2013-14 are Provisional.*

COST OF COLLECTION

FINANCIAL YEAR	TOTAL COLLECTIONS	TOTAL EXPENDITURE (Revenue)	Expenditure as % of Collection
	(Rs.in 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	493,947	2976	0.60%
2012-13	5,58,658	3283	0.59%
2013-14*	6,38,591	3641	0.57%

*** The figures for the year 2013-14 are Provisional.*

DIRECT TAX GDP RATIO

(Rs. In crores)

FINANCIAL YEAR	NET COLLECTION OF DIRECT TAXES	GDP CURRENT MARKET PRICE	DIRECT TAX GDP RATIO	GDP GROWTH RATE	TAX GROWTH RATE	BUOYANCY 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	3242209	4.10%	17.70%	26.34%	1.49
2005-06	165216	3693369	4.47%	13.92%	24.44%	1.76
2006-07	230181	4294706	5.36%	16.28%	39.32%	2.42
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	378063	6457352	5.85%	14.69%	13.25%	0.90
2010-11	446935	7674148	5.82%	18.84%	18.38%	0.97
2011-12	493947	9009722	5.48%	15.58%	10.52%	0.69
2012-13	558658	10113281	5.52%	12.25%	13.10%	1.07
2013-14	638591	11355073	5.62%	12.28%	14.31%	1.17

13.3 Results Framework Document 2014-15 (RFD)

The Results Framework Document (RFD) for the Income Tax Department for the F.Y. 2014-15 under the objectives 'Communication with Taxpayers' includes as of its one of the action point 'Display of Citizen's Charter in all the buildings of the Department'.

The Citizen's Charter for 2014 was revised and approved in April 2014. The design of its poster was finalized and uploaded on Departmental website in a downloadable form in May 2014. The tendering process was completed within the stipulated time frame.

The posters of Citizen's Charter 2014 have since been printed in 2 sizes & have been supplied across the country for display in various office buildings.

13.4 Annual Conference

The 30th Annual Conference of Principal Chief Commissioners/Principal Directors General/Chief Commissioners and Directors General of Income Tax was held on 21st and 22nd July, 2014 under the chairmanship of Hon'ble Minister of Finance, Sh. Arun Jaitely. In his keynote address in the inaugural session, the Finance Minister acknowledged the challenges inherent in the job of tax officials which requires them to strike a balance between firmness and fairness and establishing credibility of the Department and high standards of ethics. He also emphasized that the focus should be on prudent decision making so as to enhance the credibility of the Department.

The Finance Minister also congratulated the Department for achieving Budget targets and even surpassing them. He mentioned that although it is important to keep a check on tax evasion but at the same time, legitimate tax concessions can also go a long way in widening of tax base by way of increased tax collection due to enhanced economic activities.

The Finance Minister also dealt with the issue of black money both within and outside the country. He mentioned that unearthing black money even inside the county is equally important which is huge in size and can generate resources required for heightened pace of infrastructural development.

The Finance Minister also accentuated the need for tax officials to work in non-adversarial, non intrusive, transparent and fair manner, while at the same time, being firm in curbing tax evasion.

13.5 Direct Taxes Advisory Committees

With a view to encouraging mutual understanding between taxpayers and Income tax officials and to advising 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) function 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 Number of Search warrants executed and the value of seizure of assets

The details of the Search warrants executed and the value of assets seized during the period 01.04.2014 to 30.11.2014 is as under:-

No. of Search warrants executed	Value of seizure of assets
	(Rs. in crores)
2068*	538.23*

The above figures are provisional.

13.6.1 Number of Premises Surveyed and additional income disclosed

The details of the Premises surveyed and Additional Income Disclosed during the period 01.04.2014 to 30.11.2014 is as under:-

No. of surveys conducted	Undisclosed income detected
	(in Rs. crores)
1174*	4673.11*

The above figures are provisional.

13.7 WIDENING OF TAX BASE, ASSESSMENT AND REFUNDS

The position of Wealth Tax and Securities Transaction Tax collected during the last 2 financial years and during the current year upto 30.11.2014 is as follows:-

(Rupees in crores)

	2012-13	2013-14	*2014-15 (Upto No. 2014)
			(Flash Figures)
Wealth tax	844	1007	769
STT	4997	5017	4357

STT: Securities Transaction Tax

*Source: Director Budget/*Principal Chief Controller of Accounts: Delhi*

13.7.1 Widening of the Tax Base

(a) The number of new assessees added during the F.Y. 2014-15 upto 30.10.2014 is 8,61,368**.

(b) The method of compilation of number of income-tax assessees from March 2014 has undergone change. It is sum of the number of Income tax returns (ITRs) entered in the Income-tax System plus number of non-zero TDS cases where no ITR is entered in the System. Based on the said methodology which is more reliable and accurate, being automated, the number of Income-tax assessees in the past 4 years is as under:

Financial Year	Total No. of assessees
2010-11	40778377
2011-12	42690487
2012-13	45881563
2013-14	47031588#

#Provisional as Returns for A.Y.2013-14 are yet to be completely entered and last date for belated return is 31.3.2015

*** Source: CAP-II Compilation*

13.7.2 Disposal of refund claims:

After processing of returns, the number of refunds granted and encashed is as follows:

S.No	Financial Year	No. of refunds encashed
		(in lakhs)
1	2012-13	82.15
2	2013-14	103.60
3	2014-15 (upto 31.12.2014)	123.53

Source: DGIT (Systems)

13.8 JUDICIAL WORK

The statistics regarding the disposal of appeals by the Commissioner of Income tax (Appeals) for FY 2014-15 is as follows:

	F.Y. 2012-13	F.Y. 2013-14	F.Y. 2014-15 (upto October, 2014)
No. of cases disposed of by CsIT (A)	85,049	87,770	42,579
High Demand cases disposed of by CsIT (A)	31,835	27,277	13,566
Total number of cases pending before CsIT (A) at the end of F.Y.	199,390	215,174	237,826
Number of high Demand Cases in total cases pending before CsIT (A) at the end of F.Y.	35,049	42,322	54,394
Amount locked up in total appeals pending at the end of year. (Rs. In Crore)	259,556	287,443	383,920

The statistics regarding the engagement of counsels for FY 2014-15 is as follows:

During the last 3 years, statistics related to engagement of:

Category of counsels	F.Y.2012-13	F.Y.2013-14	F.Y.2014-15*
Standing Counsels	23	97	06
Prosecution Counsels	10	7	01
Special Counsels	59	73	28

**Upto December, 2014*

The following measures were taken during the year in the area of judicial function of the Department:

(i) Istruction No. 11/2014 dated 16.05.2014 was issued regarding administrative supervision by the Pr. Chief Commissioner/Chief Commissioner of Income-tax (Pr. CC/CCIT) over the orders passed under section 264 of the Income-tax Act by the Commissioners of Income-tax.

(ii) Monetary limits for filing appeals before ITAT were revised vide Instruction No. 5/2014 dated 10.07.2014 after detailed analysis of the number of appeals pending, number of appeals being filed, revenue implications, resources available and desirability of focusing attention on high revenue cases. The threshold for filing appeals before ITAT has been increased from Rs. 3 Lakh to Rs. 4 Lakh. This is expected to reduce litigation.

(iii) Notification No. 66/2014/F.No.279/Misc/66/2014-SO(ITJ), dated 13.11.2014 was issued whereby Pr. CCsIT were authorized to pass orders in writing in respect of designated Commissioners of Income-tax (Appeals) (CIT(A)).

(iv) Annual targets were allocated to each Pr. CCIT Region in respect of disposal of appeals by the CsIT (A) and the same were monitored on a regular basis.

13.9 LEGISLATIVE MEASURES

Major Changes made by Finance (No.2) Act, 2014

A. 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 increased to Rs. 2.5 lakh. The exemption limit in case of resident individuals above the age of sixty years but less than eighty years has also been raised from Rs. 2.5 lakh to Rs. 3 lakh. The rates of tax and other slabs of income for various categories remain the same as in financial year 2013-14.

13.9.2 The rates for deduction of income-tax at source during the financial year 2014-15 from certain incomes other than "salaries" have 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 2014-15 will continue to be the same as those specified in Part II of the First Schedule to the Finance Act, 2013. Further, the newly inserted section 194LBA provides for withholding tax rate of 5 percent where any income in the nature of interest is distributed by a business trust to its non-resident unit holders, and a rate of 10 percent where such income is distributed to resident unit holders.

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.

13.9.4 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.

13.9.5 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 companies other than domestic company. 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.

13.9.6 The rates for deducting income-tax at source from Salaries and computing advance tax during the financial year 2014-15 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 2014-15 on current incomes in cases where accelerated assessments have to be made. The basic exemption limit has been increased from Rs. 2,00,000 to Rs. 2, 50,000. The exemption limit in case of resident individuals above the age of sixty years but less than eighty years has also been raised from Rs. 2,50,000 to Rs. 3,00,000. The rates of tax and other slabs of income for various categories remain the same as in financial year 2013-14.

13.9.7 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.

13.9.8 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.

13.9.9 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 not exceeding 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.

13.9.10 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.

13.9.11 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.

13.9.12 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(No.2) Act, 2014

I. Additional Resource Mobilisation

Amendment	Rationale for Amendment
Dividend and Income Distribution Tax	Section 115-O of the Income-tax Act provides that a domestic company shall be liable for payment of additional income-tax at the rate of 15 per cent. on any amount declared, distributed or paid by way of dividends to its shareholders. This tax on distributed profits is final tax in respect of the amount declared, distributed or paid as dividends and no credit in respect of it can be claimed by the company or the shareholder. Similarly, section 115 R of the Income-tax Act provides for levy of additional income-tax in respect of income distributed by the mutual fund to its investors at the rates specified in the said section. Prior to introduction of dividend distribution tax (DDT), the dividends were taxable in the hands of the shareholder. The gross amount of dividend representing the distributable surplus was taxable, and the tax on this amount was paid by the shareholder at the applicable rate which varied from 0 to 30%. However, after the introduction of the DDT, a lower rate of 15% was applicable but this rate was being applied on the amount paid as dividend after reduction of distribution tax by the company. Therefore, the tax was computed by the company with reference to the net amount. Similar was the case when income was distributed by mutual funds. Due to difference in the base of the income distributed or dividend on which the distribution tax is calculated, the effective tax rate was lower than the rate provided in the respective sections. In order to ensure that tax is levied on proper base, the amount of distributable income, and the dividends which are actually received by the unit holder of the mutual fund or by shareholders of the domestic company, as the case may be, were required to be grossed up for the purpose of computing the additional tax.

Amendment	Rationale for Amendment
	Accordingly, section 115-O has been amended so as to provide that for the purposes of determining the tax on distributed profits payable in accordance with the provisions of section 115-O, any amount by way of dividends referred to in sub-section (1) of the said section, as reduced by the amount referred to in sub-section (1A) [referred to as net distributed profits], shall be increased to such amount as would, after reduction of the tax on such increased amount at the rate specified in sub-section (1), be equal to the net distributed profits. Thus, where the amount of dividend paid or distributed by a company is Rs. 85, then DDT under the amended provision would be calculated as follows: Dividend amount distributed = Rs. 85 Increase by Rs. 15 [i.e. (85*0.15)/(1-0.15)] Increased amount = Rs. 100 DDT @ 15% of Rs. 100 = Rs. 15 Tax payable u/s 115-O is Rs. 15 Dividend distributed to shareholders = Rs. 85 Similarly, section 115R has been amended to provide that for the purposes of determining the additional income-tax payable in accordance with sub-section (2) of the said section, the amount of distributed income shall be increased to such amount as would, after reduction of the additional income-tax on such increased amount at the rate specified in sub-section (2), be equal to the amount of income distributed by the Mutual Fund. These amendments take effect from 1st October, 2014.
Qualification of a unit of a debt oriented Mutual Fund and unlisted security as Short-term capital asset	The provisions contained in clause (42A) of section 2 of the Income-tax Act, before amendment made by the Act, provided that short-term capital asset means a capital asset held by an assessee for not more than thirty six months immediately preceding the date of its transfer. However, in the case of a share held in a company or any other security listed in a recognised stock exchange in India or a unit of the Unit Trust of India or a unit of a Mutual Fund or a zero coupon bond, the period of holding for qualifying it as short-term capital asset was not more than twelve months. The shorter period of holding of not more than twelve months for consideration as short-term capital asset was introduced for encouraging investment on stock market where prices of the securities are market determined. However, all shares whether listed or unlisted have enjoyed the benefit of short period of holding and even any investment in shares of private limited companies enjoyed long-term capital gains on its transfer after twelve months. Accordingly, clause (42A) of section 2 of the Income-tax Act has been amended so as to provide that an unlisted security and a unit of a mutual fund (other than an equity oriented mutual fund) shall be a short-term capital asset if it is held for not more than thirty-six months. However, in the case of share of an unlisted company or a unit of a Mutual Fund specified under clause (23D) of section 10 of the Income-tax Act, which is transferred during the period beginning on 1st April, 2014 and ending on 10th July, 2014, the period of holding for its qualification as short-term capital asset shall be not more than twelve months. This amendment takes effect from 1st April, 2015 and will accordingly apply, in relation to the assessment year 2015-16 and subsequent assessment years.

Amendment	Rationale for Amendment
Tax on long-term Capital gains on units	The provisions contained in section 112 of the Income-tax Act provide for tax payable in the case of income arising from the transfer of a long-term capital asset. The proviso to sub-section (1) , before amendment made by the Act, provided that where the tax payable in respect of any income arising from transfer of a long-term capital asset, being listed securities or unit or zero coupon bond is more than ten per cent of the amount of capital gains without indexation adjustment, then such excess shall be ignored. The aforesaid proviso has been amended to provide that where the tax payable in respect of any income arising from transfer of a long-term capital asset, being listed securities (other than a unit) or zero coupon bond exceeds ten per cent of the amount of capital gains without indexation adjustment, such excess shall be ignored. However, where the tax payable in respect of any income arising from the transfer of a long-term capital asset, being a unit of a Mutual Fund specified under clause (23D) of section 10 of the Income-tax Act, during the period beginning on 1st April, 2014 and ending on 10th July, 2014, exceeds ten per cent of the amount of capital gains before giving effect to the provisions of the second proviso to section 48 of the Income-tax Act, then, such excess shall be ignored for the purpose of computing the tax payable by the assessee. This amendment takes effect from 1st April, 2015 and will accordingly apply, in relation to the assessment year 2015-16 and subsequent assessment years.

II. Measures to promote socio-economic growth

Amendment	Rationale for Amendment
Taxation Regime for Real Estate Investment Trust (REIT) and Infrastructure Investment Trust (Invit)	The Securities and Exchange Board of India (SEBI) has notified regulations relating to two new categories of investment vehicles namely, the Real Estate Investment Trust (REIT) & Infrastructure Investment Trust (Invit) on 26th September, 2014. These are SEBI (Real Estate Investment Trusts) Regulations, 2014 and SEBI (Infrastructure Investment Trusts) Regulations, 2014. The income-investment model of REITs and Invits (referred to as business trusts) has the following distinctive elements: (i) the trust would raise capital by way of issue of units (to be listed on a recognised stock exchange) and can also raise debts directly both from resident as well as non-resident investors; (ii) the income bearing assets would be held by the trust by acquiring controlling or other specific interest in an Indian company (SPV) from the sponsor. Accordingly, the Income-tax Act has been amended to put in place a specific taxation regime which provides for the way the income in the hands of such trusts is to be taxed and the taxability of the income distributed by such business trusts in the hands of the unit holders of such trusts. Such regime has the following main features:- (i) The listed units of a business trust, when traded on a recognised stock exchange, would be liable to securities transaction tax (STT),

Amendment	Rationale for Amendment
	and the long term capital gains shall be exempt and the short term capital gains shall be taxable at the rate of 15%.
	(ii) In case of capital gains arising to the sponsor at the time of exchange of shares in SPVs with units of the business trust, the taxation of gains shall be deferred and tax on gains shall be levied at the time of disposal of units by the sponsor. However, the preferential capital gains regime (consequential to levy of STT) available in respect of units of business trust, will not be available to the sponsor in respect of these units at the time of transfer. Further, for the purpose of computing capital gain, the cost of these units shall be considered as cost of the shares to the sponsor. The holding period of shares shall also be included in the holding period of such units.
	(iii) The income by way of interest received by the business trust from SPV is accorded pass through treatment i.e., there is no taxation of such interest income in the hands of the trust and no withholding tax at the level of SPV. However, withholding tax at the rate of 5 per cent. in case of payment of interest component of income distributed to non-resident unit holders, and at the rate of 10 per cent. in respect of payment of interest component of distributed income to a resident unit holder shall be effected by the trust.

Amendment	Rationale for Amendment
	(iv) In case of external commercial borrowings by the business trust, the benefit of reduced rate of 5 per cent. tax on interest payments to non-resident lenders shall be available on similar conditions, for such period as is provided in section 194LC of the Income-tax Act.
	(v) The dividend received by the trust shall be subject to dividend distribution tax at the level of SPV but will be exempt in the hands of the trust, and the dividend component of the income distributed by the trust to unit holders will also be exempt.
	(vi) The income by way of capital gains on disposal of assets by the trust shall be taxable in the hands of the trust at the applicable rate. However, if such capital gains are distributed, then the component of distributed income attributable to capital gains would be exempt in the hands of the unit holder. Any other income of the trust shall be taxable at the maximum marginal rate.
	(vii) The business trust is required to furnish its return of income.
	(viii) The necessary forms to be filed and other reporting requirements to be met by the trust shall be prescribed to implement the above scheme.
Investment Allowance to a Manufacturing Company	This amendment takes effect from 1st October, 2014. In order to encourage the companies engaged in the

Amendment	Rationale for Amendment
	business of manufacture or production of an article or thing to invest substantial amount in acquisition and installation of new plant and machinery, Finance Act, 2013 inserted section 32AC in the Income-tax Act to provide that where an assessee, being a company, is engaged in the business of manufacture of an article or thing and invests a sum of more than Rs.100 crore in new assets (plant and machinery) during the period beginning from 1st April, 2013 and ending on 31st March, 2015, then the assessee shall be allowed a deduction of 15% of cost of new assets for assessment years 2014-15 and 2015-16. As growth of the manufacturing sector is crucial for employment generation and development of an economy, section 32AC of the Income-tax Act has been amended to extend the deduction available under the said section for investment made in plant and machinery up to 31.03.2017. Further, in order to simplify the existing provisions of section 32AC of the Income-tax Act and also to make medium size investments in plant and machinery eligible for deduction, section 32AC has been amended to provide that the deduction under the said section shall be allowed if the company on or after 1st April, 2014 invests more than Rs.25 crore in plant and machinery in a previous year. Section 32AC has been further amended to provide that the assessee who is eligible to claim deduction under the existing combined threshold limit of Rs.100 crore for investment made in previous years 2013-14 and 2014-15 shall continue to be eligible to claim deduction under the existing provisions contained

Amendment	Rationale for Amendment
	in sub-section (1) of section 32AC even if its investment in the year 2014-15 is below the new threshold limit of investment of Rs. 25 crore during the previous year. The deduction allowable under this section after the amendment in different scenario of investment is given by way of illustration in the following table:

Sl. No	Particulars	P.Y. 2013-14	P.Y. 2014-15	P.Y. 2015-16	P.Y. 2016-17	Remarks
1	Amount of investment	20	90	--	--	Under the existing section 32AC(1)
	Deduction allowable	Nil	16.5	--	--	
2	Amount of investment	30	40	--	--	Under the amended section 32AC(1A)
	Deduction allowable	Nil	6	--	--	
3	Amount of investment	150	10	--	--	Under the existing section 32AC(1)
	Deduction allowable	22.5	1.5	--	--	
4	Amount of investment	60	20	--	--	No deduction either under section 32AC(1) or 32AC(1A)
	Deduction allowable	Nil	Nil	--	--	
5	Amount of investment	30	30	30	40	Under the amended section 32AC(1A)
	Deduction allowable	Nil	4.5	4.5	6	
6	Amount of investment	150	20	70	20	Deduction both under section 32AC(1) & 32AC(1A)
	Deduction allowable	22.5	3	10.5	Nil	

These amendments takes effect from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent years.

Amendment	Rationale for Amendment
Extension of the sunset date under section 80-IA of the Income-tax Act for the power sector	Under the provisions contained in the clause (iv) of sub-section (4) of section 80-IA of the Income-tax Act, before amendment by the Act, a deduction of profits and gains is allowed to an undertaking which, - (a) is set up in any part of India for the 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, 2014; (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, 2014; (c) undertakes substantial renovation and modernization of existing network of transmission or distribution lines at any time during the period beginning on 1st April, 2004 and ending on 31st March, 2014. With a view to provide further time to the undertakings to commence the eligible activity to avail the tax incentive, the above provisions have been amended to extend the terminal date for a further period up to 31st March, 2017 i.e. till the end of the 12th Five Year Plan. These amendments take effect from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent assessment years.
Deduction in respect of capital expenditure on specified business	The provisions of section 35AD of the Income-tax Act, before its amendment by the Act, inter alia, provided for investment-linked tax

Amendment	Rationale for Amendment
	incentive by way of allowing a deduction in respect of the whole of any expenditure of capital nature (other than expenditure on land, goodwill and financial instrument) incurred wholly and exclusively, for the purposes of the "specified business" during the previous year in which such expenditure is incurred. The following "specified businesses" are eligible for availing the investment-linked deduction under section 35AD as enumerated in clause (c) of sub-section (8) of the said section:- (i) setting up and operating a cold chain facility; (ii) setting up and operating a warehousing facility for storage of agricultural produce; (iii) laying and operating a cross-country natural gas or crude or petroleum oil pipeline network for distribution, including storage facilities being an integral part of such network; (iv) building and operating, anywhere in India, a hotel of two-star or above category as classified by the Central Government; (v) building and operating, anywhere in India, a hospital with at least one hundred beds for patients; (vi) developing and building a housing project under a scheme for slum redevelopment or rehabilitation, framed by the Central Government or a State Government, as the case may be, and notified by the Board in accordance with the prescribed guidelines;

Amendment	Rationale for Amendment
	(vii) developing and building a housing project under a scheme for affordable housing framed by the Central Government or a State Government, as the case may be, and notified by the Board in accordance with the prescribed guidelines; (viii) production of fertilizer in India; (ix) setting up and operating an inland container depot or a container freight station notified or approved under the Customs Act, 1962; (x) bee-keeping and production of honey and beeswax; and (xi) setting up and operating a warehousing facility for storage of sugar; So as to promote investment in these sectors, clause (c) of sub-section (8) of section 35AD has been amended to include two new businesses as "specified business" for the purposes of the investment-linked deduction under section 35AD, which are :- (a) laying and operating a slurry pipeline for the transportation of iron ore; (b) setting up and operating a semiconductor wafer fabrication manufacturing unit, if such unit is notified by the Board in accordance with the prescribed guidelines. It has also been provided that the date of commencement of operations for availing investment linked deduction in respect of the two new specified businesses shall be on or after 1st April, 2014. The provisions of section 35AD,

Amendment	Rationale for Amendment
	before amendment by the Act, did not provide for a specific time period for which capital assets on which the deduction has been claimed and allowed, are to be used for the specified business. With a view to ensure that the capital asset on which investment linked deduction has been claimed is used for the purposes of the specified business, sub-section (7A) has been inserted in section 35AD to provide that any asset in respect of which a deduction is claimed and allowed under section 35AD, shall be used only for the specified business for a period of eight years beginning with the previous year in which such asset is acquired or constructed. If any asset on which a deduction under section 35AD has been allowed, is demolished, destroyed, discarded or transferred, the sum received or receivable for the same is chargeable to tax under clause (vii) of section 28 of the Income-tax Act. This does not take into account a case where asset on which deduction under section 35AD has been claimed is used for any purpose other than the specified business by way of a mode other than that specified above. Accordingly, sub-section (7B) has been inserted to provide that if such asset is used for any purpose other than the specified business, the total amount of deduction so claimed and allowed in any previous year in respect of such asset, as reduced by the amount of depreciation allowable in accordance with the provisions of section 32 as if no deduction had been allowed under section 35AD, shall be deemed to be income of the assessee chargeable under the head "Profits and gains of business or profession" of the previous year in which the asset is so used.

Amendment	Rationale for Amendment
	Example: Deduction claimed under section 35AD on a capital asset :Rs. 100 Depreciation eligible on such asset under section 32 :Rs. 15 Profit chargeable to tax in accordance with the provisions of sub-section (7B) of section 35AD: Rs. 85 It has also been provided that the provisions contained in sub-section (7B) of the said section would, however, not apply to a company which has become a sick industrial company under sub-section (1) of section 17 of the Sick Industrial Companies (Special Provisions) Act, 1985 within the time period specified in sub-section (7A) of section 35AD. The provisions of sub-section (3) of the aforesaid section, before amendment by the Act, provided that where any assessee has claimed a deduction under this section, no deduction shall be allowed under the provisions of Chapter VIA of the Income-tax Act for the same or any other assessment year. As section 10AA of the Income-tax Act also provides for profit linked deduction in respect of units set-up in Special Economic Zones, section 35AD has been amended to provide that where any deduction has been availed of by the assessee on account of capital expenditure incurred for the purposes of specified business in any assessment year, no deduction under section 10AA shall be available to the assessee in the same or any other assessment year in respect of such specified business. As a consequence of this amendment, section 10AA has also been amended to provide that no deduction under section

Amendment	Rationale for Amendment
	35AD shall be available in any assessment year to a specified business which has claimed and availed of the deduction under section 10AA in the same or any other assessment year. These amendments take effect from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent assessment years.

I. Relief and welfare measures

Amendment	Rationale for Amendment
Raising the limit of deduction under section 80C of the Income-tax Act	Under the provisions of section 80C of the Income-tax Act, before amendment by the Act, an individual or a Hindu undivided family was allowed a deduction from income of an amount not exceeding one lakh rupees with respect to sums paid or deposited in the previous year, in certain specified instruments. The investments eligible for deduction, specified under sub-section (2) of section 80C, include life insurance premia, contributions to provident fund, schemes for deferred annuities etc. The assessee had the freedom to invest in any one or more of the eligible instruments within the overall ceiling of Rs. 1 lakh. The limit of above investments eligible for deduction under section 80C was fixed vide Finance Act, 2005. In order to encourage household savings, the limit of deduction allowed under section 80C has been raised from the existing Rs. 1 lakh to Rs.1.5 lakh. In view of the same, consequential amendment has been carried out in section 80CCE of the Act. The limit of employer's contribution to a notified pension scheme is, however, retained at Rs. 1 lakh u/s 80CCD.

Amendment	Rationale for Amendment
	These amendments take effect from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent assessment years.
Deduction from income from house property	The provisions contained in section 24 of the Income-tax Act provide that income chargeable under the head "Income from house property" shall be computed after making certain deductions. Clause (b) of the said section provides that where the property is acquired with borrowed capital, the amount of any interest payable on such capital shall be allowed as deduction in computing the income from house property. The second proviso to clause (b) of the said section, inter-alia, provided that in case of self-occupied property where the acquisition or construction of the property is completed within three years from the end of the financial year in which the capital is borrowed, the amount of deduction under that clause shall not exceed one lakh fifty thousand rupees. There has been appreciation in the value of house property and accordingly cost of finance has also gone up. Therefore, the second proviso to clause (b) of section 24 has been amended so as to increase the limit of deduction on account of interest in respect of property referred to in sub-section (2) of section 23 of the Income-tax Act to two lakh rupees. This amendment takes effect from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent assessment years.
Concessional rate of tax on overseas borrowing	The provisions of section 194LC of the Income-tax Act, before amendment by the Act, provided for lower withholding tax rate of 5 per cent. on interest paid by an Indian company to non-residents on monies borrowed by it in foreign currency from a source outside India under a loan agreement or through issue of long-term infrastructure bonds at any time on or after the 1st day of July, 2012 but before the 1st day of July, 2015 subject to certain conditions. In order to further incentivise low cost long-term foreign borrowings by Indian companies, section 194LC has been amended to extend the benefit of this concessional rate of withholding tax to borrowings by way of issue of any long-term bond, and not limited to a long term infrastructure bond. Further, the period of borrowing has also been extended by two years. The concessional rate of withholding tax will now be available in respect of borrowings made on or after the 1st day of July, 2012 but before the 1st day of July, 2017. Section 206AA of the Income-tax Act provides for deduction of tax at source at a higher rate if the recipient of income does not provide his permanent account number to the deductor. An exception from applicability of section 206AA was made in respect of payment of interest on long-term infrastructure bonds eligible for benefit under section 194LC. Consequent to amendment of section 194LC, amendment in section 206AA has also been made to provide that the provisions of the said section are not applicable in respect of the payment of interest on any long-term bond referred to in section 194LC.

Amendment	Rationale for Amendment
	These amendments take effect from 1st October, 2014.
Reduction in tax rate on certain dividends received from foreign companies	Section 115BBD of the Income-tax Act was introduced as an incentive for attracting repatriation of income earned by Indian companies from investments made abroad. It provides for taxation of gross dividends received by an Indian company from a specified foreign company at a concessional rate of 15 per cent. if such dividend is included in the total income for the assessment year 2012-13 or 2013-14 or 2014-2015. With a view to encourage Indian companies to repatriate foreign dividends into the country, section 115BBD has been amended to extend the benefit of lower rate of taxation without limiting it to a particular assessment year. Thus, such foreign dividends received in financial year 2014-15 and subsequent financial years shall continue to be taxed at the lower rate of 15%. This amendment takes effect from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent assessment years.
Roll back provision in Advance Pricing Agreement Scheme	Section 92CC of the Income-tax Act provides for Advance Pricing Agreement (APA). It empowers the Central Board of Direct Taxes, with the approval of the Central Government, to enter into an APA with any person for determining the Arm's Length Price (ALP) or specifying the manner in which ALP is to be determined in relation to an international transaction which is to be entered into by that person. The agreement entered into is valid for a period, not exceeding five previous years, as may be specified in the agreement. Once the agreement is entered into, the ALP of the international transaction, which is subject matter of the APA, would be determined in accordance with such an APA. In many countries the APA scheme provides for "roll back" mechanism for dealing with ALP issues relating to transactions entered into during the period prior to APA. The "roll back" provisions refer to the applicability of the methodology of determination of ALP, or the ALP, to be applied to the international transactions which had already been entered into in a period prior to the period covered under an APA. However, the "roll back" relief is provided on case to case basis subject to certain conditions. Providing for such a mechanism in Indian legislation would reduce litigation which is currently pending or may arise in future in respect of the transfer pricing matters. Therefore, section 92CC of the Income-tax Act has been amended to provide for roll back mechanism in the APA scheme. It has been provided that the APA may, subject to such conditions, procedure and manner as may be prescribed, provide for determining the arm's length price or specify the manner in which the arm's length price is to be determined in relation to an international transaction entered into by the person during any period not exceeding four previous years preceding the first of the previous years for which the advance pricing agreement applies in respect of the international transaction to be undertaken in future. This amendment takes effect from 1st October, 2014.
Characterisation of Income in case of Foreign Institutional Investors	The provisions contained in clause (14) of section 2 of the Income-tax Act, 1961, before

Amendment	Rationale for Amendment
	amendment by the Act, defined the term "capital asset" to include property of any kind held by an assessee, whether or not connected with his business or profession, but did not include any stock-in-trade or personal assets as provided in the definition. The foreign portfolio investors [notified as foreign institutional investors for the purposes of the Income-tax Act vide notification S.O. 199(E) dated 22.01.2014] faced a difficulty in characterisation of their income arising from transaction in securities as to whether it is capital gains or business income. Further, the fund manager managing the funds of such investor remained outside India under the apprehension that their presence in India may constitute permanent establishment (PE) and the income arising from transactions in securities held in India may be taxed as business income of PE. In this context, the Finance Minister, in his budget speech, had stated as under - *"Foreign Portfolio investors (FPIs) have invested more than Rs. 8 lakh crore (about 130 billion US$) in India. One of their concerns is uncertainty in taxation on account of characterization of their income. Moreover, the fund managers of these foreign investors remain outside India under the apprehension that their presence in India may have adverse tax consequences. With a view to put an end to this uncertainty and to encourage these fund managers to shift to India, I propose to provide that income arising to foreign portfolio investors from transaction in securities will be treated as capital gains."* Accordingly, clause (14) has been amended to provide that any security held by foreign institutional investor which has invested in such security in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992 shall be a capital asset and not a current asset. Therefore, any income arising from transfer of such security by a foreign institutional investor would be in the nature of "capital gains". This amendment takes effect from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent assessment years.

IV. Measures for Widening of Tax Base and Anti-tax avoidance measures

Amendment	Rationale for Amendment
Alternate Minimum Tax	The provisions of section 115JC of the Income-tax Act, before its amendment by the Act, provide that where the regular income tax payable by a person, other than a company, for a previous year is less than the alternate minimum tax for such previous year, the person would be required to pay income tax at the rate of eighteen and one half per cent on its adjusted total income. The section further provides that the total income shall be increased by deductions claimed under Part C of Chapter VI-A, and under section 10AA to arrive at adjusted total income. Under the Income-tax Act, the investment linked deductions have been provided in place of profit linked deductions. These profit linked deductions are subject to alternate minimum tax (AMT). Accordingly, with a view to include the investment linked deduction claimed under section 35AD in computing adjusted total income for the purpose of calculating alternate minimum tax, section 115JC has been amended to

Amendment	Rationale for Amendment
	provide that total income shall be increased by the deduction claimed under section 35AD for the purpose of computation of adjusted total income. The amount of depreciation allowable under section 32 shall, however, be reduced in computing the adjusted total income. These amendments take effect from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent assessment years.
Taxability of advance for transfer of a capital asset	The provisions contained in section 56 of the Income-tax Act, inter-alia, provide that income of every kind which is not to be excluded from the total income under the Income-tax Act shall be chargeable to income-tax under the head "Income from other sources", if it is not chargeable to income-tax under any other head of income. Sub-section (2) of section 56 of the Income-tax Act provides for the specific category of incomes that shall be chargeable to income-tax under the head "Income from other sources". A new clause (ix) has been inserted in said sub-section (2) of section 56 to provide for the taxability of any sum of money, received as an advance or otherwise in the course of negotiations for transfer of a capital asset. Such sum shall be chargeable to income-tax under the head 'income from other sources' if such sum is forfeited and the negotiations do not result in transfer of such capital asset. A consequential amendment in clause (24) of section (2) of the Income-tax Act has also been made to include such sum in the definition of the term 'income'.

Amendment	Rationale for Amendment
	The provisions of section 51 of the Income-tax Act, before amendment by the Act, provided that any advance retained or received shall be reduced from the cost of acquisition of the asset or the written down value or the fair market value of the asset. In order to avoid double taxation of the advance received and retained, said section 51 has been amended to provide that where any sum of money received as an advance or otherwise in the course of negotiations for transfer of a capital asset , has been included in the total income of the assessee for any previous year, in accordance with the provisions of clause (ix) of sub-section (2) of section 56, such amount shall not be deducted from the cost for which the asset was acquired or the written down value or the fair market value, as the case may be, in computing the cost of acquisition. These amendments take effect from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent years.
Tax deduction at source from non-exempt payments under life insurance policy	The provisions of section 10(10D) of the Income-tax Act provide that any sum received under a life insurance policy, including the sum allocated by way of bonus on such policy is exempt subject to fulfillment of conditions specified under said section 10(10D). Therefore, the sum received under a life insurance policy which does not fulfill the conditions specified under section 10(10D) are taxable under the provisions of the Income-tax Act. In order to have a mechanism for reporting of transactions and collection of tax in respect of

Amendment	Rationale for Amendment
	sum paid under life insurance policies which are not exempt under section 10(10D) of the Income-tax Act, a new section 194DA has been inserted in the Income-tax Act to provide for deduction of tax at the rate of 2 per cent on sum paid under a life insurance policy, including the sum allocated by way of bonus, which is not exempt under section 10(10D) of the Income-tax Act. In order to reduce the compliance burden on the small tax payers, it has been provided that no deduction under this provision shall be made if the aggregate sum paid in a financial year to an assessee is less than Rs.1,00,000/-. This amendment takes effect from 1st October, 2014.

V. Rationalization measures

Amendment	Rationale for Amendment
Signing and verification of return of income	The provisions under section 140 of the Income-tax Act, before amendment by the Act, provided that the return under section 139 shall be signed and verified in the manner specified therein. With a view to enable the verification of returns either by a sign in manuscript or by any electronic mode, section 140 of the Income-tax Act has been amended to provide that the return shall be verified by the persons specified therein. The manner of verification of return is prescribed under section 139 of the Income-tax Act. This amendment takes effect from 1st October, 2014.
Rationalization of taxation regime in the case of charitable trusts and institutions	The provisions of section 11 of the Income-tax Act provide for exemption to trusts or institutions in respect of income derived from property held under trust and voluntary contributions subject to various conditions contained in the said section. The primary condition for grant of exemption is that the income derived from property held under trust should be applied for the charitable purposes, and where such income cannot be applied during the previous year, it has to be accumulated in the modes prescribed and applied for such purposes in accordance with various conditions provided in the section. If the accumulated income is not applied in accordance with the conditions provided in the said section, then such income is deemed to be taxable income of the trust or institution. Section 13 of the Income-tax Act provides for the circumstances under which exemption under section 11 or 12 of the said Act in respect of whole or part of income would not be available to a trust or institution. The sections 11, 12, 12A, 12AA and 13 of the Income-tax Act constitute a complete code governing the grant, cancellation or withdrawal of registration, providing exemption to income, and also the conditions subject to which a charitable trust or institution is required to function in order to be eligible for exemption. They also provide for withdrawal of exemption either in part or in full if the relevant conditions are not fulfilled. Several issues had arisen in respect of the application of exemption regime to trusts or institutions in respect of which clarity in law was required. The first issue was regarding the interplay of the general provision of exemptions which are contained in section 10 of the Income-tax Act vis-a-vis the specific and special exemption regime provided in sections 11 to 13 of the said Act. As indicated above, the primary objective of providing exemption

Amendment	Rationale for Amendment
	in case of charitable institution is that income derived from the property held under trust should be applied and utilised for the object or purpose for which the institution or trust has been established. In many cases it had been noted that trusts or institutions which are registered and have been availing benefits of the exemption regime do not apply their income, which is derived from property held under trust, for charitable purposes. In such circumstances, when the income becomes taxable, a claim of exemption under general provisions of section 10 in respect of such income is preferred and tax on such income is avoided. This defeats the very objective and purpose of placing the conditions of application of income etc. in respect of income derived from property held under trust in the first place. Sections 11, 12 and 13 of the Income-tax Act are special provisions governing institutions which are being given benefit of tax exemption. It is therefore imperative that once a person voluntarily opts for the special dispensation it should be governed by these specific provisions and should not be allowed flexibility of being governed by other general provisions or specific provisions at will. Allowing such flexibility has undesirable effects on the objects of the regulations and leads to litigation. Similar situation existed in the context of section 10(23C) of the Income-tax Act which provides for exemption to funds, institution, hospitals, etc. which have been granted approval by the prescribed authority. The provision of section 10(23C) also have similar conditions of

Amendment	Rationale for Amendment
	accumulation and application of income, investment of funds in prescribed modes etc. Therefore, the Income-tax Act has been amended to provide specifically that where a trust or an institution has been granted registration for purposes of availing exemption under section 11, and the registration is in force for a previous year, then such trust or institution cannot claim any exemption under any provision of section 10 [other than that relating to exemption of agricultural income and income exempt under section 10(23C)] of the Income-tax Act. Similarly, entities which have been approved or notified for claiming benefit of exemption under section 10(23C) of the Income-tax Act would not be entitled to claim any benefit of exemption under other provisions of section 10 of the said Act (except the exemption in respect of agricultural income). The second issue which had arisen was that the existing scheme of section 11 as well as section 10(23C) of the Income-tax Act provided exemption in respect of income when it is applied to acquire a capital asset. Subsequently, while computing the income for purposes of these sections, notional deduction by way of depreciation etc. was being claimed and such amount of notional deduction was not being applied for charitable purpose. As a result, double benefit was being claimed by the trusts and institutions. Therefore, these provisions were required to be rationalised to ensure that double benefit is not claimed and such notional amount does not get excluded from the condition of application of income for charitable purpose.

Amendment	Rationale for Amendment
	Accordingly, the Income-tax Act has been amended to provide that under section 11 and section 10(23C), income for the purposes of its application shall be determined without any deduction or allowance by way of depreciation or otherwise in respect of any asset, acquisition of which has been claimed as an application of income under these sections in the same or any other previous year. These amendments take effect from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent assessment years.
Clarification in respect of section 10(23C) of the Income-tax Act	The provisions of sub-clause (iiiab) and (iiiac) of section 10(23C) of the Income-tax Act provide exemption, subject to various conditions, in respect of income of certain educational institutions, universities and hospitals which exist solely for educational purposes or solely for philanthropic purposes, and not for purposes of profit and which are wholly or substantially financed by the Government. Absence of a definition of the phrase "substantially financed by the Government" had led to litigation and varying decisions of judicial authorities who had, for this purpose, relied upon various other provisions of the Income-tax Act and other Acts. Thus, there has been lack of certainty in this regard. Therefore, clause (23C) of section 10 has been amended by inserting an Explanation below sub-clause (iiiac) of the said clause. It provides that if the Government grant to a university or other educational institution, hospital or other institution referred to in section 10(23C)(iiiab) or 10(23C)(iiiac) during any previous year exceeds a prescribed percentage of the total receipts (including any voluntary contributions), of such university or other educational institution, hospital or other institution, as the case may be, then such university or other educational institution, hospital or other institution shall be considered as being substantially financed by the Government for that previous year. Vide notification No. 79 / 2014 dated 12.12.2014, Rule 2BBB has been inserted in the Income-tax Rules. The said Rule provides that any university or other educational institution, hospital or other institution referred to in sub-clauses (iiiab) and (iiiac) of clause (23C) of section 10 of the Income-tax Act shall be considered as being substantially financed by the Government for any previous year if the Government grant to such university, hospital, or institution exceeds 50 percent of its total receipts, including any voluntary contributions, during the said previous year. This amendment takes effect from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent assessment years.
Cancellation of registration of the trust or institution in certain cases	The provisions of section 12AA of the Income-tax Act, before amendment by the Act, provided that the registration once granted to a trust or institution shall remain in force until it is cancelled by the Commissioner. The Commissioner could cancel the registration under two circumstances: (a) the activities of a trust or institution are not genuine, or; (b) the activities are not being carried out in accordance with the objects of the trust or institution.

Amendment	Rationale for Amendment
	The Commissioner was empowered to cancel the registration only if either or both of the above conditions were satisfied, and not otherwise. There have been cases where trusts, particularly in the year in which they had substantial income claimed to be exempt under other provisions of the Income-tax Act though they deliberately violated the provisions of section 13 of the said Act by investing in modes other that specified modes, etc. Similarly, there have been cases where the income is not properly applied for charitable purposes or is diverted for the benefit of certain interested persons. However, due to restrictive interpretation of the powers of the Commissioner under the said section 12AA, registration of such trusts or institutions continued to be in force and these institutions continued to enjoy the beneficial regime of exemption. Whereas under section 10(23C) of the Income-tax Act, which also allows similar benefits of exemption to a fund, Institution, University etc, the power of withdrawal of approval is vested with the prescribed authority if such authority is satisfied that such entity has not applied income or made investment in accordance with provisions of said section 10(23C) or the activities of such entity are not genuine or are not being carried out in accordance with all or any of the conditions subject to which it was approved. Therefore, in order to rationalise the provisions relating to cancellation of registration of a trust, section 12AA of the Income-tax Act has been amended to provide that where a trust or an institution has been granted

Amendment	Rationale for Amendment
	registration, and subsequently it is noticed that its activities are being carried out in such a manner that,- (i) its income does not enure for the benefit of the public; (ii) it is for benefit of any particular religious community or caste (in case it is established after commencement of the Income-tax Act, 1961); (iii) any income or property of the trust is used or applied directly or indirectly for the benefit of specified persons like author of trust, trustees etc.; or (iv) its funds are not invested in specified modes, then the Principal Commissioner or the Commissioner may cancel the registration, if such trust or institution does not prove that there was a reasonable cause for the activities to be carried out in the aforesaid manner. This amendment takes effect from 1st October, 2014.
Anonymous donations under section 115BBC of the Income-tax Act	The provisions of section 115BBC of the Income-tax Act, before amendment by the Act, provided for levy of tax at the rate of 30 per cent in case of certain assessees, being university, hospital, charitable organisation, etc. on the amount of aggregate anonymous donations exceeding five per cent of the total donations received by the assessee or one lakh rupees, whichever is higher. Due to the mechanism of aggregation of tax provided in section 115BBC, while tax at the rate of 30 per cent was levied on the amount of anonymous

Amendment	Rationale for Amendment
	donations exceeding the threshold, the remaining tax was chargeable on total income after reducing the full amount of anonymous donations. The proper way of computation is to reduce the income by the amount which has been taxed at the rate of 30 per cent. Therefore, section 115BBC has been amended to provide that the income-tax payable shall be the aggregate of the amount of income-tax calculated at the rate of thirty per cent on the aggregate of anonymous donations received in excess of five per cent of the total donations received by the assessee or one lakh rupees, whichever is higher, and the amount of income-tax with which the assessee would have been chargeable had his total income been reduced by the aggregate of the anonymous donations which is in excess of the five per cent of the total donations received by the assessee or one lakh rupees, as the case may be. This amendment takes effect from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent assessment years.
Rationalisation of the definition of International Transaction	The provisions of section 92B of the Income-tax Act, before its amendment by the Act, defined 'International transaction' as a transaction in the nature of purchase, sale, lease, provision of services, etc. between two or more associated enterprises, either or both of whom are non-residents. Sub-section (2) of the said section extended the scope of the definition of international transaction by providing that a transaction entered into with an unrelated person shall be deemed to be a transaction with an associated enterprise, if there

Amendment	Rationale for Amendment
	exists a prior agreement in relation to the relevant transaction between such other person and the associated enterprise, or the terms of the relevant transaction are determined in substance between the other person and the associated enterprise. The wordings of sub-section (2) of section 92B, prior to its amendment, had led to a doubt whether for the transaction to be treated as an international transaction, the unrelated person should also be a non-resident. With a view to clarify the intention of the legislature, section 92B has been amended to provide that where, in respect of a transaction entered into by an enterprise with a person other than an associated enterprise, there exists a prior agreement in relation to the relevant transaction between the other person and the associated enterprise or, where the terms of the relevant transaction are determined in substance between such other person and the associated enterprise, and either the enterprise or the associated enterprise or both of them are non-resident, then such transaction shall be deemed to be an international transaction entered into between two associated enterprises, whether or not such other person is a non-resident. This amendment takes effect from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent assessment years.
Levy of Penalty under section 271G of the Income-tax Act by Transfer Pricing Officers	The provisions of section 271G of the Income-tax Act, before amendment by the Act, provided that if any person who has entered into an international transaction or specified domestic

Amendment	Rationale for Amendment
	transaction fails to furnish any such document or information as required by sub-section (3) of section 92D of the Income-tax Act, then such person shall be liable to penalty which may be levied by the Assessing Officer or the Commissioner (Appeals). Section 92CA of the Income-tax Act provides that an Assessing Officer may make a reference to a Transfer Pricing Officer (TPO) for computation of arm's length price (ALP). TPO has been defined in the said section to mean a Joint Commissioner or Deputy Commissioner or Assistant Commissioner who is authorised by the Board to perform all or any of the functions of an Assessing Officer specified in sections 92C and 92D of the Income-tax Act. The determination of arm's length price in several cases is done by the TPO. Therefore, section 271G has been amended to include TPO, as referred to in Section 92CA, as an authority competent to levy the penalty under section 271G in addition to the Assessing Officer and the Commissioner (Appeals). This amendment takes effect from 1st October, 2014.
Applicability of the registration granted to a trust or institution to earlier years	The provisions of section 12A of the Income-tax Act, before amendment by the Act, provided that a trust or an institution can claim exemption under sections 11 and 12 only after registration under section 12AA of the said Act has been granted. In case of trusts or institutions which apply for registration after 1st June, 2007, the registration shall be effective only prospectively. Non-application of registration for the period prior to the year of registration caused genuine hardship to charitable organisations. Due to absence of registration, tax liability is fastened even though they may otherwise be eligible for exemption and fulfill other substantive conditions. However, the power of condonation of delay in seeking registration was not available. In order to provide relief to such trusts and remove hardship in genuine cases, section 12A of the Income-tax Act has been amended to provide that in a case where a trust or institution has been granted registration under section 12AA of the Income-tax Act, the benefit of sections 11 and 12 of the said Act shall be available in respect of any income derived from property held under trust in any assessment proceeding for an earlier assessment year which is pending before the Assessing Officer as on the date of such registration, if the objects and activities of such trust or institution in the relevant earlier assessment year are the same as those on the basis of which such registration has been granted. Further, it has been provided that no action for reopening of an assessment under section 147 of the Income-tax Act shall be taken by the Assessing Officer in the case of such trust or institution for any assessment year preceding the first assessment year for which the registration applies, merely for the reason that such trust or institution has not obtained the registration under section 12AA for the said assessment year. However, the above benefits would not be available in the case of any trust or institution which at any time had applied for registration and the same was refused under section 12AA of the

Amendment	Rationale for Amendment
	Income-tax Act or a registration once granted was cancelled. These amendments take effect from 1st October, 2014.
Corporate Social Responsibility (CSR)	Under the Companies Act, 2013 certain companies (which have net worth of Rs.500 crore or more, or turnover of Rs.1000 crore or more, or a net profit of Rs.5 crore or more during any financial year) are required to spend certain percentage of their profit on activities relating to Corporate Social Responsibility (CSR). Under the existing provisions of the Income-tax Act, expenditure incurred wholly and exclusively for the purposes of the business is only allowed as a deduction for computing taxable business income. CSR expenditure, being an application of income, is not incurred wholly and exclusively for the purposes of carrying on business. As the application of income is not allowed as deduction for the purposes of computing taxable income of a company, amount spent on CSR cannot be allowed as deduction for computing the taxable income of the company. Moreover, the objective of CSR is to share burden of the Government in providing social services by companies having net worth/ turnover/profit above a threshold. If such expenses are allowed as tax deduction, this would result in subsidizing of around one-third of such expenses by the Government by way of tax expenditure. The provisions of section 37(1) of the Income-tax Act provide that deduction for any expenditure, which is not mentioned specifically in section 30 to section 36 of the Income-tax Act, shall be allowed if the same is incurred wholly and exclusively for the purposes of carrying on business or profession. As the CSR expenditure (being an application of income) is not incurred for the purposes of carrying on business, such expenditures cannot be allowed under the provisions of section 37 of the Income-tax Act. Therefore, in order to provide certainty on this issue, said section 37 has been amended to clarify that for the purposes of sub-section (1) of section 37 any expenditure incurred by an assessee on the activities relating to corporate social responsibility referred to in section 135 of the Companies Act, 2013 shall not be deemed to have been incurred for the purpose of business and hence shall not be allowed as deduction under said section 37. However, the CSR expenditure which is of the nature described in section 30 to section 36 of the Income-tax Act shall be allowed as deduction under those sections subject to fulfillment of conditions, if any, specified therein. This amendment takes effect from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent years.
Disallowance of expenditure for non- deduction of tax at source	The provisions of section 40(a)(i) of the Income-tax Act, prior to the amendment by the Act, provided that certain payments such as interest, royalty and fee for technical services made to a non-resident shall not be allowed as deduction in computing business income if tax on such payments had not been deducted, or after deduction, has not been paid within the time prescribed under section 200(1) of the Income-tax Act. The Income-tax Act contains similar provisions for disallowance of business expenditure in respect of certain payments made to

Amendment	Rationale for Amendment
	residents. Under section 40(a)(ia) of the Income-tax Act, in case of payments made to resident, the deductor is allowed to claim deduction for payments as expenditure in the previous year of payment, if tax is deducted during the previous year and the same is paid on or before the due date specified for filing of return of income under section 139(1) of the Income-tax Act. However, in case of disallowance for non-payment of tax from payments made to non-residents, this extended time limit of payment of tax deducted at source up to the date of filing of return of income under section 139(1) was not available. In order to provide similar extended time limit for payment of tax deducted from payments made to non-residents, section 40(a)(i) of the Income-tax Act has been amended so as to provide that the deductor shall be allowed to claim deduction for payments made to non-residents in the previous year of payment, if tax is deducted during the previous year and the same is paid on or before the due date specified for filing of return under section 139(1) of the Income-tax Act. As mentioned above, in case of non-deduction of tax at source or non-payment of tax so deducted from certain payments made to residents, the entire amount of expenditure on which tax was deductible is disallowed under section 40(a)(ia) for the purposes of computing income under the head "Profits and gains of business or profession". The disallowance of whole of the amount of expenditure causes hardship, especially in case of payment made to a resident in whose case the withholding of tax is only a mode of collection of tax

Amendment	Rationale for Amendment
	and does not result into final discharge of tax liability. Accordingly, section 40(a)(ia) of the Income-tax Act has been amended to provide that in case of non-deduction of tax at source or non-payment of tax so deducted on payments made to residents as specified in section 40(a)(ia) of the Income-tax Act, the disallowance shall be restricted to 30% of the amount of expenditure claimed. Further, the first proviso to section 40(a)(ia) of the Income-tax Act, prior to its amendment by the Act, provided that sum, which was disallowed due to non-deduction of tax at source or non-payment of tax so deducted, shall be allowed deduction in the previous year in which such tax deducted at source has been paid. As the disallowance under the amended section 40(a)(ia) of the Income-tax Act has been restricted to 30% of the amount of expenditure, the first proviso to the said section 40(a)(ia) has also been amended to provide that deduction of 30% of the amount of expenditure shall be allowed in the previous year in which the tax so deducted has been paid. In this regard, it is hereby clarified that in respect of the amount disallowed for assessment year commencing on or before 1st day of April 2014, the deduction for the whole of the amount disallowed under section 40(a)(ia) of the Income-tax Act, shall be allowed under the first proviso to section 40(a)(ia) in the previous year in which tax deducted at source has been paid. Further, provisions of section 40(a)(ia) of the Income-tax Act, prior to its amendment by the Act, provided that certain payments such as interest, commission, brokerage, rent, royalty fee for

Amendment	Rationale for Amendment
	technical services and contract payment made to a resident shall not be allowed as deduction for computing business income if tax on such payments was not deducted, or after deduction, was not paid within the time specified under the said section. Chapter XVII-B of the Income-tax Act mandates deduction of tax from certain other payments such as salary, directors fee, which were not specified in section 40(a)(ia) of the Income-tax Act. The payments on which tax is deductible under Chapter XVII-B but not specified under section 40(a)(ia) of the Income-tax Act may also be claimed as expenditure for the purposes of computation of income under the head "Profits and gains from business or profession". Section 40(a)(ia) of the Income-tax Act has proved to be an effective tool for ensuring compliance of TDS provisions by the payers. Therefore, in order to improve the TDS compliance in respect of payments to residents which were not specified in section 40(a)(ia) of the Income-tax Act, the said section 40(a)(ia) has been amended to provide that the disallowance under the said section shall extend to all expenditure on which tax is deductible under Chapter XVII-B of the Income-tax Act. These amendments takes effect from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent years.
Tax Deduction at Source	Under Chapter XVII-B of the Income-tax Act, a person is required to deduct tax on certain specified payments at the specified rates if the payment exceeds specified threshold. The person deducting tax ('the deductor') is required to file a quarterly statement of tax deduction at source (TDS) containing the prescribed details of deduction of tax made during the quarter by the prescribed due date. Currently, a deductor is allowed to file correction statement for rectification/ updation of the information furnished in the original TDS statement as per the Centralised Processing of Statements of Tax Deducted at Source Scheme, 2013 notified vide Notification No.03/2013 dated 15th January, 2013. However, there does not exist any express provision in the Income-tax Act for enabling a deductor to file correction statement. In order to bring clarity in the matter relating to filing of correction statement, Section 200 of the Income-tax Act has been amended to allow the deductor to file correction statements. Consequently, provisions of section 200A of the Income-tax Act have also amended to enable the processing of correction statement filed. The provisions of section 201(1) of the Income-tax Act provide for passing of an order deeming a payer as assessee in default if he does not deduct or does not pay or after deduction fails to pay the whole or part of the tax as per the provisions of Chapter XVII-B of the Income-tax Act. Section 201(3) of the Income-tax Act provides for the time limit for passing of order under section 201(1) of the Income-tax Act for deeming a payer as assessee in default for failure to deduct tax from payments made to a resident. Clause (i) of subsection (3) of section 201 of the Income-tax Act provided that no order under sub-section (1) of section 201 of the Income-tax Act shall be passed

Amendment	Rationale for Amendment
	after expiry of two years from the end of the financial year in which the TDS statement has been filed. Currently, the processing of TDS statement is done in the computerised environment and mainly focuses on the transactions reported in the TDS statement filed by the deductor. Therefore, there is no rationale for not treating the deductor as assessee in default in respect of the TDS default after two years only on the ground that the deductor has filed TDS statement whereas TDS defaults are generally in respect of the transaction not reported in the TDS statement. Therefore, clause (i) of sub-section (3) of section 201of the Income-tax Act which provided time limit of two years for passing order under section 201(1) of the Income-tax Act for cases in which TDS statement have been filed, has been omitted. Clause (ii) of subsection(3) of section 201 of the Income-tax Act provided a time limit of six years from the end of the financial year in which payment/credit is made, for passing of an order under section 201(1) of the Income-tax Act in cases in which TDS statement has not been filed. However, notice under section 148 of the Income-tax Act may be issued for reassessment up to 6 years from the end of the assessment year for which the income has escaped assessment. Therefore, section 148 of the Income-tax Act allows reopening of cases of one more preceding previous year than specified under clause (ii) of subsection (3) of section 201of the Income-tax Act. Due to this, order under subsection(1) of section 201of the Income-tax Act could not be passed in respect of defaults relating to TDS which came to the notice during search/

Amendment	Rationale for Amendment
	reassessment proceeding in respect of the previous year which were covered under section 148 of the Income-tax Act but not under section 201(3)(ii) of the Income-tax Act. In order to align the time limit provided under section 201(3)(ii) with that provided under section 148 of the Income-tax Act, , section 201 has been amended and accordingly the time limit provided under section 201(3)(ii) of the Income-tax Act for passing an order under section 201(1) of the income-tax Act has been extended by one more year. The provisions of section 271H of the Income-tax Act provide for levy of penalty for failure to furnish TDS/TCS statements in certain cases or furnishing of incorrect information in TDS/TCS statements. However, section 271H of the Income-tax Act did not specify the authority which would be competent to levy the penalty under the said section. Therefore, provisions of section 271H have been amended to provide that the penalty under section 271H of the Income-tax Act shall be levied by the Assessing officer. These amendments take effect from 1st October, 2014.
Business of Plying, Hiring or Leasing Goods Carriages	The provisions of section 44AE of the Income-tax Act, prior to its amendment by the Act, provided for presumptive taxation in the case of an assessee who is engaged in the business of plying, hiring or leasing goods carriages and not owning more than ten goods carriages at any time during the previous year. Income from the said business is calculated as under:

Amendment	Rationale for Amendment
	<table><tr><td>Type of Goods Carriage</td><td>Amount of Presumptive Taxation</td></tr><tr><td>Heavy Goods Vehicle (HGV)</td><td>Rs. 5,000 for every month (or part of a month) during which the goods carriage is owned by the taxpayer.</td></tr><tr><td>Vehicle other than HGV</td><td>Rs 4,500 for every month (or part of a month) during which the goods carriage is owned by the taxpayer.</td></tr></table> Type of Goods Carriage Amount of Presumptive Taxation Heavy Goods Vehicle (HGV) Rs. 5,000 for every month (or part of a month) during which the goods carriage is owned by the taxpayer. Vehicle other than HGV Rs 4,500 for every month (or part of a month) during which the goods carriage is owned by the taxpayer. The amount of presumptive income was revised by the Finance (No.2) Act, 2009. Further, the provisions of said section 44AE made a distinction between HGV and vehicle other than HGV for specifying the amount of presumptive income. Considering the erosion in the real values of the amount of specified presumptive income due to inflation over the years and also in order to simplify this presumptive taxation scheme, section 44AE has been amended to provide for a uniform amount of presumptive income of Rs.7,500 for every month (or part of a month) for all types of goods carriage without any distinction between HGV and vehicle other than HGV. This amendment takes effect from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent years.
Income Computation and Disclosure Standards	Section 145 of the Income-tax Act provides that the method of accounting for computation of income under the heads "Profits and gains of business or profession" and "Income from other sources" can either be the cash or mercantile system of accounting. The Finance Act, 1995 empowered the Central Government to notify Accounting Standards (AS) for any class of assessee or for any class of income. Since the introduction of these provisions, only two Accounting Standards relating to disclosure of accounting policies and disclosure of prior period and extraordinary items and changes in accounting policies have been notified. The Central Board of Direct Taxes (CBDT) had constituted an Accounting Standard Committee in 2010. The Committee has submitted its Final Report in August, 2012. The Committee recommended that the AS notified under the Income-tax Act should be made applicable only to the computation of taxable income and a taxpayer should not be required to maintain books of account on the basis of AS notified under the Income-tax Act. The Final Report of the Committee was placed in public domain for inviting comments from stakeholders and general public. After examining the comments/suggestions, the Committee, inter alia, recommended that the provisions of section 145 of the Income-tax Act may be suitably amended to clarify that the notified AS are not meant for maintenance of books of account but are to be followed for computation of income. In order to clarify that the standards notified under subsection (2) of section 145 of the Income-tax Act are to be followed for computation of income and disclosure of

Amendment	Rationale for Amendment
	information by any class of assessees or for any class of income, section 145(2) has been amended to provide that the Central Government may notify in the Official Gazette from time to time income computation and disclosure standards to be followed by any class of assessees or in respect of any class of income. Section 145(2) has been further amended to provide that the Assessing Officer may make an assessment in the manner provided in section 144 of the Income-tax Act, if the income has not been computed in accordance with the standards notified under subsection (2) of section 145 of the Income-tax Act. These amendments take effect from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent assessment years.
Extension of income-tax exemption to Specified Undertaking of Unit Trust of India (SUUTI)	The Specified Undertaking of the Unit Trust of India (SUUTI) was created vide the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002. SUUTI is the successor of UTI. The mandate of SUUTI is to liquidate Government liabilities on account of the erstwhile UTI. Vide section 13(1) of the said Repeal Act, SUUTI is exempt from income-tax or any other tax or any income, profits or gains derived, or any amount received in relation to the specified undertaking for a period of five years, computed from the appointed day, i.e. 1st day of February, 2003. This exemption was to come to an end on 31st January, 2008. However, the exemption was extended up to the 31st March, 2009 and thereafter, up to the 31st March, 2014. Since some of the tasks of SUUTI are still pending closure, the said section 13(1) has been amended so as to extend the exemption for a further period of five years that is upto 31st March, 2019.
Transfer of Government Security by one non-resident to another non-resident	The provisions contained in section 47 of the Income-tax Act provide that certain transactions shall not be considered as transfer for the purpose of charging of capital gains. With a view to facilitate listing and trading of Government securities outside India, clause (viib) has been inserted in section 47 of the Income-tax Act so as to provide that any transfer of a capital asset, being a Government Security carrying a periodic payment of interest, made outside India through an intermediary dealing in settlement of securities, by a non-resident to another non-resident shall not be considered as transfer for the purpose of charging capital gains. This amendment takes effect from 1st April, 2015 and will, accordingly, apply in relation to assessment year 2015-16 and subsequent assessment years.
Speculative transaction in respect of commodity derivatives	The provisions contained in clause (5) of section 43 of the Income-tax Act define the term speculative transaction. The proviso to the said clause (5) of section 43 excludes certain category of transactions as speculative transactions. The Finance Act, 2013 made a provision for levy of commodities transaction tax on commodity derivatives in respect of commodities other than agricultural commodities. As a consequence to the levy of commodities transaction tax, clause (e) was inserted in the proviso to clause (5) of section 43 of the Income-tax Act to provide that eligible transaction in respect

Amendment	Rationale for Amendment
	of trading in commodity derivatives carried out in a recognised association shall not be considered as speculative transaction. Vide Circular No. 3 dated 24-01-2014 explaining the provisions of the Finance Act, 2013, it was clarified that the eligible transaction shall include only those transactions in commodity derivatives which are liable to commodities transaction tax. Accordingly, clause (e) of the proviso to the said clause (5) of section 43 of the Income-tax Act has been amended to provide that eligible transaction in respect of trading in commodity derivatives carried out in a recognised association and chargeable to commodities transaction tax under Chapter VII of the Finance Act, 2013 shall not be considered to be a speculative transaction. This amendment takes effect from 1st April, 2014 and will accordingly apply, in relation to the assessment year 2014-15 and subsequent assessment years.
Capital gains arising from transfer of an asset by way of compulsory acquisition	The existing provisions contained in section 45 of Income-tax Act provide for charging of any profits or gains arising from transfer of a capital asset. Sub-section (5) of the said section provides for the manner of dealing with capital gains arising from transfer by way of compulsory acquisition and where the compensation is enhanced or further enhanced by the court, Tribunal or any other authority. Clause (b) of the said sub-section provides that where the amount of compensation is enhanced or further enhanced by the court it shall be deemed to be the income chargeable of the previous year in which such amount is received by the assessee.

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	There was uncertainty about the year in which the amount of compensation received in pursuance of an interim order of the court is to be charged to tax, due to court orders. Therefore, sub-section (5) of section 45 of the Income-tax Act, has been amended to provide that the amount of compensation received in pursuance of an interim order of the court, Tribunal or other authority shall be deemed to be the income chargeable under the head 'Capital gains' in the previous year in which the final order of such court, Tribunal or other authority is made. This amendment takes effect from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent assessment years.
Cost Inflation Index	The provisions contained in section 48 of the Income-tax Act prescribe the mode of computation of income chargeable under the head "Capital gains". Clause (v) of the Explanation to the said section prior to its amendment by the Act defined the term "Cost Inflation Index" (CII) which in relation to a previous year meant such index as may be notified by the Government having regard to seventy-five percent of average rise in the Consumer Price Index (CPI) for urban non-manual employees (UNME) for the immediately preceding previous year to such previous year. The release of CPI for UNME has been discontinued. Accordingly, clause (v) of the Explanation to section 48 of the Income-tax Act has been amended to provide that "Cost Inflation Index" in relation to a previous year means such index as may be notified by the Central Government having regard to

Amendment	Rationale for Amendment
	seventy-five percent of average rise in the Consumer Price Index (Urban) for the immediately preceding previous year to such previous year. This amendment takes effect from 1st April, 2016 and will, accordingly, apply in relation to assessment year 2016-17 and subsequent assessment years.
Capital gains exemption in case of investment in a residential house property	The provisions contained in sub-section (1) of section 54 of the Income-tax Act, before its amendment by the Act, inter alia, provided that where capital gain arises from the transfer of a long-term capital asset, being buildings or lands appurtenant thereto, and being a residential house, and the assessee within a period of one year before or two years after the date of transfer, purchases, or within a period of three years after the date of transfer constructs, a residential house, then, the amount of capital gains to the extent invested in the new residential house is not chargeable to tax under section 45 of the Income-tax Act. The provisions contained in sub-section (1) of section 54F of the Income-tax Act, before its amendment by the Act, inter-alia, provided that where capital gains arises from transfer of a long-term capital asset, not being a residential house, and the assessee within a period of one year before or two years after the date of transfer, purchases, or within a period of three years after the date of transfer constructs, a residential house, then, the portion of capital gains in the ratio of cost of new asset to the net consideration received on transfer is not chargeable to tax. Certain courts had interpreted that the exemption is also available if investment is made in more than

Amendment	Rationale for Amendment
	one residential house. The benefit was intended for investment in one residential house within India. Accordingly, sub-section (1) of section 54 of the Income-tax Act has been amended to provide that the rollover relief under the said section is available if the investment is made in one residential house situated in India. Similarly, sub-section (1) of section 54F of the Income-tax Act has been amended to provide that the exemption is available if the investment is made in one residential house situated in India. These amendments take effect from 1st April, 2015 and will accordingly apply in relation to assessment year 2015-16 and subsequent assessment years.
Capital gains exemption on investment in Specified Bonds	The provisions contained in sub-section (1) of section 54EC of the Income-tax Act, provide that where capital gain arises from the transfer of a long-term capital asset and the assessee has, within a period of six months, invested the whole or part of capital gains in the long-term specified asset, the proportionate capital gains so invested in the long-term specified asset, out of the whole of the capital gain, shall not be charged to tax. The proviso to the said sub-section provides that the investment made in the long-term specified asset during any financial year shall not exceed fifty lakh rupees. However, the wordings of the proviso have created an ambiguity. As a result the capital gains arising during the year after the month of September were invested in the specified asset in such a manner so as to split the investment in two years i.e., one within the year and second in the next year but before the expiry of six months. This resulted in the

Amendment	Rationale for Amendment
	claim for relief of one crore rupees as against the intended limit for relief of fifty lakh rupees. Accordingly, a proviso in sub-section (1) of section 54EC of the Income-tax Act has been inserted to provide that the investment made by an assessee in the long-term specified asset, out of capital gains arising from transfer of one or more original assets, during the financial year in which the original asset or assets are transferred and in the subsequent financial year does not exceed fifty lakh rupees. This amendment takes effect from 1st April, 2015 and will, accordingly, apply in relation to assessment year 2015-16 and subsequent assessment years.
Losses in Speculation Business	The provisions of section 73 of the Income-tax Act provide that losses incurred in respect of a speculation business cannot be set off or carried forward and set off except against the profits of any other speculation business. Explanation to said section 73, before its amendment by the Act, provided that in case of a company deriving its income mainly under the head "Profits and gains of business or profession" (other than a company whose principal business is business of banking or granting of loans and advances), and where any part of its business consists of purchase or sale of shares, such business shall be deemed to be speculation business for the purpose of this section. Sub-section (5) of section 43 of the Income-tax Act defines the term speculative transaction as a transaction in which a contract for purchase or sale of any commodity, including stocks and shares, is settled otherwise than by way of actual delivery. However, the proviso to the said section exempts, inter-alia, transaction in respect of trading in derivatives on a recognised stock exchange from its ambit. Accordingly, an amendment has been made in Explanation to section 73 of the Income-tax Act to provide that the provision of the Explanation shall also not be applicable to a company the principal business of which is the business of trading in shares. This amendment takes effect from 1st April, 2015 and will, accordingly, apply in relation to assessment year 2015-16 and subsequent assessment years.
Income-tax Authorities	Section 116 of the Income-tax Act specifies income-tax authorities for the purposes of the Income-tax Act and section 117 states that the Central Government may appoint such persons as it thinks fit to be income-tax authorities. The income-tax authorities enumerated under section 116 of the Income-tax Act include Central Board of Direct Taxes, Directors-General of Income-tax or Chief Commissioners of Income-tax, Directors of Income-tax or Commissioners of Income-tax etc. In view of the creation of new income-tax authorities, section 116 of the Income-tax Act has been amended so as to include the newly created income-tax authorities. Further, clauses (34A), (34B), (34C) and (34D) in section 2 of the Income-tax Act have been inserted so as to define the terms "Principal Chief Commissioner of Income-tax", "Principal Commissioner of Income-tax", "Principal Director General of Income-tax" and "Principal Director of Income-tax" to mean a person appointed to be an income-tax authority under section 117 of the Income-tax Act. Consequential amendments in clauses (15A), (16) and (21) of

Amendment	Rationale for Amendment
	section 2 and in other sections of the Income-tax Act have also been made. These amendments take effect retrospectively from 1st June, 2013.
Power of Survey	The provisions contained in section 133A of the Income-tax Act enable the Income-tax authority to enter any premises in which business or profession is carried out for the purposes of survey. An income-tax authority acting under this section may impound and retain in his custody any books of account or documents inspected by him during the course of survey. However, prior to its amendment by the Act, the said section provided that such income-tax authority shall not retain in his custody any such books of account or document for a period exceeding ten days (exclusive of holidays) without obtaining the approval of the Chief Commissioner or Director General therefor, as the case maybe. An income-tax authority acting under section 133A has the powers as conferred upon it under sub-section (1) of section 131 of the Income-tax Act. With a view to align the time period and the authority for approval for retention of books of account or other documents beyond the specified time period, section 133A has been amended to provide that the income-tax authority shall not retain in his custody any such books of account or other documents for a period exceeding fifteen days (exclusive of holidays) without obtaining the approval of the Principal Chief Commissioner or Director General or Commissioner or Director therefor, as the case may be. Section 133A has further been

Amendment	Rationale for Amendment
	amended to provide that an income-tax authority may, for the purpose of verifying that tax has been deducted or collected at source in accordance with the provisions of Chapter XVII-B or Chapter XVII-BB, as the case may be, enter any office, or a place where business or profession is carried on, within the limits of the area assigned to him, or any such place in respect of which he is authorised for the purposes of the said section by such income-tax authority who is assigned the area within which such place is situated where books of account or documents are kept. The income-tax authority may for this purpose enter an office, or a place where business or profession is carried on after sunrise and before sunset. Further, such income-tax authority may require the deductor or the collector or any other person who may at the time and place of survey be attending to such work, ? (i) to afford him the necessary facility to inspect such books of account or other documents as he may require and which may be available at such place, and (ii) to furnish such information as he may require in relation to such matter. It has also been provided that an income-tax authority while acting under sub-section (2A) of section 133A, may place marks of identification on the books of account or other documents inspected by him and take extracts and copies thereof. He may also record the statement of any person which may be useful for, or relevant to, any proceeding under the Income-tax Act. However, while acting under said sub-section (2A), the income-tax

Amendment	Rationale for Amendment
	authority shall not impound and retain in his custody any books of accounts or documents inspected by him or make an inventory of any cash, stock or other valuables. These amendments take effect from 1st October, 2014.
Mutual Funds, Securitisation Trusts and Venture Capital Companies or Venture Capital Funds to file return of income	The provisions contained in section 139 of the Income-tax Act provide that every person being a company or a firm or being a person (other than a company or firm) if his total income or the total income of any other person in respect of which he is assessable under the said Act during the previous year exceeds the maximum amount which is not chargeable to income-tax, shall furnish a return of his income or the income of such other person during the previous year, in the prescribed form and verified in the prescribed manner and setting forth such other particulars as may be prescribed. Apart from the above, certain other entities, which are not chargeable to income-tax in accordance with the provisions of section 10 of the Income-tax Act, are required to file their return of income if their total income without giving effect to the provisions of said section 10, exceeds the maximum amount which is not chargeable to income-tax. Clause (23D) of section 10 of the Income-tax Act exempts the income of a Mutual Fund, clause (23DA) of section 10 of the said Act exempts the income of a securitisation trust from the activity of securitisation and clause (23FB) of section 10 of the Income-tax Act exempts the income of a venture capital company (VCC) or venture capital fund (VCF) from investment in a venture capital undertaking. Before amendments made by the Act, the Mutual Fund or securitisation trust or VCC or VCF were not obligated to furnish their return of income under section 139 of the Income-tax Act. Instead they were required to furnish a statement giving details of the nature of the income paid or credited or income distributed during the previous year and such other relevant details as may be prescribed. Sub-section (4C) of section 139 of the Income-tax Act has been amended to provide that Mutual Fund referred to in clause (23D) of section10, securitization trust referred to in clause (23DA) of section 10 and Venture Capital Company or Venture Capital Fund referred to in clause (23FB) of section 10 of the Income-tax Act shall, if the total income in respect of which such fund, trust or company is assessable, without giving effect to the provisions of section 10 of the Income-tax Act, exceeds the maximum amount which is not chargeable to income-tax, furnish a return of such income of the previous year in the prescribed form and verified in the prescribed manner and setting forth such other particulars as may be prescribed and all the provisions of the Income-tax Act, so far as may be, apply as if it were a return required to be furnished under sub-section (1) of section 139 of the said Act. Further, in the case of the Mutual Funds and securitisation trusts referred to above, the requirement of filing of statements before an income-tax authority has been dispensed with by omitting sub-section (3A) of section 115R and sub-section (3) of section 115TA. These amendments take effect from 1st April, 2015.
Inquiry by prescribed income-tax authority	With a view to enable prescribed income-tax authority to verify the information in its possession

Amendment	Rationale for Amendment
	relating to any person, a new section 133C has been inserted in the Income-tax Act so as to provide that for the purposes of verification of information in its possession relating to any person, prescribed income-tax authority, may, issue a notice to such person requiring him, on or before a date to be therein specified, to furnish information or documents, verified in the manner specified therein which may be useful for, or relevant to, any enquiry or proceeding under this Act. This amendment takes effect from 1st October, 2014.
Estimate of value of assets by Valuation Officer and time limit for completion of assessments where reference made	The provisions contained in section 142A of the Income-tax Act, before its amendment by the Act, provided that the Assessing Officer may, for the purpose of making an assessment or reassessment, require the Valuation Officer to make an estimate of the value of any investment, any bullion, jewellery or fair market value of any property. On receipt of the report of the Valuation Officer, the Assessing Officer may after giving the assessee an opportunity of being heard take into account such report for the purposes of assessment or reassessment. Section 142A of the Income-tax Act does not envisage rejection of books of account as a pre-condition for reference to the Valuation Officer for estimation of the value of any investment or property. Further, the said section 142A does not provide for any time limit for furnishing of the report by the Valuation Officer. Accordingly, section 142A has been substituted so as to provide that the Assessing Officer may, for the purposes of assessment or reassessment, require the assistance of a Valuation Officer

Amendment	Rationale for Amendment
	to estimate the value, including fair market value, of any asset, property or investment and submit the report to him. The Assessing Officer may make a reference to the Valuation Officer whether or not he is satisfied about the correctness or completeness of the accounts of the assessee. The Valuation Officer, shall, for the purpose of estimating the value of the asset, property or investment, have all the powers of section 38A of the Wealth-tax Act, 1957. The Valuation Officer is required to estimate the value of the asset, property or investment after taking into account the evidence produced by the assessee and any other evidence in his possession or gathered, after giving an opportunity of being heard to the assessee. If the assessee does not co-operate or comply with the directions of the Valuation Officer he may, estimate the value of the asset, property or investment to the best of his judgment. It has also been provided that the Valuation Officer shall send a copy of his estimate to the Assessing Officer and the assessee within a period of six months from the end of the month in which the reference is made. On receipt of the report from the Valuation Officer, the Assessing Officer may, after giving the assessee an opportunity of being heard, take into account such report in making the assessment or reassessment. Sections 153 and 153B of the Income-tax Act have also been amended to provide that the time period beginning with the date on which the reference is made to the Valuation Officer and ending with the date on which his report is received by the Assessing

Amendment	Rationale for Amendment
	Officer shall be excluded from the time limit provided under the aforesaid section for completion of assessment or reassessment. These amendments take effect from 1st October, 2014.
Interest payable by the assessee under section 220 of the Income-tax Act	The provisions contained in sub-section (1) of section 220 of the Income-tax Act, provide that any amount specified as payable in a notice of demand under section 156 of the Income-tax Act shall be paid within thirty days of the service of notice at the place and to the person mentioned in the notice. Sub-section (2) states that if the amount specified in the notice is not paid within the period, the assessee shall be liable to pay simple interest at one per cent for every month or part of a month comprised in the period commencing from the day immediately following the end of the period mentioned in sub-section (1) and ending with the day on which the amount is paid. The proviso to sub-section (2) stated that where as a result of an order under sections 154, 155, 250, 254, 260, 262, 264 or sub-section (4) of section 245D of the Income-tax Act, the amount on which interest payable under the said section 220 had been reduced, the interest shall be reduced accordingly and the excess interest paid, if any, shall be refunded. Liability of the assessee to pay interest is based on the theory of continuity of the proceedings and the doctrine of relation back. Accordingly, subsection (1A) has been inserted in section 220 of the Income-tax Act to provide that where any notice of demand has been served upon an assessee and any appeal or other proceeding, as the case may be, is filed or initiated in respect of the amount specified in the said notice

Amendment	Rationale for Amendment
	of demand, then such demand shall be deemed to be valid till the disposal of appeal by the last appellate authority or disposal of proceedings, as the case may be and such notice of demand shall have effect as provided in section 3 of the Taxation Laws (Continuation and Validation of Recovery Proceedings) Act, 1964. It has been further provided that where as a result of an order under sections 154, 155, 250, 254, 260, 262, 264 or sub-section (4) of section 245D of the Income-tax Act, the amount on which interest was payable under section 220 had been reduced and subsequently as a result of an order under said sections or section 263, the amount on which interest was payable under section 220 is increased, the assessee shall be liable to pay interest under sub-section (2) of the said section on the amount payable as a result of such order, from the day immediately following the end of the period mentioned in the first notice of demand referred to in sub section (1) of the said section 220 and ending with the day on which the amount is paid. These amendments take effect from the 1st October, 2014.
Mode of acceptance or repayment of loans and deposits	The provisions contained in section 269SS of the Income-tax Act, before its amendment by the Act, inter-alia, provided that no person shall take from any other person any loan or deposit otherwise than by an account payee cheque or account payee bank draft, if the amount of such loan or deposit or aggregate of such loans or deposits is twenty thousand rupees or more. Similarly, the provisions of section 269T of the Income-tax Act, before amendment made by the Act, inter-alia, provided that no loan or deposit shall be repaid otherwise

Amendment	Rationale for Amendment
	than by an account payee cheque or account payee bank draft, if the amount of such loan or deposit together with interest or the aggregate amount of such loans or deposits together with interest, if any payable thereon, is twenty thousand rupees or more. In the present times many banking transactions take place by way of internet banking facilities or by use of payment gateways. Accordingly, the provisions of the said sections 269SS and 269T have been amended to provide that acceptance or repayment of any loan or deposit by use of electronic clearing system through a bank account shall not be prohibited under the said sections if the other conditions regarding the quantum etc. are satisfied. These amendments take effect from 1st April, 2015 and will, accordingly, apply in relation to assessment year 2015-16 and subsequent assessment years.
Failure to produce accounts and documents	The provisions of section 276D of the Income-tax Act, before amendment by the Act, provided that if a person willfully fails to produce accounts and documents as required in any notice issued under sub-section (1) of section 142 of the Income-tax Act or willfully fails to comply with a direction issued to him under sub-section (2A) of said section 142, he shall be punishable with rigorous imprisonment for a term which may extend to one year or with fine equal to a sum calculated at a rate which shall not be less than four rupees or more than ten rupees for every day during which the default continues, or with both. The monetary limit in the section was fixed in the year 1971. The low limit has become irrelevant today. Accordingly, the provisions of section 276D of the Income-tax Act have been amended so as to provide that if a person willfully fails to produce accounts and documents as required in any notice issued under sub-section (1) of section 142 of the Income-tax Act or willfully fails to comply with a direction issued to him under sub-section (2A) of said section 142, he shall be punishable with rigorous imprisonment for a term which may extend to one year and with fine. This amendment takes effect from 1st October, 2014.
Provisional attachment under section 281B of the Income-tax Act	The provisions of sub-section (1) section 281B of the Income-tax Act provide that during the pendency of any proceeding for assessment or reassessment the Assessing Officer may, in order to protect the interests of revenue, with the previous approval of the Chief Commissioner or Commissioner, attach provisionally any property belonging to the assessee in the manner provided in the Second Schedule. Sub-section (2) of section 281B of the Income-tax Act, before its amendment by the Act, provided that the provisional attachment shall cease to have effect after the expiry of six months. However, the Chief Commissioner or Commissioner may extend the period up to a total period of two years. It has been observed that in certain cases the maximum period of extension of 2 years expires before the assessment order is passed. Recovery proceedings can be initiated only after the assessment order is passed and demand is raised. Accordingly, the proviso to sub-section (2) of section 281B has been amended so as to provide that the Chief Commissioner, Commissioner, Director General

Amendment	Rationale for Amendment
	or Director may extend the period of provisional attachment so that the total period of extension does not exceed two years or up to sixty days after the date of assessment or reassessment, whichever is later. This amendment takes effect from 1st October, 2014.
Obligation to furnish statement of Information	The provisions of section 285BA of the Income-tax Act, prior to its amendment by the Act, provided for filing of an annual information return by specified persons in respect of specified financial transactions which are registered or recorded by them and which are relevant and required for the purposes of the Income-tax Act to the prescribed income-tax authority. With a view to facilitate effective exchange of information in respect of residents and non-residents, section 285BA of the Income-tax Act has been amended to provide for furnishing of statement by a prescribed reporting financial institution in respect of a specified financial transaction or reportable account to the prescribed income-tax authority. It has also been provided that the statement of information shall be furnished within such time, and in such form and manner as may be prescribed. It has further been provided that where any person, who has furnished a statement of information under sub-section (1),or in pursuance of a notice issued under sub-section (5) of the said section comes to know or discovers any inaccuracy in the information provided in the statement, then, he shall, within a period of ten days, inform the income-tax authority or other authority or agency referred to in sub-section (1) of the said section, the inaccuracy in such statement and furnish the correct information in the manner as may be prescribed. It has also been provided that the Central Government may, by rules, specify,- (a) the persons referred to in sub-section (1) of section 285BA to be registered with the prescribed income-tax authority; (b) the nature of information and the manner in which such information shall be maintained by the persons referred to in (a) above; and (c) the due diligence to be carried out by the persons referred to in (a) for the purpose of identification of any reportable account referred to in sub-section (1) of section 285BA. Further, the provisions of section 271FA of the Income-tax Act, before amendment by the Act, provided for penalty for failure to furnish an annual information return. The said section 271FA has been amended to provide for penalty for failure to furnish statement of information or reportable account. A new section 271FAA has been inserted in the Income-tax Act to provide that if a person referred to in clause (k) of sub-section (1) of section 285BA of the said Act, who is required to furnish a statement of financial transaction or reportable account, provides inaccurate information in the statement and where, (a) the inaccuracy is due to a failure to comply with the due diligence requirement prescribed under sub-section (7) of said section 285BA or is deliberate on the part of the person; or (b) the person knows of the inaccuracy at the time of furnishing the statement of financial transaction or reportable account, but does not inform the prescribed income-tax

Amendment	Rationale for Amendment
	authority or such other authority or agency; or (c) the person discovers the inaccuracy after the statement of financial transaction or reportable account is furnished and fails to inform and furnish correct information within the time specified under sub-section (6) of said section 285BA, then, the prescribed income-tax authority may direct that such person shall pay, by way of penalty, a sum of fifty thousand rupees. These amendments take effect from 1st April, 2015.
Assessment of income of a person other than the person who has been searched	Section 153C of the Income-tax Act relates to assessment of income of any person other than the person in whose case search has been initiated or requisition is made. The provisions contained in sub-section (1) of section 153C of Income-tax Act, before its amendment by the Act, provided that notwithstanding anything contained in section 139, section 147, section148, section 149, section 151 and section 153 of the said Act, where the Assessing Officer is satisfied that any money, bullion, jewellery or other valuable article or thing or books of account or documents seized or requisitioned belong to any person, other than the person referred to in section 153A of the said Act, then the books of account or documents or assets seized or requisitioned shall be handed over to the Assessing Officer having jurisdiction over such other person and that Assessing Officer shall proceed against each such other person and issue such other person notice and assess or reassess income of such other person in accordance with the provisions of section 153A of the Income-tax Act. Section 153C of the Income-tax Act has been amended to provide that notwithstanding anything contained in section 139, section147, section 148, section 149, section 151 and section 153 of the said Act, where the Assessing Officer is satisfied that any money, bullion, jewellery or other valuable article or thing or books of account or documents seized or requisitioned belongs or belong to any person, other than the person referred to in section 153A of the said Act, then books of account or documents or assets seized or requisitioned shall be handed over to the Assessing Officer having jurisdiction over such other person and that Assessing Officer shall proceed against each such other person and issue such other person notice and assess or reassess income of such other person in accordance with the provisions of section 153A if he is satisfied that the books of account or documents or assets seized or requisitioned have a bearing on the determination of the total income of such other person for the relevant assessment year or years referred to in sub-section (1) of section 153A of the Income-tax Act . This amendment takes effect from 1st October, 2014.
Extension of tax benefits under section 80CCD of the Income-tax Act to private sector employees	Under the provisions contained in sub-section (1) of section 80CCD of the Income-tax Act, before amendment by the Act, if an individual, employed by the Central Government or any other employer on or after 1st January, 2004, has paid or deposited any amount in a previous year in his account under a notified pension scheme, a deduction of such amount not exceeding ten per cent of his salary is allowed. Similarly, the contribution made by the Central Government or any other employer to the said account of the individual under the pension scheme is also

Amendment	Rationale for Amendment
	allowed as deduction under sub-section (2) of section 80CCD, to the extent it does not exceed ten per cent. of the salary of the individual in the previous year. Considering the fact that for employees in the private sector, the date of joining the service is not relevant for joining the New Pension Scheme, the provisions of section 80CCD have been amended to provide that the condition of the date of joining the service on or after 1.1.2004 is not applicable to them for the purposes of deduction under the said section. This amendment takes effect from 1st April, 2015 and will, accordingly, apply in relation to assessment year 2015-16 and subsequent assessment years.
Credit of Alternate Minimum Tax	The provisions of sub-section (1) of section 115JEE of the Income-tax Act, before amendment by the Act, provided that the provisions of Chapter-XII BA shall be applicable to any person who has claimed a deduction under part C of Chapter VI-A or claimed a deduction u/s 10AA. Further the provisions of sub-section (2) of section 115JEE, before amendment by the Act, provided that the Chapter shall not be applicable to an individual, HUF, association of persons , a body of individuals (whether incorporated or not) or an artificial juridical person if the adjusted total income does not exceed twenty lakh rupees. This has created difficulty in claim of credit of alternate minimum tax under section 115JD in an assessment year where the income is not more than twenty lakh rupees or there is no claim of any deduction under section 10AA or Chapter VI-A. Sub-section (1) of section 115JEE has been amended to provide that

Amendment	Rationale for Amendment
	Chapter XII-BA shall also be applicable to a person who has claimed any deduction under section 35AD of the Income-tax Act. Further, with a view to enable an assessee to claim credit of alternate minimum tax paid in any earlier previous year, section 115JEE has been amended to provide that the credit for tax paid under section 115JC shall be allowed in accordance with the provisions of section 115JD, notwithstanding the conditions mentioned in sub-section (1) or (2) of section 115JEE. This amendment takes effect from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent assessment years.
Providing for use of range concept in determination of Arm's Length Price	Section 92C of the Income-tax Act provides for computation of Arm's Length Price (ALP) of an international transaction or specified domestic transaction. Sub-section (1) provides that ALP shall be determined by the most appropriate method. Sub-section (2), inter alia, provides that where more than one price is determined by the most appropriate method, the ALP shall be taken to be arithmetical mean of such price. The use of arithmetical mean for determination of ALP is a unique feature of Indian transfer pricing regime introduced in 2002. This was necessitated on account of lack of publically available data in respect of comparables. Internationally, most countries employ a "range" concept for determination of ALP where more than one price is determined. With a view to introduce 'range concept' for determination of ALP, sub-section (2) of section 92C has been amended to provide that in respect of international

Amendment	Rationale for Amendment
	transaction or specified domestic transaction undertaken on or after 01.04.2014, where more than one price is determined by the most appropriate method, the ALP shall be computed in the manner as may be prescribed. However, the arithmetic mean concept will continue to apply where number of comparables is inadequate. This amendment takes effect from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent assessment years.
Enabling CBDT to relax provisions relating to levy of fee under section 234E of the Income-tax Act:	As per the existing provisions of the Income-tax Act, a deductor/ collector is required to furnish periodical tax deducted at source (TDS)/tax collected at source (TCS) statements (quarterly) containing the details of deduction/collection of tax made during the quarter by the prescribed due date. Delay in furnishing of TDS/TCS statement results in delay in granting of credit of TDS/TCS to the deductee/ collectee and consequently leads to delay in issue of refunds to the deductee/collectee or raising of infructuous demand against the deductee/collectee. In order to provide effective deterrence against delay in furnishing of TDS/TCS statement, the Finance Act, 2012 inserted section 234E in the Income-tax Act to provide for levy of fee of Rs.200 per day for late furnishing of TDS/TCS statement from the due date of furnishing of TDS/TCS statement to the date of furnishing of TDS/TCS statement. The levy of fee under section 234E of the Income-tax Act has proved to be an effective tool in improving the compliance in respect of timely submission of TDS/TCS statement by the deductor/ collector. However, the levy of fee under section 234E of the Income-tax Act could not be waived / reduced even in the cases where the delay in filing of TDS/TCS statement was due to circumstances beyond the control of the deductor/collector. For removing the genuine hardship faced by the deductors/ collectors due to levy of fee mandated by the section 234E of the Income-tax Act, section 119 (2)(a) of the Income-tax Act has been amended to enable the CBDT to relax the provisions of the section 234E of the Income-tax Act in suitable cases. This amendment takes effect from the 1st October, 2014.
Enlarging the scope of Settlement Commission	Clause (b) of section 245A provides the definition of 'case' which means any proceeding for assessment under the Income-tax Act, of any person in respect of any assessment year or assessment years which may be pending before an assessing officer. However, the proviso to the said clause, before its amendment by the Act, provided that proceedings for assessment or reassessment under section 147 or a proceeding for making fresh assessment in pursuance of an order under section 254 or section 263 or section 264 of the Income-tax Act, setting aside or cancelling an assessment shall not be a proceeding for assessment for the purpose of this clause. In order to enlarge the scope of Settlement Commission, the proviso to clause (b) of section 245A of the Income-tax Act has been omitted to enable proceedings under section 147 and proceedings for making fresh assessment in pursuance of an order under section 254 or section 263 or section 264 of the Income-tax Act, setting aside or

Amendment	Rationale for Amendment
	cancelling an assessment also be eligible for settlement before the Settlement Commission. Similar amendment has also been made in section 22A of the Wealth -tax Act. These amendments take effect from 1st October, 2014.
Enlarging the scope of Authority for Advance Rulings	Chapter XIX-B (Sections 245N to 245V) of the Income-tax Act provides that a person can make an application to the "Authority for Advance Rulings (AAR)" to obtain an advance ruling on the tax liability arising out of a transaction undertaken, or proposed to be undertaken by a non-resident. A ruling can also be obtained by certain notified residents in respect of an issue relating to computation of total income which is pending before any income-tax authority or the Appellate Tribunal. In order to enlarge the scope of Advance Rulings, section 245N has been amended to provide that the "advance ruling" shall also include a determination by the Authority in relation to the tax liability of a resident applicant, arising out of a transaction which has been undertaken or is proposed to be undertaken by such applicant and such determination shall include the determination of any question of law or of fact specified in the application. It has also been provided that a resident as may be notified in the Official Gazette by the Central Government may apply to the Authority for Advance Rulings. The said notification has been issued vide notification no. 73/ 2014 dated 28-11-2014. Section 245-O of the Income-tax Act, before its amendment by the Act, provided for single Authority for Advance Rulings with its office located in Delhi. In order to handle

Amendment	Rationale for Amendment
	the enlarged scope of the Authority for Advance Rulings, section 245-O of the Income-tax Act has been amended to provide for more than one benches of the Authority. It has also been provided that the Authority shall be located in the National Capital Territory of Delhi and its Benches shall be located at places notified by the Central Government.It has also been provided that besides the Chairman, revenue Member and law Member;the Authority shall consist of such number of Vice-chairmen, as the Central Government may, appoint. Qualification for appointment as Vice-Chairman has been provided to be a judge of a High Court. These amendments take effect from the 1st October, 2014.

13.10 Negotiation of Tax Treaties

The Foreign Tax and Tax Research (FT&TR) Division negotiates and finalizes the Double Taxation Avoidance Agreements (DTAAs) which are entered into for the twin purposes of (a) allocation of taxation rights between the Contracting States with a view to avoid double taxation and (b) prevention of fiscal evasion through exchange of information, assistance in collection of taxes etc. As on 31.12.2014, 92 DTAAs are in force. The DTAA with Croatia has been signed which is yet to come into force. The DTAA with Slovak Republic will come into force on Notification. In addition, negotiations for 7 DTAAs (Azerbaijan, Chile, Hong Kong, Iran, Nigeria, Senegal and Venezuela) are going on.

With countries/jurisdictions with which it is felt that there is no need for allocation of taxation rights for avoidance of double taxation; such as offshore jurisdictions, the FT&TR Division negotiates and enters into Tax Information Exchange Agreements (TIEAs) containing provisions for exchange of information. As on 31.12.2014, 15 TIEAs are in force. Two more, i.e., with Saint Kitts & Nevis and San Marino have been signed but are yet to come into force. Negotiations on new TIEA with Democratic Republic of Congo have been concluded and steps are being taken to sign the same. New TIEAs are being negotiated with twenty-eight countries/ jurisdictions, viz. Costa Rica, Marshall Islands, Panama, Maldives, Seychelles, Andorra, Anguilla, Antigua and Barbuda, Aruba, Barbados, Brunei Darussalam, Cook Islands, Curacao, Dominica, Dominican Republic, Faroe Islands, Greenland, Grenada, Honduras, Jamaica, Montserrat, Peru, Saint Lucia, Saint Vincent and the Grenadines, Samoa, Saint Maarten, Turks and Caicos and Vanuatu.

India has also joined the Multilateral Convention on Mutual Administrative Assistance in Tax Matters (Multilateral Convention) which came into force for India on 1.6.2012 and which provides a wide range of administrative assistance in tax matters, including exchange of information, assistance in collection of taxes, tax examination abroad, joint audit etc. India has been actively pursuing other countries to join this Convention. As on 31.12.2014, 84 countries/jurisdictions have signed the Multilateral Convention and it has come into force for 46 countries/jurisdictions as on 31.12.2014.

The SAARC Countries have signed Mutual Administrative Assistance in tax matters on 13.11.2005 which came into effect for India from 01.04.2011, which also provides wide range of administrative assistance.

India has also entered into Limited Agreement for avoidance of double taxation of income of enterprises operating aircraft, with Afghanistan, Iran, Lebanon, Pakistan, Saudi Arabia, UAE and Yemen Arab Republic.

In old DTAAs (before 2009), there were generally no provisions for exchange of banking information. Further, the information could be exchanged only if it was relevant for application of DTAA and not for enforcement of domestic laws. In addition, under the old DTAAs, the information received could generally not be used for non-tax purposes even after the consent of the supplying State. Accordingly, from 2009 onwards, a number of tax treaties were modified through amending Protocols, e.g., DTAAs with Switzerland, Singapore, Australia, Sweden, U.K. etc. Further, with some countries the old DTAAs were replaced with new DTAAs e.g. Nepal, Romania, Sri Lanka etc.

In the modified/renegotiated DTAAs as also in the new DTAAs/TIEAs entered after 2009 and in also under the Multilateral Convention and SAARC Multilateral Agreement, the banking information and information for domestic tax purposes can also be exchanged. Further, generally the information received may be used for non-tax purposes if such use is permitted under the laws of both the supplying and receiving State and with the consent of the supplying State.

13.10.1 Role of Tax Treaties in Prevention of Fiscal Evasion and Tackling of the Menace of Black Money

Effective investigation of tax evasion and avoidance, including unearthing of unaccounted money stashed abroad, is possible only if there is access to information from foreign countries. However, foreign governments, particularly tax havens, are most unlikely to provide information on the basis of just letters or on a plea regarding their moral obligations to prevent tax evasion. Among other factors, parting with information without a legal basis may be challenged in their own Courts and may be against their own public policy or public opinion of their citizens. Such information about money and assets hidden abroad and about undisclosed transactions entered into overseas, can be obtained only through "legal instruments" or treaties entered between India and those countries.

The "legal instruments" through which information can be efficiently obtained for the purposes of investigation under Indian tax laws are the DTAAs, TIEAs, Multilateral Convention and SAARC Multilateral Agreement, which create a legal obligation on a bilateral basis to provide information. These agreements have, over the years, taken the shape of instruments of co-operation between the countries party to the agreements, for sharing of tax revenues and elimination of double taxation; for the prevention of fiscal evasion, tax avoidance and fraud, primarily through exchange of information in relation to the taxpayers concerned; and for assistance in collection of taxes.

The Government of India can obtain information which is "foreseeably relevant" for administration and enforcement of domestic laws concerning taxes from more than 130 countries/jurisdiction under DTAAs/TIEAs/ Multilateral Convention/SAARC Multilateral Agreement. With some countries/jurisdictions, there can be more than one agreement e.g. DTAA as well as Multilateral Convention, under which information can be received. Table at Annexure-1 lists the countries/jurisdictions and the current status of tax treaty with that country/ jurisdiction.

Information received under the tax treaties shall be disclosed only to persons or authorities concerned with tax purposes and they may use the information only for such purposes. They may, however, disclose the information in public court proceedings or in judicial decisions, which may for instance be in the form of filing a complaint or prosecution in a competent court. The information so disclosed becomes public and may be used by other law enforcement agencies dealing with corruption, money laundering, terrorist financing etc.

The following additional steps have been taken by the Government in recent past for effectively utilizing the above mechanism of Exchange of Information:

(a) The officers posted in the Income Tax Overseas Units (ITOUs) in Mauritius, Singapore, Japan, U.K., U.S.A., France and Netherlands have been made part of the Competent Authority Office with a view to follow up requests made to these jurisdictions. Copies of all references to these jurisdictions are forwarded to ITOUs also for follow up.

(b) Steps are being taken to proactively engage with foreign governments to receive information about tax evasion and avoidance under the provisions of tax treaties. A significant step taken under this strategy was the visit of a High Level Delegation to Switzerland headed by the Revenue Secretary on 15th October, 2014. Positive and significant outcomes from this meeting include the following

(i) Switzerland has indicated willingness to provide information in respect of cases where investigations have been carried out by the Income Tax Department independently from what Swiss Government considers as stolen data. This development is very significant because there are a number of cases of account holders included in the HSBC list which were investigated by Income Tax Department independent of the HSBC list obtained from the French Government. Earlier, the Swiss Government had not agreed to provide any information on names which were included in the HSBC list on the ground that these were stolen data and have been obtained in breach of Swiss law.

(ii) The Swiss Federal Tax Administration has agreed that their competent authority would assist India in obtaining confirmation of genuineness of bank documents on requests by the Indian side and also swiftly provide information on requests relating to non-banking information. This willingness on the part of the Swiss authorities would help in our tax investigations.

(iii) The Swiss authorities have also agreed to provide the requested information in a time bound manner or else indicate the reasons why the cases cannot be answered within the agreed timeline.

(iv) Switzerland has also assured that they would commence talks with India for concluding an Automatic Exchange of Information (AEOI) Agreement between India and Switzerland at the earliest, after completion of their domestic procedures. This is the first time that Switzerland has agreed to commence discussions on a bilateral agreement on AEOI.

(c) Bilateral discussions, including through Conference calls and face-to-face meetings, with the competent authorities of our treaty partners, which now include well known tax havens and offshore financial centres, such as British Virgin Islands, Jersey, UAE and Singapore are being planned, and the cooperation in this regard will be deepened in future. These bilateral meetings will help India in making targeted and specific requests for information and to understand the problems, if any, which prevent them in providing the information, and to examine how the same can be addressed.

(d) The Central Action Plan issued by the CBDT in June, 2014, read with Manual on Exchange of Information, explains the process and emphasizes the need to make references seeking information under the tax treaties.

(e) Training and sensitization programme for making proper references under tax treaties are being organized by NADT/RTIs/MSTUs and by every CIT charge

(f) With the approval of Chairperson, CBDT, all the CCsIT/DGsIT have been directed on 5th December, 2014, that in appropriate cases the references to our treaty partners be made, which is essential to address the problem of tax avoidance, tax evasion and transfer of illicit and unaccounted funds to offshore jurisdictions.

(g) Steps are also being taken to ensure that the information received from our treaty partners is effectively utilized to combat tax evasion and avoidance.

(h) Efforts are also being made to complete investigations quickly and file complaints/ prosecutions in appropriate cases expeditiously, upon which the names of the tax evaders can be made public. Once a complaint is filed, the information would also be available to other agencies dealing with money laundering, terrorist financing, corruption etc. for carrying out necessary investigations.

Under tax treaties, the Contracting States may also provide information to their treaty partners with a view to prevent fiscal evasion even if no specific reference is received in this regard under "spontaneous exchange of information". As of now, amount of information received under this route is not much and efforts are being made at bilateral level to improve cooperation in this regard.

Under most of the DTAAs and Multilateral Convention, Automatic Exchange of Information (AEOI), which is systematic and periodic transmission of "bulk" taxpayer information by the source country to the residence country, is also possible. India is receiving information from some countries under AEOI. However, the information received under the AEOI at present mostly relates to interest, dividend, salary, pension etc. and further is not in a standard format and thus is not very effective in prevention of offshore tax evasion. As discussed later, global standard on AEOI is being developed under guidance and leadership of G20 countries which will make a sea change in our ability to address offshore tax evasion.

In 46 out of 92 Indian DTAAs, there is provision for assistance in collection of taxes under which the Contracting States are obliged to collect tax dues from assets located in their country. The provision for assistance in collection of taxes is also present in 3 out of 15 TIEAs. Assistance in collection of taxes is also possible under the Multilateral Convention if the signatory country has not given a reservation and also under the SAARC Multilateral Agreement.

13.10.2 Tax Issues in G20

The Hon'ble Prime Minister took a lead role during the G20 Leaders' Summit in Brisbane on 15th and 16th November, 2014, and highlighted the need for policy coordination amongst leading economies of the world to address the challenges of black money and its adverse impact on security issues. The Prime Minister's intervention during the discussions has been summarized at the website of PMO in the following words:

> *"Prime Minister, Shri Narendra Modi, today expressed India's support for a new global standard on automatic exchange of information, which would be instrumental in getting information about unaccounted money hoarded abroad and enable its eventual repatriation. He was making an intervention during the G20 session on Delivering Global Economic Resilience. He said he supported all initiatives to facilitate exchange of information and mutual assistance in tax policy and administration.*
>
> *Noting that increased mobility of capital and technology have created new opportunities for avoiding tax and profit shifting, the Prime Minister said he urged every jurisdiction, especially tax havens, to provide information for tax purposes in accordance with treaty obligations.*
>
> *The Prime Minister reiterated his call for close policy coordination among major economies, saying this is important not just for also addressing the challenge of black money, but also for security issues like terrorism, drug trafficking, arms smuggling etc. He said although all countries have their domestic priorities, coordinated decisions would "help us all" in the long run. He said the resilience of the global financial system will also depend on cyber security."*

India strongly supported the need for international cooperation to prevent global tax evasion and avoidance and the same was reflected in the final communique issued after the Brisbane Summit in which the following has been stated with regards to tax:

> *"13. We are taking actions to ensure fairness of the international tax system and to secure countries' revenue bases. Profits should be taxed where economic activities deriving the profits are performed and where value is created. We welcome the significant progress on the G20/ OECD Base Erosion and Profit Shifting (BEPS) Action Plan to modernise international tax rules. We are committed to finalising this work in 2015, including transparency of taxpayer-specific rulings found to constitute harmful tax practices. We welcome progress being made on taxation of patent boxes. To prevent cross-border tax evasion, we endorse the global Common Reporting Standard for the automatic exchange of tax information (AEOI) on a reciprocal basis. We will begin to exchange information automatically with each other and with other countries by 2017 or end-2018, subject to completing necessary legislative procedures. We welcome financial centres' commitments to do the same and call on all to join us. We welcome deeper engagement of developing countries in the BEPS project to address their concerns. We will work with them to build their tax administrations capacity and implement AEOI. We welcome further collaboration by our tax authorities on cross-border compliance activities."*

During the meeting of the G20 Finance Ministers' in Cairns, Australia, from 19th to 21st September, 2014, the following was stated with regards to tax:

> *"8. We are strongly committed to a global response to cross-border tax avoidance and*

evasion so that the tax system supports growth-enhancing fiscal strategies and economic resilience. Today, we welcome the significant progress achieved towards the completion of our two-year G20/OECD Base Erosion and Profit Shifting (BEPS) Action Plan and commit to finalising all action items in 2015. We endorse the finalised global Common Reporting Standard for automatic exchange of tax information on a reciprocal basis which will provide a step-change in our ability to tackle and deter cross-border tax evasion. We will begin exchanging information automatically between each other and with other countries by 2017 or end-2018, subject to the completion of necessary legislative procedures. We call on all financial centres to make this commitment by the time of the Global Forum meeting in Berlin, to be reported at the Brisbane Summit, and support efforts to monitor global implementation of the new global standard. We support further coordination and collaboration by our tax authorities on their compliance activities on entities and individuals involved in cross-border tax arrangements. We welcome progress so far, and encourage further steps by G20 countries to deliver the St Petersburg commitment to lead by example in meeting the Financial Action Task Force standards on beneficial ownership. We will continue to take practical steps to assist developing countries preserve and grow their revenue bases and stand ready to help those that wish to participate in automatic information exchange. We are deepening developing country engagement in tackling BEPS issues and ensuring that their concerns are addressed."

MOS(Finance) had made a strong intervention during the G20 FMs meeting on 20th September, 2014 and the points made then are summarized below:

- n We support the new global standard on automatic exchange of information which would be the key to prevent international tax evasion and avoidance and would be instrumental in getting information about unaccounted money stashed abroad and ultimately bringing it back
- One of the first steps taken by the new Government headed by Prime Minister Shri Narendra Modi is constitution of a Special Investigation Team (SIT) to examine all the issues in this regard and thus this is a cause which is very dear to us
- The new global standards should be implemented at a global level as soon as possible. India has joined a group of early adopters to exchange information from 2017 and calls on every country in the world to adhere to this timeline
- The new global standards should be implemented on a fully reciprocal basis as should the arrangement between sovereign countries
- The new global standards also present a unique opportunity to the developing countries to modernize their tax systems with better networking and revamp the fragmented reporting requirements from financial institutions and thus its implementation by developing countries may also improve domestic tax compliance
- For many developing countries, assistance, both financial and technical, may be necessary for implementing the global standards on automatic exchange of information
- We welcome the seven deliverables under G20/OECD BEPS Project. However, it is necessary to underline that the concerns of developing countries regarding BEPS may be different from those of developed countries and these concerns are required to be taken on board in a more consultative manner, while developing consensus on the various issues
- Mandatory and binding arbitration in MAP under the BEPS Project is not acceptable since it not only impinges on the sovereign rights of developing countries in taxation, but will also limit the ability of the developing countries to apply their domestic laws for taxing non-residents and foreign companies

13.10.3 G20/OECD Project on Base Erosion and Project Shifting (BEPS)

Base Erosion and Profit Shifting (BEPS) refers to strategies adopted by taxpayers having cross-border operations to exploit gaps and mismatches in tax rules of different jurisdictions which enable them to shift profits outside the jurisdiction where the economic activities giving rise to profits are performed and where value is created. BEPS has been a cause of concern for developing and emerging economies for long as it erodes their tax base depriving them of much needed resources for developmental activities. It is also unfair to general taxpaying public and further provides an unfair competitive advantage to Multinational Enterprises (MNEs) vis-à-vis domestic companies having no opportunities for the BEPS strategies.

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 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. The actions outlined in the plan, expected outcome, deadline and the responsible body 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	Finalise 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

The G20 countries have entrusted the work of development of recommendations on these 15 point Action Plan to the OECD. During the G20 meeting, India and some other non-OECD G20 countries raised an issue that the base erosion and profit shifting is a global concern and accordingly the recommendations should be developed through global consensus and not by the OECD countries only. After detailed negotiations in G20, it was agreed that all the eight non-OECD G20 countries (Argentina, Brazil, China, India, Indonesia, Russia, Saudi Arabia and South Africa) would participate in the "Project on BEPS" on an equal footing. The OECD agreed to modify its rules for associating non-OECD G20 countries on an equal footing and a formal letter requesting the non-OECD G20 countries to become an Associate was made. It was also decided that the other developing and low income countries will also be associated with the work on BEPS and their inputs will be taken while developing the recommendations.

India accepted the offer to become an "Associate" in the BEPS Project through our acceptance letter dated 31st July, 2013. The other seven non-OECD G20 countries also accepted the offer. In accordance with the OECD Council's resolution, the eight "Associates" are participating on an equal footing with OECD countries, including participation in its bureau in the Committee overseeing the project in the discussions and in the decision-making process. As per this resolution, the Associates "would be expected to associate themselves in the outcome of the project or of the discussions unless they state otherwise".

The Committee on Fiscal Affairs (CFA) has a Bureau consisting of 12 members. The Bureau oversees the progress of the Project and participates in the decision making process. Since in the BEPS Project, 8 non-OECD G20 countries are participating on an equal footing, it was decided to expand the Bureau to "Bureau Plus" for BEPS Project and it was also decided to include 3 out of 8 non-OECD G20 countries in the Bureau Plus through a process of elections by these 8 countries. In the first round of elections in which 7 countries voted (by that time Indonesia had not formally accepted the offer to be an Associate), China, Brazil and South Africa were elected on behalf of 8 non-OECD G20 countries. India, however, with active intervention by MEA, ensured that Indonesia supported India, resulting in a tie. The OECD was thereafter persuaded, again after active support by MEA, to include 4 non-OECD G20 countries in the Bureau Plus on account of their large economies. Accordingly, India, Brazil, China and South Africa now represent the eight non-OECD G20 countries in the Bureau Plus.

The Indian delegates have been participating in the meetings of the Focus Group, Working Parties and CFA on an equal footing in finalizing these deliverables with the twin purpose of (a) collaborating with other countries in development of recommendations to prevent base erosion and profit shifting and (b) safeguarding the interests of India and other developing countries in development of new standards.

Developing countries and other non-OECD/non-G20 economies have been extensively consulted through numerous regional and global fora meetings and their inputs have been fed into the work. Business representatives, trade unions, civil society organizations and academics have also been very involved in the process through opportunities to comment on discussion drafts and their comments were discussed through consultation meetings and webcasts.

The first set of seven deliverables described in the Action Plan was presented to G20 Finance Ministers in September 2014 and to Leaders in November, 2014. These include recommendations for realigning taxation and relevant substance to restore the intended benefits of international standards both in the area of bilateral tax treaties by preventing treaty abuse and in the area of transfer pricing to assure that transfer pricing outcomes are in line with value creation in the area of intangibles and ensuring better transparency for tax administrations and better consistency of requirements for taxpayers through improved transfer pricing documentation and a template for country-by-country reporting. Work is being carried out in the Working Parties to develop recommendations under other Action Items and is likely to be completed by the 2015 G20 Leaders' Summit.

It may be noted that the recommendations made under the BEPS Project have been made on the basis of consensus arrived at by the OECD (34 in number) and non-OECD G20 countries (8 in number) and thus India is an equal participant in making such recommendations.

13.10.4 Automatic Exchange of Information

Automatic Exchange of Information (AEOI) is systematic and periodic transmission of "bulk" taxpayer information by the source country to the residence country, which is possible under most of the DTAAs and Multilateral Convention on Mutual Administrative Assistance in Tax Matters.

Although exchange on "request basis" has resulted in improving transparency, its scope is limited since the offshore financial centres and tax havens are obliged to provide information only when the requesting State has some information already in its possession and investigation in the particular case has already commenced. The information on "request" thus may have limited effect in identifying the financial assets hidden in offshore jurisdictions and tax havens through a complex web of entities.

Accordingly, the Government of India took a leading role in international fora, including at G20 and Working Party 10 of the OECD, towards building an international consensus amongst major economies of the world that the problem of offshore tax evasion and flow of illicit money can be addressed only by the free flow of financial account information, exchanged amongst countries on an automatic basis.

On the request of the G20, the OECD, working with all the non-OECD G20 countries including India, developed a single uniform standard for automatic exchange of information, the Common Reporting Standards (CRS) on AEOI. This new global standard was endorsed by the G20 Finance Ministers in their meeting in Cairns on 21.09.2014, and by the G20 Leaders in their summit at Brisbane on 16th November, 2014. As stated earlier, the Hon'ble Prime Minister in his intervention at the G20 Leaders' Summit on 16.11.2014 in Brisbane strongly supported the new global standard on automatic exchange of information and stated that this would be instrumental in getting information about unaccounted money hoarded abroad and enable its eventual repatriation.

In keeping with its leadership role in this area, India has also joined a group of 48 countries as "early adopters" of the new standards and has committed to exchange information automatically by 2017 as under:

- First exchange in September, 2017 for new accounts (both individuals and entity) opened after 1.1.2016 and for pre-existing (as on 1.1.2016) individual high value accounts (balance more than USD 1,000,000)
- Exchange in September, 2018 of pre-existing (as on 1.1.2016) individual low value accounts and pre-existing (as on 1.1.2016) entity accounts

Government of India is emphasising at various international fora, including in G20, the need to ensure that every financial centre commits to the new reporting standards and further, that their implementation at global level is monitored by the Global Forum.

During the meeting of the Global Forum in Berlin in October, 2014, 89 countries/jurisdictions, including India, have expressed their commitment to implement CRS on AEOI as per the following timeframe:

JURISDICTIONS UNDERTAKING FIRST EXCHANGES BY 2017[2]
Anguilla, Argentina, Barbados, Belgium, Bermuda, British Virgin Islands, Cayman Islands, Chile, **Colombia, Croatia, Curaçao, Cyprus, Czech Republic, Denmark,** Dominica, **Estonia, Finland, France, Germany, Gibraltar, Greece, Guernsey, Hungary, Iceland, India, Ireland, Isle of Man, Italy, Jersey, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Mauritius, Mexico, Montserrat, Netherlands,** Niue, **Norway, Poland, Portugal, Romania, San Marino, Seychelles, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Trinidad and Tobago, Turks and Caicos Islands, United Kingdom,** Uruguay
JURISDICTIONS UNDERTAKING FIRST EXCHANGES BY 2018
Andorra, Antigua and Barbuda, Aruba, Australia, Austria, The Bahamas, Belize, Brazil, Brunei Darussalam, Canada, China, Costa Rica, Grenada, Hong Kong (China), Indonesia, Israel, Japan, Marshall Islands, Macao (China), Malaysia, Monaco, New Zealand, Qatar, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, Saudi Arabia, Singapore, Sint Maarten, Switzerland, Turkey, United Arab Emirates
JURISDICTIONS THAT HAVE NOT INDICATED A TIMELINE OR THAT HAVE NOT YET COMMITTED
Bahrain, Cook Islands, Nauru, Panama, Vanuatu

Fifty-one countries/jurisdictions joined a Multilateral Competent Authority Agreement ("MCAA") on 29.10.2014 which provides a framework for exchange of information on automatic basis as per the new global standards and signed a declaration to comply with the provisions of the MCAA with an intended date for commencement of exchange of information on automatic basis, which for most countries/jurisdictions is from 2017. Switzerland became the fifty-second country to join the MCAA on 19.11.2014 and has committed to exchange information automatically from 2018. After joining the framework of the MCAA, as above, countries/jurisdictions need to enter into bilateral/multilateral arrangements for exchanging information subject to confidentiality and data safeguards requirements in the recipient country/ jurisdiction.

A proposal to join the MCAA and entering into bilateral/multilateral arrangements for exchange of information on an automatic basis with all the signatories of the MCAA that have in place adequate measures to ensure conformity with the confidentiality and data safeguards standards as provided in CRS on AEOI, is under consideration.

The new global standards are very wide in scope and oblige the treaty partners to exchange wide range of financial information after collecting the same from financial institutions in their country/jurisdictions including information about the ultimate controlling persons and beneficial owners of entities.

For implementation of these standards in India and with a view to provide information to other countries, necessary legislative changes have been made through Finance (No. 2) Act, 2014, by amending section 285BA of the Income-tax Act, 1961, and necessary rules and guidelines are being formulated in consultation with financial institutions.

AEOI based on CRS, when fully implemented, would enable India to receive information from every country in the world including offshore financial centres and tax havens and would be the key to prevent international tax evasion and avoidance and would be instrumental in getting information about money stashed abroad and ultimately bringing it back.

13.10.5 Inter-Governmental Agreement (IGA) with USA for purposes of FATCA

The use of offshore financial accounts for tax evasion and avoidance is a pressing concern for governments all around the world. There is an international consensus that the domestic measures taken to address this problem must be supplemented by enhanced cooperation amongst governments including exchange of information on automatic basis.

In 2010, the USA enacted the Foreign Account Tax Compliance Act (FATCA), with the objective of tackling tax evasion by obtaining information in respect of offshore financial accounts maintained by USA residents and citizens. The provisions of FATCA essentially provide for 30% withholding tax on US source payments made to Foreign Financial Institutions (FFIs) unless they enter into an agreement with the Internal Revenue Service (IRS) to provide information about accounts held with them by USA persons or entities (firms/ companies/trusts) controlled by USA persons.

Since domestic laws of sovereign countries (including India) may not permit sharing of client confidential information by FIs directly with the USA, the USA entered into Inter-Governmental Agreement (IGA) with various countries. Under the proposed IGA between India and USA, the FIs will be providing the information to Indian tax authorities, which will be transmitted to USA automatically.

The text of the IGA was agreed between India and USA and was initialized at official level on 11th April, 2014. The agreement on the text of the IGA resulted in India being treated as a jurisdiction with which USA has reached an agreement in substance and as having an IGA in effect.

The exchange of information between India and USA in the proposed IGA, as of now, is not fully reciprocal. Briefly, as per IGA, the USA will be receiving information also about non-USA entities, which have one or more US controlling persons as determined after due diligence procedures. India, however, will be receiving information only about a resident person having an account in USA. However, the USA has committed to achieve equal level of reciprocity at the earliest and have committed to hold consultation before 31st December, 2016 in this regard.

A decision was taken to enter into an IGA in view of the following:

(i) In the absence of an IGA, the Indian FIs would not be compliant with FATCA and the US source payments received by them would be subject to 30% withholding

(ii) The overseas business of Indian FIs would be adversely affected as their branches or subsidiaries in FATCA compliant jurisdictions would not be able to transact international business if they were not FATCA compliant

(iii) Indian banks dealing in US Dollars (USD) have to open an account in USA called "Nostro A/C" for settlement of transactions. Since most of the international trade is being carried out in USD, concerns have been expressed that if Indian banks are not FATCA compliant, they will not be able to operate these Nostro A/Cs, thus seriously impacting their ability to conduct business in US Dollars.

(iv) India as a matter of policy and as a G20 member is fully supportive of the automatic exchange of information for prevention of tax evasion and avoidance and is committed to exchange information not only with USA but with all the countries of the world

(v) A large number of countries/jurisdictions including emerging economies like Brazil and China have decided to enter into IGAs and only the Indian FIs cannot be non-compliant with FATCA. As on 31st December, 2014, USA has signed 54 IGAs and has reached agreements on substance with an additional 57 jurisdictions.

Regulations 2014-38 issued by USA on 1.12.2014, provide that the jurisdiction that is treated as if it had an IGA in effect, but that has not yet signed an IGA, such as India, retains such status beyond 31.12.2014, provided that the jurisdiction continues to demonstrate firm resolve to sign the IGA that was agreed to in substance, as soon as possible. It is also stated that the US Treasury will review the list of jurisdictions having an agreement in substance on a monthly basis to assess whether it continues to be appropriate to treat each jurisdiction included therein as if it had an IGA in effect or whether a jurisdiction should be removed from the list. A communication has been sent to the US Authorities reiterating India's resolve to sign the IGA that was agreed to in substance and thus the time has been extended upto 31.1.2015.

The USA, however, have issued a clarification on 22.12.2014 that regulations 2014-38 have not extended the requirement of registration with US-IRS and obtain GIIN which remain as 31.12.2014. The Indian Financial Institutions were accordingly advised to register with US IRS before 1.1.2015 or at the earliest to avoid withholding.

A draft Cabinet Note proposing to sign the IGA with the USA and joining the MCAA for AEOI, which contain confidentiality provisions as per globally adopted/ accepted international standards, is in the process of being finalized and will be submitted to the Cabinet for its approval for signing the IGA/joining the MCAA.

13.10.6 India's Association with OECD

The OECD is an organization of 34 member countries who are signatories to the Convention on the Organization for Economic Co-operation and Development. Tax issues have always been an important part of OECD's overall activities and are undertaken by the Committee on Fiscal Affairs (CFA) and its subsidiary bodies. These subsidiary bodies carry out the work on a number of different topics, including development of the model tax convention (Working Party 1), tax policy and statistics (Working Party 2), transfer pricing (Working Party 6), consumption taxes (Working Party 9), exchange of information (Working Party 10), and aggressive tax planning (Working Party 11).

In addition the CFA has established a number of other subsidiary bodies such as the Forum on Tax Administration, the Forum on Harmful tax Practices, the Task Forces on Tax Crime and Other Crimes, the Task Force on the Digital Economy and the Task Force on Tax and Development. The Centre for Tax Policy and Administration (CTPA) acts as the Secretariat to the CFA and its subsidiary bodies and provides technical expertise and support to the CFA.

India's engagement with OECD in the field of Direct Taxes began in the 1990s in the form of delivery of technical development programme at the National Academy of Direct Taxes at Nagpur. Since then, India has been associated with the taxation work of OECD and since 2006 have been accorded the status of "Participant" (earlier known as "Observer") to the work of CFA and in this capacity was participating in the meetings of CFA and its subsidiary bodies, although as "participant", India do not take part in the decision-making process and is not bound by the CFA's conclusions, proposals or decisions.

The Indian delegates have been participating in the meetings of Working Parties and Task Force in view of the prominent role of OECD in development of international standards in the areas of international taxation, transfer pricing and exchange of information. The policy adopted by India was that of continuous engagement and participation, and influencing the development of international standards to protect our revenue interests while ensuring at the same time that in areas where the stand and position taken by India is not in conformity with the stand taken by the OECD, the reservations and positions of India are taken into account during the updating of various standards and guidelines being developed by the OECD.

For the last two years, the work of OECD has primarily concentrated on BEPS and AEOI discussed above. Some of the other areas of OECD's work related to taxation in which India is associated are summarized below:

(a) OECD Global Relations Training Programme: Each year, under Global Relations Programme (GRP), OECD holds around 75 training events on a variety of international tax policy and administration topics bringing together some 2000 serving tax officials from over 100 countries in more than 20 venues globally. India's engagement with OECD's GRP includes participation of tax officers in training events abroad both in the capacity of participants as well as experts. During 2014, 44 Indian officers participated in 22 events abroad. Further, the OECD since 2000 have been conducting technical development programme at NADT, Nagpur. Till date, about 35 such programme has been conducted in which officers from field level participate. In the year 2014, two training programme were organized viz. (a) Advanced Tax Treaties from 18th to 22nd August, 2014 and (b) Advanced Auditing MNEs from 10th to 14th November, 2014.

(b) Tax Inspectors Without Borders: 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.

(c) Forum on Tax Administration: Forum on Tax Administration (FTA) is a forum for co-operation between revenue bodies at Commissioner-level with participation from 45 countries, which aims to improve taxpayer services and tax compliance - by helping revenue bodies increase the efficiency, effectiveness and fairness of tax administration and reduce the costs of compliance. The work programme of the Forum is overseen by a Bureau comprised of commissioners from a number of the participating revenue bodies. India has been a member of the general body of the FTA as well as a member of its Bureau, where it is represented by the Revenue Secretary. The Forum is also supported by sub-groups and specialist networks formed of subject-matter. A decision has been taken to participate in a new network called Joint International Tax Shelter Information and Collaboration, or JITSIC, under the Forum on Tax Administration of OECD, which will be a global effort at coordinating tax administrations against tax avoidance by large companies and wealthy individuals, and base erosion and profit shifting by multinationals. The structure of this collaboration is currently being developed by the OECD. India participated in the call conference that was held by OECD with major economies of the world on 18th December, 2014 for this purpose.

(d) Forum on Harmful Tax Practices: Forum on Harmful Tax Practices (FHTP) was established following the publication of OECD's 1998 report on "Harmful Tax Competition: An Emerging Global Issue" to identify those preferential tax regimes that have harmful effects. Main work of FHTP is to review preferential tax regimes of member countries and to make recommendations to remove features that create harmful effect or to abolish the regime. Forum on Harmful Tax Practices (FHTP) of CFA, OECD is presently undertaking work under Action 5 of Base Erosion and Profit Shifting (BEPS) Action Plan. Under Action Item 5 of BEPS Action Plan, FHTP is required to deliver three outputs (i) Finalisation of review of member/associate country regimes; (ii) A strategy to expand participation to non-OECD member countries; (iii) Revision of existing criteria. India being a G-20 country is participating in BEPS project on an equal footing. Preferential regimes of associate countries are also to be reviewed by FHTP. Accordingly, some of preferential tax regimes of India were reviewed by FHTP during 2014. After examination, FHTP concluded that regimes reviewed were not potentially harmful as per FHTP criterion.

13.10.7 Global Forum on Transparency and Exchange of Information for Tax Purposes

Global Forum carries out an in-depth monitoring and peer review of the standards of transparency and exchange of information through tax purposes through a Peer Review Group which is chaired by France and India is one of the vice-chairs of the PRG. 30 countries are presently members of the PRG. Through the process of Peer Review, the PRG examines the extent to which the jurisdictions have implemented the international standards on transparency and exchange of information for tax purposes and suggests ways and means by which the deficient jurisdictions can improve and come upto the recognized international standards. The Peer Reviews are done in two Phases. Phase 1 relates to the existence of legal and regulatory framework as per international standards while Phase 2 relates to practical implementation of those legal and regulatory frameworks. India as Vice Chair of the PRG has played an important role in identifying the deficiencies in laws and administrative practices of various countries with suggestions to improve the same.

After completion of Phase 2 review, ratings (Compliant, Largely Compliant, Partially Compliant or Non Complaint) are 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 is 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 jurisdictions' network of information exchange mechanisms should cover all relevant partners.
C3.	Confidentiality: Jurisdictions' mechanisms 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 after Phase 1 and Phase 2 review is rated as "Compliant" on all the above ten essential elements and accordingly was allocated an overall rating of "Compliant". Overall rating of number of jurisdictions are "compliant", however, there are only nine jurisdictions other than India which have been rated as Compliant on all the ten essential elements.

By 2014, the Global Forum has completed 150 peer reviews, which include 79 Phase 1 reviews, 26 Combined (Phase 1 + Phase 2) reviews and 45 Phase 2 reviews. The overall ratings show that 20 jurisdictions are rated as "Compliant", 38 jurisdictions as "Largely Compliant", 9 jurisdictions as "Partially Compliant" and 4 jurisdictions as "Non-Compliant".

The current mandate of the Global Forum will end in 2015. Recognising the implications for the Global Forum's work on the new round of reviews in respect of EOI on request, as well as the monitoring of the implementation of the new standard on AEOI, the Global Forum agreed to an extension of its mandate for another five years until the end of 2020.

In accordance with the rotation mechanism agreed, the Global Forum considered proposals for rotation of the membership of the PRG and Steering Group. It was approved that India will continue to be a member of PRG and Steering Group and also as one of the Vice Chairs of the PRG and AEOI Group.

The Global Forum in its November 2014 meeting in Berlin resolved to take tax transparency to a new level. This is evidenced by the following:

- the commitments by an overwhelming majority of Global Forum members to implement the new standard on Automatic Exchange of Information (AEOI) by 2017 or by end 2018 accompanied by an expression of support for its members, in particular developing countries, to participate in the new, transparent EOI environment;
- the adoption, in principle, of revisions to the Terms of Reference, which will now include a requirement to maintain beneficial ownership information, to ensure that the standard on exchange of information on request continues to reflect the evolution of the dynamic EOI environment; the changes will be applicable to the next round of reviews for EOI on request (starting in 2016); and
- pledging greater support to developing countries including through facilitating their participation in AEOI and the launch of the Africa Initiative - a 3 year project to raise awareness and build the tools to foster effective EOI - led by African members and the Chair of the Global Forum with the collaboration of the Global Forum, ATAF, CREDAF, the OECD and the World Bank Group.

The Global Forum endorsed the new standard on Automatic Exchange of Information (AEOI), developed by the OECD and G20 countries, and welcomed the commitments made by a large majority of its members to implement this standard. A total of 89 Global Forum member jurisdictions have committed to implement reciprocal exchange of information on financial accounts on an automatic basis, with the first exchanges starting from 2017 or 2018 subject to the completion of necessary legislative procedures. To further review the implementation of the new AEOI standard, the Global Forum welcomed the work done by the AEOI Group in 2014 in preparing the draft high level Terms of Reference and a draft Methodology for an AEOI peer review process. In 2015, jurisdictions will provide AEOI implementation plans so that a report can be made to the Global Forum plenary next year. Reviews are expected to start in 2016, as the legal and regulatory frameworks of jurisdictions committed to first exchanges in 2017 should be finalised by then.

13.10.8 India's Association with Tax Issues in United Nations

The United Nations has constituted a 25 member Committee of Experts on International Cooperation in Tax Matters as a subsidiary body of the Economic and Social Council which is responsible for keeping under review and update, as necessary, the United Nations Model Double Taxation Convention between Developed and Developing Countries and the Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries. It also provides a framework for dialogue with a view to enhancing and promoting international tax cooperation among national tax authorities and assesses how new and emerging issues could affect this cooperation. The Committee is also responsible for making recommendations on capacity-building and the provision of technical assistance to developing countries and countries with economies in transition. In all its activities, the Committee gives special attention to developing countries and countries with economies in transition. The Committee is also actively engaged in the work relating to BEPS and its effect on developing countries.

A Joint Secretary in CBDT has been appointed as a member of the Committee of Expert with effect from 1st July, 2013 for a period of four years.

The UN Committee of Experts on International Co-operation on Tax Matters met during 27-31 October, 2014 at Geneva to discuss issues related to the next update UN Model Tax Convention. The meeting was attended by the expert from India.

India is also a member of the sub-committee on Transfer Pricing with a mandate to develop a Practical Manual on Transfer Pricing for Developing Countries 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 has played an active role in the drafting of this Manual.

During April, 2014 meeting of United Nations Sub-Committee of Experts on International Cooperation in Tax Matters on Article 9 of the UN Model Convention was held in New York, USA. Senior officers of CBDT attended the meeting and contributed for (a) revision of the Commentary on Article 9 of the UN Model Convention and (b) update and enhancement of the United National

Practical Manual on Transfer Pricing for developing countries. The UN Tax Committee's Sub-committee on Transfer Pricing meeting was held at Rome during 3-5 September, 2014 for reviewing and redrafting of the UN Practical Manual on Transfer Pricing and was attended by representative of CBDT.

13.10.9 Cooperation with BRICS Countries on Tax Matters

During the BRICS Finance Ministers and Central Bank Governors meeting held in Washington DC on 19th April, 2012, it was agreed to develop a cooperative approach on issues relating to international taxation, transfer pricing, exchange of information and tax evasion & avoidance. Accordingly, first meeting of BRICS Heads of Revenue was held at New Delhi on 17th and 18th January, 2013. This was the first meeting of the Heads of Revenue. On conclusion of the meeting, a Joint Communiqué was issued in which Revenue Heads of BRICS Countries agreed to develop greater cooperation among their tax administrations on various issues of mutual interest and concerns.

The Heads of Revenue of BRICS countries met again on the sidelines of FTA meeting in Moscow on 17th May, 2013 and agreed to narrow down cooperation in tax matters to not more than three areas. Thereafter, three areas of cooperation, two in tax area and one in customs area were finalized with consensus. Subsequently, a BRICS Revenue and Customs Meeting was held on 6th November, 2013 at Rio de Janeiro, Brazil. During this meeting, the countries recognized the importance of continued commitment to enhance their co-operation and initiative in the areas of: (i) Effective and coordinated participation in Base Erosion and Profit Shifting Project, including transfer pricing matters; (ii) Cooperation in exchange of information for customs purposes; and (iii) Cooperation in international fora and organizations.

Importance of cooperation on tax matters amongst BRICS countries has also been recognised by BRICS leaders and accordingly following was included in the declaration, issued after BRICS Summit held in Fortaleza, Brazil in the month of July, 2014:

"We believe that sustainable development and economic growth will be facilitated by taxation of revenue generated in jurisdictions where economic activity takes place. We express our concern over the harmful impact of tax evasion, transnational fraud and aggressive tax planning on the world economy. We are aware of the challenges brought by aggressive tax avoidance and non-compliance practices. We, therefore, affirm our commitment to continue a cooperative approach on issues related to tax administrations and to enhance cooperation in the international forums targeting tax base erosion and information exchange for tax purposes. We direct our relevant authorities to explore ways of enhancing cooperation in this area. We also direct our relevant authorities to strengthen cooperation in the field of customs".

13.10.10 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 cooperation in both tax and customs matters and contribute to the IBSA Dialogue Forum. Areas of international taxation and transfer pricing, exchange of information, cooperation in multilateral fora, digital economy, aggressive tax planning and capacity building have been identified for closer co-operation among IBSA countries. Sub-groups have been constituted to work in these areas for enhanced cooperation. During 2014, a technical visit was made by Indian delegation to Brazil for studying the SISCOSERV project and E-invoicing project implemented by Brazil. Further, India organised a seminar on Transfer Pricing issues during 21-23 July, 2014 at New Delhi. The seminar was attended by delegates from Brazil and South Africa.

13.10.11 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 tax administrations can share their suggestions, practices, experiences, etc. During 2014, Indian delegates participated in General Assembly and Technical Conference of CIAT. Indian delegations made presentations during these events on topics allocated to India.

Study Group on Asian Tax Administration and Research (SGATAR) was initiated by Philippines in 1970. Presently, the organization has sixteen members. India is an observer to SGATAR. During the year, Indian delegation attended the SGATAR annual meeting wherein important issues of (i) addressing tax administration challenges posed by globalization and erosion of tax base; (ii) identifying and addressing risks around multi-national entities; and (iii) opportunities for cross jurisdictional automatic information exchange and analysis were deliberated upon.

India as member of SAARC is also being associated with capacity building of SAARC Countries in tax matters. The SAARC Member States signed a Limited Multilateral Agreement on Avoidance of Double Taxation and Mutual Administrative Assistance in Tax Matters in 2005. Article 10 of the Agreement provides that Member States shall endeavour to hold and organize Seminars/Training Programmes. In the last three years, 5 seminars/training programmes were conducted out of which one programme on "International Taxation and Transfer Pricing" was conducted in India at NADT, Nagpur, during 4-7 March, 2014.

13.10.12 Examination of FIPB proposals in FT&TR Division

FT&TR Division of CBDT 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 calendar year 2014, 374 proposals were processed in the FIPB section and inputs on these proposals were sent to Foreign Investment Promotion Board.

13.10.13 Income Tax Overseas Units

The ITOU posts were created to assist Indian Competent Authority on matters relating to exchange of information under DTAAs, other matters concerning Double Taxation Avoidance Agreements (DTAAs), facilitate Mutual Agreement Procedure (MAP) cases under DTAAs, facilitate Advance Pricing Agreements (APA) and to liaison with various Departments, liaison with investors, etc.

During the financial year 2014-2015, Income Tax Overseas Units (ITOUs) were established in 5 countries namely France, Japan, Netherlands, UK and USA in addition to the two ITOUs already established previously in Mauritius and Singapore. IRS (IT) officers were posted as First Secretary (Economic), in these Income Tax Overseas Units (ITOUs).

13.10.14 Policy Issues on International Taxation

The apprehensions expressed by the FIIs including Foreign Pension Funds regarding whether their income from transfer of securities is to be treated as business income or capital gains were addressed and resulted in amendments to section 2(14) of the Income-tax Act, 1961 vide the Finance Act (No.2), 2014. This has brought necessary clarity to the issue by specifying that securities held by FIIs in accordance with the regulations under the Securities and Exchange Board of India Act, 1992, are to be treated as capital assets.

India and Czechoslovakia had signed a Double Taxation Avoidance Agreement on 27th January, 1986. After the break-up of that country, the signing of a new DTAA with the Slovak Republic as well as the application of the erstwhile DTAA signed with Czechoslovakia in case of Slovak Republic in accordance with the international law on succession of treaties could not be undertaken; this was because of the differences between the two sides on the interpretation of the Article on Non-discrimination. In this regard, a Memorandum of Understanding was signed with the Slovak authorities whereby Slovak Republic agreed to the position of India on the interpretation of the Article on non-discrimination, thereby paving the way for the application of the Czechoslovak treaty.

In accordance with the statement made by the Hon'ble Finance Minister in the Budget speech, a High Powered Committee has been constituted by the Central Board of Direct Taxes under Section 119 of the Income-tax Act, 1961 for dealing with references made by the assessing officers on the application of amendments introduced with retrospective effect on income arising from indirect transfer of assets.

13.10.15 Mutual Agreement Procedure

As in all spheres of commercial activities, disputes do arise in the application and interpretation of tax treaties. All tax treaties, therefore, contain an article providing for a mechanism to resolve such disputes known as "Mutual Agreement Procedure (MAP)". This is a treaty mechanism under which the Competent Authorities may reach an understanding to avoid double taxation, and recourse can be taken thereto irrespective of the remedies provided by the domestic law of the Contracting States. The purpose is to ensure that the tax disputes involving cross border transactions are settled in an amicable manner to the satisfaction of all parties.

During the Year 2014, meetings for resolving cases under MAP and APA were held with several countries like UK, Japan, Switzerland, Netherlands, China, Australia, etc.

A MAP meeting was held with the Swiss Authorities in August, 2014 at Bern, Switzerland. All the

MAP cases and the Bilateral APA cases were discussed with them and significant progress was achieved in respect of one APA case.

To speed up resolution, four MAP/ APA meetings with the Japanese Competent Authority were held in January, April, September and December 2014. Number of cases involving transfer pricing disputes were resolved during these meetings, thereby ensuring that the double taxation disputes are settled in an amicable manner to the satisfaction of all parties. Two bilateral APAs have been finalized during these meetings, one of which has already been signed.

A MAP meeting was held at The Hague in August, 2014 with the Dutch Authorities wherein all the pending MAP cases were discussed. It was agreed by the two Competent Authorities to share the economic analyses done by India in respect of software companies.

A MAP meeting was held with the UK Authorities at Delhi in October, 2014. A number of MAP and Bilateral APA cases were discussed during the meeting. A few MAP cases and one APA case were resolved.

Meetings for resolving cases under MAP were held with China during July, 2014. One MAP case has been resolved. Positions on other MAP cases have also been exchanged.

During the year, MAP was also taken forward in cases with Australia and position papers were exchanged.

13.10.16 Advance Pricing Agreement

Advance Pricing Agreement (APA) provisions were introduced in India vide the Finance Act, 2012. Thereafter, the APA Scheme was notified in the Income-tax Rules on 30th August, 2012. In May, 2013, a taxpayer series on "Guidance on APA Scheme and FAQs" was released. The APA provisions seek to provide certainty to taxpayers and the tax administration on transfer pricing issues, thereby reducing litigation.

The APA Scheme has received a tremendous response in India, as is apparent from the figures of APA applications in the table below:

Sl. No	Financial Year	Unilateral APA Applications	Bilateral APA Applications
1	2012-13	117	29
2	2013-14	205	27
3	2014-15 [till 24.12.2014]	7	1
4	**Total**	**329**	**57**

Note: One Unilateral application filed in F.Y 2013-14 has been converted into a Bilateral application during F.Y 2014-15

Thus, a total of 386 (329 Unilateral and 57 Bilateral) APA applications have been filed so far. Out of the 146 (117 Unilateral and 29 Bilateral) APA applications filed in F.Y 2012-13, the CBDT has already signed agreements in 5 Unilateral cases on 31st March, 2014 and in 1 Bilateral case on 19th December, 2014.

Roll-back of APAs was announced by the Hon'ble Finance Minister in his Budget Speech on 10th July, 2014. The necessary legislative changes in this regard were carried out through the Finance (No. 2) Act, 2014. The Income-tax Rules for implementing the Roll-back provisions are being finalized on the basis of recommendations of a Committee of Officers constituted by the CBDT.

CBDT signed India's first bilateral Advance Pricing Agreement (APA) with a Japanese Company. The APA has been finalized in a period of about one and a half years, which is shorter than time normally taken in finalizing APAs internationally.

Annexure-1: India's DTAA/TIEA/Multilateral Agreement as on 31st December, 2014

No.	Jurisdiction	Type of EOI agreement	Date signed	Date from which in force	Can the information be used for non-tax purposes with the consent of the supplying State
1.	Afghanistan	SAARC Multilateral Agreement	13.11.2005	19.5.2010	No
2.	Albania	Double Taxation Avoidance Agreement ("DTAA")	08.07.2013	4.12.2013	No
		Multilateral Convention on Mutual Administrative Assistance in Tax Matters ("Multilateral Convention")	1.3.2013	1.12.2013	Yes
3.	Andorra	Multilateral Convention	05.11.2013	Not yet in force in Andorra	Yes
4.	Anguilla	Multilateral Convention	Extension by the United Kingdom	01.03.2014	Yes
5.	Argentina	Taxation Information Exchange Agreement ("TIEA")	21.11.2011	28.01.2013	Yes
		Multilateral Convention	03.11.2011	01.01.2013	Yes
6.	Armenia	DTAA	31.10.2003	09.09.2004	No
7.	Aruba	Multilateral Convention	Extension by the Netherlands	01.09.2013	Yes
8.	Australia	DTAA	25.07.1991	30.12.1991	No
		Protocol	16.12.2011	02.04.2013	Yes
		Multilateral Convention	03.11.2011	01.12.2012	Yes
9.	Austria	DTAA	08.11.1999	05.09.2001	No
		Multilateral Convention	29.5.2013	01.12.2014	Yes
10.	Azerbaijan	Multilateral Convention	23.5.2014	Not yet in force in Azerbaijan	Yes
11.	Bahamas	TIEA	11.02.2011	01.03.2011	Yes
12.	Bahrain	TIEA	31.05.2012	11.04.2013	Yes
13.	Bangladesh	DTAA	27.08.1991	27.05.1992	No
		Protocol	16.02.2013	13.06.2013	Yes
		SAARC Multilateral Agreement	13.11.2005	19.05.2010	No
14.	Belarus	DTAA	27.09.1997	17.07.1998	No

No.	Jurisdiction	Type of EOI agreement	Date signed	Date from which in force	Can the information be used for non-tax purposes with the consent of the supplying State
15.	Belgium	DTAA	26.04.1993	01.10.1997	No
		Multilateral Convention	04.04.2011	Not yet in force in Belgium	Yes
16.	Belize	TIEA	18.09.2013	25.11.2013	No confidentiality provision
		Multilateral Convention	29.05.2013	01.09.2013	Yes
17.	Bermuda	TIEA	07.10.2010	03.11.2010	Yes
		Multilateral Convention	Extension by United Kingdom	01.03.2014	Yes
18.	Bhutan	SAARC Multilateral Agreement	13.11.2005	19.05.2010	No
		DTAA	04.03.2013	17.07.2014	Yes
19.	Botswana	DTAA	08.12.2006	30.01.2008	No
20.	Brazil	DTAA	26.04.1988	11.03.1992	No
		Protocol	15.10.2013	Not yet in force	Yes
		Multilateral Convention	03.11.2011	Not yet in force in Brazil	Yes
21.	British Virgin Islands	TIEA	09.02.2011	22.08.2011	Yes
		Multilateral Convention	Extension by United Kingdom	01.03.2014	Yes
22.	Bulgaria	DTAA	26.05.1994	23.06.1995	No
23.	Canada	DTAA	11.01.1996	06.05.1997	No
		Multilateral Convention	03.11.2011	01.03.2014	Yes
24.	Cameroon	Multilateral Convention	25.06.2014	Not yet in force in Cameroon	Yes
25.	Cayman Islands	TIEA	21.03.2011	08.11.2011	Yes
		Multilateral Convention	Extension by United Kingdom	01.01.2014	Yes
26.	China	DTAA	18.07.1994	21.11.1994	No
		Multilateral Convention	27.08.2013	Not yet in force in	Yes

No.	Jurisdiction	Type of EOI agreement	Date signed	Date from which in force	Can the information be used for non-tax purposes with the consent of the supplying State
27.	Chinese Taipei (Taiwan)	DTAA	12.07.2011	12.08.2011	Yes
28.	Chile	Multilateral Convention	24.10.2013	Not yet in force in Chile	Yes
29.	Colombia	DTAA	13.05.2011	07.07.2014	Yes
		Multilateral Convention	23.05.2012	01.07.2014	Yes
30.	Costa Rica	Multilateral Convention	01.03.2012	01.08.2013	Yes
31.	Croatia	DTAA	12.02.2014	Not yet in force	Yes
		Multilateral Convention	11.10.2013	01.06.2014	Yes
32.	Curacao	Multilateral Convention	Extension by the Netherlands	01.09.2013	Yes
33.	Cyprus	DTAA	13.06.1994	21.12.1994	No
		Multilateral Convention	10.07.2014	05.09.2014	Yes
34.	Czech Republic	DTAA	01.10.1998	27.09.1999	No
		Multilateral Convention	26.10.2012	01.02.2014	Yes
35.	Denmark[1]	DTAA	08.03.1989	13.06.1989	No
		Protocol	10.10.2013	Not yet in force	Yes
		Multilateral Convention	27.05.2010	01.06.2011	Yes
36.	Egypt (United Arab Republic)	DTAA	20.02.1969	30.09.1969	No
37.	Estonia	DTAA	19.09.2011	20.06.2012	Yes
		Multilateral Convention	29.05.2013	01.11.2014	Yes
38.	Ethiopia	DTAA	25.05.2011	15.10.2012	Yes
39.	Faroe Islands	Multilateral Convention	Extension by Denmark	01.06.2011	Yes
40.	Fiji	DTAA	30.01.2014	15.05.2014	Yes
41.	Finland	DTAA	15.01.2010	19.04.2010	No
		Multilateral Convention	27.05.2010	01.06.2011	Yes
42.	France	DTAA	29.09.1992	01.08.1994	No
		Multilateral Convention	27.05.2010	01.04.2012	Yes
43.	Gabon	Multilateral Convention	03.07.2014	Not yet in force in Gabon	Yes
44.	Georgia	DTAA	24.08.2011	08.12.2011	Yes
		Multilateral Convention	03.11.2010	01.06.2011	Yes
45.	Germany	DTAA	19.06.1995	26.10.1996	No
		Multilateral Convention	03.11.2011	Not yet in force in Germany	Yes

No.	Jurisdiction	Type of EOI agreement	Date signed	Date from which in force	Can the information be used for non-tax purposes with the consent of the supplying State
46.	Ghana	Multilateral Convention	10.07.2012	01.09.2013	Yes
47.	Gibraltar	TIEA	01.02.2013	11.03.2013	Yes
		Multilateral Convention	Extension by the United Kingdom	01.03.2014	Yes
48.	Greenland	Multilateral Convention	Extension by the Denmark	01.06.2011	Yes
49.	Greece	DTAA	11.02.1965	17.03.1967	No
		Multilateral Convention	21.02.2012	01.09.2013	Yes
50.	Guatemala	Multilateral Convention	05.12.2012	Not yet in force in Guatemala	Yes
51.	Guernsey	TIEA	20.12.2011	11.06.2012	Yes
		Multilateral Convention	Extension by the United Kingdom	01.08.2014	Yes
52.	Hungary	DTAA	03.11.2003	04.03.2005	No
		Multilateral Convention	12.11.2013	01.11.2014	Yes
53.	Iceland	DTAA	23.11.2007	21.12.2007	No
		Multilateral Convention	27.05.2010	01.02.2012	Yes
54.	Indonesia	DTAA	07.08.1987	19.12.1987	No
		Revised DTAA	27.07.2012	Not yet in force	Yes
		Multilateral Convention	03.11.2011	Not yet in force in Indonesia	Yes
55.	Ireland	DTAA	06.11.2000	26.12.2001	No
		Multilateral Convention	30.06.2011	01.09.2013	Yes
56.	Isle of Man	TIEA	04.02.2011	17.03.2011	Yes
		Multilateral Convention	Extension by the United Kingdom	01.03.2014	Yes
57.	Israel	DTAA	29.01.1996	15.05.1996	No
58.	Italy	DTAA	19.02.1993	23.11.1995	No
		Multilateral Convention	27.05.2010	01.05.2012	Yes
59.	Japan	DTAA	07.03.1989	29.12.1989	No
		Multilateral Convention	03.11.2011	01.10.2013	Yes
60.	Jersey	TIEA	03.11.2011	08.05.2012	Yes
		Multilateral Convention	Extension by the United Kingdom	01.06.2014	Yes
61.	Jordan	DTAA	20.04.1999	16.10.1999	No
62.	Kazakhstan	DTAA	09.12.1996	02.10.1997	No
		Multilateral Convention	23.12.2013	Not yet in force in Kazakhstan	Yes
63.	Kenya	DTAA	12.04.1985	20.08.1985	No
64.	Korea (Republic of)	DTAA	19.07.1985	31.08.1986	No

No.	Jurisdiction	Type of EOI agreement	Date signed	Date from which in force	Can the information be used for non-tax purposes with the consent of the supplying State
65.	Kuwait	DTAA	15.06.2006	17.10.2007	No
66.	Kyrgyz Republic	DTAA	13.04.1999	10.01.2001	No
67.	Latvia	DTAA	18.09.2013	28.12.2013	Yes
		Multilateral Convention	29.05.2013	01.11.2014	Yes
68.	Liechtenstein	TIEA	28.03.2013	20.01.2014	Yes
		Multilateral Convention	21.11.2013	Not yet in force in Liechtenstein	Yes
69.	Liberia	TIEA	03.10.2011	30.03.2012	No confidentia provisior
70.	Libya	DTAA	02.03.1981	01.07.1982	No
71.	Lithuania	DTAA	26.07.2011	10.07.2012	Yes
		Multilateral Convention	07.03.2013	01.06.2014	Yes
72.	Luxembourg	DTAA	02.06.2008	09.07.2009	No
		Multilateral Convention	29.05.2013	01.11.2014	Yes
73.	Macau, China	TIEA	03.01.2012	16.04.2012	Yes
74.	Macedonia	DTAA	17.12.2013	12.9.2014	Yes
75.	Malaysia	DTAA	14.05.2001	14.08.2003	No
		Revised DTAA	09.05.2012	26.12.2012	Yes
76.	Maldives	SAARC Multilateral Agreement	13.11.2005	19.05.2010	No
77.	Malta	DTAA	28.09.1994	08.02.1995	No
		Revised DTAA	08.04.2013	01.04.2015	Yes
		Multilateral Convention	26.10.2012	01.09.2013	Yes
78.	Mauritius	DTAA	24.08.1982	06.12.1983	No
79.	Mexico	DTAA	10.09.2007	01.02.2010	No
		Multilateral Convention	27.05.2010	01.09.2012	Yes
80.	Moldova	Multilateral Convention	27.01.2011	01.03.2012	Yes
81.	Monaco	TIEA	31.07.2012	27.03.2013	Yes
			13.10.2014	Not yet in force in Monaco	
82.	Mongolia	DTAA	22.02.1994	29.03.1996	No
83.	Montenegro	DTAA	08.02.2006	23.09.2008	No
84.	Montserrat	Multilateral Convention	Extension by the United Kingdom	01.10.2013	Yes
85.	Morocco	DTAA	30.10.1998	20.02.2000	No
		Protocol	08.08.2013	Not yet in force	Yes
		Multilateral Convention	21.05.2013	Not yet in force in Morocco	Yes

No.	Jurisdiction	Type of EOI agreement	Date signed	Date from which in force	Can the information be used for non-tax purposes with the consent of the supplying State
86.	Mozambique	DTAA	30.09.2010	28.02.2011	Yes
87.	Myanmar	DTAA	02.04.2008	30.01.2009	No
88.	Namibia	DTAA	15.02.1997	22.01.1999	No
89.	Nepal	DTAA	18.01.1987	01.11.1988	No
		Revised DTAA	27.11.2011	16.03.2012	Yes
		SAARC Multilateral Agreement	13.11.2005	19.05.2010	No
90.	Netherlands	DTAA	30.07.1988	21.01.1989	No
		Protocol	10.05.2012	02.11.2012	Yes
		Multilateral Convention	27.05.2010	01.09.2013	Yes
91.	New Zealand	DTAA	17.10.1986	23.12.1986	No
		Multilateral Convention	26.10.2012	01.03.2014	Yes
92.	Nigeria	Multilateral Convention	29.05.2013	Not yet in force in Nigeria	Yes
93.	Norway	DTAA	02.02.2011	20.12.2011	Yes
		Multilateral Convention	27.05.2010	01.06.2011	Yes
94.	Oman	DTAA	02.04.1997	03.06.1997	No
95.	Pakistan	SAARC Multilateral Agreement	13.11.2005	19.05.2010	No
96.	Philippines	DTAA	12.02.1990	21.03.1994	No
		Multilateral Convention	26.09.2014	Not yet in force in Philippines	Yes
97.	Poland	DTAA	21.06.1989	26.10.1989	No
		Protocol	29.01.2013	01.06.2014	Yes
		Multilateral Convention	09.07.2010	01.10.2011	Yes
98.	Portugal	DTAA	11.09.1998	30.04.2000	No
		Multilateral Convention	27.05.2010	01.03.2015	Yes
99.	Qatar	DTAA	07.04.1999	15.01.2000	No
100.	Romania	DTAA	10.03.1987	14.11.1987	No
		Revised DTAA	08.03.2013	26.12.2013	No confidentiality provision
		Multilateral Convention	15.10.2012	01.11.2014	Yes
101.	Russia	DTAA	25.03.1997	11.04.1998	No
		Multilateral Convention	03.11.2011	Not yet in force in Russia	Yes
102.	San Marino	TIEA	19.12.2013	Not yet in force	Yes
		Multilateral Convention	21.11.2013	Not yet in force in San Marino	Yes
103.	Saint Kitts and Nevis	TIEA	11.11.2014	Not yet in force	Yes
104.	Saudi Arabia	DTAA	25.01.2006	01.11.2006	No

No.	Jurisdiction	Type of EOI agreement	Date signed	Date from which in force	Can the information be used for non-tax purposes with the consent of the supplying State
105.	Serbia	DTAA	08.02.2006	23.09.2008	No
106.	Singapore	DTAA	24.01.1994	27.05.1994	No
		Protocol	29.06.2005	01.08.2005	No
		Protocol	24.06.2011	01.09.2011	No
		Multilateral Convention	29.05.2013	Not yet in force in Singapore	Yes
107.	Saint Maarten	Multilateral Convention	Extension by the Netherlands	01.09.2013	Yes
108.	Slovak Republic	Multilateral Convention	29.05.2013	01.03.2014	Yes
109.	Slovenia	DTAA	13.01.2003	17.02.2005	No
		Multilateral Convention	27.05.2010	01.06.2011	Yes
110.	South Africa	DTAA	04.12.1996	28.11.1997	No
		Protocol	26.7.2013	26.11.2014	Yes
		Multilateral Convention	03.11.2011	01.03.2014	Yes
111.	Spain	DTAA	08.02.1993	12.01.1995	No
		Protocol	26.10.2012	Not yet in force	Yes
		Multilateral Convention	11.03.2011	01.01.2013	Yes
112.	Sri Lanka	DTAA	27.01.1982	24.03.1983	No
		Revised DTAA	22.01.2013	22.10.2013	Yes
		SAARC Multilateral Agreement	13.11.2005	19.05.2010	No
113.	Sudan	DTAA	22.10.2003	15.04.2004	No
114.	Sweden	DTAA	24.06.1997	25.12.1997	No
		Protocol	07.02.2013	16.08.2013	Yes
		Multilateral Convention	27.05.2011	01.09.2011	Yes
115.	Switzerland	DTAA	02.11.1994	29.12.1994	No
		Protocol	30.08.2010	07.10.2011	Yes
		Multilateral Convention	15.10.2013	Not yet in force in Switzerland	Yes
116.	Syria	DTAA	06.02.1984	25.06.1985	No
		Revised DTAA	18.06.2008	10.11.2008	No
117.	Tanzania	DTAA	27.05.2011	12.12.2011	No
118.	Tajikistan	DTAA	20.11.2008	10.04.2009	No
119.	Thailand	DTAA	22.03.1985	13.03.1986	No
120.	Trinidad and Tobago	DTAA	08.02.1999	13.10.1999	No
121.	Tunisia	Multilateral Convention	16.07.2012	01.02.2014	Yes
122.	Turkey	DTAA	31.01.1995	01.02.1997	No
		Multilateral Convention	03.11.2011	Not yet in force in Turkey	Yes
123.	Turkmenistan	DTAA	25.02.1997	07.07.1997	No

No.	Jurisdiction	Type of EOI agreement	Date signed	Date from which in force	Can the information be used for non-tax purposes with the consent of the supplying State
124.	Turks & Caicos	Multilateral Convention	Extension by the United Kingdom	01.12.2013	Yes
125.	Uganda	DTAA	30.04.2004	27.08.2004	No
126.	Ukraine	DTAA	07.04.1999	31.10.2001	No
		Multilateral Convention	27.05.2010	01.09.2013	Yes
127.	United Arab Emirates	DTAA	29.04.1992	22.09.1993	No
		Protocol	26.03.2007	03.10.2007	No
		Protocol	16.04.2012	12.03.2013	No
128.	United Kingdom	DTAA	25.01.1993	26.10.1993	No
		Protocol	30.10.2012	27.12.2013	Yes
		Multilateral Convention	27.05.2010	01.10.2011	Yes
129.	United States	DTAA	12.09.1989	18.12.1990	No
		Multilateral Convention	27.05.2010	Not yet in force in United States	Yes
130.	Uruguay	DTAA	08.09.2011	21.6.2013	Yes
131.	Uzbekistan	DTAA	29.07.1993	25.01.1994	No
		Protocol	11.04.2012	20.07.2012	Yes
132.	Vietnam	DTAA	07.09.1994	02.02.1995	Yes
133.	Zambia	DTAA	05.06.1981	18.01.1984	No

13.11 International Taxation

The Region of Principal Chief Commissioner of Income Tax (International Taxation) deals with international taxation issues pertaining to entities having cross border transactions, which involves determination of tax liability of persons or business entities which are subject to the tax laws of different countries. Under the Income tax law in India, tax is charged on domestic as well as worldwide income in the hands of a resident tax payer. In the hands of a non-resident tax payer, only income which accrues or arises or is deemed to accrue or arise is taxed in India. System of taxation of income 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) as well as no taxation in some cases (where income is not taxed by any country). Generally, where worldwide income is taxed, reduction or credit is provided for foreign taxes paid in other jurisdictions. Under any system of taxation, it is possible to shift profit to another tax jurisdiction or re-characterize income in a manner that reduces taxation. Tax jurisdictions, therefore, often impose rules relating to shifting of income among commonly controlled parties, often referred to as Transfer Pricing Rules. In India various Commissionerates functioning under the Principal CCIT (Intl. Taxn.) are continuously engaged in the work of scrutinizing the cases of transfer pricing and cross border mergers/ acquisition of companies, as and when such transactions take place, to bring to tax capital gains arising on transfer of shares/ assets consequent to merger and acquisition of companies.

13.11.1 Set-up

The region of Pr. Chief Commissioner of Income Tax (International Taxation), New Delhi was reorganized w.e.f. 15.11.2014 after restructuring of the Income Tax Department and two new posts of Chief Commissioner of Income Tax (IT), West Zone, Mumbai and Chief Commissioner of Income Tax (IT), South Zone, Bengaluru were created. Additional posts of Commissioners have also been created at Delhi and Mumbai in the International Taxation as well as Transfer Pricing charges. The new set-up includes followings Commissionerates -

1.	Pr. Chief Commissioner of Income Tax (IT), New Delhi	Chief Commissioner of Income Tax (IT), West Zone, Mumbai
		Chief Commissioner of Income Tax (IT), South Zone, Bengaluru
		Commissioner of Income Tax(IT)-1, Delhi
		Commissioner of Income Tax(IT)-2, Delhi
		Commissioner of Income Tax(IT)-3, Delhi
		Commissioner of Income Tax(TP)-1, Delhi
		Commissioner of Income Tax(TP)-2, Delhi
		Commissioner of Income Tax(TP)-3, Delhi
		Commissioner of Income Tax(IT&TP)-Kolkata
		Commissioner of Income Tax (APA)-1 , Delhi
		Commissioner of Income Tax (APA)-2 , Delhi
2.	Chief Commissioner of Income Tax (IT), West Zone, Mumbai	Commissioner of Income Tax(IT)-1, Mumbai
		Commissioner of Income Tax(IT)-2, Mumbai
		Commissioner of Income Tax(IT)-3, Mumbai
		Commissioner of Income Tax(IT)-4, Mumbai
		Commissioner of Income Tax(TP)-1, Mumbai
		Commissioner of Income Tax(TP)-2, Mumbai
		Commissioner of Income Tax(TP)-3, Mumbai
		Commissioner of Income Tax(TP)-4, Mumbai
		Commissioner of Income Tax(&TP)-Pune
		Commissioner of Income Tax(&TP)-Ahmadabad
3.	Chief Commissioner of Income Tax (IT), South Zone, Bengaluru	Commissioner of Income Tax (IT)- Bengaluru
		Commissioner of Income Tax (TP)- 1, Bengaluru
		Commissioner of Income Tax (TP)- 2, Bengaluru
		Commissioner of Income Tax (IT)- Chennai
		Commissioner of Income Tax (TP)- Chennai
		Commissioner of Income Tax (IT&TP), Hyderabad

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(AAR) which is headed by a retired judge of the Supreme Court. Commissioner of Income Tax (DR)(AAR), New Delhi has been specifically designated in order to have effective representation for the Department before the Authority for Advance Rulings.

After introduction of advance rulings, provisions relating to Transfer Pricing were introduced in the Income Tax Act. Disputes related thereto arise particularly in determination of "Arm's Length Price" which is to be followed in international transactions. Dispute Resolution Panels (DRP) were constituted by the Finance Act, 2009 to provide for an alternate dispute resolution mechanism and to facilitate expeditious resolution of disputes on a fast track basis. Accordingly, 15 Dispute Resolution Panels (DRPs) were constituted at Delhi (4), Mumbai (4), Bengaluru (2), Chennai, Pune, Ahmedabad, Hyderabad and Kolkata having three CsIT as Members on additional charge basis. With effect from 01.01.2015 the DRPs have been reconstituted and in place of 15 DRPs, 5 DRPs have been constituted as under :-

S. No.	Charge
1	Dispute Resolution Panel-1, Delhi
2	Dispute Resolution Panel-2, Delhi
3	Dispute Resolution Panel-1, Mumbai
4	Dispute Resolution Panel-2, Mumbai
5	Dispute Resolution Panel, Bangalore

However, the Members of DRPs would now hold permanent charge as against earlier when officers posted in other charges were assigned additional charge of DRP which was proving to be a constraint in their operations.

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. At present there are two Commissioners of Income Tax (APA) posted along with Addl. CsIT and DCsIT at New Delhi, Mumbai and Bangalore.

13.11.2 Important issues/ matters dealt by the charge of Principal Chief Commissioner of Income Tax (Intl. Taxn.) during the year 2013-14:

1. Steps were taken to expedite the settlement of audit objections 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 with a view to detection of TDS defaults in cases resulting in creation of additional tax demand.
3. Steps were taken for capacity building of the manpower dealing with International Taxation and Transfer Pricing matters. 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.

Statistical Information

1. The statistical data on budget collection - Annexure 'A' & 'B'.
2. Information of the cases filed before the DRPs - Annexure 'C' & 'D'.
3. Information regarding Transfer Pricing references and adjustments - Annexure 'E'.

ANNEXURE-A

Budget Collection (Rs. in Crores)

Financial Year	Net collection (Rs. in Crores)
2010-11	22485
2011-12	27442
2012-13	28030
2013-14	31855
2014-15 (up to 31.12.2014)	24274

ANNEXURE-B

Budget Collection as on 31.12.2014

S. No.	Charge	Net collection (Rs. in Crores)
1.	CCIT (IT), West Zone, Mumbai	15961
2.	CCIT (IT), South Zone, Bengaluru	3939
3.	CIT (IT)-1, 2 & 3, Delhi	3968
4.	CIT (IT &TP), Kolkata	406
	TOTAL	**24274**

ANNEXURE-C

Information of the cases filed before the DRPs (Cycle completed on 31.12.2014)

S. No. Charge	Total objections filed/ pending during the cycle	Total objection disposed off during the cycle	Amount involved
			(Rs. in cr.)
1. CCIT(IT), WZ, Mumbai	410	360	75523.29
2. CCIT(IT),SZ, Bengaluru	222	221*	#
3. DRP-1, Delhi	123	123	408.67
4. DRP-2, Delhi	125	125	20674.00
5. DRP-3, Delhi	123	123	14666.34
6. DRP-4, Delhi	100	100	12536.00
TOTAL	**1103**	**1052**	**123808.30**

* *Proceedings in 1 case is stayed by the High Court of Karnataka.*

\# *Information regarding amount involved is not available at present.*

ANNEXURE-D

Year wise data regarding objections filed before Dispute Resolution Panels-

S.No	Financial Year	Total cases filed during the cycle	Amount involved (Rs. In crores)
1	2009-10	1154	37595
2	2010-11	938	42835
3	2011-12	1041	68977
4	2012-13	1070	80332
5	2013-14	1015	98565
6	2014-15	1103	123808*

* *Information regarding amount involved is not available in respect of CCIT (IT), SZ, Bangalore.*

ANNEXURE-E

Transfer Pricing References & Adjustment made in F.Y. 2014-15
(in cycle completed on 31.01.2015)

S. No. Charge	No. of TP audits completed	No. of cases in which TP adjustments made	Total Amount of TP adjustment made (Rs. In Crores)
1. CCIT (IT), WZ, Mumbai	1713	1098	18890.34
2. CCIT (IT), SZ, Bengaluru	1258	637	10911.48
3. CIT(TP)-1, Delhi	474	218	3925.85
4. CIT(TP)-2, Delhi	303	150	4494.59
5. CIT(TP)-3, Delhi	409	175	6562.62
6. CIT(IT&TP), Kolkata	133	75	1680.70
TOTAL	**4290**	**2353**	**46465.58**

13.12 A&PAC Division

The Draft Paras reported by 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).

The C&AG and MC have also started including the Performance Audit Reports as single/separate ATN pendency with regard to reports laid in Parliament since 2012 for the first time from the month ended 31st Oct 2014. The Format for the ATN has been specified by C&AG in November, 2014.

In case of CBDT, as on date no draft/audit para is pending for initial reply on reports of C&AG till Audit Report Year (ARY) 2012-13. The position of audit paras is reconciled on a monthly basis with C&AG and as on 31.12.2014 there is no pendency of draft paras for initial reply to C&AG. Total 08 replies are under examination of C&AG. Out of these 08 DP's, 01 pertains to ARY 2010-11 and 07 pertain to ARY 2011-12.

The Report No.10 of 2014 of C&AG for the year ended March, 2013 has been tabled in Parliament on 18th July, 2014 and the time period for submitting the ATNs was upto18th November, 2014. This Report includes 459 draft paras pertaining to ARY 2012-13. CBDT had received batches of the DPs included in this report since April 2013 and has acted on them expeditiously. Out of the 459 draft paras covered in this report, initial replies have been sent to C&AG in all 459 draft paras within the stipulated 4 month period i.e. before the deadline of 18th November, 2014 by CBDT including ATN on Chapter V which has been submitted to C&AG on 17.11.2014. For the first time, C&AG included a separate Chapter on the subject "Grievance Redressal Mechanism in the Income Tax Department" and asked for a single ATN in respect of this Chapter V.

In addition to the above, with regard to ATNs on Performance Audit Reports, the C&AG included 04 such Reports in their pendency for the month ended 30.10.2014. The Format for the ATN has been specified by C&AG only in November, 2014. Out of these, in respect of Audit Report No.28 of 2013 and Audit Report No.20 of 2013, the ATN's in the specified format in two Performance Audit (PA) reports have been furnished to C&AG. In Report No 4 of 2013, part ATN with respect to Illustrative cases has been submitted to C&AG in 2013. However, the ATN in the prescribed Format with regard to Report No 4 of 2013 and report No 23 of 2012-13 will be submitted to C&AG in Jan 2015.

The Report No 7 of 2014 on "Assessment of Firms" was tabled in Parliament on 18th July 2014 and the deadline for submission of ATN was within four months, i.e., 18th November, 2014. Ministry has submitted the ATN on 18th November, 2014 to C&AG (well within the deadline).

Action Taken Reports (ATRs)

The Action Taken Reports (ATRs) are submitted to the PAC on the observations/recommendations contained in the Report of the PAC. The Ministry submits

ATRs in the prescribed format to C&AG. After receiving the Vetting Comments of C&AG and counter-comments of Ministry, the complete ATR's are submitted to PAC.

All the ATRs due as on 31-12-2014 have been sent to PAC, including the Hindi Translations. This includes the 19 ATRs in respect of the 87th Report (15thLokSabha) have been sent to PAC on 21st February, 2014. ATR on Para 7 of the 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)' has been sent along with counter comments on the vetted comments of Audit. 8 ATRs in respect of the 96thReport (15thLok Sabha) on 'Contravention of Constitutional Provisions by Ministry of Finance: Expenditure incurred on Interest on Refunds without Parliamentary approval' have also been sent to PAC along with counter comments on the vetted comments of Audit.

Report No.23 of 2012-13 of C&AG was tabled in Parliament on 30th April, 2013. This subject was selected by PAC for examination during the year 2013-14 and in November, 2014 PAC tabled in Parliament on 25.11.2014, the Second Report (16th Lok Sabha). It has been requested to furnish Action Taken Report (ATR) by the Government on the 16 Observations and Recommendations of the Committee in the said Report, which is due in May, 2015.

The sixth meeting of SAC was organised by A&PAC Division on 20.11.2014 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.

System Reviews/appraisals

(A) Exit Conference

(i) Exit conference on performance audit of "Assessment of Firms" was held on 6th February, 2014. The report was tabled in Parliament on 18th July, 2014 (Report No.7 of 2014).

(ii) Exit conference of 'Allowance of Depreciation and Amortization' was held on 29th May, 2014. The report was tabled in Parliament on 28th November, 2014 (Report No.20 of 2014).

(iii) Exit conference of 'Appreciation of third party reporting/ certification in assessment proceedings' was held on 16th October, 2014. The report was tabled in Parliament on 19th December, 2014 (Report No.32 of 2014).

(B) Entry conference

(i) Entry conference on the Performance Audit of "Appreciation of third party reporting/ certification in assessment proceedings" was held on 06.02.2014.

(ii) Entry conference on the Performance Audit of "Assessment of Assessees in Pharmaceuticals sector" was held on 11th July, 2014.

(iii) Entry conference on "Functioning of Internal Audit in Income Tax Department" was held on 24th September, 2014.

The outcome of these reviews is likely to be included in the C&AG Audit Report to be tabled in the Parliament during 2013-14. All CCsIT/DGsIT and concerned Directorates have been requested to issue directions to all officers 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) Group of Officers 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'. This was chaired by Secretary (Expenditure).

(D) The Public Accounts Committee (2014-15) (16th Lok Sabha) had selected followings subjects under the Department of Revenue, Direct Taxes for detailed examination:-

(i) Report No.20 of 2013 Union Government - Performance Audit (Department of Revenue - Direct Taxes) - Exemptions to Charitable Trusts and Institutions

(ii) Report No.28 of 2013 Union Government - Performance Audit (Department of Revenue - Direct Taxes) - Administration of Penalty and Prosecution

(iii) Report No.7 of 2014 Union Government - Performance Audit (Department of Revenue - Direct Taxes) - Assessment of Firms

On Report No.28 of 2013 and Report No.7 of 2014, questionnaire seeking advance information have been received and replies of the Ministry will be furnished to PAC Branch in January, 2015.

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. This was followed by counter comments of the Ministry on the vetting comments of CAG, forwarded to PAC Branch on 21.3.2014.

Oral Evidence before PAC on the issue of 'Exemptions to Charitable Trusts and Institutions' was held on 25.11.2014. Post Oral evidence, PAC has issued Lists of Points on 124 issues and the reply of the Ministry will be sent to PAC in January, 2015.

13.13 DGIT (ADMINISTRATION)

There are five Directorates under DGIT (Admn.)

i) Directorate of Income Tax (PR, PP & OL)

ii) Directorate of Income Tax (TDS)

iii) Directorate of Income Tax (Recovery)

iv) Directorate of Income Tax (Audit)

v) Directorate of Income Tax (Income Tax)

13.13.1 Directorate of Public Relations, Printing/Publishing & Official Language(PRPPOL)

The Directorate of Income-tax (Public Relation, Printing Publications and Official Language) is responsible for the Publicity and Public Relations, 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 (Legal and Research) w.e.f. 07.12.2006 but the administrative control over the officers and staff still remains with the DIT(PR,PP&OL).

Some of the important steps/ initiatives/decisions taken during the period 01.01.2014 to 31.12.2014 and projection/estimates for the period from January, 2015 to March, 2015 are:

13.13.1.1 Increase in Channels for Publicity

The Department has made effective and increased use of various media of publicity such as SMS, web advertisement, outdoor campaigns and digital cinema halls in addition to the traditional media like print, radio and television.

In order to reach out to the daily commuters and general public, the Department has also used metro stations, bus shelters, traffic signal pillars, gantries, kiosks, unipoles, bridge panels and airport panel displays for its campaigns.

Campaigns through SMS have not only been cost effective but have helped establish one to one contact with the taxpayers or potential taxpayers. Information through SMS is specific and effective.

13.13.1.2 Shift in communication strategy of Income Tax Department

The Income Tax Department (ITD) is spread through 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 4 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 from 01-01-2014 to 31-12-2014 by the Directorate of Income Tax (PR,PP&OL) such as:

i. TDS Awareness Campaign for Govt and Non-Govt deductors for quarter ending Dec. 2013 carried out in January 2014

ii. Awareness in respect of Annual Information Return in February 2014

iii. Payment of Advance Tax Due Date 15th March 2014

iv. Advance Tax - Filing of Income Tax Return Due Date 31st March 2014

v. Filing of TDS statement Due Date 15th May 2014

vi. Issuance of TDS certificate Due Dates 30th & 31st May 2014

vii. Payment of Advance Tax (1st instalment for Corporates) Due Date 15th June 2014

viii. Filing of TDS statement/Issue of TDS certificate for the quarter ended on 30th June 2014

ix. Filing of Income Tax Return Last Date 31st July 2014

x. Public Awareness in respect of services of TRPs

xi. Filing of Annual Information Return Due Date 31st August 2014

xii. Payment of Advance Tax (second installment) Due Date 15th September 2014

xiii. Filing of Income Tax Return Due Date 30th September 2014

xiv. Filing of TDS return Due Date 15th October 2014

xv. Filing of Income Tax Return Due Date 30th November 2014

xvi. Vigilance Awareness Week 27th October to 1st November 2014

xvii. Payment of Advance Tax (third installment) Due Date 15th December 2014

In the above campaigns, the thrust has been as to how the contribution of taxpayers through timely payment of taxes helps in the process of building a progressing nation.

13.13.1.3 Trade Fairs

13.13.1.3.1 Taxpayers' Lounge at India International Trade Fair 2014

The Taxpayers' Lounge set up by the Income Tax Department at IITF - 2014 at Pragati Maidan, New Delhi is a major step by the Department to generate awareness in the public about the various taxpayer-friendly initiatives taken by the Department. Through the Taxpayers' Lounge, various taxpayer services like e-filing of returns, viewing of tax credit through 26AS, applications for PAN and services of Tax Return Preparers were showcased to the public. Officials from CPC Bangalore, CPC-TDS and ERIs were also present at the Lounge to provide various taxpayer services. The Lounge was visited by several dignitaries including Revenue Secretary.

This year's Lounge was designed keeping in mind the theme of IITF 2014 i.e. 'Women Entrepreneurs' along with the mantra of 'Make in India'. The Lounge highlighted the contribution of taxes and the Income Tax Department to nation building and also outlined the role of women in the growth and development of the nation. The 'Swachh Bharat Mission' launched by the Hon'ble Prime Minister of India was also a theme of the Lounge to create awareness amongst the public, especially the youth. Activities such as Nukkad Natak, Magic Show, Drawing Competition and Quiz Contest to engage with school children and youth, who are potential taxpayers of the future, were organized in the Lounge to generate interest and awareness about taxation, importance of indigenization and cleanliness.

A new initiative during IITF, 2014 was the focus of the Department on outdoor branding at the fair venue in the form of wall branding, banners on electric poles and publicity through LED walls set up by ITPO at various prominent locations within the Pragati Maidan. This not only generated independent publicity for the Department but also motivated the general public to visit the Taxpayers' Lounge. In sync with the theme of IITF, 2014, a short Audio-Visual film on Women Empowerment was also prepared and run during the trade fair. Additional publicity in the form of a Splash Screen on mobile App of IITF, 2014 was introduced for the first time alongwith a web banner ad on the Home page of IITF, 2014 which resulted in effective advertisement and publicity for the Department. As per the statistics, the number of downloads of Mobile App is 11,608 and the number of hits recorded for the IITF website exceeded one crore. During the entire period of the trade fair approximately one lakh persons visited the Pavilion. Visitors books kept for obtaining feedback from the public recorded more than 4376 comments (approx). During the 14 day period about 2100 certificates were given to children and more than approx 3000 prizes were given to children as well as general public for participating/winning the competitions organized at the Taxpayers' Lounge.

The Lounge was given wide coverage by the print and electronic media including the Times of India group, Pioneer, Business Standard, Taxindiaonline.com, Focus TV, Tej of AajTak group and All India Radio. The news article in the Times of India described the Lounge as one of the important measures of the Department to attract taxpayers to spread its message and shed its stern image.

The Taxpayers' Lounge set up by the Directorate of Income Tax (PRPP&OL) was awarded 'Silver' medal for excellence in display in the category of Ministries and Departments in the 34th India International Trade Fair, 2014 in the award ceremony held on 27th November 2014. The award was presented by Dr. Mahesh Sharma, Minister of State (I/C) for Culture & Tourism and Min. of State for Civil Aviation at an impressive ceremony in the presence of representatives of various foreign participants, States, PSUs, Ministries& Business organizations.

13.13.1.3.2 Taxpayers' Lounge at Mumbai: The Directorate had set up a Taxpayers' Lounge at "Times Utsav" Mumbai from 10th to 19th October 2014. The said pavilion was visited by several dignitaries. Taxpayer 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 and e-filing through e-return intermediaries. Quiz kiosks, pantomime show, drawing competition and other games for children and general public resulted in good participation of public throughout the duration of Times Utsav, Mumbai. The Lounge was highly appreciated by public at large and was successful in disseminating information of various services of the Department to the public.

13.13.1.4 The Publicity Wing of the Directorate is also organizing a Taxpayers' Lounge at the Vibrant Gujarat Summit 2015 to be held from 11th to 13th January, 2015 in Gandhinagar, Gujarat apart from other publicity campaigns proposed in the quarter ending 31st March, 2015 such as TDS Awareness Campaign, Income Tax Ombudsman campaign, Advance Tax payment due date 15th March, 2015 and Advance Tax filing return due date 31st March, 2015.

13.13.1.5 Tax Return Preparer Scheme: 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.

13.13.1.6 The TRP Scheme has been expanded to introduce the following taxpayer services by the Department.

13.13.1.6.1 Services of TRPs 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 displays details of TRPs at ASK Centers at various places within CCIT regions. The TRPs 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 services of TRPs extensively during the month of July 2014, in the various Aayakar Seva Kendras manned by the Department. TRPs provided their services w.e.f.19.7.2014 to 31.7.2014 in the Civic Centre, Pratyaksh Kar Bhawan, New Delhi and filed returns manually and electronically. Their services were similarly utilized in various parts of the country. During the period January-December 2014 data regarding return filing is given below:

SI No.	Description	Count
1	Total number of returns filed by the Tax Return Preparers	92,406.00
2	Income Declared	INR 45,78,41,94,551.00
3	Amount of Tax Paid (in INR)	INR 4,65,91,74,605.00

13.13.1.6.2 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,2014 to December,2014; 1,893 online queries have been resolved.

13.13.1.6.3 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. During the period January, 2014 to December, 2014; 1089 requests have been made for TRPs' Home Visit. Now Home Visit facility is available in around 400 cities.

13.13.1.6.4 Deployment of Tax Return Preparers in Mega Events organized by the Income Tax Department During the period January,2014 to December,2014 Department has participated in two mega events namely 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.

13.13.1.7 Setting up of Resource Centre-cum-Library : As part of the knowledge management under 1% incentive scheme for FY 2007-08, setting up of Resource Centre-cum-Library at headquarters of each Cadre Controlling CCIT as well as NADT, DTRTI, DGIT(Admn) and DGIT(Intl. Tax) within an overall budget of Rs.23 crores as approved by the Finance Ministry was undertaken during the relevant period. Thereafter, suitable funds were allocated to all implementing authorities towards the said project in phase-I of the project and RCLs were setup at various places.

13.13.1.8 Vision 2020 - ICRIER's Tax Compliance Study "Barriers to Compliance and Compliance Cost: As part of the Strategic Plan 2011-15 of Vision 2020 studies on barriers to Barriers to Compliance and Compliance Cost under the objective to promote voluntary compliance are being carried out by ICRIER as per MOU, duly approved by the competent authority. Literature Review was submitted by ICRIER in September, 2014. Preliminary survey, outsourced to AC Neilsen, of individuals, SMEs, large enterprises and non-filers across 16 cities in India is in progress. Stakeholders consultations were held at Pune and Delhi in October, 2014 and November, 2014 respectively. The team also conducted nine focused group interactions with various entities such as Tax professional, Chartered Accountants, Industry Associates Department Officials, Tax Payers and Private Sector Banks and it has received valuable inputs from all meetings on critical issues such as scrutiny and litigation, TDS deduction, tax accounting etc. The team has already travelled to UK and Australia to interact with various stakeholders for international benchmarking with regard to compliance strategies and tax administration and the report of the same has already been submitted by ICRIER. The study is in progress and a final report on the same is likely to be submitted by ICRIER in March, 2015.

13.13.1.9. 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 during the period 01.01.2014 to 31.12.2014:-

i. Income Tax website (English & Hindi)

ii. E-filing (English)

iii. Date with Direct Taxes 2015 (English & Hindi)

iv. PAN (English)

v. Wealth Tax (English & Hindi)

vi. TDS-Know Your TDS Rates for Financial 2014-15 (English & Hindi)

vii. TDS-Deductee's guide (English & Hindi)

viii. TDS-Deductor's guide (English)

ix. Know Your Income Tax Rates for A.Y. 2015-16 (Companies, Co-operative societies & Local Authorities) (English & Hindi)

x. Know Your Income Tax Rates for A.Y. 2015-16 (Individual /Huf/AOP/Artificial Juridicial Persons /firms) (English & Hindi)

xi. Ombudsman (English & Hindi)

xii. Aayakar Sewa Kendra (English & Hindi)

xiii. Citizen Charter (English & Hindi)

xiv. Form 26 AS (English)

xv. TRPS(English & Hindi)

xvi. Do's for taxpayers (English)

xvii. PAN (Hindi)

xviii. House Property (English)

xix. How to Compute your Capital Gains (English)

xx. Taxation of Salaries Employees, Pensioners and Senior Citizens (English)

xxi. TDS on Salaries (English)

xxii. Royalty and Fees for Technical Services (English)

13.13.1.10. Printing & Publications: The Directorate printed and distributed several publications for the use of the officers of the department. The important publications during the period included.

i. Digital Evidence Investigation Manual.

ii. Brochures regarding Centralized Processing Cell (TDS).

iii. Handbook on Effective Handing of Case before Income Tax Settlement Commission.

iv. Digest of Tribunal Decisions - Vol.II

v. Central Action Plan Financial Year 2014-15

vi. STR User Guide -cum-Troubleshooting manual.

vii. A Compilation of Standard Draft (Bilingual).

viii. Assessing officers (AO) Manual 2014-15-TDS.

ix. I.T. Act & Rules and W.T. Act & Rules 2014 (English)

x. I.T. Act & Rules and W.T. Act & Rules 2014 (Hindi)

xi. Compendium of CBDT's Administrative orders 2013.

xii. Systems Handbook of Frequently Asked Questions (FAQs).

xiii. Direct Tax Bulleting (Half Yearly) Vol.49(2) covering the period Oct.-2010 to March 2011.

xiv. Expenditure Budget Manual-2013.

xv. Explanatory notes to the budget Provision & Budget 2014.

xvi. APAR Forms-2013-14 Group 'A' 'B' Officers & Non-Gazetted staffs.

Publications under Print are as under:-

i. Recovery of Direct Taxes.

ii. Assessment of "Real Estate Cases".

iii. Let Us Share Vol.VII.

iv. Compendium of CBDT's Administrative order 2014.

v. Quarterly Tax Bulleting Vol. 103-110 covering the period Jan.2013 to Dec. 2014.

vi. Direct Tax Bulletin (Half Yearly)- Vol.50(1) to 53 (1) covering the period April 2011 to Sept.2014.

vii. Digest of Tribunal Decisions - Vol.III.

13.13.1.11 The work relating to compilation of "Let Us Share" Vol.VII was undertaken during the relevant period. Regional & National Evaluation Committees had been formed for evaluation of best orders and practices. The work is nearing completion. Simultaneously, the process for "Let Us Share" Vol. VIII has also been started.

13.13.2 Directorate of Tax Deduction at Source (TDS)

a) Collection of TDS: Budget target for TDS collection as fixed by Pr.CCsIT(CCA) for their respective charges totals to Rs.2,86,563.39 Cr. Total TDS of Rs.1,98,407.5 Cr. has been collected upto 31.12.2014. Thus, there is growth of 7.84% over the corresponding figures as on

31.12.2013.

b) 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.

c) TDS Conferences: Directorate of TDS convenes annual Conference of CsIT (TDS). Last Conference of CsIT(TDS) was held Vaishali, Ghaziabad on 10th November, 2014. Various aspects of TDS Administration were taken up during the Conference. Issues pertaining to CPC-TDS were especially emphasized. One of the outcomes was imparting of training to the personnel dealing with the TDS. Accordingly, training sessions are being undertaken by CPC-TDS regularly. Directorate of TDS also convenes annual Meetings of Standing Committee. Last Meetings of Standing Committee was convened 29th September, 2014. 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.

d) Tax deductors' education programme: TDS Charges carry out contact programmes for various tax deductors. Upto 31.12.2014 around 441 such contact programmes have been conducted in which more than 20,000 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. The Central Action Plan 2014-15 has also introduced the concept of Corporate connect for TDS for TDS compliance according to which the corporate entity has to be made aware about the TDS defaults.

e) 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 preemptive correction resulting into better compliance of TDS. A total of 1025 surveys / verifications have been conducted during the FY 2014-2015 upto 31.12.2014, by all the CsIT(TDS) across the country, taken together.

f) Prosecution & Compounding Cases: During the Financial Year 2014-15 upto 31.12.2014, a total of 638 Prosecutions and 1144 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.

g) Compliance to Right to Information Act, 2005: As per the requirements of the Right to Information Act, 2005, CPIOs and Appellate Authorities are functional in the domain of TDS administration. In none of the cases information was denied. And, no application is pending at the Directorate of TDS.

13.13.3 Directorate of Recovery

13.13.3.1 The work assigned to this Directorate 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.

13.13.3.2 Recovery of arrear and current demands

(a) The target of cash collection for arrear demand during the year 2014-15 has been fixed at Rs. 41997 crore. As per the CAP-I of October 2014, cash collection out of arrear demand is Rs. 23652 crore as against of arrear collection of Rs. 15660 crore till October 2013 for F.Y 2013-14.

(b) Review meetings were undertaken for discussing strategies for maximizing recovery of outstanding demand with the field officers with specific from on monitoring dossiers of high demand cases.

(c) Reply to all questions raised by the CAG/ Parliamentary Committee and Parliament on recovery matters are prepared after obtaining responses from field formations.

13.13.3.3 Special Cell

(a) ' Demand not under dispute' : Statistical data with the department shows that substantial arrear demand is reflected as ' demand not under dispute' . The Special Cell constituted in the Directorate of Recovery collects information regarding such cases verified by concerned CCsIT to identify the reasons for non recovery and to segregate demand which is recoverable by action under the control of tax authorities. Collection of arrear demand is diligently monitored by the cell.

(b) 'Assessee not traceable'& 'Assessee having no/ inadequate assets' for recovery In order to address the issue of mounting tax arrears, a Committee was constituted to focus on these categories of demands. The Committee examined options for a cost effective and flexible mechanism to manage recovery of these 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 requested to provide any information available regarding these cases from the data available with them. Pursuant to the recommendations of the Committee, accepted by CBDT, a time bound methodology for dealing with these cases has been instituted through the Special Cell in the Directorate of Recovery. FIU-IND will be periodically approached for getting information from their database. A process of putting the names of chronic defaulters in the public domain has also been laid down.

Write off matters: During this period, reminders in 26 cases pending write off proposals were sent to the field formations to remove certain deficiencies.

13.13.3.4 BIFR matters

(a) 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.

(b) 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 case is processed by this Directorate with the approval of the DGIT(Admn.) as the nodal agency and CBDT.

(c) During this period, following efforts have been made in respect of BIFR cases:

(i) Filing of writ petition before High Court: 02 cases

(ii) Filling of replies/ counter affidavits/ misc. applications / caveats before High Court: 06 cases

(iii) Filling of appeals before AAFIR: 01 case

(iv) Filling of replies/ rejoinders/ counter affidavits/ written submissions before AAFIR: 07 cases

(v) Filling of misc. application before BIFR: 17 cases

(vi) Filling of replies/ rejoinders/ counter affidavits/ written submission before BIFR: 24 cases

(vii) Filling of objection to DRS: 09 cases

(viii) Taking of outstanding demand out of SICA : 64 cases

(ix) Getting the provision made for outstanding Income Tax demand in DRS: Rs.2 Crores

(x) Recovery of outstanding demand by filed authorities out of demand under col.09 & 10 : Rs. 1.64 crores

(xi) Processing, with the approval of CBDT, of reliefs and concessions envisaged in the sanctioned scheme : 13 cases

(xii) Letters issued to standing Counsel , Companies, Field Authorities, Operating Agencies, Monitoring Agencies and BIFR: 1334

13.13.4 Directorate of Income Tax & Audit (IT & A)

13.13.4.1 Inspection: 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. All the inspection reports done by the field formations of CBDT during the year are sent to the Inspection wing when the same are reviewed and compiled. 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 proforma in each class of inspection. Under the new system of

Inspection, the following Inspections are to be carried out by the stipulated Inspecting Officers:-

Sl. No.	Inspected Office	Inspecting Officer	Reviewing Officer	No. of Inspections to be done
1.	CIT (Appeals)	Concerned CCIT	-	All CIT (Appeals) working in CCIT charge
2.	Addl./ JCIT	Concerned administrative CIT	Concerned CCIT	One Range per CIT charge
3.	DCIT/ACIT	Concerned administrative CIT	Concerned CCIT	Two DCsIT/ACsIT per CIT charge
4.	ITO	Concerned Range Head	Concerned CIT	Two ITOs per Range charge

A comparative analysis of inspections done since F.Y. 2010-11 onwards, till 31.12.2014 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	1435	1427
2014-15	2012-13	959*	885 (as on date)

** Reports received as on date in accordance with the inspection reports due as per Instruction No. 16/2008 dated 4.11.2008.*

13.13.4.2 Audit

13.13.4.2.1 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 of 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 are sent by the AOs to CIT (Audit) concerned by 10th of the following month. As per AST Instruction No. 132 the Directorate of System shall as per this year provide through the Regional Computer Centre the MIS report of the auditable cases (u/s 143(3), 144 & 147) falling under each CIT (CO). This will empower the CIT (Audit) to make an informed choice of the cases to be audited by the lower echelons as he shall have available the list of auditable cases from the database. The internal audit of the selected 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. Thereafter 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 F.Y. 2014-15 upto September, 2014 details of work done by the different authorities are given below:-

Cases Audited by the authorities*

Addl. CIT	SAP	IAP	Total
371	2161	50593	53125

** Upto September, 2014*

(iv) A comparative statement of Internal Audit Objection Pending, Raised & Settled with revenue effect is given below:-

Objection Raised/Settled & Balance 01.04.2014 to 30.09.2014 in F.Y. 2014-15

	No. of Objections	
	No.	Amt. (Rs. in Lakhs)
Opening balance as on 01.04.2014	20858	830674.57
Raised	3279	88748.45
Total	24137	919423.02
Settled	8813	152598.28
Outstanding as on 30.09.2014	15324	766824.74

** Figures are available, upto September, 2014, as this reporting is done quarterly.*

(v) 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. The CBDT approved certain changes that have been effected during F.Y. 2014-15 to simplify the quarterly reporting by the CsIT (Audit). Detailed information of each CCIT charge shall now be available with the Pr.CCIT of the region. The QPR shall now give 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 effective supervision.

- Annual Report on Internal Audit functions: The Annual Report on Internal Audit functions is 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.

- Statement XVI: Statistical Data for inclusion in the Report of C&AG (Statement XVI) is sent annually.

(vi) Inspection of work of Audit Parties: The Inspection of work of two stations NWR and Jaipur was carried out. Inspection of four more CsIT (Audit) charges will be carried out during last quarter the FY 2014-15.

(vii) Workshops on Internal Audit : The workshops are held to sensitize the assessing officers on the common/repeated mistakes pointed out by audit.

13.13.4.2.2 Revenue Audit Work: During the current Financial Year 2014-15, upto December, 2014, 368 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.

Reports: -

- Monthly Report: As per Instruction No. 16 of 2013, the information of Revenue Audit Objections Pending & Settled is now collected on a monthly basis. The compilation of figures of audit objections, raised and settled by the Revenue Audit parties, 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: A more comprehensive report is called for each quarter. The compilation of figures relating to the performance of Revenue Audit Objections is reflected therein. It exhibits the comparative analysis of work carried out throughout the country for a particular quarter and helps in monitoring.

13.14 Directorate of Organization and Management Services (O&MS)

13.14.1 Highlights of the performance and achievements under key programmes being implemented by the DIT (O&MS) during the year

13.14.1.1 Aayakar Sewa Kendra - Setting up and Certification: Aayakar Sewa 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. Details of setting up and certification are as under:

From 01.01.2014 to 31.12.2014	Projection/Estimate from 01.01.2015 to 31.03.2015
(i) 57 ASKs have been set up (ii) 21 ASKs were granted IS: 15700:2005 certificate by Bureau of Indian Standards.	(i) 70 more ASKs are to be setup by 31-03-2015 (ii) 25 more ASKs are to be granted IS:15700:2005 certificate by Bureau of Indian Standards.

In All 189 Aayakar Sewa Kendras have been set up across all buildings of the Income Tax Department upto 31-12-2014.

13.14.1.2 Significant initiatives taken during the year for development of public service delivery and for ensuring "inclusive growth".

13.14.1.2.1 Review of Strategic Plan 2011-15: The Vision 2020 document envisages a review of the Strategic Plan 2011-15 in order to create a roadmap for the next 5 years and course correction if any. A committee has already been constituted by CBDT for the purpose and the report of the committee is likely to be submitted by 31-12-2014.

13.14.1.2.2 Expansion of services covered by ASK: The following additional service have been added at all ASKs during the 01.01.2014 to 31.12.2014. The facility to receive RTI Applications and Appeals through Sevottam Software has been made available with effect from 01.05.2014

13.14.1.2.3 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. The RFD for the year 2014-15 was prepared and submitted to CBDT on 21-02-2014. This year annual review of RFD for F.Y. 2013-14 was completed in the month of May, 2014 and half yearly review of achievements related to RFD for F.Y. 2014-15 has been completed in the month of November, 2014. RFD for F.Y. 2015-16 will be drafted and presented to CBDT by the 1st week of March, 2015.

13.14.1.2.4 Digitization of Registers: As per resolution contained in RFD for 2014-15, this Directorate will identify registers used in the Department for Digitization. The registers to be digitized have been identified and the format is being designed.

13.14.1.3 Initiatives taken with reference to Development of North Eastern Region and Sikkim including projects/ schemes in operation and the actual expenditure thereon: Aayakar Sewa Kendras in the North Eastern Region have been setup at Digboi, Nagaon and Dhubri from 01-01-2014 till 31-12-2014. 4 more Aayakar Sewa Kendras are being setup in Agartala, Bongaigaon, Dibrugarh and Jorhat upto 31.03.2015.

13.14.1.4 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 this 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.

13.14.1.5 Write up on the steps/initiatives taken towards implementation of the Right to Information Act 2005 and the matters incidental thereto: The scope of services provided in ASKs was contemplated to be expanded by enabling the Sevottam Software to receive RTI applications during the month of June, 2013. The facility to receive RTI applications and appeals through Sevottam Software has been made available from 01-05-2014.

13.14.1.6 Mechanism put in place to measure development outcomes of majors schemes/programmes: In order to equip the department with a tool to measure the progress regarding various development schemes, the Results Framework Document (RFD) is drafted every year. The RFD is an agreement between Chairperson, CBDT and the Responsibility Centres vide which a set of targets are resolved to be achieved within a matrix of measurable success indicators. The RFD for the year 2014-15 was submitted in March, 2014. The annual review of RFD for F.Y. 2013-14 was completed in May, 2014. The half yearly progress of the RFD of 2014-15 was completed in the month of November, 2014. RFD for F.Y. 2015-16 will be drafted and presented to CBDT by the 1st week of March, 2015.

13.15 Directorate of Income Tax (Infrastructure)

13.15.1 The Directorate was notified vide Ministry of Finance's order dated 21.11.2005. The Directorate of Income Tax (Infrastructure) is presently headed by three Directors. The Directorate functions under the administrative control of DGIT (Logistics), New Delhi. The functions of the Directorate include drawing up of construction programme for IT department on all India basis, implementation of construction programme, examination of individual proposals including drawing up a schedule of accommodation , scrutiny of plans and estimates, securing requisite approvals from the competent authority. 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 Proposals regarding purchase of land, purchase of ready built accommodation for office and staff quarters, Construction of office and quarters received from various field formations of Income Tax Department have been processed in this Directorate. During the current Financial Year (F.Y.2014-15) Financial Sanction of Rs. 231,73,03,364/- for purchase of land /construction, Minor Repairs, etc. have been accorded till date. Project wise highlights are as per List-A below.

13.15.3 The Vision 2020 document envisages a review of the Strategic plan 2011-15 in order to create a roadmap for the next 5 years and course correction, if any. A Committee has already been constituted by CBDT for the purpose and the report of the committee is likely to be submitted by 31.12.2014. Two projects relating to North Eastern Region under process are as under:

a) Construction of office building and staff quarters at Dibrugarh under the CCIT, Guwahati.

b) Renovation of the auditorium/multi-purpose hall at 9th Floor, Aaykar Bhawan, G.S. Road, Guwahati.

13.15.4 All proposals have been processed incorporating facilities which are disabled friendly. Buildings have been made accessible to the disabled persons by way of incorporating ramps. Further, lifts have been provided to cater to the disabled persons. It has also been emphasized that the buildings have facilities which are Senior Citizen friendly.

13.15.5 The Asset Register of the IT Department has been uploaded in the Department's website. As such the details of all the assets can be accessed on internet by public. A computerized Dak Access System has been implemented in the Directorate.

List-A

Projects exceeding 5 crore which were accorded administrative approval and financial sanction during the year 2014-15 are as under:

(i) Construction of office building for Income Tax Department at Sector-6, Urban Estate, Panipat of Rs. 13,00,47,217/-.

(ii) Construction of office building and guest house cum transit accommodation Camp for the Income Tax Department at Firozabad - Request for revised sanction on account of HT Connection of Rs. 8,46,14,744/-.

(iii) Facility Management Services for the newly constructed office building at A-2D, Sector-24, Noida of Rs. 8,19,44,313/-.

(iv) Construction of office building at Plot No.4-5, Sector-5, Urban Estate, Kurukshetra of Rs.6,39,56,900/-.

(v) Purchase of land for office building for Income Tax Department at Mohali of Rs. 14,52,00000/-.

(vi) Proposal for Ex-post facto A/A & F/S for a sum of Rs.5,11,13,388.72 (@ of Rs.21,29,724.53 per month for the period from 1st August, 2014 to 31st July, 2016) for hiring of 5 Security Supervisor (Graduate) and 145 Security Guards (Matriculate), through M/s. Any Time Security Services for providing security services at Blocks B, D & E-2 of Pratyaksh Kar Bhawan, Civic Centre, under Rule 178 of GFRs of Rs. 5,11,13,388.72.

(vii) Revision of rent in respect of the premises hired by the Department at E-2, ARA Centre, Jhandewalan Extn., New Delhi of Rs.7,83,50,081/-.

(viii) Payment of Rs 44,81,46,528/- to BSNL/MTNL towards cost of telecom services provided to Income Tax Department under the "Project Tarang"during the FY 2014-15.

(i) Construction of Income Tax Office Building and 09 residential quarters for Income Tax Department at Pollachi, Tamil Nadu of Rs.5,59,11,000/-

(ii) Amount of Rs.9,84,00,000/- for hiring of 205 staff cars (mid size vehicles) at the existing ceiling rate of Rs.40,000/- per month per vehicles for 205 newly created post of the level of Joint Secretary and above consequent to the cadre restructuring undertaken in the IT Dept.

(iii) Construction of 48 residential quarters (20 - Type - IV, 21 Type - V and 07 - Type - VI) and Community Hall/Guest House for Income Tax Department at 249/1A and 249/1B Hadapsar, Pune.

- Revalidation of the unspent amount of Rs. 30,28,74,005/- in the current year 2014-15 out of the total sanctioned amount of Rs. 37,78,32,506/- relevant to earlier year 2013-14.

13.16 Directorate General of Income Tax(Systems)

13.16.1 Project Name: Issue of PAN

13.16.1.1 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, Excise registration etc.

13.16.1.2 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 two PAN Service Providers, M/s UTIITSL and M/s NSDL. The Service Providers through their network of 12,614 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.

13.16.1.3 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 therefore decided to strengthen the verification process to ensure that no duplicate and fraudulent PANs are issued. It was decided to capture the biometric features of the applicant and do the matching of the biometrics feature in the backend against the database to detect the duplicate PAN applicants. The biometrics PAN project was kept in abeyance till the business rules of Unique Identification Authority of India (UIDAI) project are finalized to avoid duplication of efforts.

13.16.1.4 Space for proving AADHAAR Number by PAN applicant has been provided in the PAN application Form 49A. Quoting of AADHAAR in PAN application form 49A is presently on voluntary basis & is being captured in PAN database. As on 31st December 2014 46,29,677 unique AADHAAR numbers have been seeded into PAN database. The work of establishment of on-line AADHAAR number authentication facility during PAN allotment process is also under progress.

On the basis of inputs received from UIDAI , AADHAAR card has been included in the list of valid Proof of Identity (POI) and Proof of Address (POA) document for allotment of PAN under Income Tax Rules 1962.

13.16.1.5 E-Biz programme is a mission mode project of Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce and Industry to facilitate the investors by providing SINGLE WINDOW clearance like licensing, environment & land clearances, approvals from various ministries and departments for start-up businesses. The integration of PAN services project with e-Biz portal is in advance stage of implementation, testing of which has been completed.

13.16.1.6 PAN Verification Facility:

(i) PAN verification facility is provided through CBDT's e-filing server to Government departments through the Internet. One by one PAN verification or Bulk verification of 50,000 PANs in one go can be done by the users. PAN can also be verified through "Know Your PAN" facility on Income-tax official web site www.incometaxindia.gov.in where Name, Father's Name and Date of Birth (DOB)/Date of Incorporation (DOI) are known.

(ii) Service 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) KYC Registration Agency (KRA) (ix) Credit Information Companies (x) Non-Banking Financial Companies. This facility is on chargeable basis.

13.16.2 Grievances Redressal Machinery: Grievance Redressal Machinery related to PAN is well defined. Whenever a grievance is received related to PAN, appropriate action is taken including forwarding the grievance to field formations with guidance and existing instructions. Grievances are also received through Centralised Public Grievance Redress and Monitoring System (CPGRAMS). All grievance related to PAN are download from the website of CPGRAMS and after examination, appropriate action is taken by the Directorate and information about redressal action taken in such cases, is uploaded on the website. Grievances are also received by PAN Service Providers i.e. UTIITSL and NSDL. After examination of the grievances by the Service Providers, action is taken by PAN Service Providers. If required, approval of the Directorate is obtained in specified cases and PAN applicants are informed accordingly. The achievements are as under::

(i) PAN database has shown steady growth in tune with economic progress. The progressive number of PANs allotted till 31st December 2014 is 21,81,04,354. During the current year (up to 31st December 2014) 1,34,63,532 PANs have been allotted.

(ii) PAN has taken role of National identifier. Process of integrating PAN database with other Govt. Departments for projects like E-Biz, a project of DIPP of Ministry of Commerce, is in advance stage of implementation.

13.16.3 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 prescribed under 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:

- Online and offline filing of returns
- 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 "Opt for higher security".
- 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 "in Hindi" 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 picked up from AY 2006-07 and the number of returns filed electronically has risen from around 4 Lakh in Financial Year, 2006-07 to 296.81 Lakh in Financial Year 2013-14. In Financial Year, 2014-15, nearly 243.31 Lakh returns were received up to 31st December, 2014 as compared to 212.87 Lakh returns for same period in Financial Year 2013-14, representing a growth of around 14.3%. The progressive achievement of e-filing scheme is as under:

Financial Year	Number of e-returns (in lakhs)	Growth
2006-07	4	
2007-08	22	450%
2008-09	48.5	120%
2009-10	52.5	8%
2010-11	91.56	74%
2011-12	164.12	79%
2012-13	214.87	31%
2013-14	296.81	38.67%
2014-15 (Till 31st Dec,2014)	243.31	14.3% (compared over similar period last year)

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 Dec 2014 is about 4.1 crore.

Online filing of audit reports have been made mandatory during F.Y. 2013-14 for which functionality has been provided. The tax professionals, on being authorized by the tax payers, can upload tax audit reports using digital signature. During FY 2014-15, 30 lakh e-forms were e-filed (up to 31st Dec 2014).

13.16.4 Project Name: CPC, Bengaluru Central Processing Center for Income Tax Returns

CPC has achieved following landmarks :

- CPC has processed 2.44 crore returns of income during Financial Year 2013-14 with a growth rate of 55%, over 1.57 crores processed during Financial Year 2012-13. Till 31st December 2014, CPC has processed 2.65 crore returns for Financial Year 2014-15.
- CPC has achieved a peak processing capacity of 3.78 lakh returns per day.
- CPC has processed in excess of 6 crore E-Returns till the 5th Year of operations against the projected 2.7 crore efilled returns that CPC was to process in 5 years.
- Average processing time is reduced to 65 days, which is less than the period specified in citizen's charter (6 months) and much less than performance in manual processing (approx. 14 months). Prior to CPC, average processing capacity of the department was approx. 2.5 crore return per annum against receipt of more than 3 crore returns each year.
- Projected/Estimated Volumes for the period January-March 2015 and Actuals as on 31 December 2014.

Activity	Achievements during 01-04-2014 to 31-12-2014	Projections for Jan-Mar 2015
Processing of Returns	265 lacs	60 lacs
Rectifications	3.82 lacs	1.27 lacs
Calls handling	7.71 lacs	2.57 lacs
E-mail Communications	728 lacs	243 lacs
SMS Communications	832 lacs	277 lacs

- Interest saved because of faster processing. The interest rate as a % of refund has come down to as less as 4.92% for returns processed in the Financial Year, 2014-15.

Financial Year	Refund in CPC (₹Cr.)	Interest on refunds (₹ Cr.)	% of interest paid in CPC	All India avg. % of Interest other than CPC**	% saving on interest	Savings on interest (₹ Cr.)
2010-11	5,240	327.02	6.24%	14.54%	8.30%	434.92
2011-12	14,734	693.48	4.71%	12.0%*	7.29%	1,074.10
2012-13	12,620	829.28	6.57%	12.0%*	5.43%	685.26
2013-14	18,759	1130.47	6.03%	12.0%*	6.07%	1138.67
2014-15#	23,094	1136.45	4.92%	12.0%*	7.08%	1635.05

#Till 31st December 2014

* * The savings to Income Tax Department on account of interest u/s.244A for the refunds issued out of CPC after processing of e-returns at CPC is computed, on the basis of actual interest computed and paid by CPC vis-a-vis interest u/s.244A as per the C&AG report of year 2009. In 2009, C&AG had estimated the interest on refund at 14.66% p.a. as an average and this was due to delay in processing of the refunds in the field formations. For AY 2008-09, 2009-10 and 2010-11, CPC also based its interest computation on this rate. From AY 2011-12 onwards, CPC took a notional interest of 12% as average rate of interest that would have been issued by field formations. With CPC processing the returns faster (average processing time has come down from 12 months in AY2008-09 to 87 days in FY2014-15), there is huge savings on account of interest outgo.

- **Interest outgo as percentage of refund**

AY	Refund amount (₹ Cr.)	Interest (₹ Cr.)U/S.244A	Int. U/S.244A as % of refund
2008-09	58	1.9	3.34%
2009-10	2,648.93	214	8.10%
2010-11	11,169.37	617	5.53%
2011-12	14,682.48	848	5.78%
2012-13	18,304.68	1,163	6.36%
2013-14	17,419.28	930	5.34%
2014-15 #	10,164.98	340	3.35%

#Till 31st December 2014

- Till date, CPC has sent around 22.41 Crore digitally signed PDF based intimations by email, around 15.80 Crore SMS alerts and around 2.20 Crore intimations sent by Speed Post all over the country. Savings due to e-delivery as compared to postage is 336 crore.

	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	% age Growth over last year	Total Savings in 5 FYs
Communications via email sent to taxpayers	59,27,080	3,67,69,270	4,29,43,613	6,56,30,267	7,28,90,198	12%	
Postage Cost saved (Rs.)#	8,89,06,200	55,15,39,050	64,41,54,195	98,44,54,005	109,33,52,970		336,24,06,420

 # Average cost of speed-post/ordinary post taken as Rs.15/-.

- Interest outgo as percentage of refund

- To enable handling of large volume and managing size of the e-mails and improving aesthetics of intimations, email through HTML template has been enabled.

- 70 call center agents attend to over 5,000 calls daily in 3 languages. Around 35 lakh calls attended till 31st December 2014.

- CPC, call center made 14,041 outbound calls for Demand Management and ITR V not received.

- In addition to the redressal of tax payer grievance through Call Centre during the current financial year, CPC has enabled Web based Taxpayer Grievance Mechanism. Under this system, the taxpayers can login to the e-filing web portal of the department and submit their grievances online. The resolution of the grievances and other assistance is provided through registered e-mails of the taxpayers. Status of redressal of the grievance is also updated on the e-filing web portal. Upto 31st December'2014, 22,464 grievances have been received out of which 21,473 grievance have been addressed.

- Rectification requests received from taxpayers are processed within the statutory limits. For financial year 2014-15 (till 31.12.2014) CPC has processed 3.82 lakh rectification request out of 4.21 lakh rectification requests received.

- Due to the higher accuracy level of processing at CPC, there has been a sharp drop in overall rectification requests.

- Refund reissue requests due to refund failures, incorrect bank account number processed for Assessment year 2014-15 exceeded 43,000. All such requests are processed within 7 days of request accepted by CPC.

- Over 2,500 business rules in software for tax processing of IT Returns designed and implemented.

- In addition to processing of Income Tax returns, CPC is gearing up for processing Wealth Tax

Returns in Form BB filed electronically.

n Launch of digitization friendly Forms with features such as anchor points, Colour drop out, bar codes on each page etc.-ITR 1- SAHAJ and ITR 4S-SUGAM for AY2011-12 designed by officers at CPC for CBDT based on learnings from digitization of paper returns of AY2008-09. 1.77 lakhs ITR1 SAHAJ returns have been digitized and processed at CPC till date.

- Demand Management: To deal with the issue of cleaning and updating of arrear demands, the outstanding demand position in CPC FAS (Financial Accounting System) was made available to field AO's through the AO Portal and to taxpayers through 'My Account' on efiling website. 77,45,035 entries involving arrear demand of ` 4,37,329 Crore have been uploaded as on 31st December 2014. CPC has also facilitated Tax payers to revert on the demand position by agreeing/disagreeing to the demand. 71,869 confirmations totaling to `1831.73 Crores have been received from Taxpayers through efiling website.
- CPC has stored over 8.96 cr ITR V physical documents through a Record Management Service and has been awarded ISO 15489 certification, the first entity in Asia to achieve this.
- CPC has been awarded ISO27001 Certification for the rigorous implementation of Information Security Management Systems.
- The Union Cabinet has accorded approval for extension of the project for next 2 years till September 2017.
- This Project enabled Centralized Processing of all paper returns also of Karnataka and Goa at Bengaluru.
- CPC and efiling are Eco friendly Projects
  - ♦ CPC and efiling is leading the Income Tax Department to
  - ♦ Paper-less office,
  - ♦ Paper-less delivery by phasing out paper based notices, intimations, letters and replacing by emails, SMS and website driven delivery to taxpayers.
  - ♦ Marks an effort made by department to reduce carbon imprint and "GO GREEN".

13.16.5 Project Name: Refund Banker

The Refund Banker project has 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, 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 the Refund Banker agent of the Department. The Refund Banker directly credits to the bank accounts upto certain threshold refunds, 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 the 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 including 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, 2014- 2015 (up to December, 2014), the percentage of refunds issued through the scheme is 99.84% of the total number of refunds issued all over India as under:

F.Y.	No. of Refunds (Paid) through Refund Banker	No. of Other Refunds (Paid)	Total	Percentage of Refunds Paid through Refunds Banker
2012-2013	81,48,839	66,733	82,15,572	99.19%
2013-2014	1,03,18,595	41,501	1,03,60,096	99.60%
2014-2015 (Upto 31.1.2014)	1,24,15,752	19,532	1,24,35,284	99.84%

13.16.6 Project Name: E-Payment

The E-Payment project has 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 was made mandatory for all Companies and auditable cases covered by section 44AB of I. T. Act.

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 2013-14 the percentage of count and amount of e-tax payments was 64.41 % and 86.48% respectively. In Financial Year 2014-15 (till 31 December 2014), the percentage of such count and amount has gone up to 69.57 % and 87.06% respectively.

13.16.7 Project Name: Project Insight

The Income Tax Department has initiated 'Project Insight' on Data Warehouse and Business Intelligence (DW&BI) platform to strengthen the non-intrusive information driven approach for improving compliance and effective utilization of information in all areas of tax administration. The Project goals are:

i. Promote voluntary compliance and deter noncompliance

ii. Impart confidence that all eligible persons pay appropriate tax

iii. Promote fair and judicious tax administration

The objectives of the Project are:

i. Widening of tax base

ii. Deepening of tax base

iii. Improve compliance with tax laws

iv. Detect fraud and leakage of revenue

v. Support Investigation

vi. Increase effectiveness of tax collection

vii. Enhance cooperation with exchange partners

viii. Generate enterprise wide reports

ix. Monitor high risk scenarios

x. Provide inputs for policy making

The Project will integrate enterprise data warehouse, data mining, web mining, predictive modelling, data exchange, master data management, centralised processing, compliance risk management and case analysis capabilities. A Compliance Management Centralised Processing Centre (CMCPC) will also be set up under the Project to handle resource intensive repetitive tasks and ensure optimum resource mobilisation within ITD for high skill work. The Project is also envisaged to meet the requirements relating to Foreign Account Tax Compliance Act (FATCA), Common Reporting Standard (CRS) and Automatic Exchange of Information.

The project is expected to be rolled out in 2015 and would be operational by 2017.

13.16.8 Project Name: Non-filers Monitoring System (NMS) Pilot Project

The Non-filers Monitoring System (NMS) was conceptualized as a pilot project under the Data

Warehouse and Business Intelligence (DW&BI) Project to prioritise action on potential non-filers.

Data analysis was carried out to identify target segment of 12,19,832 (first cycle) 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 were 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 field Assessing Officers. The information in respect of the target segment was made available to the jurisdictional assessing officers for continuous monitoring and relevant follow up action.

CBDT 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. The results of the pilot project are very encouraging and many taxpayers have paid self-assessment tax and filed returns after initiation of the pilot project.

The second NMS Processing Cycle, which was executed in November 2013 identified over 22 lakh new non-filers. 5 lakhs letters were issued to non-filers. A 'Compliance Module' had been created on the e-filing portal to address various compliance related issues. The compliance module shows the underlying reasons for non-compliance to the taxpayer and enables online capture of response from the taxpayer for further processing.

13.16.9 Project Name: E-TDS

The Centralised Processing Cell for Tax Deduction at source (CPC-TDS) is a technology driven initiative of the Income Tax Department to put in place Non-Intrusive, Non-Adversarial administration in the country. The robust technology platform has been leveraged to provide value added services to more than 15 lakh deductors, 4 crores taxpayers from all over India and abroad and more than 500 officers of the Income Tax Department who are administering the TDS across India.

Centralized Processing Cell - TDS (CPC-TDS) undertakes end to end processing of TDS statements through a Rule Based Technology enabled system and offers' e-enabled services that are accessible on any-time, any-where basis with no cost to the taxpayers / deductors.. The rule based automated processing of 'Statements' facilitates uniform interpretation of laws results and faster turnaround time besides ensuring seamless flow of data for tax credits. CPC-TDS introduces transparency in the processes through online display of information and provides an integrated platform for tax deductors, taxpayers and the officers of Income tax department. Thus, it forms the backbone of overall TDS administration in the Income Tax Department.

CPC for End Users

India is one of the very few countries to put in place an initiative of this scale for reconciliation of Tax Deducted at Source.

CONCEPT OF CPC-TDS

- Centralized Processing Cell (TDS) provides a comprehensive solution to deductors through 'Tax Deduction, Reconciliation, Analysis and Correction Enabling System (TRACES)' - its core engine on the CPC-TDS website www.tdscpc.gov.in. TDS Assessing Officers (AOs) of the Income tax Department have been provided Intranet Portal that offers wide variety of functionalities to the AOs.
- CPC-TDS reconciles and co-relates information from various sources including banks (tax payment), deductors (reporting tax deduction), Assessing Officers (mapping no tax / low tax deductions) and tax professionals (reporting international transactions).
- CPC-TDS undertakes bulk processing of TDS statements to generate 'Annual Tax Credit' statements for each taxpayer in Form 26AS, TDS certificates in Form 16 / 16A & identifies TDS defaults of short payment, short deduction, interest, etc.

The users/ stakeholders interact with the CPC-TDS system and with each other through multiple channels of communication including Call Centre, e-mail, website, etc.

APPROACH AND STRATEGY -USAGE

The Strategy is to encourage & prompt the stakeholders towards 'USAGE' of the facilities. More 'USAGE' inherently creates more awareness, transparency & compliance.

- Uniformity - Uniform interpretation of laws & procedures through conversion of laws into set of mathematical formulae.
- Simplification - Simplification and standardization of backend & front end processes.
- Accessibility - Services at the doorstep of taxpayer -any time/ anywhere & realising jurisdiction free tax administration for bulk processes.
- Good Tax Governance - Each rupee that is collected is accounted for. Robust reconciliation of tax collected vis-à-vis credit claimed.
- Empowerment - Empowering the tax payer with information, knowledge of laws & procedures and status of the proceedings through multiple communication channels.

ATTRIBUTES OF THE CPC-TDS

i. Database size - 700 crores transactional data

ii. State of the art Data Centres at NOIDA and Pune

iii. Processing Capacity

- Processing capacity of more than 1 crore deductee records in 24 hours.
- Average processing time < 5 days from the date of receipt of statements at CPC-TDS
- Processing capacity of nearly 2000 inbound letters in a day
- Processing capacity of nearly 30000 outbound intimations in a day

iv. Intimation of defaults is also sent to the registered email IDs of the deductors.

CPC-TDS - GAME CHANGER

The core engine of the CPC-TDS viz called TRACES (Tax Deduction Reconciliation, Analysis & Correction Enabling System) is a web-based application that provides an interface to all stakeholders associated with TDS administration. The application has three important attributes:-

- Reconciliation -On TRACES, Input (OLTAS Challan and Original/Correction Statement as received from Tax Information Network) and output (Form 16/16A and Form 26AS as produced by TRACES) are duly reconciled. Therefore, TRACES ensures that two sets of records are in agreement.
- Analysis - TRACES facilitates compilation of reports that are provided to the Officers in the Income Tax Department for policy making. The reports are also available to the Commissioners of Income Tax/Range Officers & TDS Assessing Officers for enforcement of TDS provisions at the regional levels.
- Correction Enabling System - TRACES enables correction systems to the deductors for correcting the challans, statements, etc. This facilitates resolution / closure of defaults. - GEOGRAPHICAL AND DEMGRAPHIC

COVERAGE- GEOGRAPHICAL AND DEMOGRAPHIC

The CPC-TDS services its stakeholders who are spread across the country. It works on the "HUB-SPOKE" model, with CPC-TDS being the hub for e-delivery of services. The TDS offices located all over India act as an extended delivery centers through the e-office model.

Demographic spread

CPC-TDS brings value to various institutions, organizations (both within and outside government). It touches ALL government establishments, banks, financial institutions, corporates on one hand and on the other, provides services to ALL the taxpayers, whether filing tax returns or otherwise. The users of the facilities at CPC-TDS include -

- More than 4 crores Taxpayers including corporates, individuals, business entities and others. 35 banks are linked to the CPC-TDS System for online access to Tax Credit Statement (26AS). Around 3 Crore registered users of e-filing website of the Income tax Department have online access to Tax Credit Statement (26AS).
- More than 15 Lakh Deductors including more than 1,75,000 offices of the Central & State Governments
- More than 5000 Government (Central & state) treasuries, sub-treasuries in each district and other Principal Accounts officers
- More than 500 Field Officers of the Income Tax Department, spread across the country, who are responsible for TDS administration
- Tax policy wing of the Central Board of Direct Taxes

RE-ENGINEERED PROCESS THROUGH CPC-TDS

With the inception of CPC-TDS, following processes have been reengineered:-

ISSUE OF DIGITAL TDS CERTIFICATE

The traditional practice of manual TDS certificates was a major cause of TDS mismatch in the processing of Income Tax Returns.

The CPC-TDS now generates TDS certificates from the data reported by the deductors and after matching tax payments (reported through banks or other competent entities). These certificates, having a reference number, are verifiable online and unique for a deductor-deductee combination. In this way, the amount depicted in the TDS certificate matches with the amount reflected in the Annual Tax Credit Statement. This rules out possibility of a mismatch while processing of Income Tax Returns.

The matching of TDS credits, while processing of Income Tax Returns, has improved from 89% to 96% over a period of last two years. Verifiable single version of truth, through reengineering, also eliminates any possibility of fraudulent claim of TDS based on bogus TDS certificates.

ONLINE CORRECTION OF TDS STATEMENTS

The CPC-TDS provides facility for online correction of TDS statements. Thus the deductors can now correct PANs and other attributes of the transactions by promptly filing a correction any time anywhere. At the same time, with this facility, any correction, for resolution of defaults can also be carried out at deductor's convenience.

E-OFFICE

The CPC-TDS provides an integrated technology driven platform for enabling e-office in the Income Tax Department. Over 500 Officers of the Income Tax Department, administering TDS provisions across India, connect with CPC-TDS system through its Intranet services. In addition, a dedicated Helpdesk for assistance to these officers has been enabled.

The CPC-TDS has re-engineered following processes in the offices of the TDS Field Officers:-

- The CPC-TDS provides visibility to the Field Officers as regards grievances of the deductors/ taxpayers related to their jurisdiction. This has helped in bringing down physical visits to the ITD office.
- The CPC-TDS provides a facility for Online Generation of Notices and Orders, required for the enforcement of TDS provisions. This has helped in minimizing manual activities for Field Officers and allowing them to focus on supervision and control.
- Online repository of the notices and orders through CPC-TDS facilitates adherence to statutory timelines. The tax demand, raised as consequence of these actions, is also captured in the system.
- The CPC-TDS facilitates consolidation of 'manual demands' and 'System generated demands' on one platform.
- The CPC-TDS provides platform for sharing of knowledge and best practices among the officers of the Income Tax Department through the facility

of 'Quality Cases' (QC) and 'Awareness Program' (AP) material upload on the TRACES website.

CENTRALIZED ISSUE & DISPATCH OF INTIMATIONS - AUTOMATED DOCUMENT MANAGEMENT SYSTEM (DMS)

The intimations are being dispatched from a centralized automated system, through emails, SMS, postal mail and are also being shown on the dashboard of the deductors. With these services in place, the manpower in the department has been relieved of the task of manually sending out intimations. They can now focus on quality tasks.

The deductors also benefit as defaults are intimated to them within seven days of filing of the TDS statement, leading to better compliance. There are better chances of service of intimations, etc because address of communication is same as that stated in the TDS statement.

PROACTIVE DISSEMINATION OF INFORMATION - PROMOTING VOLUNTARY COMPLIANCE

The inception of CPC-TDS marks a paradigm shift in the TDS administration towards achieving a Non-Adversarial, Non-Intrusive Tax administration. Around 2 Crore educational e-mails on various issues have already been sent by CPC-TDS to the deductors.

Timely processing of TDS statements coupled with multifold communication channels (Portal, emails and call centre) has facilitated compliance-driven ecosystem for the deductors. CPC-TDS has leveraged these channels to send specific emails to the target audience (e.g. non-filers, late filers, tax defaulters etc.) with an aim to create 'TDS default free' environment and to promote voluntary compliance.

Three-pronged approach has been adopted to address the closure of the defaults:

- Timely intimation to the deductors -giving sense of "someone watching" - Persuades them for voluntary compliance.
- E-mail & Call Centre campaign - Persuades the deductors to close the defaults.
- 'Any time Any where' facility for online correction - Facilitates resolution of defaults.

The impact is clearly visible in the following areas of TDS administration:

- Improvement in filers of TDS Statements within due date.
- Improvement in deposit of tax within due date.
- Reduction in TDS default cases.
- Reduction in quoting of invalid PANs.

INSTITUTIONALIZED MECHANISMS FOR GRIEVANCE REDRESSAL & COMMUNICATIONS

The CPC-TDS has put in place a Call Centre for real time support to all the stakeholders. Further, the stakeholders can also reach CPC-TDS through e-mail, Grievance Portal on the website and by writing a letter. The grievances are being handled in a centralized manner and all the stakeholders are given visibility regarding grievance by virtue of an integrated system.

DATA FOR POLICY FORMULATION AND SOCIAL POLICY PLANNING

Using data mining and analytics tools, CPC-TDS provides an updated Management Information System (MIS) and Business Intelligence (BI) reports to the field authorities. This helps them to focus on the potential cases involving high-risk. Field authorities stand empowered and equipped to take up the enforcement work in effective and efficient manner.

The output of analytical tools also acts as an input for effective policy formulation.

CITIZEN CENTRICITY

The operationalization of CPC-TDS has benefitted multiple stakeholders involved in TDS administration by way of an integrated interactive platform for Service Delivery. This has made a tremendous impact on effort, time and cost.

TAXPAYERS

1. With CPC-TDS generating TDS certificates centrally, the initiative has eliminated mismatch of tax credits at the time of claiming credit for TDS in the Income Tax Return.
2. The taxpayers do not have to maintain record of manual paper TDS certificates. All information related to TDS credits, is available online in the form of Annual Tax Credit statement (Form 26AS). The taxpayer has to only verify it from time to time.
3. With the elimination of manual issuance of TDS certificate by the deductor, verification by the Income Tax Department is not required. This has cut down unnecessary delays in the granting of tax credits.
4. The availability of Form 26AS online has

facilitated accurate & complete reporting of Income. As a consequence, compliance cost for the taxpayer has come down.

5. The e-filing website of the Income tax department pre-populates Tax Credit data in the Income Tax Return based on information sent by CPC-TDS. This has made the process of filing Income Tax Return easy.

6. The Annual Tax Credit Statement is updated on a near real time basis. Hence discrepancies in the TDS reported by the deductor, can be reported by taxpayer to deductor, while the transaction is very recent.

7. Malpractices in the issuance of refunds, etc have been minimized.

DEDUCTORS

1. Single Window Delivery: A comprehensive web based service delivery platform takes care of all the compliance needs of deductors and is a source of constant feedback.

2. Online Correction facility is available on anytime anywhere basis. This is one of the major components of the integrated interactive platform of CPC-TDS.

3. The CPC-TDS has promoted voluntary compliance by the deductors. Through proactive dissemination of Information, CPC-TDS has been able to help the deductors in avoiding defaults and consequent costs by providing valuable updates through educational emails and other sources.

Feedback and Grievance Redressal: The centralized tracking of grievance ensures that the time taken for redressal is minimized.

The performance of CPC(TDS) since the beginning of its operations is presented below:

a. Overall performance (till 25th December, 2014)

Deductors Registered with CPC (TDS)	13.27 Lakhs
TDS statements processed for 26AS / TDS certificates	1.83 Crore (99.75% of statements uploaded to CPC(TDS)
TDS statements processed for defaults	1.82 Crore
No. of intimations issued	1.24 Crores

b. Download statistics (till 25th December, 2014)

Download Type	No. of downloads
Form 16A	24.31 Crores
Form 16	3.90 Crores
Form 16B	3.37 Lakhs

b. 26ASviews (till 25th December, 2014)

No. of taxpayers viewing 26AS : More than 2.5 crores

13.16.10 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 functions 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 as 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 with preceding financial year are also 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, 2014-15 (till Dec 2014) the count and amount of tax payment challans handled through OLTAS was more than 3.08 crore and ` 5,42,535.25 crore respectively.

13.16.11 Project Name: Aayakar Sampark Kendra (ASK)

Aayakar Sampark Kendra (ASK) is Taxpayer Information and Services Center of the Income tax Department to answer queries related to the status of PAN and TAN applications, procedure of filing of Income tax and Wealth tax returns, categories of assessees mandatorily required to file e-returns or make e-payment, procedure of e-filing of income tax returns, with or without digital signature. A facility to register grievances on telephone or through email and assist in getting them resolved, is also provided.

Deliverables from Aayakar Sampark Kendra are:-

- Country wide facilities for assistance in e-filing of income tax returns with or without digital signatures and information related Challan and Return Preparation software.
- Assistance in downloading various forms: Income Tax Return Forms, Wealth Tax Return Forms.
- Facility to send Forms by e-mails.
- Procedure of making tax payment, including e-payment and payment through ATM.
- Answer queries related to the status of PAN and TAN applications & related procedure.
- Status of Refund.
- Answer Queries related to assessment Jurisdiction.
- Procedure of viewing Tax Credit Statement and registration for Tax Credit Statements.
- List of Tax Information Network Facilitation centers and PAN Service centers.
- NMS Related Queries.
- Handling misc .queries.

The Department has setup Aayakar Sampark Kendra(ASK) with toll free No.18001801961 and short code 1961 .There is a National Call Centre (NCC) at Gurgaon and four Regional Call Centres (RCCs) at Jammu , Jangipur, Kochi & Shillong which cater to taxpayers in Hindi , English and eight other regional languages (Punjabi, Kashmiri, Oriya, Bengali, Malyalam, Tamil, Assamesse & Khasi). The Volume of calls and emails during the F.Y.2012-13, 2013 -14 and during the current year till 31st Dec 2014 are as follows:

	FY 2013 - 14	Current FY till Dec 14
Call Received	1422169	1026355
Call Answered	1377353	998998
Call Success Ratio	96.89%	97.50%
Email Received	101464	34111
Email Responded	101464	34111

13.16.12 Project Name: National Website of the Income Tax Department http://incometaxindia.gov.in

A major initiative to enhance taxpayer services was launched by the Income Tax Department on 22.09.2014 with the unveiling of the new National Website (www.incometaxindia.gov.in).

This website is a one-stop-shop for all taxpayers, prospective taxpayers, common citizens, tax professionals, non-residents and even students for accessing all taxpayer services and information in a simplified and user-friendly manner. One of the most educative sites, built on state of the art technology, this website has a rich repository of more than 100 Tax and allied Laws, Rules, Circulars and Notifications which are cross-referenced & hyperlinked for users' convenience and useful features like the Tax Calendar, Tax Calculators, Charts & Tables, Tutorials, Utilities, Dictionary, DTAA Treaty comparison utility, exempted institutions. All Income Tax returns, forms and challans are available here for downloading in bilingual mode in an easily fillable format. There is a robust search engine which provides customized search facility. Comprehensive information segments for various categories of tax payers, including FAQs, have been provided. Besides being bilingual and disabled-friendly, the New National Website has detailed information about the entire Department, including sub-websites for all 18 Principal Chief Commissioner's regions and Principal Directorates General and an interactive map-based search of all Tax Offices.

There is also a Knowledge Portal for Departmental Officers for sharing of knowledge, best practices and discussing issues. In future, this platform will also be used for providing continuous online learning facilities for tax officials to improve their acumen.

As part of the Department's strategy to communicate with the school children and to educate them about the benefits of taxation in civil society and its role in nation building, the new website has designed a special corner for children to engage them with lots of interesting tax-related facts, quiz shows and paintings made by them.

13.16.13 Project Name: AST

AST refers to the existing core module of the Income Tax Department and takes care of Assessment related functions wherefore it interacts with all the modules including AIS (PAN), TDS (Tax Deduction At Source), OLTAS (Online Tax Accounting System), E-filing, CPC-ITR Bengaluru, CIB (including AIR) etc for obtaining vital information for the functioning of all the modules. This includes the Global Module (User Authentication) which is required for all Departmental users to access different modules. All returns that are processed or taken up for rectification or scrutiny assessment in either AST or CPC ITR are finally captured in AST and all the results of these proceedings posted in the IRLA (Individual Running Ledger Account) of an Assessee (taxpayer). The System takes care that processing in different systems are coordinated and discrepancies, if any, resolved. The AST has to develop applications for processing returns under different forms and fine tune the IRLA to capture all amendments to the Income Tax Act.

Digitization of paper returns and maintenance of online registers is done in AST as well as processing and post processing activities such as scrutiny, appeal effects, rectification and penalty proceedings. The functionalities have been fine tuned to take care of orders u/s 119 and various other difficulties faced by tax payers.

13.16.14 Project Name : ITBA (Income Tax Business Application)

Income Tax Business Application is the flagship project of the Department for automating all the processes of the Department in the foreseeable future. The project involves re-writing of the existing application, adding yet untouched processes and automating the Human Resource related aspects of the Department. The project is distinct in so far as a single Vendor is responsible for Hardware application as well as its performance and the performance is calibrated against strict Service Level Agreements. The Project is expected to be rolled out in mid-2015 but as a precursor thereto in 2014-15 the following milestones have been achieved:-

1. Migration of Data in the data Centre to the new state- of- the- art Hardware form the legacy System
2. Roll out of New Email Solution
3. Migration of Users as a consequence of Cadre Restructuring

4. Development in part of a Technology Training Centre

13.17 Directorate of Legal & Research(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.

13.17.1 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 made to the concerned division of CBDT.

13.18 The Directorate of Income Tax (Expenditure Budget)

The Directorate of Income Tax (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 Expenditure 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. All other matter related to expenditure budget such as R.E., F.R., Audit Matters, Allocation of advance to Govt. servants etc. are taken up by this directorate from time to time. The details of Expenditure for the financial year 2013-14 are tabulated as under.

REVENUE SEGMENT

(Rs. in thousands)

OBJECT	DESCRIPTION	BE	RE	FG	Actual Expenditure
HEAD		2013-14	2013-14	2013-14	2013-14
1	SALARIES	21622500	21785700	21875500	21876309
2	WAGES	196100	210000	210000	208521
3	OTA	5000	4500	4940	4320
6	MEDICAL	280000	240000	250000	241179
11	D. T. E.	550000	550000	550000	483131
12	FOREIGN TRAVEL	25000	10000	9000	7675
13	O.E. (VOTED)	6860000	6138000	6546160	6538412
14	RENT, RATES & TAXES	1500000	1497700	1549000	1535568
16	PUBLICATIONS	30000	27000	27420	23491
20	OTHER ADMN EXPN	614200	484200	464500	448831
26	ADVT & PUBLICITY	1100000	900000	899143	884649
27	MINOR WORKS	132300	132300	130500	125661
28	PROFESSIONAL SRV	400000	400000	399970	390165
32	CONTRIBUTIONS	14000	10000	10000	9593
41	SECT SRV EXP	140000	120000	128000	125266
50	OTHER CHARGES	40000	36000	35450	31461
99	INFORMATION TECH.	4210000	4000000	3450000	3418522
	TOTAL	**37719100**	**36545400**	**36539583**	**36352754**

CAPITAL SEGMENT

(Rs. in thousands

Minor Head	DESCRIPTION	BE 13-14	RE 2013-14	FG 2013-14	Actual Expenditure for 2013-14
CAPITAL SECTION					
4059.00.204	Acquisition of Office Accommodation	5469800	5000000	4523944	4302516
4075.00.204	Acquisition of Property XX-C	20000	20000	11185	10996
4216.01.111	Acquisition of Residential Accommodation	410000	230000	155480	146511
	TOTAL-CAPITAL	**5899800**	**5250000**	**4690609**	**4460023**
	GRAND TOTAL	**43618900**	**41795400**	**41230192**	**40812777**

In Revenue Segment, the actual expenditure (Rs. 3635.27 crore) during F.Y. 2013-14 is 96.37% of BE of Rs 3771.91 crore and 99.48% of FG of Rs.3653.95 crore. Whereas in Capital Segment, the actual expenditure (Rs. 446.00 crores) during F.Y. 2013-14 is 75.6% of BE of Rs 589.98 crore and 95.08% of FG of Rs. 469.06 crore. Overall, the total expenditure during F.Y. 2013-14 (Rs. 4081.27 crore) is 93.57% of BE of Rs 4361.89 crores and 98.98% of FG of Rs. 4123.01 crore. This Directorate is also regularly monitoring the audit objections related to expenditure budget as per its mandate.

As per the Result Framework Document (RFD) targets are as approved by the CBDT. This Directorate is entrusted with the task of setting up of Local Area Network (LAN) in the office of DIT(EB). Following steps are completed within the stipulated time frame to achieve 100% targets.

	Action	Due date for completion	Achievements
a.	Road Map for setting up of LAN	30/09/2014	Target achieved 100%
b.	Identification of vendor	31/10/2014	Target achieved 100%
c.	Preparation for LAN	31/12/2014	Target achieved 100%

It may be seen that the above targets for RFD are completed.

A further target of digitalization of record for this Directorate was to be completed by 31/12/2014. Accordingly, the documents of this Directorate were digitalized by scanning the same and shall be incorporated in system while operationalization of LAN in this Directorate.

13.19 Principal Director General of Income Tax (Vigilance) [DGIT(Vig.)]

The Vigilance set-up of the Income Tax Department is headed by the Director General of Income Tax (Vigilance). He is also the Chief Vigilance Officer of the Organisation. He is responsible for taking the initial decision on complaints against Group-A officers. He is also required to maintain an up to date records of such complaints and their latest status, through the prescribed registers, for submission of quarterly reports to the CVC, DOP&T etc.. All the complaints against Group-A officers are, therefore, required to be forwarded to him for registration in the CVO's register as well as for further necessary action.

As CVO, he is required to examine and comment on all proposals where a reference to the CVC is required to be made. Apart from the officers posted in his headquarters, who assist him in initial processing of complaints and post disciplinary proceeding cases of Group-A officers, four regional Directorates of Income Tax (Vigilance) assist him in conduct of preliminary verifications or investigations. He makes all vigilance related references to CBDT, CVC, DOPT, UPSC etc. All such references are sent to him through the concerned Zonal DIT(Vig.).

Four Zonal Directorates of Income Tax (Vigilance) assist him in the handling of vigilance matters pertaining to their respective regional jurisdictions.

These Directorate process complaints against Group 'B' officers and also conduct preliminary verifications and investigations in respect of both Group - A and Group - B officers.

Performance and achievements during current year January – December 2014

SR. No	ITEMS OF WORK (DISPOSAL)	Achievements
1	Penalties Imposed	30
2	Out of above J.S. and above Rank	11
3	Charge-sheets given	60
4	Sanction for prosecution approved/granted	11
5	Vigilance clearance issued	755

Significant Developments

The process of Vigilance Clearance (VC) has been modified and made faster and less cumbersome. The VCs earlier were granted in a period varying from 10/15 days to even two/three months. Now with the revised procedure it has been reduced to 1 day in the cases of individual officers and not more than 7 days in the cases of panel of officers. This was implemented from 2013-14 onwards. This also finds a mention in the RFD.

Preventive Vigilance

A Vigilance Awareness Week was observed in the Department across the Income Tax Offices in the country from 27.10.2013 to 01.11.2013. The theme for the year was 'Promoting good governess-positive contribution of vigilance'. A number of seminars and workshops were organized during the vigilance awareness.

13.20 Principle Director General National Academy of Direct Taxes (NADT)

Principle Director General (Training) heads the directorate of training for the officers and staff of the Income tax Department. The National Academy of Direct Taxes(NADT) is the apex training institution of the Officers of the Direct Taxes Administration in India which includes Officers from Indian Revenue Service IRS working in the Government of India. The Academy imparts proficiency in core competency areas, disseminates information about the best of academics and practices and provides an international perspective, high quality professional capabilities and cultural sensitivities to officers.

Besides training, high quality career planning, profiling and progression and continued development of the Direct Taxes Administration personnel are also a part of the NADT's responsibility.

National Academy of Direct Taxes imparts training to Group "A" officers of the Indian Revenue Service, and has one Director General (Trg.) and 3 Addl. Director Generals. The ADG-I, looks after the work related to administration, ADG-II, deals with induction training of IRS officers, and ADG-III, looks after in-service courses.

Besides the NADT, there are 10 DTRTIs functioning under DG (Training), who impart training to group "A" "B" & "C" officers/officials. There are also 43 Ministerial Staff Training Units.

13.21 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).

13.22 DGIT (HRD)

An exercise is underway to identify and take steps to fill up vacancies in the seats reserved for SCs, STs, OBCs and Peoples with Disabilities. DoPT is also being consulted regarding conducting a special recruitment drive in this respect.

The Income-tax Deptt. has embraced information technology in its day to day functioning in a big way. The latest and most notable of its e-governance initiatives is the Human Resources Management System (HRMS) which is in advanced stages of development and will be operationalised shortly. This sysyem aims to bring together, on a single platform, all the aspects pertinent to human resources management on a single e-platform. The performance appraisal, skill set of employees, trainings undertaken by them, posting profile etc will be available on a single platform, which will enable best use of Human Resources of the Deptt. as well as enable identification of areas of weakness and suggest areas where improvements/training would be beneficial to maximize output of human resources.

13.23 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 are more than one Chief Commissioner, the Regional Grievance Cell functions under the Cadre Controlling Principal 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 Ombudsman 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 'Excellence in Service Delivery' 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.

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. 54 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. Even grievances received through Dak are also now being scanned and forwarded online to concerned offices for necessary action and report.

Grievance application can be made on a plain paper to the Grievance Cell functioning under the concerned Commissioner or by directly approaching the concerned officer who needs to redress the grievances, with a copy to the Grievance Cell. 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 Principal CCIT or 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 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 2014-15 (from 1.4.2014 to 31.01.2015) is as under:

	Number of application received (i/c B/F)	Number of applications disposed of
In Dak	1361	203
Online	12145	6525
Total	**13506**	**6728**

13.24 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 rather than subjecting them to the adversarial procedure inherent in the 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 un-necessarily 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:-

1. One Principal Bench and Two Additional Benches at New Delhi.
2. Two Additional Benches at Mumbai.
3. One Additional Bench at Kolkata.
4. One Additional Bench at Chennai.

14.4 The Commission comprises of Members who are appointed by the Central Government from amongst the persons of integrity and outstanding ability, having special knowledge of and experience in problems relating to the direct taxes and business accounts.

14.5 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 Secretary to the 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 Vice-Chairman of the respective Bench at any point of time, whereas the 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. The copy of notification regarding the service condition etc. is enclosed as Annexure-'A-2'.

14.6 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 lakhs 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 of admitted applications, the Commission carries out the process of Settlement in a time bound manner by giving opportunity to both the parties. The Application shall be disposed of by the Settlement Commission within 18 months from the date of filing of the application. 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 on or after 1st June, 2007. Further details about the Commission are available on its Website. [www.itscindia.gov.in]

14.7 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 the directions of the Hon'ble Finance Minister.

Annexure – B

A Statement showing the number of Application files and disposal of from the year 2009 – 10 till 2014 – 15 (up to December 2014) is given as under:-

STATEMENT OF CONSOLIDATED RECEIPT AND DISPOSAL OF APPLICATIONS BY THE SETTLEMENT COMMISSION (IT & WT)

Financial Year	Total No. of cases pending at the beginning of the year i.e. 1st April	No. of applications received during the year	Additions due to High Court orders	Total no. of applications available for disposal	Total disposal u/s 245D(4) during the year (including) rejection	Total pendency for disposal
1	2	3	4	5	6	7
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	1152	363	1	1516	673	843
April, 2014 to December, 2014	850	206	8	1064	446	618

Annexure – B/2

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 Rs. Crores)
1.	Principal Bench, New Delhi	42	26	46.46
2.	Additional Bench-I, New Delhi	06	08	14.04
3.	Additional Bench-II, New Delhi	21	23	57.99
4.	Additional Bench-I, Mumbai	38	40	1479.89
5.	Additional Bench-II, Mumbai	38	29	80.34
6.	Additional Bench, Kolkata	29	19	50.95
7.	Additional Bench, Chennai	32	33	176.52
	Total	206	178	1906.19

15. Authority for Advance Rulings (Income Tax)

15.1 Function of Authority for Advance Rulings (IT)

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 Undertakings can also apply to the AAR for a ruling.

The scope of the Authority has been extended further vide notification dated 28.11.2014 and now a resident tax payer can also obtain advance rulings in relation of his income tax liability arising out of one or more transactions valuing rupees one hundred crore or more in total.

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.

15.3 Performance :

(a) The Authority has so far pronounced rulings/ passed orders in 1236 (22 in the current financial year till Dec. 2014) cases of Income tax and 65 (2 in current financial year till Dec. 2014) 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 ventures in India.Many of the questions coming up before the Authority are such where, generally decisions of High Courts 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.

(d) Statistical information about the performance of the Authority from financial year 2009-10 to 31st Dec. 2014 in Income tax cases and Central Sales Tax cases is given in Tables 1 and 2 below :

Financial Year	Opening balance	Application received	Total	Decision	C/f
2009-10	25	75	100	56	44
2010-11	44	182	226	13	213
2011-12	213	246	459	105	354
2012-13	354	158	512	88	424
2013-14	424	133	557	64	493
2014-15	493	71	564	22	542

Financial Year	Opening balance	Application received	Total	Decision	C/f
2009-10	20	12	32	25	7
2010-11	07	09	16	01	15
2011-12	15	41	56	11	45
2012-13	45	13	58	NIL	58
2013-14	58	14	72	02	70
2014-15	70	25	95	02	93

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 62 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 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 on 21.11.2014 where under issues relating to intelligence sharing and coordination, policy and regulatory gaps, issues of economic security impinging on national security, performance of REICs, etc were deliberated.

16.1.6 The Working Group on Intelligence Apparatus pertaining to EIC met earlier under the Chairmanship of Revenue Secretary on 10.09.2014. During this meeting, 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 2014-15 (upto December 2014) are as follows:

16.2.1 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.

16.2.2 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 coordinated 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, Customs frauds, black money in Private Placement Program, Excise Duty and Service Tax evasion, Income Tax evasion, Entry Operators, Bank Loan Frauds, misuse of subsidy 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 like unlawful imports, MLM Schemes, Cross Border Money Laundering, etc.

All 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 Commercial Banks, Urban Cooperative Banks, Insurance, NBFCs etc which bring to the fore the policy gaps highlighted by CEIB. This data & modus operandi can be used for National Risk Assessment.

16.2.3 Regional Economic Intelligence Councils:

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 2014-15 additional revenue amounting to over Rs.190.63 Crore has been realized on account of this exercise besides flagging various policy related issues.

Further, as extensive Cadre Restructuring has taken place in Income Tax and Customs & Central Excise Department, a large number of new Commissionerates have been created. Moreover, during the last 5 years, collection of Direct/ Indirect Taxes has shown considerable growth. Considering these factors, need was felt for creating new REICs. The Hon'ble Finance Minister has approved the formation of new REICs at Allahabad, Amritsar, Rajkot, Meerut, Vishakhapatnam, Nagpur, Jodhpur and Indore as a result total number of REICs has increased from 22 to 30. This will increase sharing and coordination of operational intelligence amongst member agencies.

The threshold limit in respect of information to be exchanged, fixed by each REIC, way back in 2003-04 has also been revised.

16.2.4 Coordination in some areas

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 in destruction thereof.

b. **Secure Information Exchange Network (SIEN):**

As per the decision of the EIC in 2007, a secured network platform for online exchange of intelligence and information has been fully operationalised in the Bureau where under twelve Member Agencies can communicate with each other in a secured environment.

16.2.5 Studies in the Bureau and Reports of Inter-Ministerial Groups

(i) Study of Multi Level Marketing Draft Bill :

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 reexamined the draft amendment bill related to Prize Chit and Money Circulation Schemes (Banning) Act, 1978 sent by DFS in October 2014 and also separately offered the following comments:

(a) The Prize Chits and Money Circulation Schemes (Banning) Act, 1978 is a prohibitory Act and not regulatory one, (b) 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.

(ii) Sensitizing Public on MLM/ Ponzi Schemes and devising SOP for LEAs:

The Bureau from time to time has been disseminating intelligence/information to State Authorities about companies and persons behind MLM/ Ponzi Schemes so as to take necessary action against offenders. The Bureau also analysis various suggestions coming up during the meetings on this subject and informs the concerned Officers. Recently Bureau has written to Chief Secretaries of the States to involve media for public awareness at the grass root level so that gullible public are not cheated by such unscrupulous elements.

The Bureau is also in the process of designing SOP in consultation with DFS for Law Enforcement Agencies who are to investigate the matters.

(iii) Red Flag indicators:

The Bureau was entrusted with the task of studying information sharing between various Law Enforcement Agencies i.e. CBDT, ED, CBEC, DGCEI, DRI and FIU-IND and designing Red Flag Indicators which would help in meaningful and relevant exchange of information between these Agencies. The Bureau after thorough consultation with all Agencies had submitted its Report. The report highlighted the needs and wish list of each Agency and earmarks the possible areas where information can be automatically exchanged for interagency implications. The Report also mooted for a common IT platform which could be used by various agencies for secure data exchange.

(iv) Study of export of Iron ore:

The Bureau has commenced a study on export of Iron Ore from Goa exported to different countries.

(v) INTERPOL Working Group Meeting on transnational financial crimes:

An Officer of the Bureau attended the 2nd INTERPOL Working Group Meeting on transnational financial crimes organized in Bangkok, Thailand in August 2014 where important issues of trans-border coordination were also discussed

(vi) Cross Border Money Laundering (CBML) or Trade Based Money Laundering (TBML):

The issue of Cross Border Money Laundering (CBML) or Trade Based Money Laundering (TBML) has come to the notice of Bureau that there exists a regulatory gap on the payments made for goods imported into India and clearances were made but no remittances have been sent outside India. In such cases either the remittances might have gone through Hawala Channels or be retained in India on behalf of suppliers abroad which could be put in to undesirable channels thereby threatening security of the country. On the export side there have been innumerable cases where the value of exports is inflated by ten to twenty times. Considering the gravity of situation and amount of money laundered, on the direction of Finance Minister, an IMG was constituted in CEIB with representation from DRI, RBI, ED, CBI, DGFT, and CBDT. Accordingly, the IMG has met and highlighted the following issues:

a) Problems of regulatory gaps to check the Cross Border Money Laundering/Trade Based Money Laundering arising in trade transactions;

b) In some cases huge amounts of remittances have been made as advance against imports through banking channels but practically no imports have taken place, clear case of money laundering activity in the guise of trading;

c) If the importer does not approach the declared bank within stipulated time (approximate time which he ought to declare at the time of import) such information can be captured and sent by the concerned bank back to RBI and RBI can flag it as a suspect case informing concerned LEAs;

d) Various typologies of TBML;

e) Suggestions were also given on the system of electronic flow of data from banking channels and corresponding change in RBI guidelines as well as FEMA Regulations; and

f) The cases of third party payments coming from unconnected countries or tax havens like Dubai and Hong Kong though exports from India have taken place to countries like Australia, USA, Panama etc were also discussed.

The IMG is yet to conclude its report.

(vii) Disclosure of the Source of undisclosed Income:

The Bureau came across number of reports regarding Income Tax evasion where the assessees 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. Now a mechanism is being designed to share potential and relevant cases wherein source of undisclosed income has been reflected in the IT returns in by filed formations of CBDT in REICS. The Bureau is coordinating with CBDT on the issue.

(viii) Standardization of Format for Bank account Transactions:

An issue has come to notice of the Bureau that with regard to persons who open multiple accounts with multiple banks, one of the major problems faced by the investigating/intelligence agencies while analyzing bank statements was that the account details were not in a standard format and very often the soft copies were also not made available. This leads to lose of crucial time which is of strategic importance in any investigation. It was thoroughly examined and decided that (i) a standardized format may be devised for giving bank account transaction details for all the banks (ii) a nodal officer concept may be developed wherein soft copy of the concerned bank account detail is given promptly by the bank through Email. Accordingly, Spl. Secretary cum D.G, CEIB convened a meeting comprising of the members from CBDT, CBI, FIU-IND, SFIO and RBI where the issue was elaborately discussed and a format was designed which was acceptable to all concerned. Now the matter is under consideration of the Banks who have to implement the same.

(ix) Mis-use of Urban Cooperative Banks:

An Inter Ministerial Group(IMG) was constituted last year 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 statues, 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.

Recommendations of the IMG are yet to be fully implemented.

(x) Non Banking Financial Companies:

A lacunae in the existing mechanism inhibiting the regulation of some NBFCs was brought to fore in the EIC and DFS was identified to thoroughly examine the issue and suggest measures to plug the loophole. The matter was again discussed in the last EIC where RBI was directed to publicize the guidelines relating to NBFCs and also highlight that if eligible companies do not take registration they will be prosecuted. Other Agencies in the meeting were also told to bring violations of guidelines to the notice of RBI for further action so as to avoid duplication of authority.

(xi) Suspect NGOs:

Keeping in view the concern regarding misutilization of funds received from abroad by some NGOs it became desirable to take stringent action against them including cancellation of the registration. The matter was raised in the EIC and 188 suspect NGOs were short listed by the concerned member agency. Besides MHA, CBDT and ED were also asked to take necessary action on this information.

16.2.6 Some Major cases coordinated by the Bureau relate to:

(i) Dissemination of cases culled out from reports received in the Bureau:

During 2014 (till October, 2014), 148 cases (involving Customs, Central Excise and Service Tax evasion of Rs.313.59 Crores and undisclosed income of Rs. 1287.99 Crores), having implications for other Departments have been culled out from various reports received in the Bureau from CBEC and CBDT and the same have been shared with concerned Member Agencies/REICs for further action. On account of this sharing, additional amount of Rs. 1.72 Crores have been realized and demands/SCN to the tune of Rs. 27.55 Crores were also raised/issued.

(ii) Multi-Level Marketing Schemes:

The issue of mushrooming growth of the MLM Schemes being of serious concern, the Bureau always kept it as part of the agenda in all Economic Intelligence Council meetings and REICs all over the country. The Bureau has been regularly disseminating the intelligence/ information received, to respective State Governments on Multi-Level Marketing Schemes. As a result some States 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. **As per report received from Karnataka Government they have booked 55 cases having transaction amounting to Rs. 174 Crores against MLM Companies based on inputs shared by the Bureau with them.**

(iii) Bank Fraud:

An information 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

- Buying Lands/Flats/Building/Malls at various places across the country
- Buying shares
- Jacking up prices of shares of listed companies
- Parking of money overseas.

On the basis of the information shared by the Bureau, Income Tax Department have been able to establish invoices of capital goods worth Rs.500. CBI has also registered two PEs against Directors of Tayal Group of Companies and found diversion of Rs. 21.54 Crores by the main Group Companies to their own real estate companies. DGCEI has recovered Rs. 1.64 crores of Service Tax and confirmed misuse of 100% EOU Scheme and EPCG Scheme involving Customs duty amount of over Rs. 8.45 Crores.

(iv) Money Stashed in Overseas Accounts:

The Bureau had forwarded CBDT, ED, FIU, DRI and DGCEI, a list containing over 600 names and addresses of individuals/entities of Indian origin who may have stashed funds abroad in tax havens. Certificates of Incorporation of 11 legal entities listed in the ICIJ Report which were received from two FIUs of foreign countries were shared with CBDT for further action.

(v) Bogus Sales Bills:

Last year on Bureau's initiative the Commercial Taxes Departments of the States had started various 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. Some of the cases of revenue gains are briefly stated below:-

a) Commercial Tax Department, Dehradun detected Bogus claim amounting to Rs.58.18 Crores in 8 cases.

b) Commercial Tax Department, Orissa detected mis-match of 1847 cases and the amount involved Rs.95.14 Crores.

c) Commercial Tax Department, Lucknow, intimated that Rs.23.56 Crores of input tax credit was reversed in 1088 cases and recovery of Rs. 22.70 crores as tax along with a penalty of Rs. 8.62 Crores has been initiated.

d) The Commercial Tax Departments of Gujarat, Karnataka, Kolkata, Rajasthan, have developed effective IT Modules for detection of tax. Results are expected in near future.

Total amount recovered /reversed on account of this exercise from beginning till date is Rs145.74 Crores. The Bureau is also coordinating with the State Governments on this issue.

(vi) Misuse of drawback facility:

The Bureau has recorded an information regarding availment of huge drawback fraudulently by overvaluing export goods viz T-Shirts, Scarves, Stoles, Leather vest etc using different IECs. The same was shared with DRI. Investigations by DRI revealed that front firms were controlled by a syndicate consisting 3 Delhi based persons. The total value of consignments exported by the 3 firms was Rs. 34.33 Crores and the total amount of fraudulent drawback involved is Rs. 2.9 Crores.

(vii) Fraud and Evasion of tax/ duty by a builder:

The information regarding fraud and evasion of taxes/duties by a builder who had undertaken construction of mall and multi-storey residential buildings has been shared with tangible evidence with DGIT and DGCEI. Investigations are underway.

(viii) Wrong availment of Cenvat Credit by a Telecom Service Provider:

An information was recorded and developed in CEIB against a Telecom Service Provider who had not shown utilization of Cenvat Credit of input services in their Balance Sheet though they utilized the same. The firm had taken double benefits of the same amount both under Income Tax and Service Tax amounting to Rs. 25 Cr. Information was shared with DGCEI and is being investigated.

(ix) Accommodation Entries by Entry Operators:

The Bureau has recorded and developed an information regarding certain entry operators who were providing accommodation entries to their clients for a Commission to evade income tax. As the same had substantial service tax implications, it was shared by CEIB with DGCEI for further action. Amount involved is Rs. 249 Crores. The matter is being investigated by DGCEI.

(x) Dissemination of details contained in Currency Declaration Forms (CDFs):

The Bureau analysed 36,459 CDFs received from International Airports at Delhi, Mumbai, Bangalore, Kolkata, Lucknow, Patna, Pune Chennai, Ahmedabad, Amritsar, Hyderabad, Trichy, Vizag and Goa and shared important observations with concerned Intelligence and Investigative Agencies.

16.2.7 NEIN DATABASE

CEIB maintains a database of Dossiers of Economic Offenders/ Suspected Tax Evaders, on the basis of the inputs received from the Law Enforcement Agencies across the country. CEIB so far has 5611 dossiers. The Bureau periodically reviews the dossiers and seeks updates from concerned member agencies to keep data base current and relevant. Bureau also has details of over 23000 offence cases, booked by various agencies. The DATA Base of dossier maintained in CEIB has been designed to capture the data subject-wise and stored accordingly which could be instantly retrieved and viewed for the requesting agency.

16.3 Fake Indian Currency Notes (FICN):

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 were concerned. Accordingly, the Bureau collects data from all concerned Agencies and prepares a half yearly nationwide comprehensive analysis report on printing, smuggling and circulation of Fake Indian Currency Notes which is sent to the National Security Council Secretariat and shared with the Regional Economic Intelligence Councils operating in different parts of the country.

16.4 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 thereunder by the State Governments is one of the functions performed by CEIB. The COFEPOSA Act, 1974 provides for preventive detention thus acts as a deterrent against the menace of smuggling & foreign exchange racketeering. During the **period from 1st January, 2014 to 22nd December, 2014, 55** Detention Orders were issued under the Act. ibid. **40** persons were, however, actually detained during this period, including those against whom Detention Orders were issued during this year and previous years.

16.5 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.

16.6 Training

(a) 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 2014-15, the following programmes were organized:

- 'Banking operations & Fiscal Law Enforcement' at State Bank Staff College, Hyderabad;
- "Intelligence Gathering & Intelligence Tradecraft" at Cabinet Sectt. Training Institute, Gurgaon
- "Intelligence gathering & Intelligence tradecraft" at Military Intelligence Training School & Depot, Pune.

(b) The Bureau recognized the need to impart training to Officers of Department of Revenue in the field of law and procedures as it was seen that a number of times the cases are, though well investigated by the Department, do not stand the scrutiny of courts. At times the cases have fallen on account of very minor procedural infirmities. This results in total waste of resources and efforts made by the Department to book cases. The Bureau consulted National Law University (NLU), New Delhi and designed a capsule course for Officers of Department of Revenue so that legal and procedural aspects of a case are taken care of at initial stage of investigation itself. The course will be conducted in National Law University, New Delhi from April 2015 onwards.

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:-

Post	Sanctioned Strength	In position (as of 31.12.2014)
Executive	1218	380
Ministerial	376	197
Computer Staff/Official Language Staff	69	16
Operational Staff	375	79
Legal Staff	26	10
Total	**2064**	**682**

17.2 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.

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 revention 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 in respect 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.

17.3 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.

17.4 Highlights of the performance and achievements during the year 2014-15 (up to December, 2014)

The performance and achievements of the Directorate during the year 2014-15 (up to December, 2014) are as per **Annexure 'I'** (in respect of FEMA and FERA) and **Annexure 'II'** (in respect of PMLA).

17.5 Performance / achievement up to the last year (2013-14)

The performance and achievements of the Directorate during the financial year 2013-14 are as per **Annexure 'III'** (in respect of FEMA and FERA). The performance and achievements of the Directorate during the financial year 2013-14 are as per **Annexure 'IV'** (in respect of PMLA).

Comparison in disposal of the cases viz-a-viz the corresponding period of 2013 are as under: -

FEMA	Cases under Investigation				
	Pending at beginning of the year, 01.01.2014	Registered during the year, 01.01.2014-31.12.2014	Disposed off during 01.01.2014-31.12.2014	Pendency as on 31.12.2014	Percentage disposal w.r.t. pendency
	5955(5755)	818(1733)	1551(1533)	5222(5955)	26.0%(26.6%)

PMLA	Cases under Investigation				
	Pending at beginning of the year, 01.01.2014	Registered during the year, 01.01.2014-31.12.2014	Disposed off during 01.01.2014-31.12.2014	Pendency as on 31.12.2014	Percentage disposal w.r.t. pendency
	1531(1543)	189(192)	275(204)	1445(1531)	17.9%(13.2%)

Remarks: - Figure in the brackets are the figures for the corresponding period of 2013

17.6 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.

xii) **Expenditure Monitoring System (EMS)** This application is developed to capture the details of budget estimates, budget allocation, and monthly expenditure by the various officers of the directorate.

17.7 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.

17.8 Gender Budgeting / Empowerment of women

Three cases 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.

17.9 Activities undertaken for disability sectors & 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.

17.10 Other initiatives in Enforcement Directorate

17.10.1 Swachh Bharat Abhiyan launched by our Hon'ble Prime Minister on 2nd October, 2014 is being vigorously followed by this Directorate. On 2nd October, a pledge ceremony was organized across all offices of Enforcement Directorate where all the officers and staff members took pledge to keep our nation 'Swachh'. Further, various drives have been organized including installation of banners for creating awareness among citizens and government officials towards the cause of this "Abhiyan". Regular inspection of the office premises is also being done.

17.10.2 The **Biometric Attendance System** has also been installed in various offices of this Directorate including the Headquarters where it was installed during October, 2014. The same is being continuously monitored for any aberration from defined rules & regulations by employees.

17.10.3 A **Vigilance Awareness Weak** was also organized by the Directorate during 3rd to 7th November, 2014 to create awareness among staff to check corruption at every level so that a corruption free society could be attained.

ANNEXURE I

(FERA & FEMA)

STATISTICAL DATA FROM JAN, 2014 TO DEC, 2014

A	**Searches & Seizures**	**FEMA**			
1	Searches Conducted	80			
2	FE seized (Rs. in Lakhs)	761.62			
3	IC seized (Rs. in Lakhs)	1671.88			
B	**Investigation**	**FEMA**			
1	Initiated	818			
2	Disposed	1551			
3	Pending	5222			
4	SCNs issued	671			
C	**Adjudication**	**FERA**		**FEMA**	**Total**
1	Cases Adjudicated	231	+	846	1077
2	Cases pending adjudication	863	+	1338	2201
3	Confiscation of Foreign Exchange (Rs. in Lakhs)	0	+	65.81	65.81
4	Confiscation of Indian Currency (Rs. in Lakhs)	0	+	620.54	620.54
D	**Penalties**	**FERA**		**FEMA**	**Total**
1	Imposed (Rs. in Lakhs)	3836.76	+	4253.4	8090.16
2	Realized (Rs. in Lakhs)	477.07	+	537.21	1014.28
3	Pending for realization (Rs. in Lakhs)	873400.46	+	177345.12	1050745.58
E	**COFEPOSA**	**FERA**		**FEMA**	**Total**
1	Orders issued	0	+	0	0
2	Detained	0	+	1	1
F	**Prosecutions**	**FERA**			**Total**
1	Disposal	42			42
i)	Conviction	10			10
ii)	Acquittal	4			4
iii)	Discharge	4			4
iv)	Withdrawn	10			10
v)	Otherwise disposed off	10			10
vi)	Cases reduced	4			4
2	Pending	3267			3267

ANNEXURE II

(PMLA)

STATISTICAL DATA OF PMLA CASES FROM JAN, 2014 TO DEC, 2014

Sl. No.	ACTIONS	Total at the end of the Year
1.	No. of ECIRs	189
2.	No. of provisional Attachment Orders issued	138
3.	Value of properties under attachment (in Lacs of Rupees)	275516.33
4.	No. of PAOs confirmed	122
5.	Value of assets under PAO confirmed by the Adjudicating Authority (in Lacs of Rupees)	181613.72
6.	No. of PAOs not confirmed by the Adjudicating Authority	4*
7.	Value of Assets in respect of PAOs not confirmed by the Adjudicating Authority (in Lacs of rupees)	772.05
8.	No. of Appeals before Tribunal	
	a) Filed by the party	118
	b) Filed by the Directorate	4
	Total:	122
9.	No. of persons arrested	9
10.	No. of cases in which prosecution complaints filed	55

** One PAO was partially not confirmed*

ANNEXURE III

(FERA & FEMA)

STATISTICAL DATA 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 IV

(PMLA)

STATISTICAL DATA OF PMLA CASES FROM JAN, 2013 TO DEC, 2013

Sl. No.	Key item of work	Total at the end of the Year
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

18. Financial Intelligence Unit – India (FIU-IND)

18.1 Background and function of FIU-IND

18.1.1 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.

18.1.2 The foundation of FIU-IND's work is based on the suspicious transaction reports and other prescribed reports received from the reporting entities. These reports are analysed and results of analysis are disseminated to the prescribed law enforcement agencies. The intelligence inputs so shared may be used in the investigation of the predicate and other offences. The results of analysis of financial information received from the reporting entities have proven to be of considerable value in investigation of money laundering, terrorist financing and other crimes by the law enforcement agencies.

18.2 Highlights of the Performance/achievements during 2014-15 (Upto Dec 2014)

Collection of information *

- **31,43,241** Cash Transaction Reports (CTRs) received
- **32,189** Suspicious Transaction Reports (STRs) received
- **4,92,017** Counterfeit Currency Reports (CCRs) received
- **2,11,640** NPO Transaction Report (NTRs) received

Analysis and Dissemination of Information

- **25,732** STRs processed
- **11,136** STRs disseminated

Collaboration with domestic Law Enforcement and Intelligence Agencies

- Regular interaction and exchange of information
- Received **285** requests for information from Intelligence & Law Enforcement agencies
- Provided information in **260** cases requested by the agencies

Regional and global AML/CFT efforts

- **71** requests received from foreign FIUs
- **45** requests sent to foreign FIUs

Increasing awareness about money laundering and terrorist financing

- Contribution in **20** seminars and training workshops covering **1,089** participants
- Arranged 9 training programmes with LEAs and attended by 278 participants.

Improving compliance with the PMLA

- **25** review meetings held with Reporting Entities.

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

- Phase IV of the Project FINnet accepted. Maintenance phase commenced.
- Successful end-to-end flow of information implemented.
- Removal of bugs and introduction of user-friendly features.
- Proposal moved for Change Order to add new features and to integrate cross-border wire transfer reports.

18.3 Governance Activities

a) FIU-IND's information technology system called 'FINnet' was launched in October 2012. It is a state- of- the art integrated IT platform that enables the reporting entities to furnish all their reports to FIU-IND online using its FINgate portal. The reports are processed in the FINnet's core processing system-FINcore- and disseminate online to the law enforcement agencies through FINex. Both FINgate and FINex also allow two way messaging system between FIU-IND on one hand and reporting agencies/law enforcement on the other.

b) The FINnet Gateway Portal (FINgate) is designed as a comprehensive interface between the reporting entities and FIU-IND to submit reports and exchange information. The portal also offers a comprehensive repository of resources like discussion forums, FAQ, problems and solutions and downloads. Messaging module and user groups enable collaboration between the users of the portal.

c) The FinCore portal of the FINnet processes the report received from the reporting entity and links all relevant reports available in the database using rules of identity and relationship resolution. A case formed around a suspicious transaction report thus contains not only the information received from a particular reporting entity but also all relevant information/ reports furnished by other reporting entities. Thus a lot of value gets added to the information received from the reporting entities before the same is disseminated to the partner agencies.

19. Integrated Financial Division

19.1 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).

19.2 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.

19.3 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) Proposals from Committee of Management (COM), D/o Revenue which oversees the functioning of Government Opium & Alkaloid Works (GOAWs).

(g) Grants-in-aid to National Institute of Public Finance & Policy and Central Revenue Sports & Cultural Board.

(h) 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, and construction of Rajaswa Bhawan.

(i) 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.

(j) Schemes proposed by CBDT/CBEC for utilizing the budget provision under 1% Incremental Revenue Incentive Scheme for obtaining approvals of the competent authority.

(k) Proposals involving relaxation/interpretation of financial rules and all proposals requiring reference to the Department of Expenditure.

19.3.1 The expenditure budget/non-tax revenue receipts of Department of Revenue, Direct Taxes and Indirect Taxes for BE 2014-15/RE 2014-15 and BE 2015-16 was prepared, discussed with Secretary (E) and finalized as below :-

Grant	Gr. No.	2014-15		2015-16
		BE	RE	BE
D/o Revenue	43	832.91	11810.79	16187.69
Direct Taxes	44	5094.89	4328.97	5408.56
Indirect Taxes	45	5155.83	4471.00	5665.10

19.3.2 Integrated Finance Division has taken the following steps/initiatives in 2014-15.

(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 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.

19.3.3 In addition, the allocation and monitoring of the budget relating to advances, viz. House Building Advance, Vehicle Advance, Computer Advance etc. was also done.

19.3.4 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 The Government of India in early 1992 constituted the National Committee for Promotion of Social & Economic Welfare for recommending the projects for promotion of sports, social and economic welfare, pollution control, etc. received from Trusts/Institutions, to the Central Government for Notification under Section 35AC 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.

20.2 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. The first Committee was constituted under the Chairmanship of Justice Mr. P.N. Bhagwati, former Chief Justice of India. The Secretariat of the National Committee comprises of:-

(i) Secretary (Joint Secretary level);

(ii) Director/ Deputy Secretary;

(iii) Section Officer and Staff

20.3 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.	Justice Mr. R.C. Lahoti, former Chief Justice of India	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 Sanjiv 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

20.4 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 applications, the Secretariat of the National Committee processes and scrutinizes these to verify that they are complete in all respects and all documents/information as required under the Rule are enclosed.

20.4.1 Thereafter, Appraisal Reports containing the salient points of the applicant institution/Trust are prepared and put up for consideration of the National Committee. The National Committee either rejects or grants approval to the project/scheme of the Trusts/Institutions. 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 projects or schemes. 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 projects/schemes 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.

20.5 In the financial year 2014-15, the present National Committee headed by Justice Mr. R.C. Lahoti held four meetings so far in the year 2014-15 on 27.5.2014, 27.8.2014, 10.10.2014 and 06.12.2014. In the meeting held on 27.5.2014 a total number of 34 fresh applications were discussed out of which 18 were recommended for approval. In the meeting held on 27.8.2014 a total number of 38 fresh applications were discussed out of which 11 were recommended while In the meeting held on 10.10.2014 a total number of 70 fresh applications were discussed out of which 35 were recommended for approval. The same have been subsequently notified by the Government. The minutes of the meeting of the National Committee held on 06.12.2014 are yet to be finalized.

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. The NIPFP is a primer research organization conducing research, policy advocacy, and capacity building activities in the field of public economics and macro finance. Established in 1976 as an autonomous institution under the Societies Registration Act, 1860 the institute has made significant contribution to policy reforms at all levels of Government of India. The NIPFP provides research, advisory and capacity building support on macroeconomics, fiscal policy, and intergovernmental finance at both national and international levels. The vision of the Institute is to 'promote stable and sustainable development'.

21.2 The Governing Body is chaired by an Economist of Eminence and at present Dr. Vijay Kelkar, Chairman of the forum of Federations, Ottawa & India Development Foundation, New Delhi and Chairman of Janwani, 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; and

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 Hindi Salahkar Samiti:

Action to re-constitute the Joint Hindi Salahkar Samiti has been initiated after the constitution of the 16th Lok Sabha. At present, nomination of 2 Members of Parliament by the Committee of Parliament on Official language is awaited. Thereafter, the case would be submitted to the Hon'ble Minister of Finance for nomination of 4 scholars of Hindi and Official Language, before submitting it for the formal approval of the Department of Official Language.

22.4 Official Language Inspections:

The officers of the Hindi Division of the Department also carried out inspections of 14 offices of Central Excise & Customs/Income Tax 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:

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.

Hindi Pakhwara was celebrated from 01 September, 2014 to 15 September, 2014. 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 for the gazetted officers as well as the non-gazetted officers separately. Those who secured first, second and third positions in these competitions have been given cash prizes of Rs. 5000/-(First prize), Rs. 3000/-(Second prize) and Rs. 2000/- (Third prize) and also 3 consolation prizes of Rs. 1000/- each were given.

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.

In order to encourage original and creative book writing in Hindi, two Incentive Schemes are run by the Department for reviewing and writing original books in Hindi on subjects of Income Tax, Central Excise, Customs, Narcotics and Service tax. These schemes are open to all the citizens of India. There are attractive prizes in each category (i.e. original book writing in Hindi and reviewing) for winners. The Scheme for the year 2014-15 has been circulated to all the Ministry/Departments of Government of India and the particulars are also posted on the Department's website to give it a wide publicity. The scheme shall be published in the newspapers also shortly.

22.7 Training:

During the year 2014-15, 10 LDCs/UDCs/Assistants/MTS and 9 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 21 & 25 August, 2014 in which 27 officials were imparted training in Hindi noting/drafting.

23. Implementation of the Right to Information Act, 2005

23.1 Central Board of Excise and Customs (CBEC)

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 2014 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
31.03.2014	1003	457	26	608
30.06.2014	881	430	29	490
30.09.2014	892	437	3	582

There are 20 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 2014 are given below:-

Quarter ending on	no. of appeals received during the quarter	No. of appeals rejected	No. of appeals accepted
31.03.2014	82	41	41
30.06.2014	95	48	47
30.09.2014	123	16	107

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 Rs.)	Additional fee collected under section 7(3) (in Rs.)
31.03.2014	2270	11521
30.06.2014	2150	9958
30.09.2014	1980	8249

The fee is excluding the amount of fee received for submitting applications online on the RTI portal.

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 1208 applications from January, 2014 to December 2014.

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.

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 202 appeals from January, 2014 to December 2014.

23.2 Central Board of Direct Taxes (CBDT)

Mandatory information as stipulated in Section 4 of the RTI Act has been displayed on the weblink of DGIT (Vig) at www.incometaxindia.gov.in. **Monthly disposal is also being displayed on the weblink** as desired by the DoP&T. **Quarterly Report is timely uploaded on the website of the CIC.**

(A) DETAILS OF RTI APPLICATIONS FOR THE PERIOD Jan., 2014 TO Dec., 2014.

Item	Disposal
RTI Applications	286
RTI First Appeals	39

23.3 Authority for Advance Rulings (Central Excise, Customs & Service Tax)

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. During the year 2014-15 (up to December, 2014) one application was received and disposed off in time.

23.4 Financial Intelligence Unit-India

During the Year 2014-15 (upto December, 2014) 14 Number of RTI applications received and disposed off in time under the Right to Information Act, 2005.

23.5 Adjudicating Authority Under Prevention of Money Laundering Act, 2002

8 numbers of applications received under RTI act and disposed off during the year.

23.6 Set up for Forfeiture of Illegally Acquired Property

During the year, the Competent Authorities have received 40 applications under Right to Information Act, 2005. The applications were disposed off within time limit to the satisfaction of the RTI applicants.

23.7 Customs, Excise & Service Tax Appellate Tribunal

The Public information Officer and 1st Appellate Authority have been nominated by the Public Authority in each Bench of the Tribunal and they are acting in accordance to the provisions of the Right to Information Act, 2005, in dispensing the information.

23.8 Customs & Central Excise Settlement Commission

Right to Information Act, 2005 has been implemented. 12 manuals, as prescribed under RTI related to the Commission were duly prepared. CPIO & ACPIOs have been nominated.

23.9 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 31.12.2014, 79 applications seeking information under RTI Act, 2005 were received in the State Taxes Section and all these applications have been disposed off.

23.10 Income Tax Settlement Commission

The Settlement Commission is very sensitive to the implementation of the RTI Act, 2005. In all seven Benches including Principal Bench at New Delhi, the officers of the level of Joint/Addl. DIT and Administrative Officer have been designated as CPIO under the said Act. The Director of Income Tax (Investigation) and Secretary, who are equivalent to the Joint secretary to the government of India in each Bench have been designated as first Appellate Authority under the said Act.

23.11 Directorate of Enforcement

During the year 2014-15 (up to December, 2014), 240 RTI applications were received in Headquarters office of the Directorate, which were promptly disposed of within the stipulated period.

23.12 Central Economic Intelligence Bureau

The Bureau has appointed CAPIO, CPIO and the First Appellant Authority (FAA) as per provisions of RTI Act, 2005. The Bureau has received 27 RTI applications during the period 2014(upto 9.12.2014). 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 date.

23.13 Central Bureau of Narcotics

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

23.14 Chief controller of Factories

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.

Summary of important observations included in Audit Reports presented to Parliament during 2014

1. Audit Report No. 6 of 2014 (Compliance Audit – Service Tax)

This Report contains 151 audit observations pertaining to Service Tax, having revenue implication totalling ₹265.75crore. The Ministry/department had, till February 2014, accepted 147 audit observations involving revenue of ₹262.29 crore and reported recovery of ₹65.28 crore. Significant findings are as follows:

- Indirect tax revenues as a percentage of Gross domestic product decreased from 4.80 per cent in FY09 to 4.69 per cent in FY13. During the same period, Service Tax revenues as a percentage of GDP rose to 1.31 from 1.08. Service Tax revenues grew by 36 per cent to ₹1,32,601 crore in FY13. (Paragraphs 1.6 and 1.7)
- The number of Service Tax registrations under section 69 of the Finance Act grew by over 50 per cent from 12.26 lakh in FY09 to 18.71 lakh in FY13. (Paragraph 1.13)
- Over 75 per cent of e-filed returns were marked by ACES for review and correction in each of the past three years. As on31 March 2013, 14.74 lakh returns (80 per cent of returns marked for review and correction) were pending corrective action. (Paragraph 1.17)
- Nearly 50 per cent of Service Tax assessees paying revenue over ₹1crore annually which were due for audit by the Central Excise and Service Tax department remained unaudited during 2012-13. (Paragraph 1.19)
- Delay in disposal of over 10 per cent of refund claims in FY13 exceeded one year. Besides, over 2000 claims involving ₹11,000 crore were pending disposal for over 1 year as of March 2013. (Paragraph 1.24)
- Adjudication cases involving Service Tax implication of over ₹64,599.24 crore were pending finalisation as on 31 March 2013. (Paragraph 1.26)
- Cases involving Service Tax of ₹1,37,950.40 crore were pending before appellate forums as on 31 March 2013. (Paragraph 1.28)
- Measures initiated by the department to improve recovery of arrears have not made significant impact. Recovery during FY13 viz. ₹2,321.69 crore, continued to be at below 12 per cent of the arrears at the commencement of the year. (Paragraph 1.29)
- 851 audit paragraphs involving Service Tax totaling ₹1,508.45crore were reported during the last 5 years (including the current year's report). The Government had accepted audit observations in 815 audit paragraphs involving ₹1,398.90crore and had recovered ₹395.09 crore. (Paragraph 1.31)
- We observed instances of incorrect availing/ utilisation of cenvat credit, non-payment/ short payment of tax and non-payment of interest on delayed payments involving Service Tax implication of ₹237.17crore. (Paragraph 2.1)
- We observed, inter alia, instances of delayed issue of show cause notice, deficiencies in scrutiny and internal audit carried out by departmental officers. Service Tax involved in these observations was ₹28.58 crore. (Paragraph 3.2)

2. Audit Report No. 8 of 2014 (Compliance Audit – Central Excise)

This Report contains 62 audit observations pertaining to Central Excise duties, having a revenue implication totalling ₹182.90 crore. The Ministry/ department had, until March 2014, accepted audit observations involving revenue of ₹179.44 crore and reported recovery of ₹21.29 crore. Some significant findings are as follows:

- Central Excise revenue has shown growth during FY09 to FY13 except in FY10. During FY13, Central Excise collections grew by 21.36 per cent over the previous year. (Paragraphs 1.7)
- Revenues forgone on account of Central Excise exemptions continued during FY13. Exemptions under section 5A(1) of the Central Excise Act amounted to ₹2,06,188 crore (₹1,87,688 crore as general exemptions and ₹18,500 crore as area based exemptions) i.e. 117 per cent of the revenues from Central Excise. (Paragraph 1.16)
- Cases involving duty of ₹17,020.54 crore were pending as on 31 March 2013. The pendency is increasing every year. 326 cases involving ₹1,353.85 crore were pending for more than two years. (Paragraph 1.26)
- Arrears pending for recovery reached to ₹47,621 crore in FY13 while collection was only ₹1,884 crore during the year. Pendency of arrears is increasing every year and the recoveries were a meager 5 per cent of outstanding arrears. (Paragraph 1.35)
- We noticed cases of irregular availing and utilisation of cenvat credit, non/short payment of Central Excise duty involving revenue of ₹66.76 crore. (Paragraphs 2.1)

- We observed, inter alia, instances of deficiencies, in scrutiny and internal audit process. Duty/tax involved was ₹116.03 crore. (Paragraphs 3.2)

3. Audit Report No. 29 of 2014 (Performance Audit – Administration of Prosecution and Penalties in Central Excise and Service Tax).

Prosecution is the commencement of a criminal proceeding, where the Government exhibits before a Court of Law the formal charges against a person accused of an offense and seeks to impose on such person a suitable punishment and penalty. Thus, in Central Excise, prosecution sets in motion a legal process by which Government seeks to ensure punishment of companies and persons concerned with evasion of Central Excise duty.

The major findings of this performance audit are as under:-

- Eleven cases from 5 Commissionerates involving meager amount of ₹1.82 lakh are under prosecution in various Courts for periods exceeding 30 years. (Paragraph 2.4)
- Audit could not identify the pendency period in 43 prosecution cases having a revenue implication of ₹31.50 crore as department was not able to provide details of date of filing of complaint. (Paragraph 2.4)
- In 138 prosecution cases in 27 Commissionerates, the sending of investigation reports suffered delays ranging from a month to over 10 years to obtain the mandatory sanction of the Chief Commissioner to launch prosecution. (Paragraph 2.6)
- In 61 cases under 12 Commissionerates and in four cases under DGCEI Mumbai Audit could not verify whether the investigation reports were submitted within the stipulated time or not due to non-availability of records in the concerned files. (Paragraph 2.6)
- In 175 cases relating to 37 Commissionerates and DGCEI, Delhi there was delay of a month to 15 years in filing complaints with the Courts of Law. (Paragraph 2.8)
- Out of 46 selected Commissionerates, 30 Commissionerates reported that they are not doing any review on pending prosecution cases. (Paragraph 2.9)
- Instances of delay in Court proceeding due lack of proper attention by the departmental officers were noticed. (Paragraph 2.10)
- In 19 cases where prosecution was initiated, none of the accused persons had been informed separately in writing about the offer of compounding. (Paragraph 2.12)
- In 24 Commissionerates no remarks were found in the Director General (Inspection) reports pertaining to prosecution cases. (Paragraph 2.14)
- The department is not reviewing the prosecution cases for withdrawal as per Board's Circular dated 4 April 1994. (Paragraph 2.18)

4. Audit Report No. 33 of 2014 (Performance Audit – Central Excise Administration in Automotive Sector).

This performance audit revealed certain inadequacies in the extant provisions, system as well as compliance issues relating to the assessment and collection of duty from the Automotive Sector.

- Thirty-nine out of the selected 40 Commissionerates intimated that they had not undertaken any analysis of revenue collections from the sector. (Paragraph 2.1)
- Non-submission/delayed submission of returns prescribed under Central Excise Rules and Cenvat Credit Rules by the assessee of automotive sector. (Paragraph 2.2)
- We observed that master files had not been created for 1,116 assessees. (Paragraph 2.3.1)
- We observed delays ranging between one year and five years in adjudication of demands involving revenue of ₹587.56 crore. (Paragraph 2.6)
- Absence of provision in Cenvat Credit Rules, to reverse the proportionate Cenvat credit relating to input services at the time of clearance of input/ capital goods 'as such'. We came across 44 cases involving revenue implication of ` 87.37 crore. (Paragraph 2.7)
- During the course of this audit examination, we observed 25 cases of incorrect valuation of excisable goods involving duty impact of ₹547.93 crore. (Paragraphs 3.1 to 3.5)
- During the course of this audit examination, we found 144 cases of incorrect availing of Cenvat credit with duty impact of ₹6.74 crore. (Paragraphs 4.1 to 4.9)

Summary of Important audit observations on the working of the Income Tax Department under the administrative control of Department of Revenue, Ministry of Finance

1. Administration of Penalty and Prosecution - AR No. 28 of 2013- Department of Revenue – Direct Taxes

The standalone Performance Audit Report featured results of the audit on Administration of Penalty and prosecution.

Important Findings

- Audit found that the ITD delayed in completion of penalty proceedings which led to potential loss of revenue *(paragraph 2.3)*. ITD did not apply penalty as per provisions of the Act in cases such as (a) non-complying with filing requirements covering Income Tax Returns, Tax Audit Reports, Books of Accounts; (b) concealment of income and (c) failure to provide return for TDS/TCS *(paragraphs 2.12, 2.14 and 2.15)*. ITD did not apply penalty provisions for cash transaction which led to tax effect of ₹56.60 crore *(paragraph 2.16)*.
- There were mismatches at every stage of selection, initiation, pursuance and disposal of cases of prosecution as also at every level of monitoring and coordination. CBDT has not ensured posting of appropriate officers as Nodal Officers in its field formations *(paragraph 3.2.1)*. There were wide discrepancies in data on pending/ disposed cases questioning the authenticity and reliability of prosecution data. Physical verification of prosecution records which could have streamlined record maintenance had also not been carried out since FY 2008 *(paragraph 3.2.3 3.2.4)*. There were substantial delays in launching of prosecution cases ranging from 5 to 48 years. In respect of Prosecution against corporate sector, Audit found that cases were being launched and pursued even where companies had already been liquidated or have been declared sick by Board for Industrial & Financial Reconstruction (BIFR) *(paragraph 3.4.6 and 3.4.7)*.
- CBDT is pursuing cases under repealed sections of the Act, dead assessees etc resulting in wastage of resources *(paragraph 3.4.1 and 3.4.3)*. Poor record maintenance and delay in production of evidences has led to acquittal of assessees *(paragraph 3.6)*. Compounding of offences as mechanism of alternate dispute resolution was not exercised to reduce litigation and realize due revenue *(paragraph 3.9)*.The CBDT's litigation mechanism were not in consonance with the spirit of National Litigation Policy *(paragraph 3.10)*.

2. Assessment of Firms -AR No. 7 of 2014- Department of Revenue – Direct Taxes

The standalone Performance Audit Report featured results of the audit on Assessment of Firms.

Important Findings

Audit found 1,497 cases involving a tax effect of ₹328.04 crore relating to systemic, compliance and control issues in assessment which included the following:

- ITD did not correlate the assessment records of Firms with that of their Partners nor did it ensure submission/certification of Partnership deed while allowing deductions in 826 cases which involved a tax effect of ‘15.58 crore *(paragraph* 2.3-2.8).
- Partners of the Firms availed excess exemption under section 10(2A) due to ambiguity in the provisions of the Act. Firms being a non-legal entity were allowed to be a Partner in another Firm and availed various deductions due to lack of clarity in the Act *(paragraph* 2.5-2.6)**.**
- ITD allowed irregular deductions in 160 cases involving tax effect of ‘20.59 crore wherein the provisions of section 40(b) and 184 of the Act had not been complied with *(paragraph* 3.2- 3.6)
- ITD committed mistakes relating to incorrect allowance of exemption/deduction, capital gains, carry forward and set off of losses, computation of income, incorrect allowance of depreciation etc in the assessments of Firms made by the ITD in 287 cases having a tax effect of ₹244.57 crore *(Chapter 4)*.
- With respect to internal audit, Audit noticed that the Commissioners of Income Tax did not carry out inspections/ reviews of assessment orders *(paragraph* 5.2). ITD did not give importance to their internal audit as it was neither conducted nor did it cover the Firms assessment records *(paragraph* 5.4)

3. Compliance Audit- AR No. 10 of 2014- Department of Revenue – Direct Taxes

This Report discusses trends, composition and systemic issues in direct taxes using data from Finance Accounts, departmental accounts, departmental MIS and irregularies/mistakes found during the local audit of assessments conducted by offices of Directors General/ Principal Directors of Audit, Central. This also contains thematic study on Grievances Redressal Mechanism in the ITD.

Important Findings

- Share of direct taxes in GTR decreased from 55.16 *per cent* (₹3.34lakh crore) in FY 2008-09 to 53.93 *per cent* (₹5.59 lakh crore) in FY 2012-13 *(paragraph* 1.4.1).
- Two major components of Direct taxes viz. Corporation Tax increased from ₹2.13 lakh crore in FY 2008-09 to ₹3.56 lakh crore in FY 2012-13 and Income Tax increased from '1.06 lakh crore in FY 2008-09 to '1.97 lakh crore in FY 2012-13 *(paragraph* 1.4.2).
- Voluntary compliance declined for corporate assessees from 83.1 *per cent* to 77.5 *per cent*; however, it increased for non-corporate assessees from 87.0 *per cent* to 92.4 *per cent* during FY 2008-09 to FY 2012-13 *(paragraph* 1.4.7).
- The uncollected demand increased from ₹2.01 lakh crore in FY 2008-09 ₹4.86 lakh crore in FY 2012-13. The Department indicated that more than 96 *per cent* of uncollected demand is difficult to recover in FY 2012-13 *(paragraph* 1.10.1).
- ITD recovered ₹270.40 crore in FY 2012-13 from demands raised to rectify the errors in assessments that we pointed out *(paragraph* 2.4.1).
- Audit Report contains 332 high value cases pertaining to Corporation tax with tax effect of '2,193.75 crore, 110 high value cases pertaining to Income tax with tax effect of ₹171.87 crore and 17 cases of Wealth Tax involving tax effect of ₹ 1.88 crore (*paragraphs 3.1.1 and 4.1.1).*
- Audit noticed that ITD disposed of an average of 59 *per cent* of the grievances within stipulated period during FY 2011-12. There were 7,167 instances of grievances which were pending for disposal by concerned AOs as on 31 March 2012. The pendency of these grievances ranged from two to more than 10 years beyond stipulated period of 60 days as on 31 March 2012*(paragraph* 5.6.2.1 and 5.6.2.4).

4. Allowance of Depreciation and Amortisation-AR No. 20 of 2014-Department of Revenue – Direct Taxes

The standalone Performance Audit Report featured results of the audit on Allowance of Depreciation and Amortisation.

Important Findings

Rates of depreciation on different assets/ block of assets as provided in the Act differ from those prescribed under the Companies Act 1956 for the same assets. We found that depreciation as per the Act was higher in 6,267 cases and lower in 5,926 cases by a difference aggregating ₹57,665.41 crore and ₹11,754.80 crore respectively *(paragraph 2.2).*

- Due to non-existence of proportionate allowance of depreciation depending upon the use of assets, assessees have claimed unintended benefits. C&AG observed that 986 assessees made additions of various assets worth ₹1,41,725.45 crore in the month of March and claimed depreciation of ₹15,617.86 crore instead of allowable depreciation of ₹2,602.61 crore on *pro rata* basis for the month of March only, the assets being purchased in the month of March itself *(paragraph 2.3).*There were inconsistencies in allowance of depreciation on assets owned by Charitable / Religious Trusts and Association of Persons *(paragraph 2.4).*
- We noticed a number of mistakes in compliance with the provisions of the Act dealing with allowance of depreciation and amortisation and the relevant circulars/instructions issued by CBDT/Judicial decisions delivered by the Apex court and jurisdictional High Courts *(Chapter 3)*.
- There is no mechanism available in the ITD to verify the veracity of claim of the assessees for depreciation in respect of additions made to the block of assets in previous year *(paragraph 5.2)*.
- ITD does not have any mechanism/database or maintain register/records for keeping a watch over the correct status of unabsorbed depreciation carried forward for future set off despite CBDT's specific instruction issued in September 2007 in this regard *(paragraph 5.3)*.

5. Appreciation of Third Party Reporting in assessment proceedings -AR No. 32 of 2014- Department of Revenue – Direct Taxes

The standalone Performance Audit Report featured results of the audit on Appreciation of Third Party (Chartered Accountant) Certification in Assessment Proceedings.

Important Findings

- Tax auditors failed to give correct information relating to allowance of depreciation in 66 cases involving short levy of tax of ₹457.79 crore *(Paragraph 2.3).*
- Tax auditors did not report correct information regarding brought forward loss/depreciation

resulting in irregular brought forward loss/ depreciation allowance in 46 cases involving short levy of tax of ₹557.79 crore *(Paragraph 2.4).*

- In 42 cases, personal/capital expenditure was incorrectly allowed as the tax auditors did not report the amount in their tax audit reports which resulted in short levy of tax of ₹477.89 crore *(Paragraph 2.5).*
- CAs have certified wrong information/claims for various exemptions and deductions in 74 cases having tax effect of ₹259.72 crore *(Paragraph 2.7).*
- We also found in another 616 cases where CAs committed mistakes viz. in allowance of exemption/deductions, charging of tax on Book Profit under Section 115JB, adoption of Arm's Length Price and reporting on cash payments exceeding ₹20,000 per day *(Paragraphs 2.6 and 2.10-2.12)*.
- We have also commented on lacunae in the existing Forms which need modification in order to capture full information of the affairs of assessees so that taxes are applied correctly *(Paragraph 3.2-3.4).*
- We found that 18.87 *per cent* of CAs (12,435 CAs) for AY 2013-14 issued more tax audit reports than prescribed by ICAI *(Paragraph 3.6)*. We also got cases where CAs did not mention their membership numbers *(Paragraph 3.7)*. ITD did not refer any case for professional negligence to ICAI for taking action against erring CAs in terms of Section 288 of the Act *(Paragraph 3.9).*

Summary of Important audit observations contained in Custom's Performance Audit Report No. 9 of 2014 on Duty Entitlement Pass Book (DEPB) Scheme, Performance Audit Report No. 11 of 2014 on Indian Customs Electronic Data Interchange System (ICES 1.5), Performance Audit Report No.21 of 2014 on Special Economic Zones (SEZs) and Compliance Audit Report No. 12 of 2014 (Deptt. of Revenue – Customs)

Performance Audit Report No. 9 of 2014

Duty Entitlement Pass Book (DEPB), as an incentive scheme was notified vide circular no. 10/1997 dated 17 April 1997. The DEPB scheme substituted the Value Based Advance Licencing (VABAL) scheme and the Pass Book scheme of the earlier Exim policy. This scheme initially consisted of two subschemes, viz 'Preexport DEPB' and 'Postexport DEPB'. The preexport DEPB scheme was abolished with effect from 1 April 2000. After several extensions through the years, the postexport scheme was phased out on 30 September 2011 and thereafter DEPB items were incorporated into the Duty Drawback Schedule with effect from 1 October 2011.

Objectives of the scheme

The objective of DEPB Scheme was to neutralise incidence of customs duty on import content of export product. Neutralisation was provided by way of grant of duty credit against export product. Duty credit under the scheme was calculated by taking into account deemed import content of said export product as per Standard InputOutput Norms (SIONs). Value addition achieved by export of such product was also taken into account while determining the rate of duty credit under the scheme {paragraph 4.37 of Hand Book of Procedure (HBP) vol.1}. Value caps were imposed on export products having high DEPB rates to curb the misuse of the incentive. DEPB duty credit thus availed was utilised by exporters for adjusting customs duty, both basic and countervailing duties (CVD), against import of any importable items/ restricted items into India. The exporters could use the credit for importing any product, and not necessarily the material used in the export product. DEPB and/or the items imported against it were freely transferable. DEPB Scrips could also be utilised for payment of duty against import under Export Promotion Capital Goods (EPCG) Scheme.

Audit Finding

- Audit came across policy implementation issues and cases of operational malfunction, both in the manual as well as the EDI environment,
- This was aggravated by a weak Internal audit system.
- The coordination between DGFT, Customs and RBI required more attention.
- DEPB credits were not related to the actual incidence of duty and despite earlier C&AG reports the scheme implementation was mired in familiar policy misinterpretations and

malfunctions.

- DGFT has not carried out any outcome assessment of the efficacy of the scheme with regard to its performance nor had a revenue impact assessment of the import duty neutralisation before implementing the scheme.

Recommendations

1. Internal control and audit system of RAs, Customs, Ports need strengthening for efficient implementation, monitoring and outcome of the incentive schemes.

(Paragraphs 2.1 to 2.3)

2. DGFT may review its EDI system along with the online data exchanged with the Customs Department and modify its data requirement in the EDI module to ensure compliance to the policy provisions.

(Paragraph 2.5)

3. DGFT needs to improve its coordination with Customs and RBI by coming up with solutions and taking prompt action on alerts issued by the Customs/RBI for all rewards and incentive schemes.

(Paragraph 2.6)

4. In case of policy implementation issues and cases of operational malfunction, audit recommends that appropriate action be taken under the FT (D&R), Act.

(Paragraphs 3.1 to 4.21)

5. Audit recommends that while impact or outcome studies of schemes are done, DoC/DoR must take into account the intertwined components of scheme based rewards and incentives and PTA based incentives to the exporters/importers and manufacturers, to draw the complete picture. Such statements may serve the purpose better as a part of the Fiscal Responsibility and Budget Management (FRBM) disclosure in the Receipt budget of the Union Government.

(Paragraph 5)

Performance Audit Report No. 11 of 2014

The Indian Customs Electronic Data Interchange System (ICES) was developed as the core ICT system through which import and export documents {Bills of Entry, Shipping Bills, Import General Manifests (IGMs) and Export General Manifests (EGMs)} were to be processed. The main objectives of ICES were to ensure uniformity of assessments and valuations; ensure faster processing; reduce transaction cost, interaction of the Trade with government agencies, and provide quick and accurate import/export statistics for compilation by the DGC&IS. ICES Ver 1.0 was initially launched as Pilot project at Delhi Custom House in 1995. It was gradually made Operational at other custom houses from 1997.

Audit Finding

Audit reviewed the Customs EDI System for the first time in the year 2000 01 and again in the year 2008, primarily to verify whether it had mapped the processes and provisions of the Customs Act and allied rules and regulations, effectively. The audit review had revealed deficiencies in (i) system design leading to incomplete capture of data resulting in manual interventions, (ii) incorrect mapping of business rules, (iii) absence of appropriate input controls,(iv)absence of validation between 'customs tariff heading' and the serial number of the notification for ensuring correct availing of exemption notification, (v) absence of validation of licence and scheme code,(vi) inadequate change management controls and (vii) wastage of resources as the data available in the system was not utilized and manual processes were resorted instead. In all, five recommendations designed to address the system deficiencies were included in the report (Report No.PA 24 of 2009 10 Customs). The Ministry accepted all the recommendations.

Audit came across systemic issues and issues involving inadequate scoping and functionality of the application. The total revenue implication of this PA report is ₹847.16 crore. There are 44 observations and nine recommendations. Out of nine recommendations made in this PA, CBEC accepted five recommendations.

Recommendations

1. The department may consider constituting a Steering Committee for developing IS Plans according to its business strategy in consonance with its future IS needs.

(Paragraph2.1)

2. A personnel policy for development of internal competencies for management of the CBEC's IS management, by recruitment, development and training of IT personnel may be developed for smooth operations of the department's mission critical IS systems.

(Paragraph 2.3)

3. Any changes in the operational features of logical security elements like password policy may invariably be implemented only after due authorization and documentation of the changes.

(Paragraph 2.5)

4. The department may consider examining its core application (ICES 1.5) audited periodically for detecting deficiencies and suggesting improvements in the application. The strategic control must necessarily be with the Government and accordingly, the SLAs may be urgently reviewed.

(Paragraph 2.6)

5. DoS may consider mapping the serial numbers of the RSP notification with the Tariff line items and put in place necessary validations in the application to ensure that the importer declares

the RSP, if there are any imports under a tariff line item, covered under the RSP notification.

(Paragraph 3.2)

6. The department may consider the introduction of appropriate validations in ICES Application and RMS to detect the related cases. The facilitation accorded to ACP clients by RMS may also be re examined, in view of the large volumes of goods cleared at RSPs declared below import cost.

(Paragraph 3.3)

7. To ensure correct assessment, validation checks for declaration of same CETH/CTH may be provided for in ICES 1.5 application, for all goods classifiable under chapters 1 to 98 of the Customs and corresponding Central Excise Tariff Schedules.

(Paragraphs 3.7 and 3.8)

8. The proposed Export Obligation Discharge Certificate (EODC) message exchange between the DGFT and ICEGATE has not materialised. The manual transmission of EODCs and their monitoring has not been found to be efficient. However, the data available in the application database may be used to generate EODC discharge failure reports and the licencees as well as DGFT may be pursued, for timely initiation of the revenue recovery procedures related to the EODC.

(Paragraph 3.19.1)

9. The information regarding provisional assessments, action taken in cases of short levy of duty and duty paid through manual challans may be provided for in the application, to allow updation of the data relating to each of import/export assessment record.

(Paragraphs 3.19.3 and 3.19.4)

Performance Audit Report No. 21 of 2014

A Special Economic Zone is a geographical region within a Nation-State in which a distinct legal frame work provides for more liberal economic policies and governance arrangements than prevail in the country at large. The geographical areas thus notified under the SEZ Act, were declared to be outside the normal customs territory of India.

Objectives

The objectives were to be achieved through incentivizing the SEZ activities in the form of income tax holidays, various exemptions from several indirect taxes and other benefits. For success of this Act, DoC, DoR, CBEC, CBDT, State Governments, Banks etc were required to act in tandem.

The objective of this performance audit was to assess the adequacy of regulatory framework, policy implementation, operational issues and internal controls of SEZs. An attempt was also made to study the social and economic benefits of SEZs in India.

Impact

Outcome budget of Department of Commerce indicated that the capital outlay of SEZs for development of the infrastructure is funded under Assistance to States for Developing Export Infrastructure and Allied Activities (ASIDE) Scheme from 1 April 2002. An outlay of ₹3793 crore was provided under ASIDE scheme during the 11th Five Year Plan (2007-12). ₹2050 crore was spent in the 10th Plan period and ₹3046 crore (upto 1 Jan 2013) was spent during the 11th Five Year Plan under the scheme. However, the same has not been included to indicate the outlay or domestic investment of SEZs.

Over a period of time, the growth curve of SEZs had indicated preference for urban agglomeration by industry, undermining the objective of promoting balanced regional development. Another significant trend in the SEZ growth has been the preponderance of IT/ITES industry. 56.64 per cent of the country's SEZs cater to IT/ITES sector and only 9.6 per cent were catering to the multi product manufacturing sector.

Land appeared to be the most crucial and attractive component of the scheme. Out of 45635.63 ha of land notified in the country for SEZ purposes, operations commenced in only 28488.49 ha (62.42 %) of land. In addition, we noted a trend wherein developers approached the government for allotment/purchase of vast areas of land in the name of SEZ. In terms of area of land, out of 39245.56 ha of land notified in the six States[1], 5402.22 ha (14%) of land was de-notified and diverted for commercial purposes in several cases. Many tracts of these lands were acquired invoking the 'public purpose' clause. Thus land acquired was not serving the objectives of the SEZ Act.

In four States (Andhra Pradesh, Karnataka, Maharashtra and West Bengal), 11 developers/units had raised ₹6309.53 crore of loan through mortgaging SEZ lands. Out of which, three developers/units had utilized the loan amount (₹2211.48 crore i. e 35 per cent of ₹6309.53 crore) for the purposes other than the development of SEZ.

SEZs in India had availed tax concessions to the tune of ₹83104.76 crore (IT-₹55158; Indirect taxes-₹27946.76 crore) between 2006-07 and 2012-13. Our review of the tax assessments indicated several instances of extending in-eligible exemptions/deductions to the tune of ₹1,150.06 crore (Income tax ₹4.39; Indirect Taxes ₹1,145.67 crore) and systemic weaknesses in Direct and Indirect tax administration to the tune of ₹27,130.98 crore.

Audit is of the opinion that monitoring framework requires strengthening. The inadequacies in the performance appraisal system of SEZs, compounded by lack of Internal Audit, facilitated developers to misrepresent facts to the tune of ₹1150.06 crore which remained undetected as there was no mechanism to cross verify the data given in the periodical reports with the original records. Further, there was no system to monitor the exemptions given on account of Service Tax, Stamp Duty etc. Consequently, a reliable estimate of the magnitude of the total tax concessions provided could not be made.

DoC does not have any IS Strategic plan for Database Management System of the SEZs in the country because the entire database management system project, its maintenance and the strategic management control have been outsourced to NSDL.

Recommendations

1. *The MOC&I may prescribe measurable performance indicators in line with the objectives and functions of the SEZs so that the real socio-economic benefits accrue for citizens and the States.*

(Paragraph 2.5)

2. *The SEZ policy and procedures need to be integrated with the Sectoral and State policies with the involvement of the unique advantageous points therein.*

(Paragraph 3.1)

3. *MOC&I may consider prescribing time limits for each stage of the SEZ life cycle for benchmarking purposes.*

(Paragraph 3.3)

4. *MOC&I may consider introducing a suitable mechanism to monitor non-operational SEZ units.*

(Paragraph 3.12)

5. *MOC&I may review the SEZ policy and procedures regarding developers seeking vast tracts of land from the government in the name of SEZs and putting only a fraction of it for notification as SEZ.*

(Paragraph 4.5)

6. *DoR may like to visit the Income Tax Act, 1961 and Wealth Tax 1957 in view of the:*

   I. Need for timely remittance of foreign currency remittances which was not provided for under section 10AA as in the case of Sections 10A, 10B, and Section 10BA;

   II. Section 10A/10AA/10B/10BA of the Income Tax which does not define the terms 'profits of the business', 'total turnover of the business', thereby assessees get an opportunity to tweak their 'profits of the business' and 'total turnover of the business' according to their suitability which is resulting in incorrect claim of exemptions;

   III. Misuse of Section 2(ea) of Wealth Tax Act 1957 where asset, inter alia, includes Land held by the assessee as stock-in-trade for a period of 10 years from date of acquisition; and

   IV. Impact of levy of DDT and MAT in SEZs vis-a-vis DTA units based on an empirical study.

(Paragraph 5.5)

7. *MOC&I may review the arrangements in place for Service Tax administration as there was no mechanism for capturing, accounting, and monitoring of ST forgone by DC or the jurisdictional ST Commissionerates.*

(Paragraph 5.11)

8. *MOC&I may consider recovering duty forgone on inputs utilised for manufacture of finished products, on clearance of such exempted goods in DTA, as is done in the case of EOUs.*

(Paragraph 5.17)

9. *In addition to specific monitoring measures, internal audit needs to be conducted and internal controls both in the manual and online system need to be strengthened while retaining the strategic control of the SEZs database management system with MOC&I.*

(Paragraph 6.4)

Compliance Audit Report No. 12 of 2014

The Customs Compliance Report has seven chapters comprising 139 paragraphs with revenue implication of ₹1832.41 crore. Of these, in respect of 84 paragraphs, involving money value of ₹39.67 crore, the department/Ministry had taken rectificatory action in the form of issuing show cause notices, adjudicating show cause notices and effecting recovery of ₹10.88 crore.

Salient Audit Findings

➢ Customs revenue as a ratio of GDP has been stagnant at around 1.7 percent.

{Paragraph 1.5}

- Exports have recorded a growth of 11.48 per cent while imports registered growth of 13.80 per cent during FY 13.

{Paragraph 1.6}

- Customs revenue of ₹11835.91 crore demanded up to March 2013, was not realised by the department at the end of the FY 13. Of this, ₹2,468 crore was undisputed.

{Paragraph 1.19}

- Revenue of ₹139.06 crore was due from exporters/ importers who had availed of the benefits of the duty exemption schemes but had not fulfilled the prescribed obligations/conditions. This chapter also includes one long paragraph on 'Promotional measures (Focus Product Scheme including Market Linked Focus Product Scheme)'.

{Paragraphs 2.1 to 2.5.2}

- Duty of ₹89.31 crore was short levied due to incorrect application of exemption notifications.

{Paragraphs 3.1 to 3.7}

- Audit detected incorrect assessment of customs Revenue totalling ₹86.53 crore. This chapter also includes one long paragraph on 'Refund of Customs Duty'.

{Paragraphs 4.1 to 4.10.2}

- Duty of ₹20.70 crore was short levied due to misclassification of goods.

{Paragraphs 5.1 to 5.16}

- Manufacture, sale and export of the narcotic alkaloid extracts higher up in the value chain had the potential to provide exponentially higher economic returns to the poppy plantation, save foreign exchange in procuring poppy seeds in the traditional hinterlands, using modern technology, scientific research, efficient management structures, commercial models and international trade negotiations.

- There seemed no clear policy framework aiming at the twin objectives of revenue generation through sale of finished opium based pain relief chemicals and foreign exchange savings by indigenous production of opium seeds along with a commensurate incentive structure for the cultivators and drug producers.

{Paragraphs 6.1 to 6.15}

- The system of disposal of seized and confiscated goods by the department was characterized by lack of proper maintenance of records, inadequate quality of documentation, non-projection of targets, delays in adjudication as well as non-compliance with the prescribed guidelines resulting in delays in disposal of the goods, blockage of storage space and loss to the public exchequer.

{Paragraphs 7.1 to 7.18}

- Audit noticed departure from the provisions of MCD manual in receipt of IGMs, in opening of Ship files, issue of LOC, timely receipt of OTR, non levy of penalty for short landed goods or clearance of un-manifested goods.

- The procedure for filing and closure of IGMs was not being scrupulously followed as per the codal provisions which may weaken the control over landing/movement of goods and collection of assessed duty/penalty.

{Paragraphs 7.19 to 7.23}

- Monitoring of the warehouses was weak and maintenance of records was improper. There was insufficient coverage of inspection/audit by Departmental officers and customs audit parties. Non-initiation of action under section 72 of the Customs Act, 1962 also resulted in blockage of large amount of Government revenue, which would inevitably turn into loss with the passage of time due to deterioration and loss of commercial value of goods.

- Unjustified extensions and lack of timely and effective action for preventing misuse of the facilities led to blockage of substantial revenue.

{Paragraphs 7.24 to 7.30}

[1]Andhra Pradesh, Gujarat, Karnataka, Maharashtra, Odisha and West Bengal

ANNEXURE I

REPRESENTATION OF SC's ST's AND OBC's

Organisation: **Central Board of Direct Taxes (CBDT)**

Groups	Number of Employees				Number of appointment made during the previous calendar years									
					By Direct Recruitments				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	3152	233	118	88	32	3	2	3	21	2	6	-	-	-
Group B	8801	1697	625	299	-	-	-	-	2941	543	195	1	-	-
Group C	28054	5867	1875	4210	2165	431	269	538	3147	558	196	102	21	4
Group D (Excluding Safai Karamcharis)	845	250	21	54	-	-	-	-	-	-	-	2	2	-
Group D (Safai Karamcharis)	30	27	-	-	-	-	-	-	-	-	-	-	-	-
Total	**40882**	**8074**	**2639**	**4651**	**2197**	**434**	**271**	**541**	**6109**	**1103**	**397**	**105**	**23**	**4**

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	2,169	329	160	341	137	18	10	38	397	71	32	0	0	0
Group B	33,724	5,236	2,250	2,729	1,596	270	108	576	1838	310	111	288	28	10
Group C	13,237	3,174	1,243	1,893	651	125	53	309	707	207	62	01	-	-
Group D *(Excluding Safai Karamcharis)*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group D *(Safai Karamcharis)*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**49,130**	**8,739**	**3,653**	**4,963**	**2,384**	**413**	**171**	**923**	**2,942**	**588**	**205**	**289**	**28**	**10**

Organization: Financial Intelligence Unite India

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	-	01	-	-	-	-	-	-	-	01	-	-
Group B	06	02	-	01	-	-	-	-	-	-	-	01	-	-
Group C	01	-	-	-	-	-	-	-	-	-	-	-	-	-
Group D *(Excluding Safai Karamcharis)*	04	02	-	01	-	-	-	-	-	-	-	-	-	-
Group D *(Safai Karamcharis)*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**28**	**06**	**-**	**03**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**02**	**-**	**-**

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 D *(Excluding Safai Karamcharis)*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group D *(Safai Karamcharis)*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**01**	**01**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

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	-	-	-	-	-	-	-	-	-	-	-	-	-
Group C	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group D *(Excluding Safai Karamcharis)*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group D *(Safai Karamcharis)*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**03**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

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	04	-	-	-	-	-	-	-	-	-	-	-	-	-
Group B	03	-	1	-	-	-	-	-	-	-	-	-	-	-
Group C	05	1	-	-	-	-	-	-	-	-	-	-	-	-
Group D *(Excluding Safai Karamcharis)*	06	3	1	-	-	-	-	-	-	-	-	-	-	-
Group D *(Safai Karamcharis)*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**18**	**04**	**02**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

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	8	1	1	1	-	-	-	-	-	-	-	4	-	1
Group B	11	1	-	1	-	-	-	-	-	-	-	4	-	-
Group C	23	4	1	4	-	-	-	-	-	-	-	9	3	-
Group D *(Excluding Safai Karamcharis***)**	5	1	-	1	-	-	-	-	-	-	-	2	-	-
Group D *(Safai Karamcharis)*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**47**	**07**	**02**	**07**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**19**	**03**	**01**

Organisation: Custom, Excise & Service Tax Appellate Tribunal

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	06	01	-	05	-	-	-	1	-	-	-	-	-	-
Group B	07	05	1	01	-	1	-	-	-	-	-	-	-	-
Group C	51	24	5	22	-	2	-	2	-	-	-	-	-	-
Group D *(Excluding Safai Karamcharis*)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group D *(Safai Karamcharis)*	3	22	-	10	-	-	-	-	-	-	-	-	-	-
Total	**96**	**52**	**6**	**38**	**-**	**3**	**-**	**3**	**-**	**-**	**-**	**-**	**-**	**-**

Organisation: Customs & Central Excise 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	15	2	2	-	-	-	-	-	-	-	-	-	-	-
Group B	05	1	-	1	-	-	-	-	-	-	-	-	-	-
Group C	14	1	1	6	7	-	1	4	-	-	-	-	-	-
Group D *(Excluding Safai Karamcharis)*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group D *(Safai Karamcharis)*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**34**	**4**	**3**	**7**	**7**	**-**	**1**	**4**	**-**	**-**	**-**	**-**	**-**	**-**

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	04	-	-	-	-	-	-	-	-	-	-	-	-
Group B	23	01	-	-	-	-	-	-	-	-	-	01	-	01
Group C	156	26	05	11	01	1	-	-	-	-	-	-	-	-
Group D *(Excluding Safai Karamcharis)*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group D *(Safai Karamcharis)*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**213**	**31**	**5**	**11**	**01**	**01**	**-**	**-**	**-**	**-**	**-**	**01**	**-**	**01**

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	03	1	1	-	-	-	-	-	-	-	-	-	-
Group B	57	09	07	04	-	-	-	-	13	05	02	-	-	-
Group C	333	61	17	24	21	04	-	09	52	11	02	-	-	-
Group D *(Excluding Safai Karamcharis***)**	204	40	21	09	-	-	-	-	04	-	-	-	-	-
Group D *(Safai Karamcharis)*	10	10	-	-	-	-	-	-	-	-	-	-	-	-
Total	**614**	**123**	**46**	**38**	**21**	**04**	**-**	**09**	**69**	**16**	**04**	**-**	**-**	**-**

Organisation: Directorate of Enforcement

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	42	--	--	--	--	--	--	--	--	--	--	07		
Group B	351	40	14	01	06	03	--	--	87	09	04	25	-	-
Group C	183	31	06	26	30	03	--	05	28	09	--	--	-	-
Group D *(Excluding Safai Karamcharis)*	96	35	03	13	--	--	--	--	--	--	--	--	-	-
Group D *(Safai Karamcharis)*	--	--	--	--	--	--	--	--	--	--	--	--	-	-
Total	**672**	**106**	**23**	**40**	**36**	**06**	**--**	**05**	**115**	**18**	**04**	**32**	**-**	**-**

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	32	02	-	-	05	-	-	-	-	-	-	-	-	-
Group B	20	-	-	01	-	-	-	-	-	-	-	-	-	-
Group C	24	03	-	05	-	-	-	-	-	-	-	-	-	-
Group D *(Excluding Safai Karamcharis*)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group D *(Safai Karamcharis)*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**76**	**05**	**-**	**06**	**05**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

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	18	02	-	01	03	-	-	-	-	-	-	-	-	-
Group B	16	04	-	-	04	-	-	-	-	-	-	-	-	-
Group C	28	11	03	-	14	-	-	-	-	-	-	-	-	-
Group D *(Excluding Safai Karamcharis***)**	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group D *(Safai Karamcharis)*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**62**	**17**	**03**	**01**	**21**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

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	3	-	1	-	-	-	-	-	-	-	-	-	-	-
Group B	4	-	-	-	-	-	-	-	-	-	-	-	-	-
Group C	6	2	-	-	-	-	-	-	-	-	-	-	-	-
Group D *(Excluding Safai Karamcharis)*	10	2	1	2	-	-	-	-	-	-	-	-	-	-
Group D *(Safai Karamcharis)*	1	1	-	-	-	-	-	-	-	-	-	-	-	-
Total	**24**	**5**	**2**	**2**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

ANNEXURE II

REPRESENTATION OF THE PERSONS WITH DISABILITIES

Organisation: Central Board of Direct Taxes (CBDT)

Groups	Number of Employees				By Direct Recruitments							By Promotion						
					Nos of vacancies reserved			Nos. of appointments made				Nos of vacancies reserved			Nos. 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	2847	23	0	16	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group B	6346	7	6	135	-	-	-	-	-	-	-	-	-	-	188	2	1	14
Group C	26650	98	48	390	48	29	56	405	28	14	62	60	24	100	244	4	2	27
Group D Safai Karam-charis)	604	9	1	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group D	254	-	-	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**36701**	**137**	**55**	**551**	**48**	**29**	**56**	**405**	**28**	**14**	**62**	**60**	**24**	**100**	**432**	**6**	**3**	**41**

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'	2169	-	17	15	-	2	2	4	-	2	2	0	0	0	0	0	0	0
'B'	33724	16	34	259	10	32	44	715	5	3	6	-	-	-	474	4	4	2
'C'	13237	28	21	128	19	19	31	348	3	-	11	3	3	6	441	2	-	-
'D'	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**49130**	**44**	**72**	**402**	**29**	**53**	**77**	**1067**	**8**	**5**	**19**	**3**	**3**	**6**	**915**	**6**	**4**	**2**

Organization: Customs, Excise & Service Tax Appellate Tribunal

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’	06	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
‘B’	07	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
‘C’	51	-	-	2	-	-	2	1	-	-	1	-	-	1	1	-	-	1
‘D’	32	-	-	2	-	-	2	2	-	-	2	-	-	1	-	-	-	-
Total	**96**	**-**	**-**	**4**	**-**	**-**	**4**	**3**	**-**	**-**	**3**	**-**	**-**	**2**	**1**	**-**	**-**	**1**

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’	08	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
‘B’	11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
‘C’	23	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
‘D’	05	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**47**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

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'	42	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
'B'	351	--	-	-	-	-	-	06	-	-	-	-	-	-	87	-	-	-
'C'	183	-	-	02	-	-	-	30	-	-	-	-	-	-	28	-	-	-
'D'	96	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**672**	**-**	**-**	**02**	**-**	**-**	**-**	**36**	**-**	**-**	**-**	**-**	**-**	**-**	**115**	**-**	**-**	**-**

Organization: National Institute of Public Finance and Policy

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'	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
'B'	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
'C'	-	-	-	-	01	-	-	-	-	-	-	-	-	-	-	-	-	-
'D'	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**01**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

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
'A'	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
'B'	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
'C'	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
'D'	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**01**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

ANNEXURE III

Organisation: Central Board of Direct Taxes (CBDT)

S. No.	Year		Details of the Paras/PA reports on which ATNs are pending		
		No. of paras/PA reports on which ATNs have been submitted to PAC after vetting by Audit	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 resubmission by the Ministry	No. of ATNs which have been finally vetted by Audit but have not been submitted by the Ministry to the PAC
1	2010-11	3476 (Pendency reported from 1st COS meeting held on 17.6.2010 on wards	-	-	-
2	2011-12	455	-	-	-
3	2012-13	459	-	1	69 **

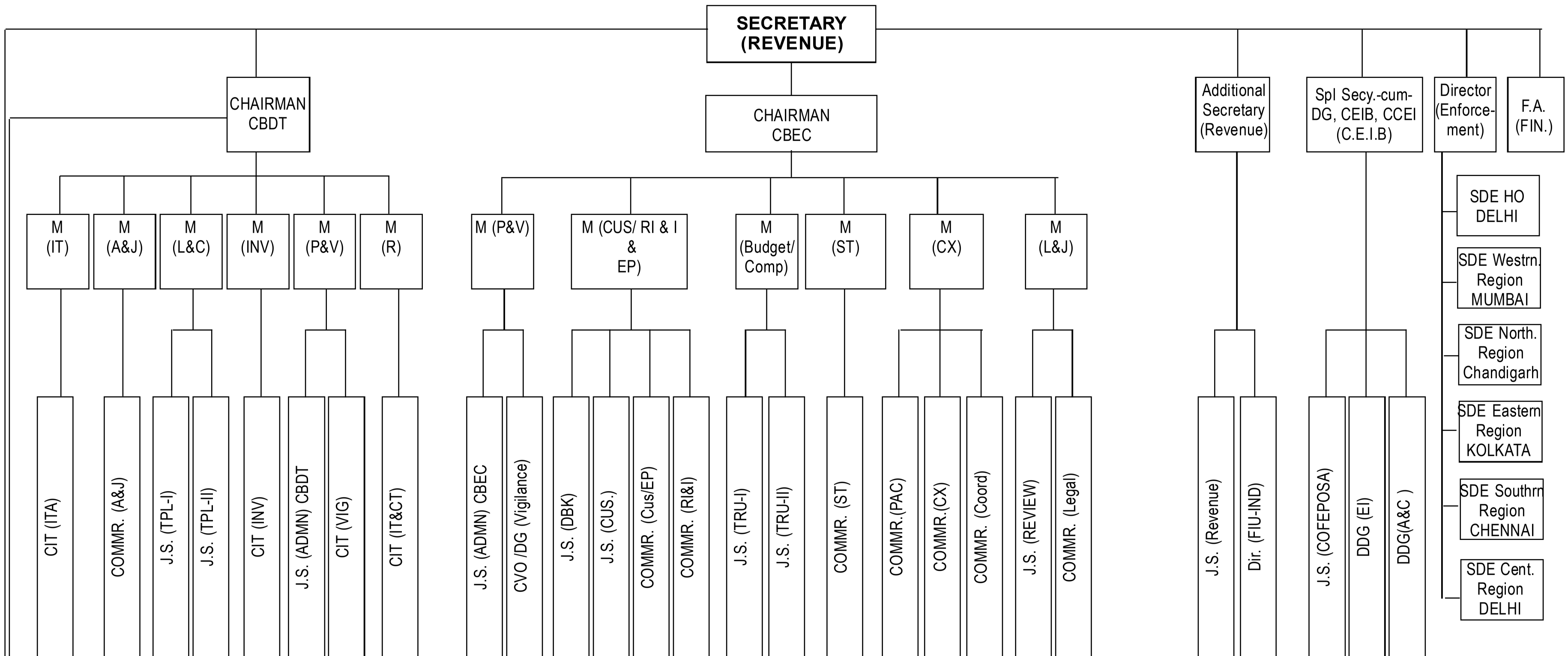
*Out of 455, 07 Draft Paras are pending with C&AG for vetting Comments.

**Out of 459 Draft Paras, 309 ATN's have been sent to Monitoring Cell (MC). Out of balance 150, 37 ATN's are with Hindi Translation Division; 32 are completed and are in Cyclostyling Division; in 1 DP, C&AG has issued rejoinder and Ministry is in the process of giving reply; in 80 DP's vetting replies are not yet received in the Ministry as on 09/02/2015.

Organisation: (Central Board of Excise and Customs) CBEC

S.No.	Year		Details of the Paras/PA reports on which ATNs are pending		
		No. of paras/PA reports on which ATNs have been submitted to PAC after vetting by Audit	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 resubmission by the Ministry	No. of ATNs which have been finally vetted by Audit but have not been submitted by the Ministry to the PAC
1	2014-15	-	66	-	-

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

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

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 (ceased to exist from November, 2004).

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

Smt. Aradhana Johri assumed the charge of Secretary, Department of Disinvestment on 1st October, 2014. The Secretary is assisted by four Joint Secretaries and one Adviser. The Department functions on the Desk Officer pattern and the disinvestment work is handled at the levels of Joint Secretary, Director/Deputy Secretary and Under Secretary.

The Organisational Structure of the Department is placed at Appendix –I.

V POLICY AND APPROACH TO DISINVESTMENT

The current policy on disinvestment envisages development of people's ownership of Central Public Sector Enterprises to share in their wealth and prosperity while ensuring that the Government equity does not fall below 51% and Government retains management control.

Keeping in view the objective of disinvestment policy, the following approach to disinvestment has been adopted.

(i) Already listed profitable CPSEs (not meeting mandatory shareholding of 25%) are to be made compliant by 'Offer for Sale' by Government or by the CPSEs through issue of fresh shares or a combination of both.

(ii) Unlisted CPSEs with no accumulated losses and having earned net profit in three preceding consecutive years are to be listed.

(iii) Follow-on public offers would be considered in respect of listed profitable CPSEs, taking into consideration the needs for capital investment of CPSE, on a case by case basis and Government could simultaneously or independently also offer a portion of its equity shareholding.

(iv) Each CPSE has different equity structure, financial strength, fund requirement, sector of operation etc. These factors do not permit a uniform pattern of disinvestment. Therefore, disinvestment is considered on merits and on a case-by-case basis.

(v) CPSEs have been permitted to use their surplus cash to buyback their shares. One CPSE may also buy the shares of other CPSEs from the Government.

(vi) Government to retain at least 51 per cent equity and management control in all cases of disinvestment through public offerings.

(vii) 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

There are inherent advantages in the listing of shares of profitable CPSEs on the stock exchanges as it triggers multilayered oversight mechanism which enhances corporate governance as well as provides for level playing field to CPSEs vis-á-vis private companies in regard to accessing the resources through the capital market. The process enhances shareholder value in the listed CPSEs.

(a) The listed companies are mandated by Company Law/SEBI/ Stock Exchanges to comply with higher level of disclosures. This will bring greater transparency and credibility.

(b) With the induction of independent directors, management accountability, competencies and performance are enhanced.

(c) Investor centric research provides on a regular basis third party professional assessment of risks as well as future prospects to management to help it benchmark its business model with the industry.

(d) Daily trading volume and prices work as a barometer for the management and operate as a concurrent source of feedback with regard to the impact of managerial decisions as well as shop floor developments. The higher levels of public scrutiny promotes ethical conduct of business and improves corporate culture.

(e) Expectations of investors (shareholders) will bring productive pressure upon the management to perform more efficiently to unlock the true value of the enterprise.

(f) Listing of profitable CPSEs on the stock exchanges with a mandatory public ownership of at least 25% shareholding has been observed to increase significantly the value of the Enterprise and Government's residual shareholding as well as that held by the public post-listing.

(g) Listing also provides development of people-ownership of CPSEs, thus encouraging participation and sharing in the prosperity of CPSEs.

(h) The process of listing of CPSEs on stock exchanges facilitates development and deepening of capital market and spread of equity culture.

(i) Raise budgetary resources for the Government.

VII REFORM MEASURES AND POLICY INITIATIVES

The following measures have been taken this year to improve the disinvestment process so as to better attain disinvestment objectives.

- **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.

- **Making the disinvestment program more inclusive:** Earlier there was no reservation for retail investors in Offer for Sale (OFS) of Shares through Stock Exchange mechanism. However, on 8 August, 2014 SEBI has mandated that a minimum 10% of the offer size shall be reserved for retail investors in OFS and a discount has also been made admissible to them. Subsequent to this amendment in OFS Guidelines, Government has approved reservation of 10%-20% of the offer size for retail investors and allocation of shares to them at a discount. This is likely to improve public participation in the disinvestment program.

- **Minimum Public Shareholding norms:** In August 2014, SEBI has amended the minimum public shareholding norms for every listed CPSE whereby every listed CPSE has to increase its public shareholding to at least 25% within a period of 3 years. This is likely to give further impetus to disinvestment of CPSEs with attendant benefits.

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 (BE) for the financial year 2014-15 for the Department is ₹ 50 crore and the proposed BE for 2015-16 is ₹ 44 crore.

1. **(A) Disinvestment transactions completed during 2014-15**:

(i) Steel Authority of India (SAIL): Government approved disinvestment of 10.82% paid-up equity capital in SAIL out of Government shareholding of 85.82%. Out of 10.82%, disinvestment of 5.82% shareholding was completed in March 2013. The Government received an amount of ₹1,514.50 crore as disinvestment proceeds. The second tranche of disinvestment of remaining 5% paid up equity of SAIL was made in December 2014. The Government received an amount of ₹ 1,719.54 crore from the second tranche of disinvestment of SAIL.

(B) Other Disinvestment transactions approved and pending implementation:

(a) Rashtriya Ispat Nigam Ltd. (RINL) - Government approved disinvestment of 10% paid-up equity capital in RINL. Fresh Draft Red Herring Prospectus (DRHP) was filed with SEBI on 19th September, 2014. However, there is some damage to RINL Plant at Visakhapatnam due to Cyclone 'Hudhud'. Management of RINL is assessing the damage and thereafter new timeline for the Initial Public Offering (IPO) will be drawn.

(b) Coal India Ltd (CIL) – The Government has approved Disinvestment of 10% paid up equity capital in Coal India Ltd (CIL) out of Government of India's shareholding of 89.65% through Offer of Sale (OFS). In compliance to the CCEA decision and based on the decision of the Alternative Mechanism the offer size was made for 5% of paid up equity of GoI (with an option to retain additional 5% in case of over subscription). The Alternative Mechanism fixed floor price of ₹ 358 per share and the issue was launched on 30.01.2015. A proceed of ₹ 1852.55 crore has been received from the Retail Investors, the largest in any OFS so far. The total receipt accruing to the Government from CIL disinvestment are ₹ 22557.63 crore.

(c) Hindustan Aeronautics Ltd. (HAL) - Government approved disinvestment of 10% paid-up equity capital in HAL out of Government shareholding of 100% through an IPO. The Book Running Lead Managers (BRLM), Legal Advisers and Registrar for the Issue have been appointed. The preparation of DRHP is on.

(d) Hindustan Zinc Ltd (HZL) – CCEA has directed that the residual equity, i.e. 29.54%, be disposed off in the open market. Valuer has been appointed. The valuation report is awaited.

(e) BALCO -- CCEA has decided that the Government's residual shareholding of 49% in BALCO be disposed off through any appropriate method as may be decided by Department of Disinvestment. The valuer has been appointed. The valuation report is awaited.

(f) National Hydroelectric Power Corporation (NHPC) – The CCEA has approved disinvestment of 11.36% paid up equity capital of NHPC Limited out of Government of India shareholding of 85.96%. All the intermediaries for the NHPC OFS have been appointed. Preparation for disinvestment is on.

(g) Power Finance Corporation (PFC)- The CCEA has approved disinvestment of 5% paid up equity capital of PFC out of Government of India shareholding of 72.80%. All the intermediaries for the PFC OFS have been appointed.

(h) Rural Electrification Corporation (REC) - The CCEA has approved disinvestment of 5% paid up equity capital of REC out of Government of India shareholding of 65.64%. All the intermediaries for the REC OFS have been appointed.

(i) Oil & Natural Gas Corporation Limited (ONGC) - The CCEA has approved disinvestment of 5% paid up equity capital of ONGC out of Government of India shareholding of 68.94%. ONGC OFS is tentatively scheduled to be completed during the current financial year.

IX PROCEEDS FROM DISINVESTMENT

The Budget target for disinvestment in the year 2014-15 has been kept at ₹ 51, 925 crore, comprising Rs 36,925 crore by way of disinvestment of CPSEs and Rs 15,000 crore through disinvestment of Government stake in non-Government companies. The Government realized an amount of ₹ 1,719.54 crore as disinvestment receipts through disinvestment of 5% paid up equity capital of SAIL out of Government of India's shareholding in the CPSE.

X UTILIZATION OF DISINVESTMENT PROCEEDS

Government decided that from 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 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.

The entire disinvestment receipts for the FY 2013-14 were deployed towards meeting capital expenditure of Ministry of Railways.

XI 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. The staff strength in the Department along with representation of Scheduled Castes, Scheduled Tribes, Persons with disabilities and Other Backward Classes is given in Appendix II.

XII INITIATIVES RELATING TO GENDER BUDGETING AND EMPOWERMENT OF WOMEN

The nature of allocated work of the Department does not have any scope for gender budgeting and empowerment of women.

XIII OFFICIAL LANGUAGE POLICY

The Department has a full-fledged Official Language Unit to implement the Official Language Policy. The website of the Department is bilingual.

XIV 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 compliant with the Guidelines for Indian Government Websites (GIGW).

(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).

XV REDRESSAL OF PUBLIC GRIEVANCES

The Department is using the Centralized Public Grievance Monitoring System (CPGRAMS). The website of the Department also has an in built 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.

XVI VIGILANCE MACHINERY

A Joint Secretary has been designated as part-time Chief Vigilance Officer in the Department.

XVII 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 :

(i) A RTI Cell has been set up to collect, transfer the applications under RTI Act, 2005 to the Central Public Information Officers/ 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 functions of the Department along with its functionaries etc. have been placed on Department's website (www.divest.nic.in) in compliance with Section 4(1)(b) of the RTI Act and is updated from time to time.

(iii) One Under Secretary has been designated as the Nodal Central Public Information Officer and three other Under Secretaries as Central Public Information Officers under Section 5(1) of the Act, in respect of subjects handled by them.

(iv) 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.

XVIII RESULTS FRAMEWORK DOCUMENT 2014-15

As required under the "Performance Monitoring and Evaluation System (PMES) for Government Departments", the Results Framework Document (RFD) for 2014-15 of the Department was prepared and placed on the website www.divest.nic.in.

XIX INITIATIVES 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 initiated the following measures as a part of good governance:

- Timelines have been prescribed for disposal of transaction related bills to avoid delay and any scope of corruption as also to promote good governance.

XX AUDIT PARAS/OBJECTIONS

No Audit paras/Objections are pending in the Department.

XXI 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:-

(₹ in crores)

Grant No.	Budget Estimates 2014-15			Revised Estimates2014-15		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total
45 - Department of Disinvestment	——	50.00	50.00	——	40.00	40.00

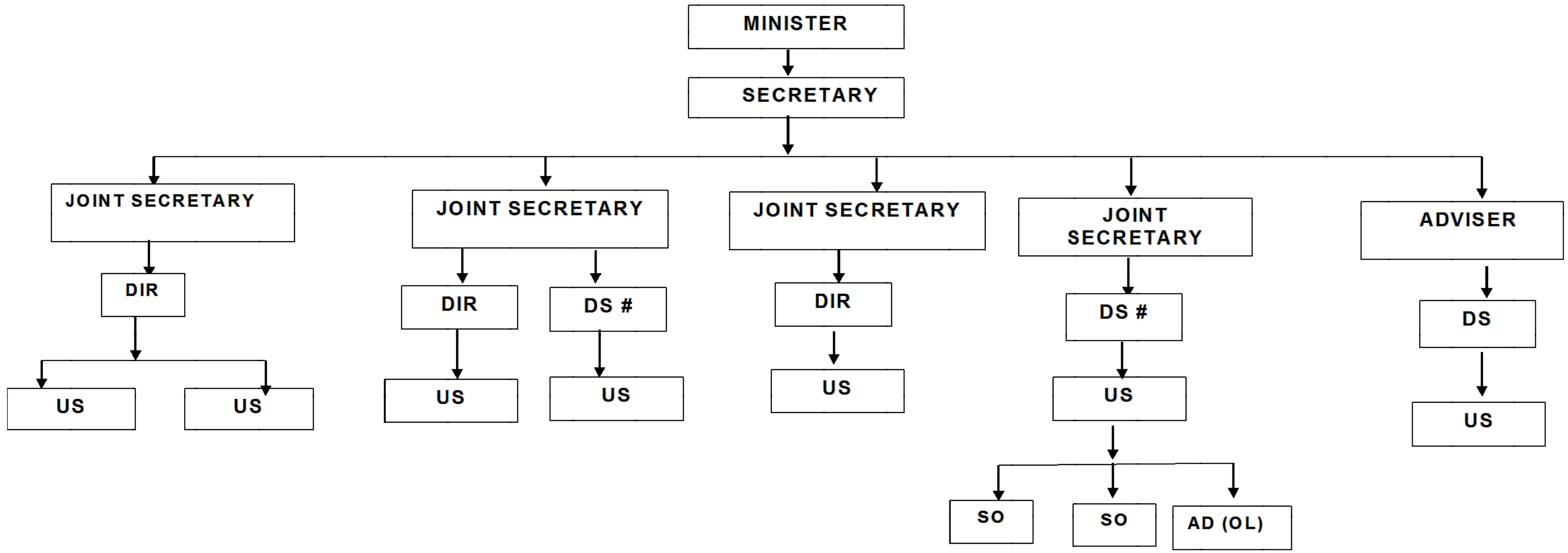
The Integrated Finance Unit monitors all financial and expenditure related proposals of the Department like appointment of consultants, foreign deputation/visits of officers etc. The expenditure trend of the Department is consistently monitored by the IF Unit. All budget related matters including issues concerning Standing Committee on Finance come within the purview of this unit.

Appendix

Representation of SCs, STs, Persons with Disabilities & OBC in respect of Department of Disinvestment as on 31.12.2014

Groups	**Number of Employees**					**Number of appointments made during the previous calendar year**														
						By Direct Recruitment					**By Promotion**					**By Other Methods**				
	Total	SCs	STs	PwDs	OBCs	Total	SCs	STs	PwDs	OBCs	Total	SCs	STs	PwDs	OBCs	Total	SCs	STs	PwDs	OBCs
A	21	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
B	21	5	1	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
C	12	5	0	0	5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	**54**	**12**	**1**	**0**	**7**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

ORGANISATIONAL STRUCTURE
DEPARTMENT OF DISINVESTMENT



DS holding additional charge of Admin also

Department of Financial Services

1. Work Allocation among Sections

1.1 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.

1.2 Banking Operation-II (BO-II) –

1.2.1 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.

1.2.2 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.

1.2.3 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.

1.2.4 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.

1.2.5 WTO multi-lateral/ bilateral agreements; Inter-Government agreement between India and any other country.

1.3 Banking Operation-III (BO-III) -

Customer Service in Banks / Financial Institutions / Insurance. 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.

1.4 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.

1.5 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.

1.6 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. Priority Sector Lending, Micro Finance and other related matters which includes lending to weaker sections 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, Micro Finance Institutions and Legislations thereon, Self Help Groups as well as NABARD's Micro Finance etc.

1.6.1 Micro Finance - Matters related to Micro Finance Institutions and Legislation thereon, Self Help Groups, as well as NABARD's Micro Finance, etc.

1.7 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 and computerisation of PSBs.

1.8 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.

1.9 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.

1.10 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.

1.11 General Administration (GA)

Housekeeping, 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 equipment. Providing of Identity Cards to the Staff of DFS and CMDs/EDs/PROs of Public Sector Banks/Financial Institutions/Insurance companies, etc.

1.12 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.

1.12.1 Coordination work relating to Various Committees: Standing Committee on Finance; Committee on Subordinate Legislation; Petitions Committee; Committee on Public Undertaking (COPU) etc.

1.13. Hindi

Hindi Section of the Department is responsible to ensure implementation of official Language Policy of Government of India, Official Language Act and Rules made there under. Besides this Hindi Section of the Department is responsible for Hindi Translation of important documents issued by the Department i.e. Annual Report, Performance Budget, Cabinet Note, Report of Action Taken by the Government on the recommendation of Standing Committees. Besides these documents, Hindi Section also provide translation of documents that come under section 3(3) of Official Language Act, 1963 such as General order, Office memorandum, Resolution, Notification, Press Release, Rules, Contracts, Tender, Tender Notice etc.

1.14 Welfare Section

- Recruitment/promotion and welfare measures of SCs/STs/OBCs/Persons with Disabilities and Ex-servicemen in Public Sector Banks/Financial Institutions and Insurance Companies.
- Ensuring proper implementation of the reservation policy of the Government of India for these categories of persons in Public Sector Banks/Financial Institutions and Insurance Companies.

1.15 Data Analysis (DA)

The Data Analysis Section is responsible for analysis of Monetary Policy, 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.

1.16 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.; Administration of Exim Bank Act; laying of annual reports of FIs; matters related to Ratnagiri Gas and Power Pvt. Ltd (RGPPL). Citizen's Charter of EXIM Bank and IIFCL.

1.17 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. Citizens Charter of NHB and SIDBI. All matters related to Educational Loans, Govt. Sponsored Schemes-PMEGP, Education, employment generation scheme of SJSRY, SGSY, poverty alleviation programmes and other related matters.

1.17.1 Housing - Issues relating to operation of 1% Interest Subvention Scheme on housing loans upto Rs. 10 lakh where the cost of the house does not exceed Rs. 20 Lakh. National Housing Bank (NHB) and Reserve Bank of India (RBI) are the nodal agencies for the scheme for Housing Finance Companies (HFCs) and Scheduled Commercial Banks (SCBs) respectively. All claims received are being released to NHB and RBI for further sanction to HFCs and SCBs. Implementation of Credit Guarantee Fund Trust for Low Income Housing (CGFTLIH) being managed by Ministry of Housing and Urban Poverty Alleviation (M/o HUPA). Issues relating to Rural Housing Fund (RHF).Issues related to Interest Subsidy Scheme for Housing the Urban Poor (ISHUP) being operated by Ministry of HUPA. Administration of National Housing Bank Act, 1987.

1.18 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.

1.18.1 Office of Custodian/Special Court - 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.

1.19 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 DRTs/DRATs; budget provisions, monitoring etc. relating to DRTs / DRATs.

1.20 Recovery Section

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.

1.21 Insurance-I (Ins.-I)

1.21.1 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.

1.21.2 **Coordination work relating to the following Committees:** Committee for the Welfare of Women; Committee for the Welfare of SC/ST; Estimates Committee.

1.21.3 **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.

1.21.4 **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 Companies; Implementation of Pension Scheme / policy matters on commercial employment. Citizen's Charter of Life Insurance Corporation Ltd.

1.22 Insurance-II (Ins.-II)

1.22.1 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, LokAdalats, MACT and Courts etc; Appellate Authority constituted under Section 110H of the Insurance Act 1938. Citizen's Charter of Non-Life Insurance Companies.

1.22.2 **Housekeeping -** Care taking and maintenance of computers, furniture, photocopiers etc. in Insurance Division. I-card for staff and executives of Insurance Companies.

1.22.3 **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.

1.22.4 **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.

1.22.5 **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.

1.22.6 **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.

1.23 Pension Reforms (PR)

Coordinating and introducing Pension Reforms; Policy matters relating to National Pension System and its extension to State Governments and unorganised sector and implementation of the Co-Contributory Swavalamban Scheme; Administrative and Legislative matters relating to Pension Fund Regulatory and Development Authority; Matters relating to the Investment Pattern for Non-Government Provident Funds, Superannuation Funds and Gratuity Funds.

1.24 IT Cell

All work relating to Information Technology (IT) which includes the work related to the website, information technology, digitalization, digital India initiative, liaison/ coordination with NIC.

Work relating to Parliament Questions, Legislation, Cabinet Notes, Court Cases, VIP References, RTI applications will be attended to by the respective Sections.

2. Banking Operations and Accounts

2.1 Capitalization of Public Sector Banks (PSBs)

The capital infusion by the Government in Public Sector Banks (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 2014-15, the following measures have been taken to recapitalize the PSBs:

2.1.1 For the year 2014-15, a budgetary provision of Rs. 11,200 crore under Plan Budget Estimates 2014-15 has been made 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.

2.1.2 Cabinet in its meeting on 10.12.2014 allowed PSBs to raise capital from markets through FPO or QIP by diluting GoI holding upto 52% in phased manner based on their stock performance, liquidity, market appetite and subject to such other conditions that may be prescribed for efficient use of capital and resources, on case to case basis with specific approval of Finance Minister to each bank.

2.1.3 The Government of India allowed conversion of Perpetual Non-cumulative Preference Shares (PNCPS), Perpetual Cumulative Preference Shares (PCPS) and Innovative Perpetual Debt Instrument (IPDI) in equity shares which will augment their equity capital. 3 PSBs were permitted for convergence of PNCPS & PCPS in 2013-14 and remaining 5 PSBs were permitted in 2014-15.

2.1.4 Government has conveyed approval of 23 PSBs to raise capital through QIP/FPO/Right issue to meet their additional capital requirement.

2.2 Banking Operation-II (BO-II) –

2.2.1 Significant developments/ Policy decisions taken during the year

a) **New Guidelines for Differentiated Banks (Small Banks, Payments Banks, etc.) Licensing to Increase Financial Access:** Reserve Bank in consultation with the Government formulated and released guidelines for licensing of payments banks and small finance banks in the private sector on November 27, 2014.

b) Amendment to The Payment and Settlement Systems Act, 2007 (PSS Act): The amendment to the Payment and Settlement Systems Act, 2007 in the form of the Payment and Settlement Systems (Amendment) Bill, 2014, is aimed at strengthening the Payment and Settlement System on par with the international norms. The said Bill has been passed by the Lok Sabha and is currently pending in the Rajya Sabha.

c) Central Know Your Customer Registry: The Central Registry of Securitisation, Asset Reconstruction and Security Interest of India (CERSAI), a Section 25 Company of the Government of India established under the SARFAESI Act 2002, has been assigned the function of the Central KYC Registry (CKYCR). CERSAI was established on 31.3.2011 for the purpose of registration of all security interest over property, transactions of securitization and asset reconstruction by the banks and Financial Institutions. The central KYC Registry is in the operationalization stage.

d) Revised Regulatory Framework for NBFC: RBI issued the revised framework on November 10, 2014, in the backdrop of new developments in the sector, including recommendations made by Committees like the NachiketMor Committee and the UshaThorat Committee.

2.2.2 Initiatives relating to Gender Budgeting and Empowerment of Women

Government has set-up India's first all-Women's Bank, the Bharatiya Mahila Bank Ltd., in order to promote gender equality and economic empowerment of women and to address the gender related aspects of financial access to all sections of women. The bank received the banking license from RBI on 25.09.2013 and was inaugurated on 19.11.2013. It has at present 37 branches across the country. As at the end of March, 2014, the total deposits of the Bank stood at Rs 86.64 crore and the Bank has disbursed advances to the tune of Rs 88.53 crore.

3. 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 2013-14.

3.1 Branch Network of Regional Rural Banks

The number of branches of RRBs has increased from 17861 as on 31st March, 2013 to 19082 as on 31st March, 2014 taking the network of RRBs to 642 districts. During the year 2013-14, 1221 new branches have been opened by RRBs. All branches of RRBs are on CBS Platform.

3.2 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 upto March 31, 2014.

An amount of Rs.535.00 crore was released during 2012-13 to 19 RRBs and Rs. 82.78 crore 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.1086.70Crore has been released up to 31st March, 2014 to 39 RRBs including Central Madhya Pradesh Gramin Bank. The achievement is 98.79%.

An amount of Rs.50 crore has been allocated in BE for 2014-15 under Plan head, for the purpose of providing recapitalisation assistance to remaining 2 RRBs. A proposal is under consideration for extension of the Scheme for a further period of 3 years beyond 31.3.2014.

3.3 Financial Performance

The financial performance of RRBs improved during 2013-14 with all the 57RRBs, recording net profit of Rs.2694 crore as on 31stMarch, 2014 as against Rs.2275 crore in 2012-13. No RRB was in loss as on 31st March, 2014. As a result of improved financial performance, the aggregate reserves of RRBs stood at Rs.15736 crore as on 31st March, 2014 as against Rs.13247 crore as on 31stMarch, 2013, while their net worth increased from Rs.18354.78 crore in 2012-13 to Rs.21199.62 crore during 2013-14.

3.4 Accumulated Losses

The number of RRBs that had accumulated losses reduced from 11 as on 31stMarch, 2013 to 8 as on 31stMarch, 2014. The aggregate amount of accumulated losses of RRBs decreased from Rs.1091 crore (decreased by Rs.142 crore) to Rs.949 crore as on above dates.

3.5 Non-performing Assets (NPA)

The Gross NPA of RRBs, increased from Rs.8330 crore as on 31st March, 2013 to Rs.9689 crore as on 31.3.2014. However, the Gross NPA as a percentage has remained unchanged at 6.08% in the corresponding period.

3.6 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 minimize overhead expenses and optimize 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.

3.7 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 Chairman 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.

4. 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 and Reserve Bank of India (RBI) are taking various initiatives from time to time.

4.1 Expansion of Bank Branch network

(i) Population Group wise number of branches of **Public Sector Banks (PSBs)**

Year	Rural	Semi Urban	Urban	Metropolitan	Total
2011	20664	16211	13428	12613	62916
2012	22383	17895	14293	13235	67806
2013	24235	19618	14996	13786	72635
2014	27406	21864	16174	14553	79997
As on September 30, 2014	28261	22537	16605	14827	82230

(ii) Population Group wise number of branches of **Scheduled Commercial Banks (SCBs)**

As on March 31	Rural	Semi Urban	Urban	Metropolitan	Total
2011	33944	23083	17607	16257	90891
2012	36554	25820	18848	17265	98487
2013	39770	28505	19873	18081	106229
2014	44986	31379	21370	19175	116910
As on Sept. 30, 2014	46224	32193	21936	19606	119959

(iii) Bank Group and Population Group-wise Number of Functioning Branches as on September 30, 2014.

Bank Group	Rural	Semi Urban	Urban	Metropolitan	Total
SBI & its Associates	7723	6448	4103	3482	21756
Nationalised Banks	20264	15665	12066	10991	58986
Other Public Sector Banks	274	424	436	354	1488
Old Private Sector Banks	1409	2549	1589	1193	6740
New Private Sector Banks	2559	3527	2673	3140	11899
Foreign Banks	6	13	57	242	318
Regional Rural Banks	13989	3567	1012	204	18772
Grand Total	**46224**	**32193**	**21936**	**19606**	**119959**

4.2 Expansion of ATMs

RBI in terms of para 4 of their Master Circular issued on July 1, 2014 to all Commercial Banks and para 7 of a separate circular to RRBs has stated that Scheduled Commercial Banks and RRBs have been given general permission to install off-site ATMs/ Mobile ATMs at the locations of their choice, as per laid down norms without prior permission of RBI, subject to reporting. Due to these relaxed norms, number of ATMs has increased considerably as per details given hereunder:

(i) Number of ATMs of Public Sector Banks (PSBs)

As on	Off-site ATMs	On-site ATMs	Total ATMs
31.03.2012	24181	34012	58193
31.03.2013	29411	40241	69652
31.03.2014	44504	65920	110424
30.09.2014	48216	72856	121072

(ii) Number of ATMs of **Scheduled Commercial Banks (SCBs)**

As on	Off-site ATMs	On-site ATMs	Total ATMs
31.03.2012	48141	47545	95686
31.03.2013	58254	55760	114014
31.03.2014	76676	83379	160055
30.09.2014	81069	91149	172218

4.3 RuPay Card

RuPay, a new card payment scheme has been conceived by NPCI to offer a domestic, open-loop, multilateral card payment system which will allow all Indian banks and financial Institutions in India to participate in electronic payments. The card has been dedicated to the nation by the President of India on May 08, 2014. RuPay symbolizes the capabilities of banking industry in India to build a card payment network at much lower and affordable costs to the Indian banks so that dependency on international card scheme is minimized. This is in line with many of the large emerging nations like China which have their own domestic card payment system. Government of India has directed banks to issue Debit cards to all KCC and DBT beneficiaries and that every new account holder should be issued a debit card. A low cost option such as RuPaywill help in achieving this objective and consequently help in fulfilling the objective of financial inclusion. The RuPay Card works on ATM, Point of Sale terminals, & online purchases and is therefore not only at par with any other card scheme in the world but also provides the customers with the flexibility of payment options.

4.4 USSD Based Mobile Banking

USSD based Mobile Banking offers basic Banking facilities like Money Transfer, Bill Payments, Balance Enquiries, Merchant payments etc. on a simple GSM (Global System for Mobile Communications) based Mobile phone, without the need to download application on a Phone as required at present in the IMPS (Immediate Payment System) based Mobile Banking. The Department through National Payments Corporation of India (NPCI) worked upon a "Common USSD Platform" for all Banks and Telcos who wish to offer the facility of Mobile Banking using Unstructured Supplementary Service Data (USSD) based Mobile Banking. The Department helped NPCI to get a common USSD Code *99# for all Telcos.

Transactions can be performed on basic phone handsets. The user needs to approach his bank and get his mobile number registered. The bank will issue an MPIN (Mobile PIN) to the user. The user thereafter needs to dial *99# and the menu for using USSD opens. Thereafter customer has to follow selections on the menu to complete the transaction. Charges as applicable by the Telecom Operator (not more than Rs.1.50 per transaction as mandated by TRAI) may be applicable.

4.5 Pradhan Mantri Jan-DhanYojana (PMJDY)

Prime Minister had announced Pradhan Mantri Jan-DhanYojana (PMJDY) on 15th August, 2014 and it was formally launched on 28th August , 2014. The Yojana envisages universal access to banking facilities with at least one basic banking account for every household, financial literacy, access to credit, insurance and pension. The beneficiaries would get a RuPay Debit Card having inbuilt accident insurance cover of Rs.1.00 lakh. In addition there is a life insurance cover of Rs.30000/- to those people who open their bank accounts for the first time between 15.08.2014 to 26.01.2015 and meet other eligibility conditions of the Yojana.

PMJDY is different from the earlier financial inclusion programme (Swabhimaan) as it, inter-alia, seeks to provide universal access to banking services across the country and focuses on coverage of all households (both rural and urban) while the earlier Financial Inclusion Programme was limited to provide access point to villages with population greater than 2000. Further, PMJDY focuses on interoperability of accounts which was not there earlier; has simplified KYC guidelines and involves the Districts and States for monitoring and follow-up.

Under PMJDY, banks have been given target to carry out surveys in allocated Sub Service Areas (SSAs) and Wards and to open accounts of all uncovered households by 26.01.2015.

It has been clarified that existing account-holders need not open a new account to avail the benefits under PMJDY. They can get the benefit of accident insurance by getting a RuPay debit card issued and Overdraft limit by applying in the existing account. Further, it has also been clarified that benefits of Rs.30,000/- life insurance cover are available only to those whose accounts are opened for the first time between 15.08.2014 to 26.01.2015.

PMJDY is successfully being implemented by the banks. As on 31.01.2015, 12.54 crore accounts have been opened and 11.07 crore RuPay Cards have been issued to the eligible account holders. Total amount deposited in these accounts is Rs. 10.49 thousand crore.

The following States/Union Territories have been fully saturated:

States: Gujarat, Haryana, Kerala, Goa, Madhya Pradesh, Punjab, Tamilnadu, Tripura and Uttar Pradesh.

Union Territories: Andaman & Nicobar, Chandigarh, Dadra & Nagar Haveli,Daman& Diu, Lakshadweep, NCT of Delhi & Puducherry.

Survey in 99.86% SSA/Wards has been completed by the banks till 27.12.2014. Survey of 20.98 crore Households in SSA/Wards revealed that 98.41% household have been covered with at least one account per household.

Guinness World Records has also recognized the achievements made under Pradhan Mantri Jan-DhanYojana (PMJDY) and has given certificate stating that the "Most bank accounts opened in one week as part of the Financial Inclusion Campaign is 18,096,130 and was achieved by the Department of Financial Services, Government of India from 23rd to 29th August, 2014."

5. 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:-

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 *
2014-15	8,00,000	3, 70,828.60#

*** Provisional figures** **#As on 30 September 2014**

Source: RBI/NABARD/PSBs/IBA

5.1 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 has been further continued in 2014-15 for Public Sector Banks, Private Sector Commercial Banks (in respect of crop loans disbursed by rural and semi-urban branches of private sector commercial banks), Regional Rural Banks and Cooperative Banks.

During 2014-15 besides 2% interest subvention, 3% incentive is given for prompt repayment of loan reducing the effective rate of interest for such farmers 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	2014-15*
Amount Released	1700	2600	2011	3531.19	3282.70	5400	6000	6000

*upto January, 2015

In order to discourage distress sale by farmers and to encourage them to store their produce in warehouse against warehouse receipts, Interest Subvention was introduced during 2011-12 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 is continuing during 2014-15 also.

During 2014-15, in order to provide relief to farmers affected by natural calamities the interest subvention of 2% will also be available to banks for the first year on the restructured amount. Such restructured loans may attract normal rate of interest from the second year onwards.

5.2 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 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. NABARD monitors the scheme in respect of Cooperative Banks and RRBs and RBI in respect of Commercial Banks. A new scheme for KCC has been circulated by RBI and NABARD which provides for KCC as an ATM card which can be used at ATM/Point of sale (POS) terminal. The number of live/operative KCCs issued by Cooperative Banks, RRBs and commercial banks as on 30 September 2014 are as under:

Number of live/operative KCCs as on 30 September 2014.

(No. in lakhs)

Cooperative Banks	RRBs	Commercial Banks	Total
384.92	116.12	218.06	719.1

5.3 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 34 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. 25,000 crore in 2014-15 (RIDF XX). The aggregate allocations have reached Rs.2,17,500 crore including the Bharat Nirman component sanctioned to National Rural Roads Development Agency (NRRDA) under RIDF XII - XV. In the Budget speech of 2014-15, allocation of Rs.25,000 crore has been made for RIDF XX tranche. During 2014-15 sanctions were issued to the extent of Rs. 7925 crore under RIDF as on 30 November 2014.

5.4 Warehouse Infrastructure Fund

GoI has emphasized on the creation and augmentation of adequate decentralised, modern and scientific storage infrastructure in the public as well as private sector and had created Warehouse Infrastructure Fund during 2013-14 for financing construction of warehouses, godowns, silos and cold storage units. Hon'ble Union Finance Minister had made an allocation of Rs. 5000 crore each in 2013-14 and 2014-15.During 2014-15, Rs. 14 crore (as on 30 November 2014) has been sanctioned by NABARD for creating additional scientific storage capacity under Warehouse Infrastructure Fund

5.5 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 and the same has been finally released to NABARD on 12th May, 2014. With this, the authorised and paid up capital of NABARD stood at Rs.5000 crore as on 31.12.2014.

6. Debts Recovery Tribunal

The Central Government has established 33 Debts Recovery Tribunals (DRTs) and 5 Debts Recovery Appellate Tribunals (DRATs) all over the country under the provisions of the Recovery of Debts due to Banks and Financial Institutions Acts, 1993 for expeditious adjudication and speedy recovery of debts due to banks and financial institutions and matters connected therewith. The Government has approved establishment of six new DRTs at Bengaluru, Chandigarh, Dehradun, Ernakulam, Hyderabad and Siliguri to bring down the pendency of cases in the existing DRTs.

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.

To remove certain difficulties being faced by the banks in conduction the recovery proceedings under the above two Acts, the Enforcement of Security Interest and Recovery of Debts Laws (Amendment) Act, 2012 has been enacted on 04th January, 2013.

As per data made available by DRTs, a total number of 5390 cases (Original Application) involving Rs 11013.55 crore approximately were disposed off by the DRTs during the period 01.04.2014 to 30.09.2014.

7. Non-Performing Assets (NPAs)

7.1 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.2,16,739 crore (GNPA Ratio 4.72%) March 2014 due to sluggishness in the domestic growth during the recent past, slowdown in recovery in the global economy and continuing uncertainty in the global markets. However, GNPA ratio has improved since December 2013 and it has come down from 5.07% to 4.72% 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 8.90% (March,2012), to 11.03% (March 2013) and 11.89% as at March, 2014. However, Gross NPAs plus Restructured Standard Advances has come down from 12.16% (December, 2013) to 11.89% as at March 2014. RBI's Financial Stability Report, December, 2014, says that five sub-sectors: Infrastructure, Iron & Steel, Textiles, Mining (including coal) and aviation have 54% of total stressed advances of Public Sectors Banks as on June 2014. Among bank groups, exposure of PSBs to Infrastructure stood at 17.5% of their gross advances as of September 2014. This was significantly higher than that of private sector banks (9.6%) and foreign banks (12.1%). The stress tests suggest that the asset quality of banks may improve in near future under expected positive developments in the macro economic conditions and banks may be able to meet expected losses with their existing level of provisions.

c) RBI vide its circulars dated July 15, 2014 and December 15, 2014 outlined guidelines on Flexible Structuring of Long Term Project Loans to Infrastructure and Core Industries. As per the guidelines, Banks may finance long term projects in infrastructure and core industries sector provided that:

(i) Only term loans to projects, in which the aggregate exposure of all institutional lenders exceeds Rs.500 crore, in the infrastructure and core industries sector will qualify for such flexible structuring and refinancing.

(ii) Banks may fix a Fresh Loan Amortisation Schedule for existing project loans once during the life time of the project, after the date of commencement of commercial operations (DCCO), based on the reassessment of the project cash flows, without this being treated as 'restructuring' provided:

- The loan is a standard loan as on the date of change of loan amortisation schedule
- Net present value of the loan remains same before and after the change in loan amortisation schedule
- The Fresh Loan Amortisation Schedule should be within 85% (leaving a tail of 15%) of the initial concession period in case of infrastructure projects under public private partnership (PPP) model; or 85% of the initial economic life envisaged at the time of project appraisal for determining the user charges / tariff in case of non-PPP infrastructure projects; or 85% of the initial economic life envisaged at the time of project appraisal by Lenders Independent Engineer in the case of other core industries projects;
- The viability of the project is reassessed by the bank and vetted by the Independent Evaluation Committee.

(iii) If a project loan is classified as 'restructured standard' asset as on the date of fixing the Fresh Loan Amortisation Schedule, while the current exercise of fixing the Fresh Loan Amortisation Schedule may not be treated as an event of 'repeated restructuring', the loan should continue to be classified as 'restructured standard' asset.

(iv) Any subsequent changes to the above mentioned Fresh Loan Amortisation Schedule will be governed by the extant restructuring norms.

(v) Banks may refinance the project term loan periodically (say 5 to 7 years) after the project has commenced commercial operations. The repayment(s) at the end of each refinancing period (equal in value to the remaining residual payments corresponding to the Fresh Loan Amortisation Schedule) could be structured as a bullet repayment, with the intent specified up front that it will be refinanced. The refinance may be taken up by the same lender or a set of new lenders, or combination of both, or by issue of corporate bond, as refinancing debt facility, and such refinancing may repeat till the end of the Fresh Loan Amortisation Schedule.

(vi) If the project term loan or refinancing debt facility becomes a non-performing asset (NPA) at any stage, further refinancing should stop and the bank which holds the loan when it becomes NPA would be required to recognise the loan as such and make necessary provisions as required under the extant regulations. Once the account comes out of NPA status, it will be eligible for refinancing in terms of these instructions.

(vii) Banks may determine the pricing of the loans at each stage of the project term loan or refinancing debt facility, commensurate with the risk at each phase of the loan, and such pricing should not be below the Base Rate of the bank.

(viii) Banks should secure their interest by way of proper documentation and security creation, etc.

(ix) Banks will be initially allowed to count the cash flows from periodic amortisations of loans as also the bullet repayment of the outstanding debt at the end of each refinancing period for their asset-liability management; however, with experience gained, banks will be required in due course to conduct behavioural studies of cash flows in such amortisation of loans and plot them accordingly in ALM statements.

(x) Banks should recognise from a risk management perspective that there will be a probability that the loan will not be refinanced by other banks, and should take this into account when estimating liquidity needs as well as stress scenarios;

(xi) Banks should have a Board approved policy for such financing.

7.2 Recent Initiatives

To address the issue of NPAs in PSBs, a number of steps have been taken by the Government and Reserve Bank of India. The Government organized a top level retreat –GyanSangam at Pune on 2nd and 3rd January, 2015, in which Improving risk management, Asset Quality and Recovery was one of the six themes discussed. It was decided that some actions on the part of banks relating to risk management and asset quality will be taken by them. The policy actions suggested by the PSBs will be examined in all aspects by the Government to improve the situation.

RBI has also taken a number of steps to resolve the NPA issue.In January 2014, it came out with “Early Recognition of Financial Distress, Prompt steps for Resolution and Fair Recovery for Lenders: Framework for Revitalizing Distressed Assets in the Economy”, in which the banks have to start acting as soon as a sign of stress is noticed in a borrowers action and not wait for it to become a NPA.The banks will now be required to classify ‘Special Mention Accounts” into three sub categories:

SMA 0- Principal or interest not overdue but showing incipient signs of stress.

SMA 1-Principal or interest overdue-31-60 days

SMA 2- Principal or interest overdue-61-90 days

RBI in past came out with a circular to address the issue of wilful default. Wilful defaulters are not allowed to access funds from banks the list is shared with SEBI to ensure that they do not have access to capital markets. RBI now has come out with new category of borrower called Non-Cooperative borrower. A non-cooperative borrower is a borrower who does not provide information on its finances to the banks. Banks will have to do higher provisioning if they give fresh loan to such a borrower.

The other main proposals in the Framework are as under:

- Centralized reporting and dissemination of information on large credit.

- Early formation of a lenders' committee with timelines to agree to a plan for resolution.
- Incentives for lenders to agree collectively and quickly to a plan – better regulatory treatment of stressed assets if a resolution plan is under way, or accelerated provisioning if no agreement can be reached.
- Improvement in current restructuring process: Independent evaluation of large value restructurings mandated, with a focus on viable plans and a fair sharing of losses (and future possible upside) between promoters and creditors.
- More expensive future borrowing for borrowers who do not co-operate with lenders in resolution.
- More liberal regulatory treatment of asset sales:

  a. Lenders can spread loss on sale of loan assets over two years provided the loss is fully disclosed.

  b. Takeout financing/refinancing possible over a longer period and will not be construed as restructuring.

  c. Leveraged buyouts will be allowed for specialized entities for acquisition of 'stressed companies'.

  d. Steps to enable better functioning of Asset Reconstruction Companies mooted.

  e. Sector-specific Companies/Private Equity (PE) firms encouraged to play active role in stressed assets market.

Taking further steps in the area, RBI has tightened the norms for Asset Reconstruction Companies (ARCs), vide guidelines dated August 5, 2014, where the minimum investment in Security Receipts should be 15% which was earlier 5%.

8. Financial Institutions

8.1 Indian Infrastructure Finance Company Ltd. (IIFCL)

IIFCL was incorporated under the Companies Act as 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 accords overriding priority to Public-Private Partnership (PPP) Projects. IIFCL has been registered as a NBFC-ND-IFC with RBI since September 2013. The authorized & paid up capital of the Company as on 30th September 2014 was Rs 5,000 crore and Rs 3,300 crore respectively.

On a standalone basis, till 30th September 2014, IIFCL has made cumulative gross sanctions of Rs 58,732 crore under direct lending and has made cumulative disbursements of Rs 34,356 crore (including disbursements of Rs 6,256 crore under Refinance and Rs 4,620 crore under Takeout Finance).

The company raises its long-term resources both from domestic markets and overseas. IIFCL has also established strong relationships with bilateral and multilateral institutions like ADB, World Bank, KfW& EIB and has committed lines of credit.

8.1.1 New Initiatives

During 2014-15, Government has permitted following major modifications to SIFTI and other schemes in order to augment increased flow of financial assistance to the infrastructure sector:

(i) Automatic updating of the list of eligible infrastructure sectors to avail financial assistance by IIFCL automatically as and when updated by the Government and the Reserve Bank of India.

(ii) IIFCL can remain as sole lender after other lenders are paid out in case of non-PPP Electricity generation projects having long term power purchase agreements with State Utilities for majority of its capacity.

(iii) IIFCL can extend subordinate debt facility to non-PPP projects in the power sector in extenuating circumstances on a case to case basis.

(iv) Limit of financial assistance under the Takeout Finance Scheme increased to 51% of the residual loan of the infrastructure project as on the Scheduled Date of Occurrence of Takeout.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.

Further, 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 30thSeptember 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 1,900 crore.

8.1.2 Subsidiaries of IIFCL

(i) IIFC (UK) Ltd incorporated in 2008 provides foreign currency lending to Indian Infrastructure Projects. Till 30thSeptember 2014, IIFC (UK) has made cumulative disbursements of USD 1,430.84 million.

(ii) IIFCL Projects Ltd incorporated in 2012, provides varied advisory services from the point of identification and conception of infrastructure project and gauging their feasibility to the point of monitoring and supervision.

(iii) IIFCL Asset Management Company Limited (IAMCL) a 100% wholly owned subsidiary of IIFCL, acts as Asset Management Company of the IIFCL-IDF. IIFCL-IDF has successfully raised Rs 300 crore from its maiden IDF scheme which is the first IDF scheme to be listed on the Bombay Stock Exchange.

8.2 Export Import Bank of India (EXIM Bank)

The EXIM Bank, established as a statutory, apex financial institution in 1982 under an Act of the Parliament of India, to finance, facilitate and promote India's international trade and function as a key policy-input provider to GOI, seeks to subserve the long-term objective outlined in the Foreign Trade Policy (FTP) of GOI, 2009-14, viz. doubling of India's share in global trade by 2020.

8.2.1 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. EXIM Bank especially distinguishes itself in the areas of project exports, export lines of credit (LOCs) and overseas investment finance (OIF), which benefit a gamut of externally-oriented Indian companies, including SMEs.

8.2.2. Performance

During April-November 2014, the Bank extended an aggregate of 12 GOI-guaranteed LOCs, to 9 countries, with credits amounting to US$ 1.50 billion. As on November 30, 2014, 188 LOCs to 62 countries, with credits amounting to US$ 11.71 billion are guaranteed by the Government of India. Besides LOCs, the 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 till date sanctioned an aggregate amount of USD 2.18 billion for 16 projects and a robust pipeline is developing. As regards OIF, in FY 2014, the Bank sanctioned funded and non-funded assistance to 47 Indian corporate 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 impressive business growth during FY 2014 [(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)]. Bank's YOY growth during H1 FY 2014 to H1 FY 2015, in (i) gross loan assets was 7% (ii) in the overall customer assets was 9% and (iii) in total business was 6%. Net worth of the Bank as on 31.3.14 stood at Rs. 8,310 crore.

8.2.3 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) 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.

8.2.4 Recent Developments

On December 23, 2014, EXIM Bank has, pursuant to the approval of the Government of India (GOI), extended a Buyer's Credit Facility of INR 9,000 million to select Iranian banks, to finance the export of goods and services from India to Iran, through the Export Development Fund (EDF, a special fund established in terms of Section 15 of The Export-Import Bank of India Act, 1981, and administered by the Export-Import Bank of India). The Buyer's Credit Facility to the Iranian banks will be backed by sovereign guarantee of the Government of Iran and covered under the GOI's National Export Insurance Account (NEIA).

In November 2014, EXIM Bank successfully issued 10-year Samurai bonds in the Japanese bond market, for JPY 20 billion. These bonds are part-guaranteed by Japan Bank of International Cooperation (JBIC) under their 'Guarantee and Acquisition toward Tokyo market Enhancement (GATE)' facility. EXIM Bank achieved the tightest spread and the lowest coupon on the bond.

8.3 Industrial Finance Corporation of India (IFCI)

IFCI Ltd. was set up in 1948 as first Development Financial Institution of the Country named as The Industrial Finance Corporation of India, a Statutory Corporation to provide medium and long term finance to industry. After repeal of IFCI Act in 1993, IFCI became a Public Limited Company registered under the Companies Act, 1956. IFCI is now a Government controlled company with an equity shareholding of 55.53% being held by Government of India. IFCI is also registered with Reserve Bank of India (RBI) as a systemically important non-deposit taking Non-Banking Finance Company (NBFC-ND-SI) as per RBI Act, 1949. IFCI is also a notified Public Financial Institution under Section 2(72) of the Companies Act, 2013.

The primary business of IFCI is to provide medium to long term financial assistance to the manufacturing, services and infrastructure sectors. IFCI also provides advisory services for Project Development, Project Appraisal, Strategic Analysis, Corporate Restructuring, legal advisory. IFCI has also played a pivotal role in institutional development and promoted various organizations i.e. Tourism Finance Corporation of India (TFCI), Asset Care Reconstruction Enterprises (ACRE), IDFC, Power Trading Corporation Limited (PTC), Clearing Corporation of India (CCI), GIC Housing Finance Limited, Securities Trading Corporation of India Limited, North Eastern Development Finance Corporation Limited (NEDFI), OTC Exchange of India Limited ("OTCEI"), ICRA Limited, National Stock Exchange (NSE), Stock Holding Corporation of India Ltd (SHCIL), Technical Consultancy Organizations (TCOs) and social sector institutions like RashtriyaGraminVikasNidhi (RGVN), Management Development Institute (MDI) and Institute of Leadership Development (ILD).

IFCI has diversified its activities through subsidiaries and associates into infrastructure development in the form of residential and commercial space, broking, venture capital, financial advisory, insurance broking, depository services, factoring etc.

8.3.1 Subsidiaries & Associates

IFCI has following six subsidiaries which have been contributing to industrial and infrastructure sector development of the country: -

1. Stock Holding Corporation of India Ltd. (SHCIL) - www.shcil.com
2. IFCI Infrastructure Development Ltd. (IIDL) - www.iidlindia.com
3. IFCI Venture Capital Fund Ltd. (IVCF) - www.ifciventure.com
4. IFCI Factors Ltd. (IFL) - www.ifcifactors.com
5. IFCI Financial Services Ltd. (IFIN) - www.ifinltd.in
6. MPCON Ltd.- www.mpconsultancy.org

8.3.2 Step Down Subsidiaries

IFCI has following six step down subsidiaries incorporated under Companies Act, 1956 :-

1. IIDL Realtors Pvt. Ltd.
2. IFIN Securities Finance Limited
3. IFIN Commodities Limited
4. IFIN Credit Limited
5. SHCIL Services Limited
6. Stock Holding Projects Limited

8.3.3 Associates

Besides above Subsidiaries & Step down Subsidiaries IFCI has following 5 Associates as well

1. Tourism Finance Corporation of India Limited
2. NITCON Ltd.
3. HIMCON Ltd.
4. HARDICON Ltd.
5. RAJCON Ltd.

8.3.4 Achievements

(i) **Aggregate Sanctions & Disbursement -** IFCI has made sanctions and disbursement of Rs. 8028.53 crore and Rs. 7538.20 crore, respectively during the Period January 2014 to December 2014.

(ii) **Achievements During 2014-15 (till 31st December, 2014) Credit Enhancement Scheme in Budget of 2014-15 -** The Finance Minister during the Budget Speech, has announced that a sum of Rs. 200 crore will be created towards enhancement facility for young and start-up entrepreneurs, belonging to Scheduled Castes wherein the Government will set up a Corpus of Rs. 200 crore to be placed with IFCI Ltd. which will be kept in a separate No Lien Account. Under the said scheme, IFCI will be issuing Guarantees to Banks and FIs who shall be financing start-up businesses of Small and Medium Enterprises run by Scheduled Castes. However, the appraisal, assessment including establishing viability of the business and also the recovery and monitoring of the loans and advances extended under the scheme, shall be the primary and sole responsibility of the Banks and FIs.

(iii) **Public Issue of Bonds -** IFCI had come up with Public Issue of Secured Redeemable Non-Convertible Debentures of face value of Rs.1,000 each amounting to Rs.250 crore (Base Issue Size) with an option to retain oversubscription up to Rs.2,000 crore (Shelf Limit/ Overall Issue Size) through Shelf Prospectus and Tranche I Prospectus both dated 13.10.2014. The Issue opened for subscription on October 20, 2014 and closed on November 21, 2014. The Issue was subscribed to the extent of realized amount of Rs.1,209.19 crore being the amount banked i.e. 4.84 times of the Base Issue Size of Rs.250 crore and 0.6 times of the Shelf Issue Size of Rs.2,000 crore. This raising is for a weighted average tenure of 7.99 years and at a weighted average cost of 9.89% p.a.. This will help in reducing borrowing cost of IFCI in future as well. IFCI is now coming up with the Tranche II Issue for the Residual Shelf Limit i.e. Rs.790.81 crore which shall remain open from January 1, 2015 to February 4, 2015.

(iv) **Awards & Accolades -** The performance of IFCI has been duly recognized by the market. In terms of financial performance for the year 2013-14, as IFCI has figured in the listing of top 500 /250 companies of India as per details provided below :

Title	Rank
Dun & Bradstreet India's Top 500 Companies	100th
Economic Times India's Top 500 Companies	253rd
Dalal Street 250 Large Cap Companies	200th
Business Today magazine's Most Valuable Top-500 Companies	197th
Fortune India 500 - Top Corporations & Among NBFCs	278th&19th

8.3.5 Regional Offices

During the current financial year, IFCI reactivated its existing branch/regional offices at Bhopal, Bhubaneswar, Kochi, Lucknow, Patna and Pune. Two new regional offices at Vijaywada and Raipur are proposed to be opened. This has been done in order to make PAN India presence of IFCI. Presently, IFCI has 16 Regional Offices.

8.3.6 Strengthening of Manpower

IFCI has undertaken a major initiative to strengthen its manpower to improve its Human Resource Pool and increase its pan India footprints by reviving Regional Offices at various places across India. During the current financial year, IFCI has made recruitments at the level of Asst. Manager/Manager by filling up 48 posts in various business verticals after giving due publicity in the National Newspapers.

8.3.7 Promotion of Rajbhasha

IFCI takes pride in the promotion of Rajbhasha for which an Official language Implementation Committee (OLIC) has been set up at all offices except the satellite offices. Quarterly meetings of OLIC are being held to review the progress of the use of Hindi. All Computers available within the company have been upgraded with Unicode facility and its website has also been made bilingual for the benefit of the shareholders and to further promote use of Hindi.

8.3.8 Corporate Social Responsibility

IFCI has continued its efforts to make a difference to the society at large by pursuing CSR activities and in the year 2013-14, IFCI has undertaken various Corporate Social Responsibility (CSR) initiatives with focus on skill development, employment generation, public health, environment and rural development. Further as per notification from the Ministry of Corporate Affairs under section 135 and schedule VII of Companies Act 2013 along with the Companies (Corporate Social Responsibility Policy) Rules, 2014 which came into effect from April 01, 2014, IFCI formulated its CSR Policy and also formed a trust named “IFCI Social Foundation” which has been duly registered. IFCI earmarked an amount of Rs.9.16 Crore for the financial year 2014-15 as per the norms laid down by the Companies Act, 2014 for its CSR activities. IFCI is contributing in CSR activities not only by itself but also by its various associates, subsidiaries and technical consultancy organizations promoted by it all over India. During the current financial year i.e. 2014-15, the following CSR initiatives have been pursued by IFCI:-

- Swachh Bharat Campaign to Sulabh International Social Service Organization for construction of 14 toilet blocks for girls in Schools at Murshidabad.
- Contributed Rs.10 lakh in Prime Minister National Relief Fund for the people of Jammu and Kashmir.

Further, IFCI also participated in the Swachh Bharat Campaign and cleanliness drive on 2nd October, 2014.

8.3.9 Representation of SC/ST and OBCs and Persons with Disabilities

In the year 2014, pursuant to the decision of the Board of Directors at its meeting held in January, 2014, IFCI started implementing reservation policy in all future promotions and recruitments. Consequently, the provisions of the reservation policy were implemented in Promotions conducted in March, 2014 and for recruitment at various levels.

8.3.10 E-Governance

IFCI has constituted an e-Governance Committee of Directors to oversee the long-term strategic plans for acquiring and enabling efficient and cost-effective information processing and communication technologies.

8.4 National Housing Bank (NHB)

Activities & Operations during FY 2013-14 and 2014-15 (Half Year July – December, 2014)

(The financial year of National Housing Bank (NHB) is from July to June)

8.4.1 Performance under Rural Housing

Out of the total refinance releases of Rs. 17856.18 crore made during the year 2013-14, 43% aggregating Rs. 7689.97 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 2014 to December 2014, 34.67% of total disbursements of Rs.9778.26 crore i.e. Rs.3390.99 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.

8.4.2 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 another Rs. 6000 crore for 2013-14 and further by Rs. 8000 crore in 2014-15. Till June 2014, total amount of Rs. 17278 crore was received by the Bank under the Fund and the Bank has deployed Rs. 16338.72 crore towards refinance for rural housing for the target groups. Further, for the year 2014-15 (01st July 2014 to 31st December 2014) Rs. 1999.22 crore has been received by NHB under the Scheme and NHB has disbursed Rs. 601.75 crore. The position of RHF mobilized in the last three years and current year is as below:

(Rs. in crore)

	2011-12	2012-13	2013-14	2014-15 (July to December 2014)
Amount allocated by RBI/GoI	3000.00	4000.00	6000.00	8000.00
Amount deposited by Banks	3000.00	4000.00	4500.00	3499.21 #
Amount disbursed under Rural Housing Fund (RHF)	3003.00	4027.40	3527.31	3158.06**

Rs. 1500 crore from the allocation of 2013-14 was received in 2014-15 and Rs. 1999.22 crore was received from the allocation of 2014-15.

** An amount of Rs. 2556.31 was disbursed from the RHF VI fund during the year 2014-15.

8.4.3 Urban Housing Fund

In the Union Budget 2013-14, the Hon'ble Finance Minister announced the establishment of an Urban Housing Fund, having initial corpus of Rs. 2000 crore. Accordingly, the National Housing Bank has formulated a new refinance scheme for channelizing funds into the urban housing sector. The scheme seeks to augment resources and improve credit availability and meet the housing needs of the people in lower income segments residing in urban areas. As against total allocation of Rs. 6000 crore, the Bank has so far received Rs. 2999.60 crore and has disbursed Rs. 2107.40 crore till December 31, 2014. The position of UHF mobilized year wise till December 31, 2014 is as under:

Year	UHF Allocations	Amount Received	Amount disbursed
2013-14	2000	1000	890.10
2014-15(July –Dec.)	4000	1999.60 #	1217.30**
TOTAL	6000	2999.60	2107.40

Rs. 1000 crore from the allocation of 2013-14 was received in 2014-15 and Rs. 999.60 crore was received from the allocation of 2014-15.

**An amount of Rs. 1126.80 crore was disbursed from the UHF I fund during the year 2014-15.

8.4.4 Energy Efficient Housing Programme

The Promotional Programme for Energy Efficient Housing is an initiative by the government of India in collaboration with German Bank - KFW development Bank. Under this programme KFW, on behalf of the German Government, had provided a credit line of EUR 50 million to the National Housing Bank of India (NHB), which has been used to refinance energy efficient housing projects through Housing Finance Companies (HFCs) and banks. The Programme aimed at promoting newly - constructed energy efficient housing units by providing advisory services on energy efficiency optimization of building designs, a user friendly robust assessment tool to calculate the energy need of the building project and a label and certification mechanism for the energy savings. Cumulative disbursement of Rs. 430.21 crore has been made under this scheme till 31.12.2014.

8.4.5 Resources mobilised during the half year ended 31st December, 2014 (2014-15)

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.9157.96 crore for the six months ended 31st December, 2014

The total borrowing outstanding as on 31st December 2014 (2014-15) was Rs.40621.23 crore.

8.4.6 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 crore 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 crore during the financial year 2013-14.Against this allocation, the Bank raised Rs.900 crore through private placement of tax free bond. The balance amount of Rs. 2100 crore was mobilized through public issue. At the request of the Bank , CBDT further authorized NHB to issue Tax Free Bonds up to Rs. 1000 crore vide notification dated 13thFebruary 2014. This amount was fully raised through public offer. The total amount mobilized through Tax Free Bonds is Rs. 4000 crore.

8.4.7 Credit Risk Guarantee Fund Trust for Low Income Housing (CRGFTLIH)

CRGFTLIH was set up by the Govt. of India on 1stMay, 2012 with an objective to ensure better flow of institutional credit for housing in urban areas to cater to the needs of the targeted segments (EWS/LIG borrowers). Credit Risk Guarantee Fund Scheme (CRGFS) provides guarantee for housing loan up to Rs. 8 lakh sanctioned and disbursed by the lending institutions (effective from October 1, 2014), prior to that all the housing loan amount up to Rs. 5 Lakh were eligible without any collateral security and/or third party guarantee to the new borrowers in the EWS/LIG categories in urban areas for home improvement/acquisition and purchase of new or second hand dwelling unit/construction/

extension of an affordable dwelling unit with carpet area not exceeding 430 sq.ft.(40 sq.m.). The guarantee cover available under the scheme is to the extent of 90% of the sanctioned housing loan amount up to Rs. 2 lakh and 85% for loan amounts above Rs. 2 lakh and above. Till date 54 institutions have signed MoU with the Trust under the Scheme. As on 31st December, 2014, the Trust has issued guarantee cover in respect of 537 loan accounts involving a total loan amount of Rs.12.96 Crore provided to EWS/LIG households in urban areas.

8.5 Small Industries Development Bank of India

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.

8.5.1 Performance Review of SIDBI

The total MSME outstanding credit (gross) of the Bank was Rs. 51,803 crore (provisional) as at end December 31, 2014 as against actual outstanding credit (gross) of the Bank as on September 30, 2014 of Rs. 51270 crore. The cumulative financial assistance provided by SIDBI as on December 31, 2014, aggregated around Rs. 3,72,775 crore, which has benefitted around 3.5 crore persons. The total income of the Bank during the year (upto December 2014) was Rs. 4,408 Crore (provisional).

8.5.2 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:

8.5.2.1 Indirect Finance

- **Refinance**

Micro and Small Enterprises Refinance Scheme (MSERS) is offered to Scheduled Banks (including State Co-operative Banks, Urban Co-operative Banks, Private Sector Banks, Foreign Banks etc.), select Financial Institutions for the amount equivalent to the outstanding portfolio relating to loans and advances to units in MSE sector against which no financial support has been sought from any other institution or refinance from SIDBI.

Outstanding as on December 31, 2014: Rs. 23080 crore.

Disbursement made during current FY (upto Dec. 31, 2014): Rs.19040 crore

During the FY 2013-14, Special Refinance Scheme (SRS) a new refinance facility of Rs. 5,000 crore was extended by the Reserve Bank of India effective from November 14, 2013 for a period of one year. The facility aimed at providing liquidity support against the receivables of MSMEs directly and through select intermediaries like banks, NBFCs and SFCs, was implemented with effect from December 2013. The scheme was utilized for giving relief to cumulative number of 10,857 MSMEs and out of the total assistance, 89% share had been deployed to micro and small enterprises and there is no outstanding under the scheme at present.

- **Microfinance**

SIDBI's micro finance assistance serves as a potent tool of inclusive growth and attainment of some of the Millennium Development Goals by catering to the bottom-of-the-pyramid sections of the society. SIDBI works with and through a large number of Micro Finance Institutions (MFIs) who have been nurtured, incubated and strengthened through a comprehensive range of financial and non-financial assistance. SIDBI has supported development of India Microfinance Platform (IMFP) to provide and disseminate valuable information on the Indian MFIs. The platform is in line with MIX Market, which is a global, web-based, microfinance information platform.

The corpus under "India Microfinance Equity Fund" (IMEF) was increased to Rs. 300 crore with additional allocation of Rs. 200 crore by the Govt. of India. The primary objectives under IMEF is on providing equity and quasi-equity support to smaller MFIs to help them in getting debt funds from the banks and FIs in order to maintain growth and achieve scale and efficiency in their operations. Till December 31 2014,the Bank had committed an amount of Rs. 141.50 Crore to 53 MFIs out of the Rs. 300 crore fund.

As at Dec. 31, 2014 SFMC-V had extended Financial Assistance / Capacity Building Assistance to more than 140 MFIs in different parts of the country, mostly in unserved and underserved areas. Cumulatively SFMC-V has sanctioned Rs.10,341.80 crore and disbursed Rs.8,583.86 crore to partner MFIs, benefiting cumulatively approximately 330 lakh beneficiaries mostly women.

8.5.2.2 Direct Finance

- **Equity/Risk Capital**

Risk Capital - SIDBI offers special financial assistance to bridge the gap between the two main sources of finance viz. bank loans (senior debt) and promoter's capital. SIDBI offers this assistance in form of mezzanine/ convertible instruments, subordinated debt and equity (in deserving cases). Risk Capital assistance is provided by SIDBI to Start-up / early stage enterprises as also to growth stage MSMEs and assisted more than 400 MSMEs with aggregate Risk Capital assistance of Rs.1021crore.

Fund of Funds: SIDBI contributes to the corpus of Venture Capital Funds for investment by these funds in MSMEs. Upto December 31, 2014, SIDBI has contributed to the corpus of 68 Venture Capital Funds with aggregate commitment of Rs.1604 crore. These Venture Capital Funds in turn have made an aggregate investment of Rs. 5600 crore in 472 MSMEs, thus, catalysing around 3.5 times equity support to MSMEs.

● Promoting Energy Efficiency (EE) and Cleaner Production (CP)

Sustainable growth MSMEs is critical to the economic development of India. Recognizing the need for promoting EE/CP and sustainable development in the MSME sector for their survival and growth in long run, SIDBI has taken initiatives to reduce energy consumption, enhance energy efficiency, reduce CO2 emissions and improve the profitability of the Indian MSMEs in the long run through loan products and promotional activities.

Energy Efficiency Lines of Credit

SIDBI has been operating focused concessional lending schemes for energy efficiency (EE) out of Lines of Credits from various multilateral/ bilateral agencies, viz. Japan International Cooperation Agency (JICA), AgenceFrançaise de Development (AFD) and Kreditanstalt fur Wiederaufbau (KfW). So far, LoC of Euro 50 million from AFD and 2 LoCs of JPY 30 billion each from JICA have been fully utilised. Apart from this, 2 environmental LoCs of Euro 15.24 million and Euro 38.50 million have been availed from KfW. Presently, JICA Phase 3 and KfW EE LoC are operational. As on December 31, 2014, an aggregate assistance of approximately Rs. 5700 crore has been sanctioned and an amount of more than Rs. 5100 crore has been disbursed to more than 6800 MSMEs for promoting EE & CP, which have resulted in saving of 946 Million Kilo Watt Hour (MkWh) of electricity and a reduction of 872 kilo tons (kT) of CO2 annually.

WB-GEF Project – Financing Energy Efficiency in MSMEs: SIDBI along with Bureau of Energy Efficiency (BEE) is executing a Global Environmental Facility (GEF) funded World-Bank project, viz. "Financing Energy Efficiency at MSMEs" in five MSME clusters viz., Kolhapur - foundry, Tirunelveli - Limekilns, Ankleshwar - chemicals, Pune - forging and Faridabad - mixed cluster. The objective of the project is "to increase demand for energy efficiency investments in the target MSME clusters and to build their capacity to access commercial finance". The main deliverable of the project is to provide technical support to MSMEs resulting in catalyzing investments for implementing energy conservation measures by 500 MSME units in these 5 clusters. Benefits realized from implementation are as under:

Total Investment: Rs. 48.72 crore

Total Energy Cost Savings: Rs. 51.12 crore / annum

Life Time Emission Reduction: 5.11 lakh tCO2.

8.5.3 Addressing Delayed Payments

In order to help the MSMEs for quicker realization of their receivables, SIDBI fixes limits to well-performing purchaser companies and discounts usance bills of MSMEs / eligible service sector units supplying components, parts, sub-assemblies, services, etc. so that the MSME / service sector units realise their sale proceeds quickly. SIDBI also offers invoice discounting facilities to the MSME suppliers of purchaser companies.

8.5.4 NTREES

SIDBI, alongwith National Stock Exchange, took the initiative to set up an electronic platform for discounting of trade receivables SIDBI. The e-platform is named as NTREES (NSE Trade Receivables Engine for E-discounting in association with SIDBI). Operations on the platform are e-payment through RTGS /NEFT / Net transfers. So far, more than 475 vendors are registered through the purchaser company and are getting advantages of faster discounting of their bills on real time basis within 1 or 2 hours. RBI has come out with announcmement of establishment of Trade Receivables Discounting System [TReDS].

8.5.5 International Consultancy and Central Coordination

- As a part of its new business model, the Bank has created International Consultancy and Central Coordination Vertical (ICCV), New Delhi to extend fee-based consultancy services.
- Under the Project Management Division of ICCV, studies in 30 Indian clusters were instituted and their findings consolidated. The

studies indicate five broad gap areas viz, skill gaps, infrastructure gaps, knowledge gaps, credit gap and policy advocacy needs.

- With a view to identify new areas of business and in line with the Bank's continuous endeavor to fill the gaps in the MSME ecosystem, a study was undertaken to identify potential new niche areas besides a review of existing 4 niche areas. The study has conducted to recommended 8 new niche areas of which 4 areas viz, cluster specific financing program, funding of MSME infrastructure, funding for marketing activities and franchisee financing for manufacturing enterprises are being taken up for development of suitable products and services under these areas.

- SIDBI has also collaborated with GiZ under the Responsible Enterprise Finance Project wherein GiZ is providing Technical Assistance of Euro 3 million. The project has four components (1) Environment & Social Governance (ESG) Framework for MSME Financing which aims at strengthening financial institutions to integrate ESG concerns in their operations and strategic decision making, (2) Sustainability-oriented Financial Products and Services (3) Risk Capital for Social Enterprises and (4) Voluntary Framework/Guidelines for Indian Financial Sector. Under the project, SIDBI and GIZ have also collaborated to launch Program for Accelerating Investments in Social Enterprises (PRAISE), recognizing and supporting social enterprises in India, which aims at igniting investments in the social enterprises sector and creating meaningful outcomes for the enterprises.

- SIDBI has also offered its services to the Government of India to provide preferential access to Least Developed Countries (LDC) for capacity building of their credit institutions focused on MSME sector, as also helping them develop their entire MSME ecosystem.

- As a part of sharing International best practices and innovative ideas, SIDBI had become a member of International Development Finance Club (IDFC), which is a group of 20 national, bilateral and regional development banks from Africa, Asia, Europe, and Central and South America. Members of IDFC pool their global expertise, best practices and in-depth local know-how on strategic topics of mutual interest apart from financing a wide range of projects from poverty alleviation and habitat protection to education, health, and public transportation. During the year, SIDBI attended the meeting of CEOs in Washington DC, USA and Sherpa meeting at Cape Town, South Africa.

- SIDBI has also renewed its membership of "The Montreal Group" (TMG), Canada, as one of the founder members. TMG is an association of 8 Development Banks engaged in financing and development of MSMEs. During the year, TMG initiated discussion on three key topics viz. Green Financing, Loan Guarantees: Cross Guarantees to support global expansion for MSMEs and Portfolio Risk Management in which senior officials of SIDBI are key representatives. During the year, SIDBI attended the Annual Meeting of TMG in Reo de Janeiro, Brazil.

8.5.6 SIDBI as Nodal Agency for Government of India Schemes

SIDBI also plays a nodal agency role in implementation of various schemes for MSME sector undertaken by the Government of India (GoI), viz. Credit Linked Capital Subsidy Scheme (CLCSS) [Ministry of MSME], Technology Upgradation Fund Scheme for Textile Industry (TUFS) [Ministry of Textiles], Integrated Development of Leather Sector Scheme (IDLSS) [Ministry of Commerce & Industry], Scheme of Technology Upgradation / Setting up / Modernization / Expansion of Food Processing Industries (FPTUFS) [Ministry of Food Processing Industries] and Technology and Quality Upgradation (TEQUP) Scheme [Ministry of MSME] to encourage MSMEs in adopting modern/energy efficient technologies.

During the year [April-September 2014] under review, capital subsidy claims of 552 eligible Micro and Small Enterprises (MSEs) directly assisted by SIDBI aggregating Rs. 29.54 crore were settled under CLCSS. Further, subsidy claims of 2792 MSEs amounting to Rs. 173.62 crore in respect of co-opted Primary Lending Institutions were also settled. Since the launch of the Scheme in October 2000, capital subsidy claims of 18,558 units aggregating Rs.1059.54 crore (cumulative) were settled. Similarly under TUFS, subsidy claims (both interest incentive subsidy & capital / margin money subsidy) of 494 eligible textile units for SIDBI's directly assisted cases amounting to Rs. 9.96 crore and subsidy claims aggregating Rs.10.06 crore were settled in respect of the co-opted PLIs for their assistance to MSEs. Since the launch of the TUFS in April 1999, capital subsidy and interest incentive claims for an amount of Rs. 702.74 crore (cumulative) have been settled. Under IDLSS, which was launched in November 2005, cumulative claims of 1759 units aggregating Rs. 291.69 crore were settled including 126 units amounting to Rs. 39.90 crore till December 2014. Under FPTUFS, subsequent to decentralization of the scheme from April 2007, 58 cases (involving 92 installments) have been recommended for grant-in-aid amounting to Rs.14.03 crore to the Ministry, against which subsidy aggregating Rs. 10.28 crore has been released to 48 units, assisted by SIDBI. Regarding TEQUP, 22 cases involving Rs. 1.77 crore were disbursed eligible subsidy till December 2014, which is also the cumulative figures for the scheme.

8.5.7 Promotional and Developmental (P&D) Support

In its endeavour towards holistic development of the MSME sector, SIDBI adopts a 'Credit Plus' approach and plays a pioneering role for promotion and development of the MSME sector. The P&D activities of the Bank are designed to achieve the twin objectives of promotion and development of MSMEs, which are of national importance.

The highlights of various P&D activities undertaken by the bank are as detailed below:

- **Promoting Youth Entrepreneurship - smallB.in - Website www.smallB.in** is a virtual mentor and handholding forum for the potential / budding and even existing entrepreneurs to set up new units and grow the existing ones. The website is quite exhaustive, covering various aspects such as scouting for business opportunities, understanding various forms of business organizations, legal basics, Business Plan preparation, understanding various requirements for obtaining credit from Banks / Financial Institutions, knowing policies and regulations, schemes and incentives offered by the central and state governments etc. Currently, on a monthly basis there are around 1 lakh users with on average number of 6.5 pages views.

- **Credit Advisory Services –** SIDBI has set up Credit Advisory Centres (CACs) guiding new / existing entrepreneurs regarding availability of schemes of commercial banks, government subsidies / benefits, provide borrowers with debt counselling, answering queries raised by banks etc. The CACs have been servicing MSME clusters across the country in partnership with industry associations. For manning the CACs, SIDBI has appointed Knowledge Partners (KPs) who are retired bank officials, with vast experience of MSME sector. So far more than 10,000 MSMEs have benefited through CACs.

- **Common Rating Model:** Presently, each rating agency has its own model and approaches for rating of MSMEs. A need is therefore felt for a Common Rating Model (CRM) to facilitate standardisation of forms, grading of units, sharing of knowledge among stake holders, creating a compatible database across the country, thus expediting the diligence process / credit delivery to MSMEs. At the instance of SIDBI, Department of Financial Services, Government of India has constituted a Task Force for development of CRM for MSMEs across the financial system. The Task Force members comprises of CMD / DMD SIDBI, Joint Secretary (IF) DFS, Joint Secretary (MSME) Ministry of MSME, CGM RBI, CEO CARE, CMD / CEO NSIC, CEO IBA and an industry association representative.

  SIDBI would be facilitating the process of the Task Force meetings and as a prelude to its first meeting, we have had interaction on the CRM initiative with the leading rating agencies besides GMs / Heads of MSMEs of commercial banks. The feedback for the CRM initiative has been encouraging.

- **Capacity Building of RRBs/UCBs/DCBs:** Considering the importance of RRBs, GoI has been paying special attention to strengthen them through merger and consolidation. At the instance of GoI, SIDBI, initiated a project in FY 2013 focused at capacity building of Tier-II banks viz. RRBs/ UCBs/DCBs with an objective to enhance the credit flow to micro enterprise sector. Under the project, SIDBI extends capacity building support to such banks, which includes sharing by SIDBI of its methodology/software of lending to micro enterprises loans in the range of Rs. 50,000/- to Rs. 10,00,000/- and arranging for training of staff of these banks

8.5.8 SIDBI's Support for North Eastern Region (NER)

The Bank accords special and focused attention to the development of North Eastern Region (NER) in terms of micro finance, rural industrialisation, handicraft cluster development, entrepreneurship development, marketing support, etc. The major initiatives are detailed as under:

· A Memorandum of Understanding was executed with NEDFi in March 2012 for providing various financial and developmental services including MSME finance, Micro Finance and also for undertaking various P&D activities in NER. Under this arrangement, 8 (eight) Credit Counselling Centres/Business Facilitation Centre (BFC) were opened in NER. Apart from above BFCs, an Entrepreneurs' Corner has been set up in NEDFi Office at Guwahati. As a step forward with NEDFi, two proposals for undertaking joint P&D programmes in NER have also been approved during FY 2013-2014.

· Under the Bank's Micro Enterprises Promotion Programme (MEPP), 23 districts in NER have so far been covered including 1 MEPP sanctioned in FY 2014 for Sonitpur district of Assam taking cumulative promotion to 2425 units. The Bank has supported 43 Cluster Development Programmes (CDPs) in different states of NER covering different activities.

8.5.9 Subsidiaries / Associates

The operations of the Bank's subsidiary, i.e. SIDBI Venture Capital Limited (SVCL) and associates, namely, Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), India SME Technology Services Limited (ISTSL), SME Rating Agency of India Ltd. (SMERA) and India SME Asset Reconstruction Company Ltd. (ISARC) have been satisfactory during the year under review. The highlights of their functions are given below

- **SIDBI Venture Capital Limited:** SIDBI Venture Capital Ltd. (SVCL), a subsidiary of SIDBI set up in July,1999, is an asset management company, managing four venture capital funds, viz. National Venture Fund for Software and Information Technology Industry (NFSIT), SME Growth Fund (SGF), India Opportunities Fund (IOF) and Samridhi Fund (SF) for providing venture capital assistance to MSMEs, as of March 31, 2014. Till March 31, 2014, a total of Rs. 638 crore has been disbursed under the four funds.

  During the year, an SME Fund (TEX Fund) has been launched to support the textile sector largly tagetting the powerloom sector and new initiatives in the textile industry. The target corpus of the fund is Rs. 80 crore. The core contributors of the fund are Ministry of Textiles, Govt of India and SIDBI.

- **Credit Guarantee Fund Trust for Micro and Small Enterprises :** In order to encourage banks to lend more to Micro Small Enterprise (MSE) sector, the Government of India (through the Ministry of MSME) and SIDBI set up the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) in July 2000. CGTMSE provides credit guarantee support against the collateral free and / or third-party guarantee free loans upto Rs. 100 lakh extended by the eligible banks and lending institutions to the borrowers in the micro and small enterprise (MSE) Sector under Credit Guarantee Scheme (CGS). Cumulatively, as on December 31, 2014, over 17.22 lakh guarantees (around 97% of which for loans below Rs. 25 lakh) for an amount of around Rs. 85,607 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 30,955 MSMEs till date.

- **India SME Asset Reconstruction Company Ltd.:** India SME Asset Reconstruction Company Ltd. (ISARC) is the country's first MSME focused Asset Reconstruction Company striving for speedier resolution of non-performing assets (NPA) byunlocking 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, ISARC's 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 December 31, 2014, ISARC has assets under management of Rs. 374.81 crore.

9. Representation of SCs, STs, OBCs and PWDs

The representation of SCs, STs, OBCs and Persons with Disabilities (PWDs) are annexed at Annexure – I & II.

10. Education Loan

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 Banks' 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.

10.1 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 bank's service area.

10.2 Performance of Education Loans:

The total outstanding education loans of Public Sector Banks (PSBs) as on September 30, 2014 stood at Rs. 61,963 crore in 26,85,886 accounts. The increase in total loans outstanding over previous year in absolute and percentage terms was Rs. 5,045 crore and 8.86 per cent respectively.

Year-wise break-up of education loans outstanding as on March 31, 2004 to September 30, 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.
2004	3,19,337	4,550		
2005	4,68,207	6,713	46.62	47.54
2006	6,79,945	10,012	45.22	49.14
2007	9,44,397	14,283	38.89	42.65
2008	12,46,870	19,847	32.03	38.75
2009	16,03,385	27,646	28.59	39.51
2010	19,28,350	35,628	19.21	29.81
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
September, 2014	26,85,886	61,963	5.05	8.86

Source: IBA *Source: PSBs

Bank-wise (PSBs) details of education loan outstanding as on March 31, 2014 are given at Annexure - IV.

10.3 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 'Interest Subsidy' for the period of moratorium on educational loans taken by students of economically weaker sections from scheduled banks under the Educational Loan Scheme of the Indian Banks' Association. The scheme is applicable to the following categories of loans.

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- Educational loan disbursed/availed after 1st April, 2009 from scheduled Banks which follow IBA Model Educational Loan Scheme;
- Students belonging to economically weaker sections, i.e, whose parental income from all sources do not exceed Rs.4.5 lakhs per annum;
- 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	A/Cs	Amount (Rs. in crore)
2009-10	644299	296.86
2010-11	898320	735.49
2011-12	983586	1198.88
2012-13	1077505	1681.85
2013-14	911792	1540.72
Total	**4515502**	**5453.83**

Source: Nodal Bank for the scheme (Canara Bank)

10.4 New Interest Subsidy Scheme for Educational Loans - Government has announced an Interest waiver scheme that aims to provide benefit to those students who have taken education loan up to 31.3.2009 which is outstanding as on 31.12.2013 to the extent of interest component. Government bear the liability for outstanding interest as on 31.12.2013, but the borrower to pay interest for the period after 1.1.2014. A provision of Rs 2600 crore under the scheme has been provided. So far banks have claimed Rs 1738.25 crore in respect of 3,44,519 students.

10.5 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. Banks will play an important part in funding the acquisition of these skill sets. Indian Banks' Association (IBA) had formulated "Model Educational Loan Scheme for Vocational Courses" as an extension of the existing Model Educational Loan Scheme for pursuing higher education in India &abroad, to support the national initiatives for skill development. 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.

11. Priority Sector Lending and Lending to Women and Minorities

11.1 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 of preceding March 31st 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 of preceding March 31st, 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 of preceding 31st March, has been mandated for lending to the priority sector.

The outstanding priority sector advances of public sector banks increased from Rs.12,83,680 crore, as on March 31, 2013 to Rs.16,18,971 crore, as on March 31, 2014, showing a growth of 26.11 percent. Advances to agriculture by PSBs amounted to Rs.6,87,242 crore, constituting 16.7 percent of ANBC, as on March 31, 2014. Sector-wise break up of priority sector advances of PSBs, as on March 31, 2014, is given at Annex- V.

11.2 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, 2014, the amount outstanding towards credit to women was Rs.3,19,798.19 crore, forming 7.71 per cent of ANBC of public sector banks. Particulars of Credit to women, as reported by Public Sector Banks are given at (Annex- VI(a), VI(b) & VI(c).

11.3 Prime Minister's New 15 Point Programme for the Welfare of Minorities

In order to ensure improved financial services for the welfare of minorities, Reserve Bank of India issued a Consolidated Master Circular dated July 1, 2014 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.

The following are some of the major instructions/ guidelines issued by RBI vide their latest Master Circular dated July 1, 2014 to all SCBs on "Credit Facilities to Minority Communities" to ensure adequate credit flow to the minority communities:

- A Special Cell should be set up in each bank to ensure smooth flow of credit to minority communities and it should be headed by an officer holding the rank of Deputy General Manager/Assistant General Manager or any other similar rank who should function as a 'Nodal Officer'.
- The Lead Bank in each of the minority concentration districts should have an officer who shall exclusively look after the problems regarding the credit flow to minority communities. It shall be his responsibility to publicize among the minority communities various programmes of bank credit and also to prepare suitable schemes for their benefit in collaboration with branch managers.
- The minority communities receive a fair and equitable portion of the credit within the overall target of the priority sector.
- The progress made in regard to the flow of credit to the minority communities should be received regularly at the meetings of the District Consultative Committees (DCCs) and the State Level Bankers Committees (SLBCs).
- There should be good publicity about various anti-poverty programmes of the Government where there is large concentration of minority communities and particularly in the districts which have a concentration of minority communities.

As per progress reported by PSBs, total outstanding loans to minority communities as on March 31, 2014 stood at Rs.2,52,307 crore.

Ministry of Minority Affairs, Government of India, have notified the Jain Community as a minority community, vide notification No.S.O.267(E) dated January 27, 2014. This is in addition to five communities already notified as minority communities, viz. Sikhs, Muslims, Christians, Zoroastrians and Buddhists. Banks have been advised vide RBI Circular dated December 03, 2014, that the instructions contained in Master Circular on "Credit Facilities to Minority Communities" will also be applicable to Jain Community.

11.4 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 per cent 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, 2012, 2013 and 2014 is as under:

(Rs. in crore)

As at the year ended	Amount outstanding	% to ANBC
March,2012	2,93,959.99	9.74
March,2013	3,47,352.21	9.83
March,2014	4,33,943.68	10.56

12. Vigilance

12.1 Vigilance Machinery in Department of Financial Services

Department of Financial Services is the administrative department of Public Sector Banks (PSBs), Financial Institutions (FIs) and Public Sector Insurance Companies (PSICs). A Joint Secretary level officer 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:-

12.1.1 Vigilance matters of all Public Sector Banks/Financial Institutions/ Insurance Companies/and RBI

a. Consultation with CVC/CTE/CBI on matters relating to complaints, clearance, sanction of prosecution and any other matter of the Board level appointees.

b. Appointment of CVOs in PSBs, FIs and PSICs.

12.1.2 CVC/CBI/Vigilance references relating to

a. All officials in the Department of Financial Services.

b. Government appointees in DRTs/ DRATs.

c. Members and Chairman in of BIFR and AAIFR.

d. Officers of Custodian's office, BIFR and AAIFR.

12.2 Organisation under Vigilance Section

The Special Court (Trial of offences relating to Transactions in Securities) Act, 1992 came into force on 06.06.1992. The Act was necessitated by reasons of the unprecedented situation wherein very large amount of public monies had been siphoned off into private pockets. The legislature sought to set up a Special Court through this Act 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.

12.2.1 Office of the Special Court

The Special Court has been sanctioned four posts of judges. To support their day to day functioning, the office of the Special Court functions with a staff of 51 officials of various level. These are renewed on a year-to-year basis by Ministry of Finance, DFS with the approval of IFA. Details of cases filed, disposed off and pending cases for the last four years are given below:

Year	Filed	Disposed
2011	278	252
2012	318	364
2013	177	308
2014	149	217

Further, The Special Court has stated that the total no. of Pending Matters as on 31.12.2014 - 180. Which include Suits - 22 & Special Cases - 9 and total 45 Appeals arising out of the Special Court order are pending in Supreme Court.

12.2.2 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 on day to day basis and third one at Bangalore mainly to deal with matter relating to Fair growth Financial Services Ltd (FFSL) & Fair Growth Investment Ltd (FGIL), Bangalore based notified firms. For the functioning, the office of Custodian has been sanctioned 29 posts including Custodian and two posts of Directors. These are renewed on a year-to-year basis by Ministry of Finance, DFS with the approval of IFA.

Since inception a total of 12,677 cases were filed in the Special Court, which were defended/ contested by the Custodian and 12,502 cases have been disposed of by the Special Court, leaving a balance of 175 cases as on 31st December 2014. As on 31st December 2014, while the outstanding liabilities of notified parties total to Rs. 52,393 crore, the assets were only to the tune of Rs. 3326 crore. Till 31st December 2014, Rs. 6,402 crore has been recovered by the Custodian, out of which, Rs.5,714 crore has been distributed to Income Tax department, Banks etc. and Rs. 688 crore is available for further distribution. Out of a total of 22.02 crore attached shares, 16.23 crore shares have been sold and a sum of Rs. 3303 crore realized. Of the remaining shares, 3.80 crore are traded shares and 1.99 crore are untraded shares with current value of Rs. 1175 crore. A total of 179 immovable properties of notified parties had been attached by the Custodian, out of which, 145 have been disposed to realize a value of Rs.170 crore. Rs. 5.96 crore has been realized by sale of 171 jewellery items through Customs department and Rs. 19.08 lakh by sale of gold items through SBI. Cash balance in the attached accounts and fixed deposits of notified parties as on 31st December 2014 is Rs. 688 crore.

12.3 Performance

a) The Vigilance Division of the Department monitors the progress on disposal of complaints received from various sources and pendency of disciplinary/vigilance cases regularly and meeting with CVOs is undertaken in this Department at appropriate intervals. Last review meeting was held at the level of CVO, DFS on 23.05.2014.

b) During the period of 01.01.2014 to 31.12.2014 a total no. of 137 CVC references have been received out of which 92 cases have been disposed off.

c) During the period of 01.01.2014 to 31.12.2014 a total no. of 10 CVOs have been appointed and two CVOs to be joined in PSBs/PSICs/FIs.

d) Guidelines issued regarding LTC, Procurement of goods and services, Foreign Travel, Bulk deposit, Forensic Audit in PSBs, FIs and PSICs.

e) The Vigilance Awareness week was observed from 27.10.2014 to 01.11.2014. A pledge was administered by the Secretary (Financial Services) on 27.10.2014 to the officers of the Department. During Vigilance awareness week, Department of Financial Services had organized an Essay Competition in Hindi and English amongst the officers/officials of the Department. The First and Second winners in each category were given cash prizes in a function chaired by Secretary (FS) on 31.10.2014. A report in this regard has also been given to Central Vigilance Commission.

13. Pension Reforms

13.1 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 - 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.

13.2 Pension Sector

With a view to providing adequate retirement income, the National Pension System (NPS) has been 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 "defined contribution" 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 restriction.

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.

Pension Fund Regulatory and Development Authority (PFRDA), set up as a regulatory body for the pension sector, is engaged in consolidating the initiatives taken so far regarding the full NPS architecture and expanding the reach of NPS distribution network. The process of making NPS available to all citizens entailed the appointment of NPS intermediaries, including institutional entities as Points of Presence (POPs) that will 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.

As on 31st December 2014, 27 State Governments have also notified NPS for their employees. Total number of subscribers under NPS have witnessed an increase from 65 lakh as on 31.03.2014 to about 79 lakh as on 27.12.2014, showing an increase of 21.5 % during this period. The number of subscribers is likely to reach 85-90 lakh by end of the current financial year. Assets under Management under NPS have witnessed an increase from Rs. 48,136 crore as on 31.03.2014 to Rs. 72,000 crore as on 27.12.2014, showing an increase of 49.6 % during this period. The asset under management is likely to reach Rs. 82,000 crore - Rs. 85,000 crore by end of the current financial year.

The Department of Posts has also been appointed as PoP in addition to other financial institutions which will expand the PoP-SP network by more than five times. While Tier-I, the non-withdrawable pension account under the NPS has been in operation since May 1, 2009. Tier-II, the withdrawable account has been made operational from December 1, 2009. These initiatives are expected to help 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 higher returns.

Swavalamban Scheme - The Government of India is extremely concerned about the old age income security of the working poor and is focused on encouraging and enabling them to join the NPS. To encourage the workers in the unorganised 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 NPS account opened having a saving of Rs.1000 to Rs.12000 per annum. Government will provide contribution for 5 years to the beneficiaries who register in the year 2010-11, 2011-12 and 2012-13. The Scheme otherwise is extended up to the year 2016-17 on a yearly contribution basis from Government for the remaining years from 2013-14.

The scheme operates through 76 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, 16,01,511 subscribers during 2013-14 and 5,88,365 subscribers have been registered till 27.12.2014 during 2014-15.

Following developments have taken place during the year (up to December 2014):

- As a national programme, NPS-Swavalamban is included as one of the intrinsic pillar in Pradhan Mantri Jan-DhanYojana (PMJDY) as part of long term financial inclusion of the unorganized sector workers.
- 'First Pension Conclave' was conducted on 26th August 2014. Revamped PFRDA Website and Annual Report of PFRDA was launched by the Finance Minister during the conclave.
- The NPS Subscribers with State/Central Government have increased by 6.02 lacs in the year and 164 new entities are added under government sector.
- Subscriber information brochure and Newsletters prepared and circulated to the subscribers of NPS. Periodical SMS alerts are being sent to NPS subscribers about contribution credits, value of investments etc.
- As a part of e-governance initiative and to facilitate hassle-free modification/updation of contact details (email address and contact number), an additional feature has been enabled for subscribers in CRA system. The subscriber may avail this facility directly using login credentials of CRA system. An email and SMS are sent to the updated as well as existing mobile/email address of the subscriber with an intimation of the changes in contact details.

- Based on the feedback received from various stakeholders regarding the difficulties being faced by the subscribers in unfreezing/ reactivating the frozen accounts, the freezing/unfreezing guidelines for the NPS accounts have been revised. As per earlier guidelines, an account was frozen if an NPS subscriber fails to contribute at least the minimum contributions required (i.e. Rs. 6000/-) in a financial year. As per these guidelines an account could be revived/ unfrozen only by depositing:

- The minimum contributions of the last financial years when the account was frozen, Rs. 100/- as penalty for each year of frozen account and Rs. 500/- as contribution towards current year.

13.3 Representation of SC, STs, OBCs and PWDs

Representation of SCs, STs, and OBCs and persons with disabilities (PWDs) in the attached and subordinate office (PFRDA) is at Annexure - III.

14. Disposal of Public Grievances

One of the biggest concerns of Department of Financial Services is the protection of interests of customers and provision of improved quality of services in Banking and Insurance Sectors. Redressal of Public grievances in a time bound manner is an integral part of quality customer service. The Department of Administrative Reforms and Public Grievances (DARPG) has established CPGRAMS (Centralised Public Grievance Redressal and Monitoring System) to resolve public grievances. CPGRAMS is an online web-based system.

In the Department of Financial Services, a large number of grievances/complaints concerning Banking and Insurance Sectors are received directly from citizens, both online and by post. The postal grievances are also digitized and processed through CPGRAMS for its onward transmission to the designated Nodal Officers i.e. Deputy General Manager/General Manager (DGM/ GM) of concerned Public Sector Banks/Public Sector Insurance Companies (PSBs/PSICs) for its redressal within a maximum time limit of 60 days. Action taken reports are uploaded on the system and a scanned copy of the reply is provided to the complainant as (pdf) file that can be viewed by the complainant online.

The Banks and Insurance Companies have grievance redressal mechanism indicated on their respective websites for information and usage by the customers. The first level of grievance redressal is Branch Manager in Banks and Insurance Companies followed by Zonal Managers and then General Manager (Customer Care) in Head Office. The grievances concerning private banks and private insurance companies are resolved through Reserve Bank of India (RBI) and Insurance Regulatory and Development Authority (IRDA). There are Banking Ombudsmen and Insurance Ombudsmen for settlement of public grievances/complaints through mediation and passing awards within a time frame.

The followings are details of receipt, disposal and pending grievances during the period 01.01.2014 to 31.12.2014 and 15.01.2015 in respect of banking and insurance sectors as per CPGRAMS database:

Sector	Brought Forward	Received	Disposed	Pending as on 31.12.2014	% of Disposal as on 31.12.2014	Pending grievances as on 15.01.2015	Less than 60 days old	More than 60 days old
Banking	1801	13144	13592	1353	90.95	2104	1700	404
Insurance	322	2343	2414	251	90.58	240	189	51

15. Insurance Sector

15.1 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.

15.2 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).

15.3 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)

15.4 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.

The Government has promulgated an Ordinance namely - the Insurance Laws (Amendment) Ordinance, 2014 on 26th December, 2014 to make amendments to the Insurance Act, 1938, the General Insurance Business (Nationalization) Act, 1972 and the Insurance Regulatory and Development Authority Act, 1999 in accordance with the Insurance Laws (Amendment) Bill 2008 as reported by the Select Committee of the Rajya Sabha. With the promulgation of the Insurance Laws (Amendment) Ordinance, 2014 the foreign equity investment cap in an Indian Insurance Company has gone up from 26% to 49% with the safeguard of Indian ownership and control.

15.5 The Insurance Division of the Department is also responsible for

1. Monitoring 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 Chairman and Members of the IRDA.
5. Administration of the Aam Aadmi Bima Yojana.

15.6 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.

15.7 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 fifty three 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 twenty three private insurance companies that have set up operations in the life segment post opening up of the sector twenty 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.

15.8 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 2013-14 this was Rs.120319.66 crore compared to Rs.1,07,361 crore in 2012-13 registering a growth of 12.07 percent against a decline of 5.78 during the year 2012-13. In terms of linked and non-linked business during the year 2013-14, 31.20 per cent of the first year premium was underwritten in the linked segment while 68.80 per cent of the business was in non-linked segment as against 45.43 per cent and 54.57 per cent in the previous year. The total premium, which includes first year premium and renewal premium during 2012-13, was Rs.314283.20 crore as compared to Rs.287202.49 crore in 2012-13 registering a growth of 9.43 per cent against a growth of 0.05 per cent in the previous year. In terms of linked and non-linked business during the year 2013-14, 11.95 per cent of the total premium was procured in the linked segment while 88.05 per cent of the business was in non-linked segment as against 16.98 per cent and 83.02 in the previous year.

The life insurers had underwritten new business of Rs.120319.66 crore during the year 2013-14 as against Rs.1,07,361 crore in 2012-13, recording a growth of 12.07 per cent. Of the new business premium underwritten, LIC accounted for Rs.90,808.79 crore (75.47 per cent market share) and the private insurers accounted for Rs.29,510.87 crore (24.53 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.

b) 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.72,990 crore in 2013-14, as against Rs.65,023 crore in 2012-13 registering a growth of 12.25 per cent. This premium includes the business done outside India by the public sector insurers. The net premium for the financial year 2013-14 was Rs.68,367 crore as against Rs.61,002 crore in the year 2012-13. 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 23.80 per cent (Rs.17,908 crore) of the gross premium underwritten by the non-life insurance industry (including standalone health insurance companies) in 2013-14 as against 23.52 per cent (Rs.15,701 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 14.05 per cent during 2013-14.

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.15,663 in 2013-14. In addition, standalone health insurers underwrote premium of Rs.2,245 crore in 2013-14 as against Rs.1,726 crore in 2012-13.

The non-life insurers had underwritten gross direct premium of Rs.79,934 crore during the current financial year 2013-14 recording a growth of 12.26 per cent over Rs.71,203 crore underwritten in 2012-13. The private sector had underwritten Rs.34,255.30 crore as against Rs.29,676.53 crore in the previous year achieving a growth rate of 15.43 per cent whereas the public sector had underwritten premium of Rs.45,678.71 crore as against Rs.41,526 crore in the previous year with a growth rate of 10 per cent. The market share of the public and private insurers stood at 54.67 and 45.33 per cent during the year 2013-14 as against 57.14 and 42.86 respectively in 2012-13.

15.9 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 3.9 in 2013 (Life 3.1 and Non- life 0.8). Insurance Penetration in some of the emerging economies in Asia, i.e., Malaysia, Thailand and China during the same period was 4.80, 5.5 and 3.0 respectively. The insurance density in India was US$9.9 in 2000 which has increased to US$52 in 2013 (Life 41 and Non-life 11). The comparative figures for Malaysia, Thailand and China during the same period were US$518, US$310 and US$201 respectively.

15.10 Investments of the Insurance sector

As on 31st March, 2014 the accumulated total investments held by the insurance sector was Rs.20,97,275 crore. During 2013-14, Assets under Management (AUM) had grown by 12.28 per cent. Life insurers continue to contribute a major share with around 93.33 per cent of the total investments held by the insurance industry. Similarly, public sector insurers continue to contribute a major share of 79.53 per cent in total investments; although investments by private sector insurers have also been growing at a fast pace in recent years.

15.11 Rural and Social Sector Business

The life insurers underwrote 103.98 lakh policies in the rural sector, viz., 25.5 per cent of the new individual policies underwritten (408.348 lakh policies) by them in 2013-14. LIC underwrote 25.4 per cent of the new individual policies and private insurers underwrote 25.6 per cent of the new individual policies in the rural sector. LIC covered 118.87 lakh lives and private insurers covered 109.074 lakh lives in the social sector.

The non-life insurers (excluding specialised insurers and standalone health insurers) underwrote gross direct premium of Rs.8878 crore in the rural sector, viz., 12.16 per cent of the gross direct premium underwritten (Rs.72,990 crore) by them in 2013-14. Public insurers underwrote 12.39 per cent of their gross direct premium and private insurers underwrote 11.83 per cent in the rural sector. In the social sector 2,467.25 lakh lives were covered during the year 2013-14. The contribution of private sector was 300.17 lakh lives and public sector accounted for 2167.08 lakh lives. The insurance companies are by and large fulfilling the obligations in the rural and social sectors.

15.12 Micro insurance

In order to facilitate penetration of micro insurance to the lower income segments of population, IRDA has formulated the micro insurance regulations. Micro Insurance Regulations, 2005 provide a platform to distribute insurance products, which are affordable to the rural and urban poor and to enable micro insurance to be an integral part of the country's wider insurance system. The main thrust of micro insurance regulations is protection of low income people with affordable insurance products to help them cope with and recover from common risks with standardized popular insurance products adhering to certain levels of cover, premium and benefit standards. These regulations have allowed Non-Government Organizations (NGOs) and Self Help Groups (SHGs) to act as agents to insurance companies in marketing the micro insurance products and have also allowed both life and non-life insurers to promote combi-micro insurance products.

The Authority is reviewing the Micro Insurance Regulations, 2005 comprehensively. In this connection, the Authority has already released draft modifications of the regulations on 31st Jan, 2014. Also, the Authority had issued a circular on 3rd April, 2013 permitting several more entities like district co-operative banks, regional rural banks, and individual owners of kirana shops etc. who are banking correspondents to be appointed as micro insurance agents facilitating better penetration of micro insurance business.

Micro insurance regulations issued by the IRDA have provided the necessary impetus in promoting insurance to the needy rural sector. There were 20,057 micro insurance agents operating in the micro insurance sector at the end of 2013-14(as against 17,052 agents in 2012-13). In micro-insurance-life, the individual new business premium in the year was Rs.95.65 crore through 27.67 lakh policies (as against Rs.109.68 crore under 50.36 lakh policies in 2012-13) and the group business amounted to Rs.141.77 crore premium for 132 lakh lives (as against Rs.218.03 crore for 139.81 lakh lives in 2012-13). Individual death claims paid under micro insurance portfolio for the year 2012-13 amounted to Rs.23.63 crore on 15,610 policies (as against Rs.22.70 crore on 14,900 policies in 2012-13) and in the group category Rs. 447.98 crore was paid as death claims on 1,42,117 lives (as against Rs.437.72 crore on 1,42,815 lives in 2012-13).

15.13 Recent Initiatives Taken by IRDA

Recent initiatives taken by the Authority in the insurance sector include:

- As per IRDA (Places of Business) Regulations 2013, insurance companies have been empowered to open branches in Tier II cities and below without prior approval of IRDA, subject to compliance on solvency and expenses, which would expand the reach of insurance.
- In order to utilize the vast network of bank branches to increase insurance penetration, banks have been permitted by IRDA to act as insurance brokers subject to approval from RBI, under the IRDA (Licensing of Banks as Insurance Brokers) Regulations, 2013
- In order to increase the reach of insurance products to rural areas in a big way, banking correspondents have been allowed to sell micro-insurance products.
- The guidelines on Web Aggregators which were issued in the year 2011 have been replaced by Regulations, providing for a neutral web based platform which compares policies of various insurance companies and offers a basket of options to an intended customer for an informed choice.

Products:

- New regulations for linked and non-linked products in life insurance were brought out to improve policy benefits offered on death, surrender and maturity. Through these regulations IRDA has tried to ensure that insurance products are simple in design and policyholders get value for their money, as well as have sufficient risk coverage during the currency of the policies. The regulations will also enable the policyholder to take an informed decision in purchasing an insurance product.
- Insurance coverage would be further facilitated as IRDA has allowed Group insurance products to be offered to non-employer-employee homogenous groups which include any associations where members represent a particular profession / trade / domestic workers / anganwadi workers. Such group products would also be available for Government agencies, cooperative societies, parents of school / college students etc. as members.

Health Insurance:

- Standardized common definitions have been released in health insurance sector and comprehensive regulations for health insurance business have been put in place. The regulations are aimed to protect the interests of policyholders by seeking to bring about greater transparency, simplicity and standardization. These include building of a data repository, standardization of formats, definition of pre-existing disease, extending health insurance coverage for senior citizens up to the age of at least 65 years, providing for separate grievance redressal mechanism for senior citizens and insurance portability.

Insurance Repository

- IRDA has introduced an insurance repository system that will enable policy holders to buy and keep insurance policies in dematerialized or electronic form (e-Policies). E-Policies will eliminate paper and associated risks of storage and loss and provide convenience and safety to the customer. The reduced cost of maintenance will make lower ticket policies much more viable and is expected to give a further boost to greater penetration of insurance in India. To start with, this has been introduced on a voluntary basis to be chosen by policyholders in the life insurance sector. Based on wider acceptance by policy holders, it is proposed that during 2014-15 the repository facility may be extended to cover the health insurance segment for the benefit of the policy holders, in terms of facilitating a single source of history of claims, pre-existing illness, and such other features.

  Policyholder's Protection: A very important aspect of policyholder's protection is consumer education. A number of initiatives have been taken by the IRDA in this direction.

- Inexpensive, effective and speedy mechanisms for disposal of grievances set up
- Specific timeframes and turnaround times (TATs) specified.

- Integrated Grievance Management System (IGMS)
- Created Central Repository of industry-wide complaints of policyholders.
- Grievance Call Centre for registering complaints over phone and consumer education through multi-pronged approach under the Bima Bemisaal banner.
- Newspaper advertisements, Publication of Handbooks
- Television/Radio advertisements, Animation films
- Consumer Education Website (www.policyholder.gov.in)
- Conducting Annual Seminars
- Sponsoring seminars by consumer bodies

15.14 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.

15.15 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.

15.16 Performance during the year 2013-14

- LIC of India procured Rs. 90,808.79 crore First Year Premium (FYP) under 3,45,11,781 policies and registered 18.53 % 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 75.47 % (LY- 71.36%) and 84.44 % (LY- 83.24%) in Number of Policies.
- The Total Premium Income of the Corporation for the financial year (FY) ending 31st March, 2014 is Rs. 2,36,942.30 crore . Gross investments of the Corporation for FY 2013-14 stand at Rs. 2,77,777.61 crore and the total investments as on 31/3/2014 stand at 15,74,296 crore.The Conservation Ratio has improved to more than 90% as against 87.16% and Overall Expenses Ratio has increased to 15.61% from 15.09% last year.
- The Corporation recruited 1,90,048 Agents during the fiscal 2013-14 and the number of Agents as on 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 248.87 lakh Maturity Claims having paid Rs. 81,424.54 crore. Similarly 10.13 lakh Death claims have been settled for an amount of Rs 9761.91 crore. The percentage of claims outstanding to claims payable as on 31/3/2014 stands at 0.34%.

15.17 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.

15.18 Grievance Redressal

LIC has established an elaborate Grievance Redressal Machinery whereby Grievances Redressal Officers have been designated at all levels of the organisation- Branch / Divisional / Zonal / Central Office to redress grievances of customers. Their names and time of availability are published in newspapers with wide circulation from time to time and also available on LIC's website www.licindia.in the spirit of Customer Relations and Customer Care has been ingrained in the Complaint Redressal System with emphasis on placing customer oriented personnel at all touch points. IT enabled support system has been operationalised to reduce manual interventions and minimize grievances.

For ensuring quick redressal of customer grievances, the Corporation has introduced Customer friendly Integrated Complaint Management System-ICMS through their Customer Portal (website), where a registered policy holder can directly register complaint/ grievance and track its status online. This System is integrated with the Integrated Grievance Management System (IGMS) of the IRDA, thereby enabling a 2-way, real-time, exchange and update of information with IRDA. 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.

Claims related Grievances: Claimants not satisfied with the decision of death claim repudiation have the option of referring their cases for review to LIC's Zonal Office Claims Dispute Redressal Committee or Central Office Claims Dispute Redressal Committee. A retired High Court/District Court Judge are member of each of the Claims Dispute Redressal Committees.

The claimants can also approach Insurance Ombudsman who are appointed by Government of India for providing low cost and speedy arbitration to customers.

15.19 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. Aam Admi Bima Yojana (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 crore and the cumulative coverage of lives as on 31.03.2014 is 4.54 crore lives. During the financial year 2013-14, the total number of Claims settled under AamAdmiBimaYojana (AABY) is 1,38,157 amounting to Rs 440.01 crore and total number of Scholarships settled are 45,07,719 amounting to Rs 281.80 crore.

15.20 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. 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 up to Rs 2000 crore. Per location capacity of the Terrorism Pool managed by GIC Re is Rs1500 crore.

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 and 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 2013-14, the net premium of the GIC Re was Rs. 13,212.62 crore as against Rs. 13,771.23 crore in the previous year. The net incurred claims were at Rs 12107.29 crore i.e., 89.00 % as against Rs. 10942.34 crore i.e. 82.1% in the previous year. GIC Re's Profit after tax amounted to Rs. 2,253.17 crore as on 31st March 2014 compared to Profit after tax of Rs. 2,344.62 crore as on 31st March 2013. The total assets and net worth as on 31st March, 2014 was Rs. 66,991.86 crore and Rs.10,968.58 crore, respectively. The present paid up capital of the Corporation is Rs.430.00 crore.

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 . During the year under review, 'GIC Bhutan Re Limited', the maiden reinsurance company in Bhutan, a joint Venture of GIC Re and local promoter was operationalized.

15.21 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 10.21% during 2013-14 collecting a total GDPI (Gross Domestic Premium Income) of Rs.40,980.05 crore against Rs.37,071.80 crore during 2012-13. The market share of the Public Sector General Insurance Companies stood approximately at 56.14% in 2013-14 as against 57.01 % in 2012-13. Motor and Health Insurance have been the major drivers of growth. The Company-wise details are as follows:

a) 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 2013-14 was Rs.10,260.97 crore against GDPI of Rs.9,194.62 crore in 2012-13 showing a growth of 11.60% against a growth of 17.64% in the previous year. The Incurred Claim Ratio for the year 2013-14 is 81.18% as against 85.57% in 2012-13. Profit After Tax was Rs. 823 crore in 2013-14 against Rs.698 crore in 2012-13. It has 1,972 offices including micro offices and 15,429 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.

b) The New India Assurance Company Limited.

Incorporated in 1919, with Headquarters at Mumbai has a Paid-up Share Capital of Rs.200 crore. Gross Direct Premium Income (GDPI) in 2013-14 is Rs. 13,727.61 crore against GDPI of Rs.11,873.48 crore in 2012-13 showing a growth of 15.62 % against a growth of 17.86% in the previous year. The Incurred claim Ratio for the year 2013-14 is 83.78% as against 86.16% in 2012-13. Profit After Tax is Rs.1089 crore in 2013-14 against Rs.844 crore in 2012-13. It has 2097 offices and 18,714 employees. Foreign Operations: The Company operates through a network of 19 Branches, 7 Agencies, 3 Subsidiary Companies and 3 Associate Companies in 22 countries. "A-"(excellent) rating from AM Best & Co.(Europe).

c) The Oriental Insurance Company Limited.

Incorporated in 1947 with headquarters at New Delhi and has a Paid-up Share Capital of Rs.100 crore. Gross Direct Premium Income (GDPI) in 2013-14 was Rs. 7,282.54 crore against GDPI of Rs. 6,737.66 crore in 2012-13 showing a growth of 8.09% in 2013-14 as against a growth of 8.77 % in 2012-13. The Incurred Claim Ratio for the year 2013-14 is 85.84% against 81.54% in 2012-13.Profit After Tax was Rs. 460 crore in 2013-14 as against Rs.534 crore in 2012-13. It has 1887 offices with 14,878 employees. Foreign Operations: 'Oriental' has its foreign operations in Nepal, Dubai &Kuwait. "B++"(very good) rating from AM Best & Co.(Europe).

d) United India Insurance Company Limited.

Incorporated in 1938 with headquarters at Chennai has a Paid-up Share Capital of Rs.150 crore. Gross Direct Premium Income (GDPI) in 2013-14 was Rs.9,708.93 crore against GDPI of Rs.9,266.04 crore in 2012-13 showing a growth of 4.78 % in 2013-14 against 13.29 % in 2012-13. The Incurred Claim Ratio for the year 2013-14 is 82.56% against 84.61 % in 2012-13.Profit after Tax was Rs.527.60 crore in 2013-14 against Rs.527.33 crore in 2012-13. 'United India' has 1,831 offices with 16,902 employees. Rated "iAAA" by ICRA.

With respect to Grievance Redressal, Public Sector General Insurance Companies redressed 96.57% Grievances (18,006 out of a total of 18,645) and had only 639 outstanding Grievances in 2013-14. 'National' redressed 95.19% out of a total of 5324 and outstanding grievances were 256. 'New India' redressed 97.33% out of a total of 3,712 Grievances and 99 grievances were outstanding. 'Oriental' redressed 97.85% grievances out of a total of 3070 and 66 grievances were outstanding. 'United India' redressed 96.67% of grievances out of a total of 6539 and 218 grievances were outstanding.

e) Agriculture Insurance Company of India Limited

'Agriculture Insurance Company of India Limited' (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 31.12.2014 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:

(i) 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/UT on request from concerned State/ UT Governments.

National Agricultural Insurance Scheme (NAIS)

SN	SEASON	NO. OF FARMERS COVERED	SUM INSURED	PREMIUM	CLAIMS REPORTED (Rs. In Lakh)
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

(ii) 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.

(iii) 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 'cut & spread' 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.

MODIFIED NATIONAL AGRICULTURAL INSURANCE SCHEME (MNAIS)					
					(Rs. In Lakh)
SN	Season	Farmers Insured	Sum Insured	Gross Premium	Claims Payable
1	Rabi 2010- 2011	336724	66679.04	4524.08	1595.88
2	Kharif 2011	417831	112748.71	11128.92	7673.22
3	Rabi 2011- 2012	617328	163181.19	15506.86	7084.83
4	Kharif 2012	1605834	438423.01	51101.48	60380.15
5	Rabi 2012- 2013	802901	162435.46	17956.55	4849.262426
6	Kharif 2013	1316210	406225.8407	49275.25106	61259.12774

(iv) 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.

Crop 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 payout/ claims are processed. The payouts are made on the basis of adverse variations in the current season's weather parameters as measured at Reference Weather Station (RWS). Claim under WBCIS is area based and automatic. The Company insured more than 35 different crop including perennial crop like Apple, Citrus crop, 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)
S.N	Season	Farmers Insured	Sum Insured	Gross Premium	Claims Payable
1	Kharif 2010	3915052	443617.74	46057.52	15009.02
2	Rabi 2010- 2011	2822499	524668.32	42756.08	28888.11
3	Kharif 2011	5263741	834181.40	83701.81	35395.58
4	Rabi 2011- 2012	3169805	669468.05	55741.28	58133.95
5	Kharif 2012	3547486	724024.28	72649.38	54050.94
6	Rabi 2012- 2013	3706628	646507.53	57552.46	78056

(v) Coconut Palm Insurance Scheme (CPIS)

Agriculture Insurance Corporation (AIC) in collaboration with Coconut Board designed Scheme for coconut i.e. Coconut Palm Insurance Scheme (CPIS) is now a component of NCIP. The Scheme is available to all Coconut growing States/UTs in the country. Dwarf and Hybrid coconut palms in age range of 4 to 60 year and Tall variety coconut palms in age range of 7 to 60 year are eligible for coverage. On premium, 50% subsidy will be paid by Coconut Development Board (CDB) and 25% by State Government concerned and balance 25% of the premium will be paid by farmer / grower. In case, the State Government does not agree to bear 25% share of premium, farmers / growers will be required to pay 50% of premium, if interested in insurance Scheme.

Besides, the above AIC has developed various Crop insurance products for risk mitigation of various Crops viz. Rainfall Insurance Scheme-Coffee (RISC) in collaboration with Coffee Board, Rubber Plantation Insurance, Bio-Fuel Plants Insurance, Grapes Insurance, Mango Weather Insurance, Potato Contract Farming Insurance, Pulpwood Tree Insurance, Rabi Weather Insurance, and VarshaBima/ Rainfall Insurance.

Coconut Palm Insurance Scheme (CPIS)

					(Rs. in Lakh)
S.N	**Year**	**No. of farmers**	**Sum Insured**	**Gross Premium**	**Claims Paid**
1	2009	436	272.52	1.39	0.00
2	2010	34905	19842.46	104.79	121.57
3	2011	8444	5493.89	28.48	95.73
4	2012	9469	4780.29	31.48	31.19
	TOTAL	**53254**	**30389.15**	**166.13**	**248.48**

15.22 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. Also, the Company shall be solely and exclusively responsible for claim assessment and payment so as to ensure smooth implementation of the Schemes. Claim paid are also co shared between AIC and GIPSA Companies.

16. Audit Paras

The status report on Audit Paras in Department of Financial Services is as under.

Sl. No.	**Year**	**No. of Paras/PA reports on which ATNs have been submitted to PAC after vetting of Audit**	**Details of the Paras/PA reports on which ATNs are pending**		
			No. of ATN not sent by the Ministry even for the first time	No. of ATNs sent but returned with observations and Audit is awaiting their resubmission by the Ministry	No. of ATNs which have been finally vetted by Audit but have not been submitted by the Ministry to PAC
1.	2013-14	95th Report of PAC on ADWDRS 2008 (TOTAL PARA 12).	Nil	Nil	
2.	2011-12	Para 9.1. of Report No. 3 relating to GIC regarding IT Audit on SAP – Reinsurance Module.	Nil	Nil	Para dropped by C&AG
3.	2011-12	Para 7.3 & Para 7.4 of Report No. 16.	Nil	2	Nil
4.	2013	Para No. 9.1 & 9.2 of Report No. 13.	Nil	2*	Nil

*Reply of 02 ATNs submitted to C&AG for vetting

The details of Audit Para are at **Annexure - VII**.

Important Audit Observation of Audit Report No. 5 of 2014 on Stressed Assets Stabilization Fund (SASF)

Background

1.1 Industrial Development Bank of India (IDBI) was an apex institution to provide long term finance to industrial enterprises, both in public and private sectors. IDBI ceased to exist with effect from 1 October 2004 and in its place IDBI Bank came into being as an entity registered under the Companies Act 1956. As of March 2004, IDBI accumulated nonperforming assets (NPA) which stood approximately at Rs 9,000 crore. In order to acquire by transfer the Stressed Assets of IDBI and for managing these assets with a view to recovering the amounts due, the Government, as settlor, decided to set up a special purpose vehicle in the form of a Trust. It created a ''Stressed Assets Stabilisation Fund'' (SASF) for the Stressed Assets of IDBI and SASF Trust Deed was executed in September 2004.

1.2 The Government provided Rs 9,000 crore in the budget for the financial year 2004-05 for extending loan to the Trust. The transaction effected by the Government of India in acquiring these assets did not involve any immediate cash outgo. GOI provided a loan of Rs 9000 crore to the Trust who in turn invested the amount in zero-interest Government Special Securities floated by Government of India and redeemable in 20 years. The Trust assigned these special securities amounting to Rs 9,000 crore to IDBI (or its successor IDBI Bank) and in return, acquired 636 NPA/ stressed loan assets with a net loan outstanding (NLO) of Rs 9,004 crore.

1.3 This arrangement of transferring NPAs to the Trust was akin to underwriting the non-performing assets of IDBI. As per the present scheme of things, Government of India will have to redeem the Special Securities in 2024 to the extent of the value of the assets remaining unrecovered. Even though the arrangement did not involve any immediate cash outgo, it has created a liability for the same as and when these securities would be redeemed. Thus effectively, Government of India has taken the burden of NPAs of IDBI by creating a future liability. The Ministry entrusted audit of SASF to CAG in May 2013 almost eight years since the inception of the Trust.

1.4 The Trust has so far recovered Rs 4,071 crore and remitted Rs 4,059 crore to GOI as of March 2013. Major recovery of Rs 2407.79 crore (59 per cent) was effected in the initial period of the Trust, i.e. between 2005-06 and 2007-08. Thereafter, the amount recovered has declined sharply indicating that the cases left now are more complex and difficult.

1.5 Audit of SASF was carried out with the following audit objectives and covered period from inception of the Trust to 31 March 2013. The audit objectives, broadly were to assess whether:

· The Trust remitted the amount recovered to the Government as per the Trust Deed and special securities equal to amount so transferred have been liquidated and the loan amount reduced accordingly;

- The SASF Board had established fair and transparent procedure for recovery of stressed assets;
- The Board took steps to recover stressed assets as per the established procedures;
- In case of liquidation of stressed assets, proper valuation was done to ensure optimum realization of the assets;
- Personal guarantees from promoters were available and in the event of failure of other measures, the final measure of invoking the personal guarantees/ attaching and liquidating the stressed assets has been promptly taken; and
- The Trust was on track to achieve the stated objective of realizing stressed assets.

2. Audit findings

Significant audit findings are as under:

2.1 Inadmissible Exchange of Assets after the formation of the Trust

(Refer Para 3.1 of the Report)

2.1.1 Between September 2004 and May 2005, IDBI Bank, by executing six transfer/assignment/transfer of mortgage deeds, assigned 636 stressed assets with net loan outstanding of Rs 9,004 crore to SASF. IDBI Bank submitted (February 2006 / April 2006) proposals to GOI for exchange of turnaround cases for other stressed assets. Exchange of cases was not permissible as the objective of formation of SASF was to take over the NPAs / potential NPAs existing as on 31 March 2004 only. Thus, no subsequent exchange was permissible. The GOI intimated (May 2006) IDBI Bank that the Stressed Assets Stabilisation Fund was created for a specific purpose, i.e., for stressed assets for that point of time and it would not be proper to extend the scope and life of SASF. Despite this, the Board of IDBI Bank decided (June 2006) and Board of Trustees approved (24 June 2006) exchange of eight turnaround cases with net loan outstanding (NLO) of Rs 1,522.29 crore for three fresh cases with NLO of Rs 1,335.29 crore The transfer deed was executed (28 June 2006) between IDBI Bank and SASF for exchange of cases.

(Refer Para 3.1 of the Report)

2.1.2 In eight cases, which were transferred to IDBI Bank in 2006, against a total NLO of Rs 1,522.29 crore, recovery made was Rs 1,659 crore. On the other hand, only Rs 360.32 Crore could be recovered from the three exchanged cases. This exchange was not approved by the Government of India and benefitted IDBI Bank. On the assets transferred to IDBI Bank, recovery was even more than NLO. On the assets received by the Trust in exchange, the recovery was minimal.

2.2 Recovery of Stressed Assets

(Refer Para 4.1 of the Report)

Out of the total 319 settled cases having a total NLO of Rs 2933.12 crore, 150 were settled for amount lower than NLO. Short recovery was to the tune of Rs 915.17 crore. Similarly, out of the 101 resolved cases having a total NLO of Rs 2,878.29 crore, in 60 cases the recovery was Rs 828.94 crore against NLO of Rs 2,650.30 crore, resulting in a short recovery of Rs 1,821.36 crore as of March 2013. In the unresolved category, in 79 cases with NLO of Rs 625.32 crore, the Trust could not recover any amount and from the balance 132 cases it could recover only Rs 396.75 crore against NLO of Rs 2,380.37 crore.

2.3 Deficiencies in treatment of personal guarantees

(Refer Para 4.3 of the Report)

Obtaining personal guarantees (PG) at the time of giving the loan became a meaningless exercise in the absence of the property and income details of guarantors. Only Rs.4.99 crore could be recovered by invoking PG. Thus, an important instrument of PG for safeguarding the financial interests was rendered ineffective.

2.4 Settlement of cases below Net Loan Outstanding (NLO)

(Refer Para 5.3 of the Report)

2.4.1 In respect of settled cases, substantial short recovery (below NLO) occurred on large NLO accounts. Personal guarantees of some of the promoters of these firms were available with the Trust. However, the Trust did not make efforts to ascertain the net worth/ income of the promoters before arriving at the settlement amount. Such settlements below NLO, without due regard to the financial capacity of the promoters, can be said to have actually benefitted the promoters.

(Refer Para 6.2 of the Report)

2.4.2 Out of 15 resolved cases selected for examination, in 10 cases the settlement amount / amount recovered was below the NLO amount, aggregating to short recovery of Rs 1,590.49 crore.

(Refer Para 7.2 of the Report)

2.4.3 Out of 39 unresolved cases selected for examination, in three cases the Trust recovered Rs 58.21 crore against NLO of Rs 47.28 crore. In the remaining 36 cases the Trust could recover only Rs 150.54 crore against NLO of Rs 1,888.69 crore.

2.5 Conclusion

(Refer Para 9.6 of the Report)

Considering the difficult nature of the cases (some have been referred to BIFR), the final recovery may not be sufficient to repay the GOI loan. However, the GOI will have to redeem the special securities completely by making payment to IDBI Bank by 2024. The possibility of GoI having to redeem considerable portion of these special securities entailing financial outgo is therefore real. This will, in the ultimate analysis, benefit the private corporates and their promoters who took huge loans, at the cost of the taxpayers.

2.6 Government on 17.04.2014 has asked IDBI to take following measures:

i. To return the amount of expenditure of Rs.72.86 crore to SASF which was reimbursed by IDBI on account of expenditure on safeguarding borrowers' assets.

ii. IDBI Bank has also been directed to take all remedial measures including necessary steps, such as obtaining approvals from various regulatory authorities, Board, Government etc. and complete the process in the next three years starting from the financial year 2014-15, to restore the position prior to the exchange of assets in 2006-07, as far as possible, and consequently redeeming of special securities held by the Bank worth the value of assets taken over by the Bank since SASF , at this juncture cannot take back these assets being refinanced by IDBI and their original value and nature altered. Further, the Bank is also directed to take back the three assets which have been given to SASF in exchange. Therefore, it has been decided that IDBI Bank will redeem the securities totaling Rs. 1137.13 crore (Rs.1064.27 crore + Rs.72.86 crore) over a period of three years starting from 2014-15 to 2016-17 by redeeming 1/3rd of the securities (Rs.379.04 crore) every year and the residual balance, if any, in the third year.

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	12944	2405	1012	2298	505	100	40	236	643	160	58	-	-	-	-	-
Andhra Bank	10446	1835	813	1813	340	56	24	95	736	127	44	-	-	-	-	-
Bank of Baroda	22120	3892	1695	4818	3359	599	275	1433	553	105	66	-	-	-	-	-
Bank of India	19591	2441	1574	3177	1728	304	143	683	4033	747	290	-	-	-	-	-
Bank of Maharashtra	6470	985	486	1006	747	116	57	224	1025	179	94	-	-	-	-	-
Canara Bank	23725	4165	1649	3299	3905	632	267	1179	500	132	42	-	-	-	-	-
Central bank of India	15780	2793	1275	2590	631	88	37	165	1920	374	114	-	-	-	-	-
Corporation Bank	7881	1202	450	1370	387	57	29	135	1560	249	96	-	-	-	-	-
Dena Bank	6487	1138	620	1152	691	120	68	193	1465	210	152	-	-	-	-	-
Indian Bank	9504	2015	750	1344	1122	188	92	374	661	185	25	-	-	-	-	-
Indian Overseas Bank	16430	2814	1360	3425	2543	394	209	853	1575	296	133	-	-	-	-	-
Oriental Bank of Commerce	10554	1821	584	1526	545	86	44	184	1281	207	76	-	-	-	-	-
Punjab National Bank	25344	4942	1694	2173	1216	192	74	425	5321	1343	328	-	-	-	-	-
P&S Bank	6586	963	444	1006	1017	170	103	303	191	3	-	-	-	-	-	-
Syndicate Bank	13091	2168	998	2343	1964	295	153	631	598	153	47	-	-	-	-	-
Union Bank	18572	3186	1299	4225	1498	211	86	688	1257	214	70	-	-	-	-	-
United Bank	7507	1314	558	1145	226	33	-	67	405	42	20	-	-	-	-	-
UCO Bank	12538	2111	990	1601	1178	145	94	273	1296	180	78	-	-	-	-	-
Vijaya Bank	6361	1122	459	1207	600	85	58	174	660	108	35	-	-	-	-	-
State Bank of India	78968	13427	5295	8165	2004	274	326	478	3048	480	151	-	3	-	-	-
State Bank of Bikaner & Jaipur	5372	1074	511	656	1	-	-	-	200	59	31	-	-	-	-	-
State Bank of Patiala	5603	1162	206	584	11	3	1	3	370	60	3	-	-	-	-	-
State Bank of Hyderabad	7071	1178	482	1399	4	-	-	-	267	29	11	-	-	-	-	-
State Bank of Mysore	3540	610	211	355	7	5	1	1	549	91	37	-	-	-	-	-
State Bank of Travancore	4958	635	143	596	10	3	1	6	142	15	1	-	-	-	-	-
NABARD	3322	493	254	413	-	-	-	-	62	7	4	-	-	-	-	-
SIDBI	873	135	55	144	4	-	1	3	15	14	1	-	-	-	-	-
IDBI	14469	1963	600	3078	1521	306	63	534	1977	210	54	-	-	-	-	-
RBI	7864	1133	499	429	90	10	09	19	-	-	-	-	-	-	-	-
Exim Bank	308	30	20	40	9	1	-	2	-	-	-	-	-	-	-	-
NHB	105	12	3	26	4	1	-	-	17	2	-	-	-	-	-	-
IIFCL	66	5	2	13	12	-	-	6	12	2	-	-	-	-	-	-
Total	384450	65169	26991	57416	27879	4474	2255	9367	32339	5983	2061	-	3	-	-	-

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	7474	1749	467	1010	353	82	25	148	-	-	-	-	-	-	-	-
Andhra Bank	4970	739	340	1271	156	31	21	51	336	51	20	1	-	-	-	-
Bank of Baroda	18875	2885	1489	3955	2599	519	274	983	-	-	-	-	-	-	-	-
Bank of India	18149	2952	1831	3004	3037	562	274	1077	-	-	-	-	-	-	-	-
Bank of Maharashtra	5490	841	386	659	1	1	-	-	-	-	-	-	-	-	-	-
Canara Bank	20540	3859	1222	3308	3035	567	202	976	448	70	21	-	-	-	-	-
Central bank of India	14835	2725	1197	2838	78	11	5	25	-	-	-	-	-	-	-	-
Corporation Bank	7759	1393	417	1608	888	175	54	354	282	61	16	-	-	-	-	-
Dena Bank	5052	666	485	1085	717	101	51	170	-	-	-	-	-	-	-	-
Indian Bank	9641	2103	389	1890	1415	302	58	574	233	101	-	-	-	-	-	-
Indian Overseas Bank	12039	2492	542	2378	1715	366	78	635	1307	317	121	-	-	-	-	-
Oriental Bank of Commerce	6841	1572	345	1679	900	200	75	267	549	144	11	-	-	-	-	-
Punjab National Bank	27969	5465	1322	4821	3724	832	227	1193	1098	376	89	-	-	-	-	-
P&S Bank	2147	424	73	412	463	122	19	121	30	5	2	-	-	-	-	-
Syndicate Bank	10736	2087	599	1576	1562	293	58	481	199	62	19	-	45	15	2	-
Union Bank	11875	2539	702	2979	2311	487	114	763	743	114	44	-	-	-	-	-
United Bank	5609	1032	372	614	-	-	-	-	273	63	26	1	-	-	-	-
UCO Bank	9087	1488	570	1007	1545	304	121	403	491	91	23	-	-	-	-	-
Vijaya Bank	4358	719	309	830	275	50	15	80	132	23	11	-	-	-	-	-
State Bank of India	95780	15856	8336	19388	76	3	1	15	196	40	32	5	1	-	-	-
State Bank of Bikaner & Jaipur	4809	844	537	763	1	1	-	-	150	44	19	-	-	-	-	-
State Bank of Patiala	5735	1483	64	781	11	-	-	5	55	19	2	-	7	2	-	
State Bank of Hyderabad	6805	1123	488	2052	1	-	1	-	98	19	18	-	-	-	-	-
State Bank of Mysore	4792	705	247	943	9	1	-	1	55	24	7	-	-	-	-	-
State Bank of Travancore	6445	836	183	1463	7	-	-	4	44	77	1	-	-	-	-	-
NABARD	787	271	97	112	-	-	-	-	3	3	-	-	-	-	-	-
SIDBI	99	26	8	5	-	-	-	-	-	-	-	-	-	-	-	-
IDBI	1135	128	36	96	-	-	-	-	-	-	-	-	-	-	-	-
RBI	3916	586	252	554	406	71	28	76	-	-	-	-	-	-	-	-
Exim Bank	EXIM Bank has no clerical cadre															
NHB	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IIFCL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	333749	59588	233305	63081	25285	5081	1701	8402	6722	1704	482	7	53	17	2	-

Annexure -I

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	2192	1033	99	201	-	-	-	-	-	-	-	-	-	-	-	-
Andhra Bank	3087	831	222	685	4	-	1	1	75	9	7	-	-	-	-	-
Bank of Baroda	5275	1570	512	833	49	9	7	15	-	-	-	-	-	-	-	-
Bank of India	4730	1214	501	1031	726	153	88	221	-	-	-	-	-	-	-	-
Bank of Maharashtra	2307	864	227	236	6	-	2	3	-	-	-	-	-	-	-	-
Canara Bank	5528	1155	264	1039	443	47	35	159	-	-	-	-	-	-	-	-
Central bank of India	5711	1556	460	1269	14	3	2	5	-	-	-	-	-	-	-	-
Corporation Bank	2084	840	149	552	113	50	11	32	64	28	8	-	-	-	-	-
Dena Bank	1906	593	269	245	61	12	10	17	-	-	-	-	-	-	-	-
Indian Bank	1520	504	74	186	24	3	-	4	-	-	-	-	-	-	-	-
Indian Overseas Bank	3056	1000	117	682	22	6	-	7	37	13	-	-	-	-	-	-
Oriental Bank of Commerce	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Punjab National Bank	9504	2975	535	1960	883	183	51	303	358	255	-	-	-	-	-	-
P&S Bank	688	207	23	29	-	-	-	-	-	-	-	-	-	-	-	-
Syndicate Bank	4080	1485	283	512	503	179	41	166	472	286	34	-	-	-	-	-
Unon Bank	3697	1245	313	868	21	1	3	12	-	-	-	-	-	-	-	-
United Bank	2473	534	116	173	-	-	-	-	-	-	-	1	1	-	-	-
UCO Bank	2178	454	113	155	150	50	18	38	17	10	-	-	-	-	-	-
Vijaya Bank	2282	651	167	518	392	70	23	88	-	-	-	-	-	-	-	-
State Bank of India	37830	8925	2557	7371	2516	272	91	850	-	-	-	-	-	-	-	-
State Bank of Bikaner & Jaipur	2447	344	241	672	603	32	31	353	-	-	-	-	-	-	-	-
State Bank of Patiala	3105	1185	56	551	-	-	-	-	84	32	-	-	1	-	-	-
State Bank of Hyderabad	2286	415	120	666	1	1	-	-	-	-	-	-	-	-	-	-
State Bank of Mysore	2009	467	121	280	13	4	-	4	-	-	-	-	-	-	-	-
State Bank of Travancore	1785	397	66	314	163	30	1	77	-	-	-	-	-	-	-	-
NABARD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SIDBI	64	20	12	8	-	-	-	-	-	-	-	-	-	-	-	-
IDBI	871	209	76	151	-	-	-	-	-	-	-	-	-	-	-	-
RBI	4127	1153	359	400	62	09	02	14	-	-	-	-	-	-	-	-
Exim Bank	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NHB	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IIFCL	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	11825	31826	8052	21587	6769	1114	417	2369	1107	633	49	1	2	1	-	-

Annexure -I

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	1739	1120	117	275	267	122	25	77	-	-	-	-	-	-	-	-
Andhra Bank	1271	438	93	528	9	2	-	1	-	-	-	-	278	120	28	
Bank of Baroda	2593	1070	276	680	408	88	60	161	-	-	-	-	-	-	-	-
Bank of India	3304	1555	347	397	19	1	3	6	-	-	-	-	-	-	-	-
Bank of Maharashtra	1447	266	83	250	96	31	16	30	-	-	-	-	-	-	-	-
Canara Bank	4624	1898	255	1235	1920	731	129	670	-	-	-	-	-	-	-	-
Central bank of India	3065	1452	292	709	-	-	-	-	-	-	-	-	-	-	-	-
Corporation Bank	1218	613	74	325	85	48	4	24	3	2	-	-	-	-	-	-
Dena Bank	352	130	36	129	3	-	2	1	-	-	-	-	-	-	-	-
Indian Bank	643	270	20	202	-	-	-	-	-	-	-	-	-	-	-	-
Indian Overseas Bank	1023	437	28	382	-	-	-	-	536	237	25	-	-	-	-	-
Oriental Bank of Commerce	3027	1168	219	565	34	7	4	12	352	87	10	-	-	-	-	-
Punjab National Bank	5248	3410	273	828	746	460	44	160	-	-	-	-	-	-	-	-
P&S Bank	1140	842	16	135	208	120	5	56	-	-	-	-	-	-	-	-
Syndicate Bank	1709	941	82	296	42	20	1	2	-	-	-	-	-	-	-	-
Union Bank	1850	843	168	509	159	33	19	61	-	-	-	-	-	-	-	-
United Bank	1514	738	58	128	80	48	1	13	-	-	-	-	-	-	-	-
UCO Bank	1850	1060	102	140	166	116	23	9	-	-	-	-	-	-	-	
Vijaya Bank	685	268	54	239	258	51	12	50	-	-	-	-	-	-	-	-
State Bank of India	2700	1804	178	200	-	-	-	-	-	-	-	-	-	-	-	-
State Bank of Bikaner & Jaipur	771	593	22	48	55	21	7	17	-	-	-	-	-	-	-	-
State Bank of Patiala	570	183	12	130	77	16	6	17	-	-	-	-	1	1	-	-
State Bank of Hyderabad	1488	335	94	675	-	-	-	-	-	-	-	-	-	-	-	-
State Bank of Mysore	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
State Bank of Travancore	630	168	14	223	56	19	1	27	-	-	-	-	-	-	-	-
NABARD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SIDBI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	46014	22231	3019	9383	4704	1936	362	1395	891	326	35	-	279	121	28	-

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											
					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	57571	9977	4142	4518	488	73	36	139	1158	172	81	-	-	-	-	-
GIC	68	8	3	12	12	-	-	12	56	8	3	-	-	-	-	-
NIACL	8640	1564	480	23	500	3	1	2	459	100	29	-	-	-	-	-
NICL	7205	1309	342	576	423	62	41	113	140	12	38	-	-	-	-	-
OICL	6500	1294	370	698	186	24	9	67	100	8	6	-	-	-	-	-
UIICL	7844	1502	481	1117	270	39	23	74	-	-	-	-	-	-	-	-
AICL	245	46	22	53	46	7	3	14	-	-	-	-	-	-	-	-
Total	88073	15700	5840	6997	1925	208	113	421	1913	300	157	-	-	-	-	-

Annexure -I

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	55576	10042	4479	3651	2	2	-	-	3634	969	330	-	178	51	17	-
GIC	10	2	2	-	-	-	-	-	10	2	2	-	-	-	-	-
NIACL	8137	1822	661	816	528	30	25	203	352	52	20	-	-	-	-	-
NICL	6434	1537	472	704	-	-	-	-	-	-	-	-	-	-	-	-
OICL	6002	1377	507	818	64	6	4	13	-	-	-	-	-	-	-	-
UIICL	6782	1738	517	1222	-	-	-	-	-	-	-	-	-	-	-	-
AICL	27	8	4	6	-	-	-	-	-	-	-	-	-	-	-	-
Total	82968	16526	6642	7217	594	38	29	216	3996	1023	352	-	178	51	17	-

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	4899	1292	224	657	-	-	-	-	360	190	16	-	62	35	3	-
GIC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NIACL	2001	937	166	226	-	-	-	-	-	-	-	-	-	-	-	-
NICL	1109	395	86	92	-	-	-	-	-	-	-	-	-	-	-	-
OICL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UIICL	1956	1010	150	369	-	-	-	-	-	-	-	-	-	-	-	-
AICL	2	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	9967	3635	626	1344	-	-	-	-	360	190	16	-	62	35	3	-

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	161	108	7	8	-	-	-	-	195	136	5	-	38	32	3	-
GIC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NIACL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NICL	681	451	38	53	-	-	-	-	-	-	-	-	-	-	-	-
OICL	1870	898	140	306	-	-	-	-	-	-	-	-	-	-	-	-
UIICL	5	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
AICL	2	1	-	1	-	-	-	-	-	-	-	-	-	-	-	-
Total	2719	1460	185	368	-	-	-	-	195	136	5	-	38	32	3	-

CONSOLIDATED TOTAL REPRESENTATION OF SCs, STs & OBCs

Statement of filling up of Representation SC/ST/OBC identified up to 31.12.2014 (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	472523	80869	32831	64413	29804	4682	2368	9788	34252	6283	2218	-	6	-	-	-
Group' C'	116717	76114	239947	70298	25879	5119	1730	8618	10718	2727	834	7	231	68	19	-
Group 'D'Excluding Safai Karmachari.	21792	35561	8678	22931	6769	1114	417	2369	1467	823	65	-	64	36	3	-
Group 'D' Safai Karmachari	48733	23691	3204	9751	4704	1936	362	1395	1086	462	40	-	317	153	31	-
Total	659765	216235	284660	167393	67156	12851	4877	22170	47523	10295	3157	8	618	257	53	-

*In the PSBs/FIs /Ins.Co. there is only one officers grade

Annexure -II

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.	Allahabad bank		12944	79	24	113	5	5	5	505	20	8	4	-	-	-	643	1	-	8
2.	Andhra bank		145	32	10	103	34	2	12	20	12	2	6	-	-	-	9	-	-	9
3.	Bank of Baroda		22120	97	54	239	34	33	34	3359	27	9	24	-	-	-	553	2	2	7
4.	Bank of India		19591	31	23	204	11	11	12	28	11	7	10	-	-	-	37	1	5	31
5.	Bank of Maharashtra		6470	3	8	64	9	2	9	16	6	1	9	-	-	-	16	6	1	9
6.	Canara Bank		454	83	36	335	37	38	40	64	31	1	32	-	-	-	-	-	-	-
7.	Central Bank		328	31	17	280	6	6	6	631	5	1	4	-	-	-	-	-	-	-
8.	Corp. Bank		7881	34	27	82	3	3	3	387	4	-	3	-	-	-	1560	2	1	28
9.	Dena Bank		6487	17	7	82	24	44	9	563	1	-	6	-	-	-	1464	4	1	21
10.	Indian Bank		9504	25	12	104	11	11	11	1122	8	-	12	-	-	-	661	2	3	10
11.	IOB		264	53	36	175	25	25	26	42	12	4	26	15	16	16	23	4	3	16
12.	OBC		10554	27	9	192	6	4	6	545	10	1	8	-	-	-	1281	5	1	39
13.	PNB		25344	56	24	328	12	12	12	1216	17	7	25	-	-	-	5321	15	8	74
14.	P&S Bank		6586	23	13	51	10	10	10	1017	6	1	7	-	-	-	191	-	-	-
15.	Syndicate Bank		13091	34	18	248	20	19	20	22	8	5	9	-	-	-	9	1	-	8
16.	Union Bank		18572	62	19	145	51	93	16	1498	24	4	16	-	-	-	-	-	-	-
17.	United Bank		7507	17	8	97	3	2	2	2	-	-	2	-	-	-	8	3	-	5
18.	UCO Bank		12538	17	10	181	11	12	12	28	12	4	12	-	-	-	20	1	1	18
19.	Vijaya Bank		6361	15	7	66	6	6	6	600	1	-	5	-	-	-	660	1	2	7
20.	SBI		78968	77	30	699	31	2	38	2004	31	2	34	-	-	-	3048	2	-	11
21.	SB of B&J		5372	5	-	74	-	-	-	1	-	-	-	-	-	-	-	-	-	-
22.	SB of Patiala		5603	7	-	47	-	-	-	11	-	-	-	-	-	-	267	1	1	8
23.	SB Hyderabad		7071	16	3	13	-	-	1	4	-	--	1	-	-	-	-	-	-	-
24.	SB Mysore		3540	6	1	27	-	-	-	-	-	-	-	-	-	-	549	-	-	1
25.	SB Travancore		4958	4	6	58	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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		3322	7	4	58	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28.	IDBI		14469	26	2	235	225	-	225	1521	7	-	10	-	-	-	-	-	-	-
29.	SIDBI		2	-	-	2	-	18	-	2	-	1	1	-	-	-	-	-	-	1
30.	Exim bank		308	1	-	4	2	3	-	9	-	-	-	-	-	-	-	-	-	-
31.	N Housing Bank		105	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32.	IIFCL		66	-	-	2	-	**1**	-	12	-	-	-	-	-	-	-	-	-	-
	TOTAL		318389	901	417	4508	578	363	516	15229	253	58	266	15	16	16	16320	51	29	302

Annexure -II

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		7474	40	57	163	3	3	4	353	2	1	-	-	-	-	-	-	-	-
2.	Andhra bank		137	36	28	73	20	25	2	6	3	-	3	-	-	-	4	2	-	2
3.	Bank of Baroda		18875	94	51	276	26	26	26	2599	18	3	39	-	-	-	-	-	-	-
4.	Bank of India		18149	79	52	277	40	40	40	69	25	10	34	-	-	-	-	-	-	-
5.	Bank of Maharashtra		5490	14	19	52	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.	Canara Bank		537	93	143	301	25	33	40	49	9	-	40	4	4	4	4	-	2	2
7.	Central Bank		299	65	30	204	1	-	-	78	1	-	-	-	-	-	-	-	-	-
8.	Corpor Bank		7759	32	27	109	8	8	8	888	2	1	4	-	-	-	282	1	-	2
9.	Dena Bank		5052	25	18	68	22	35	7	503	4	3	6	-	-	-	-	-	-	-
10.	Indian Bank		9641	35	36	102	14	14	14	1415	3	-	10	2	2	2	233	-	-	-
11.	IOB		269	52	96	121	17	17	17	42	5	1	36	13	13	13	39	6	4	29
12.	OBC		6841	14	3	185	-	-	2	900	-	-	6	-	-	-	549	-	1	11
13.	PNB		27969	118	54	397	37	37	37	3724	37	6	72	-	-	-	1098	1	-	19
14.	P&S Bank		2147	11	8	21	4	4	5	463	1	-	1	-	-	1	30	-	-	-
15.	Syndicate Bank		10736	36	29	181	16	15	16	22	8	2	12	2	2	2	4	-	-	4
16.	Union Bank		11875	55	45	86	26	28	33	2311	23	4	33	9	4	11	743	-	2	8
17.	United Bank		5609	14	3	80	-	-	-	-	-	-	-	-	-	-	2	2	-	-
18.	UCO Bank		9087	12	5	203	15	15	16	27	5	4	18	4	4	4	16	1	1	14
19.	Vijaya Bank		4358	18	31	68	2	2	2	275	2	1	4	1	1	1	132	-	-	3
20.	SBI		95780	433	185	1141	-	-	-	76	-	-	-	-	-	-	196	-	-	-
21.	SB of B&J		4809	28	16	73	-	-	-	1	-	-	-	-	-	-	-	-	-	-
22.	SB of Patiala		5735	37	16	99	-	-	-	18	-	-	-	-	-	-	55	-	-	-
23.	SB Hyderabad		6805	54	20	101	-	-	-	1	-	-	-	-	-	-	98	-	-	2
24.	SB Mysore		4792	38	-	87	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25.	SB Travancore		6445	31	24	89	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26.	RBI		3916	17	4	91	3	2	8	406	9	2	10	-	-	-	-	-	-	-
27.	NABARD		787	-	4	22	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28.	IDBI		1135	1	-	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29.	SIDBI		2	-	-	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30.	Exim Bank		EXIM Bank has no clerical cadre																	
31.	N Housing Bank		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32.	IIFCL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	TOTAL		282510	1482	1004	4678	279	304	277	14226	157	38	328	35	30	38	3485	13	10	96

Annexure -I

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		2192	3	4	26	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.	Andhra bank		36	2	5	29	4	4	3	-	-	-	-	-	-	-	-	-	-	-
3.	Bank of Baroda		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.	Bank of India		4730	3	10	53	-	-	-	1	-	-	1	-	-	-	-	-	-	-
5.	Bank of Maharashtra		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.	Canara Bank		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7.	Central Bank		75	5	6	64	-	-	-	14	-	-	-	-	-	-	-	-	-	-
8.	Corpor Bank		2084	9	6	43	1	1	1	113	-	-	1	-	-	-	64	-	-	1
9.	Dena Bank		2258	-	7	18	-	-	-	44	-	-	-	-	-	-	-	-	-	-
10.	Indian Bank		1520	1	-	26	-	-	-	24	-	-	-	-	-	-	-	-	-	-
11.	IOB		52	7	18	27	-	-	-	-	-	-	-	1	-	-	9	1	2	6
12.	OBC		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13.	PNB		9504	5	17	100	8	8	9	881	-	3	11	-	-	-	358	-	-	-
14.	P&S Bank		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15.	Syndicate Bank		4080	2	-	98	5	5	5	29	-	-	29	-	-	-	-	-	-	-
16.	Union Bank		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17.	United Bank		3987	2	1	24	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.	UCO Bank		2178	3	-	36	1	1	1	4	-	-	4	4	4	6	5	-	-	5
19.	Viaya Bank		2282	8	11	32	3	3	3	392	2	2	4	-	-	-	-	-	-	-
20.	SBI		37830	29	22	161	-	-	-	2516	-	-	-	-	-	-	-	-	-	-
21.	SB of B&J		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22.	SB of Patiala		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23.	SB Hyderabad		2286	4	20	25	-	-	-	1	-	-	-	-	-	-	-	-	-	-
24.	SB Mysore		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25.	SB Travancore		1785	-	-	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26.	RBI		4127	3	7	89	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27.	NABARD		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28.	IDBI		971	1	1	19	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29.	SIDBI		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30.	Exim Bank		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31.	N Housing Bank		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32.	IIFCL		**1**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	TOTAL		81978	89	145	877	22	22	22	4019	2	5	50	5	4	6	436	1	2	12

Annexure -I

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		13	-	5	8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.	Bank of Baroda		7868	7	12	143	5	4	5	457	4	2	6	-	-	-	-	-	-	-
4.	Bank of India		3304	3	5	28	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.	Bank of Maharashtra		2307	5	3	20	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.	Canara Bank		133	12	37	84	-	-	15	15	-	-	15	-	-	-	-	-	-	-
7.	Central Bank		47	5	4	38	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.	Corpor Bank		1218	-	2	8	-	-	-	85	-	-	1	-	-	-	3	-	-	-
9.	Dena Bank		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10.	Indian Bank		643	-	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.	IOB		15	-	3	12	-	-	-	-	-	-	-	5	5	6	-	-	-	-
12.	OBC		3027	3	4	71	-	1	1	34	-	-	-	-	-	-	352	-	-	1
13.	PNB		5248	1	3	21	7	7	8	746	-	-	10	-	-	-	-	-	-	-
14.	P&S Bank		688	5	2	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15.	Syndicate Bank		1709	1	-	5	4	4	4	-	-	-	-	-	-	-	-	-	-	-
16.	Union Bank		5547	9	22	58	15	15	5	180	-	-	1	-	-	-	-	-	-	-
17.	United Bank		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.	UCO Bank		1850	-	-	6	1	1	1	-	-	-	-	-	-	-	-	-	-	-
19.	Vijaya Bank		685	-	2	10	2	2	2	258	-	-	5	-	-	-	-	-	-	-
20.	SBI		2700	1	-	16	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21.	SB of B&J		3218	3	1	17	-	-	-	658	-	-	-	-	-	-	-	-	-	-
22.	SB of Patiala		3105	2	2	30	-	-	-	1	-	-	-	-	-	-	84	-	-	-
23.	SB Hyderabad		1488	-	2	12	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24.	SB Mysore		2009	3	3	13	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25.	SB Travancore		630	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26.	RBI		1453	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27.	NABARD		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28.	IDBI		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29.	SIDBI		2	-	-	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30.	Exim Bank		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31.	N Housing Bank		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32..	IIFCL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	TOTAL		48907	61	114	610	34	34	41	2434	4	2	38	5	5	6	439	-	-	**1**

Annexure --II

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		57571	13	12	286	6	-	5	392	6	-	6	-	-	-	408	-	-	-
2.	GIC		6	-	-	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.	NIACL		8640	7	2	48	8	11	8	-	-	-	-	-	-	-	-	-	-	-
4.	NICL		-	-	-	-	3	4	5	12	3	4	5	-	-	-	-	-	-	-
5.	OICL		6500	7	5	72	2	2	2	186	1	2	2	-	-	-	100	-	-	-
6.	UIICL		7844	6	8	68	1	4	4	4	1	4	4	-	-	-	-	-	-	-
7.	AICL		245	2	1	2	1	1	1	46	1	1	-	-	-	-	-	-	-	-
8.	Total		80806	35	28	482	21	22	25	640	12	11	17	-	-	-	508	-	-	-

Annexure --II

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		55576	25	28	693	-	5	3	5	-	-	-	55	11	179	1786	-	-	19
2.	GIC		1	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.	NIACL		8137	27	15	201		18		14	6	-	8	-	-	2	2	-	-	2
4.	NICL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.	OICL		6002	14	16	164	-	-	-	64	-	-	-	-	-	-	-	-	-	-
6.	UIICL		6782	30	11	186	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7.	AICL		27	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.	Total		76525	96	70	1246	-	23	3	83	6	-	8	55	11	181	1788	-	-	21

Annexure --II

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		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.	GIC		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.	NIACL		2001	2	1	48	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.	NICL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.	OICL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.	UIICL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7.	AICL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.	Total		2001	2	1	48	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Annexure --II

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		5060	2	3	44	-	-	-	1	-	-	-	-	-	2	224	-	-	3
2.	GIC		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.	NIACL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.	NICL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.	OICL		1870	3	2	57	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.	UIICL		1961	3	3	32	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7.	AICL		4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.	Total		8895	8	8	133	-	-	-	1	-	-	-	-	-	2	224	-	-	3

Statement-II

CONSOLIDATED TOTAL REPRESENTATION OF THE PERSONS WITH DISABILITIES

Statement of filling up of Representation Persons with Disabilities identified up to 31.12.2014

(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	HH	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH
*Group 'A' & B'	399245	936	445	4990	599	385	541	15869	265	69	283	15	16	16	15623	42	26	259
Group 'C'	290135	1578	1074	5924	279	327	280	14309	163	38	336	90	41	219	5273	13	10	117
Group'D(Excluding Safai Karmachaies	83979	91	146	925	22	22	22	4019	2	5	50	5	4	6	436	1	2	12
Group'D(Safai Karmachaies	57802	69	122	743	34	34	41	2434	4	2	38	5	5	6	439	-	-	1
Total	831161	2674	1787	12582	934	768	884	36631	434	114	707	115	66	247	21771	56	38	389

*In the PSBs/FIs/Ins. Co. there is only one officers grade

Annexure - III

PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY

Representation of Persons with Disabilities (PWDs) for the period from 01.01.2014 to 31.12.2014

GROUP	Number of Employees (As on 24.12.2014)				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	HH	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH
Executive Director	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grade F-CGM	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grade E-GM	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grade D-DGM	11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grade C-Manager	5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grade B-Dy. Manager	9	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grade A-Asst. Manager	13	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
General Assistant	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Staff Card Driver	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	49	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0

PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY.

Representation of SCs STs and OBCs for the period from 01.01.2014 to 31.12.2014

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
Executive Director	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grade F-CGM	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grade E-GM	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grade D-DGM	11	1	0	2	0	0	0	0	0	0	0	0	0	0	0	0
Grade C-Manager	5	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0
Grade B-Dy. Manager	9	1	0	2	0	0	0	0	0	0	0	0	0	0	0	0
Grade A-Asst. Manager	13	1	0	3	0	0	0	0	0	0	0	0	0	0	0	0
General Assistant	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Staff Card Driver	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	49	4	0	8	0	0	0	0	0	0	0	0	0	0	0	0

Note: One employee in each Grade of CGM, GM, Dy. Manager and General Assistant has been recruited in PFRDA on absorption basis.

Annexure - IV

SL. No.	Bank wise Education Loan Data		
	Quarterly Progress for Sept, 2014 (Amt in Crore)		
	Name of Bank	As on 30.09.2014	
		No. of Accounts	Amount O/S
1	Allahabad Bank	49349	1388.86
2	Andhra Bank	57177	1671.07
3	Bank of Baroda	89045	2081.22
4	Bank of India	132304	2854.83
5	Bank of Maharashtra	29897	692.75
6	Canara Bank	259578	5043
7	Central Bank of India	125936	3352
8	Corporation Bank	52529	1319.86
9	Dena Bank	17819	396.33
10	Indian Bank	178275	3523.26
11	Indian Overseas Bank	224231	3823.04
12	Oriental Bank of Commerce	48186	1315.86
13	Punjab National Bank	158301	4380
14	Punjab & Sind Bank	6697	238.66
15	Syndicate Bank	224231	3823.02
16	UCO Bank	55358	1294.38
17	Union Bank of India	97130	2416.21
18	United Bank of India	22935	520.27
19	Vijaya Bank	41326	857.05
20	State Bank of India	590855	15386.76
21	State Bank of Bikaner & Jaipur	22058	520.79
22	State Bank of Mysore	29538	651.03
23	State Bank of Patiala	16456	490
24	State Bank of Hyderabad	49891	1244.82
25	State Bank of Travancore	95504	2343.51
26	IDBI Bank Ltd	11172	332.97
27	BhartiyaMahila Bank	108	1.8
	TOTAL	2685886	61963.35
Source: PSBs			

Annexure - V

Quarterly Statement on Priority Sector Advances and Sectoral Deployment of Credit

2014: 03 (Mar) (No. of Accounts in absolute terms; Amount in Rupees thousands)

S.No.	Bank Name	Effective ANBC for computation of PSL targets	1. Priority Sector		2. Agriculture		Loans to Weaker Sections under Priority Sector	
			No. of Accounts	Amount Outstanding	No. of Accounts	Amount Outstanding	No. of Accounts	Amount Outstanding
1	State Bank of Bikaner & Jaipur	579799123.74	1016314.00	236405153.35	783739.00	109634066.61	1012709.00	109755091.32
2	State Bank of Hyderabad	917770000.00	1891698.00	351856873.42	1551876.00	165992073.20	1138130.00	89305829.47
3	State Bank of India	9266695600.00	14242608.00	3182882924.06	11356986.00	1547172247.11	11062442.00	932242200.00
4	State Bank of Mysore	466764500.00	602307.00	178122769.00	449441.00	84776134.50	412186.00	63595300.00
5	State Bank of Patiala	774201329.00	564474.00	302541475.00	421534.00	131993190.00	388911.00	77321500.00
6	State Bank of Travancore	690626180.00	1630631.00	293711502.00	1291525.00	132118705.00	1042476.00	102622160.00
	SBI and its Associates	**12695856732.74**	**19948032.00**	**4545520696.83**	**15855101.00**	**2171686416.42**	**15056854.00**	**1374842080.79**
1	Allahabad Bank	1249444259.00	1907928.00	477411900.00	1486510.00	219238700.00	1196889.00	124920000.00
2	Andhra Bank	1010832874.80	2478713.00	419201971.21	2008730.00	208940204.14	1883.00	140820440.84
3	Bank of Baroda	2273711100.00	2462937.00	937281327.80	1768198.00	316723581.90	1532318.00	205989153.00
4	Bank of India	2064381480.00	3863106.00	861603334.00	2807134.00	402103355.00	2775724.00	236924054.00
5	Bank of Maharashtra	762327036.26	1149937.00	354523826.00	767507.00	119857288.60	708943.00	74076142.48
6	Canara Bank	2314974485.40	6005533.00	1015920495.68	4851701.00	526272245.88	3210126.00	298713541.40
7	Central Bank of India	1791514900.00	3096081.00	690324000.00	2259181.00	319621670.50	2092092.00	209532100.00
8	Corporation Bank	1249865700.00	1205099.00	566030852.00	700229.00	155820000.00	748224.00	121835208.00
9	Dena Bank	680873000.00	697289.00	261730600.00	485514.00	99500510.00	392080.00	46016592.00
10	IDBI Bank Ltd.	1992890253.96	398343.00	687378071.70	149480.00	152382069.57	121310.00	60959507.34
11	Indian Bank	1013787340.00	3123468.00	412742774.00	2269164.00	191649325.00	1432058.00	111520555.00
12	Indian Overseas Bank	1453859200.00	3323452.00	591981897.69	2449081.00	269900945.75	2406538.00	212506585.23
13	Oriental Bank of Commerce	1351132400.00	978334.00	574280550.00	601579.00	211765958.00	545106.00	138829200.00
14	Punjab and Sind Bank	517315162.37	310966.00	176802461.59	194186.00	78653023.22	199517.00	55779508.00
15	Punjab National Bank	2837490931.00	4147668.00	1230010566.40	3336655.00	560453721.14	2688761.00	304968094.65
16	Syndicate Bank	1204897784.00	2797458.00	520555582.00	1841826.00	221107282.00	1200172.00	127580800.00
17	UCO Bank	1216726916.00	1786778.00	519654438.00	1209932.00	166414876.22	1137224.00	143187935.00
18	Union Bank of India	1976466013.00	2513268.00	798692772.53	1814898.00	287692303.74	1818399.00	203344453.72
19	United Bank of India	720290000.00	1255491.00	289506750.00	912051.00	95999807.00	835995.00	74950000.00
20	Vijaya Bank	727276172.00	896420.00	258558067.00	567916.00	96646563.74	627120.00	72140895.00
	Nationalised Banks	**28410057007.79**	**44398269.00**	**11644192237.60**	**32481472.00**	**4700743431.40**	**25670479.00**	**2964594765.66**

Annexure – VI(a)

STATEMENT SHOWING PARTICULARS OF CREDIT TO WOMEN IN THE BOOKS OF PUBLIC SECTOR BANKS FOR THE QUARTER ENDED MARCH – 2014

(Amount 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	12465300.00	593246	629147.00	5.05	554959	439267.00	38287	189880.00	198265	72788.00	30914	92957.00	71210	37225.00	254570	236297.00
Andhra Bk	11086451.72	1083402	1279501.64	11.54	931020	1067069.02	152382	212432.62	208170	384882.09	83432	61303.53	56754	51505.37	582664	569378.03
BOB	22611178.00	484455	950449.40	4.20	413145	673235.28	71310	277214.12	5315	3581.93	49298	73254.22	63386	36491.83	317699	574373.23
BOI	26547484.00	729549	2762571.00	10.41	650485	1050293.00	79064	1712278.00	328694	78735.00	72886	374779.00	185187	193249.00	463429	478504.00
BOMah	7623242.21	202701	403167.08	5.29	174017	262790.11	28684	140376.97	14170	3208.96	7665	23968.18	17995	17548.51	134187	218064.46
Can Bk	22991597.15	2067956	3666938.09	15.95	1981421	2355306.57	86535	1311631.52	34866	16345.78	11409	406199.82	90935	23533.00	1935146	1932760.97
C B I	17589900.00	676942	1417817.00	8.06	517864	661745.00	159078	756072.00	10642	5535.00	72787	108367.00	81089	79131.00	353346	468712.00
Corp Bk	11870700.00	347362	703920.00	5.93	310427	570480.00	36935	133440.00	9160	3662.00	44372	147081.00	60666	61397.00	196229	358339.00
Dena Bk	6641171.00	173372	333496.49	5.02	157377	243555.00	15995	89941.49	23939	11644.45	27816	65092.37	31804	13149.33	73818	153668.85
Ind Bk	10280324.27	1288524	1321260.74	12.85	1197876	1143861.85	90648	177398.89	82342	24188.28	175034	210776.27	5902	4536.55	934598	904360.75
I O BK	14510466.00	1520777	2236530.65	15.41	1404770	1472386.42	116007	764144.23	102484	126129.96	170855	356602.02	103217	51541.14	1028214	938113.30
OBC	13511300.00	144909	685804.00	5.08	120765	521243.00	24144	164561.00	32993	12810.00	56135	137871.00	13338	15909.00	18299	354653.00
PNB	28370900.00	827373	1430137.00	5.04	702844	995429.00	124529	434708.00	5077	1148.00	64158	199564.00	48499	40864.00	585110	753853.00
P&S Bk	5173152.00	54335	241416.00	4.67	44323	185636.00	10012	55780.00	1115	15135.00	9577	38437.00	6853	9160.00	26778	122904.00
Synd Bk	12043250.00	724688	898053.91	7.46	598014	723226.99	126674	174826.92	72410	135848.77	80092	118281.25	6876	5478.58	445512	469096.97
U B I	19281717.00	765647	1165839.97	6.05	728760	964585.53	36887	201254.44	54133	66403.18	73516	146094.64	51960	22104.71	549151	729983.00
United Bk	6970800.00	402206	355105.00	5.09	353042	291904.79	49164	63200.21	171870	85465.00	27404	34508.21	125108	78845.72	28660	93085.86
UCO Bk	11979500.00	399608	609717.00	5.09	381562	524306.00	18046	85411.00	105908	102161.00	17844	43201.00	97903	70413.00	159907	308531.00
Vijaya Bk	7272744.00	271356	507171.00	6.97	258943	439370.68	12413	67800.32	15560	47715.07	41124	110149.78	8573	5771.51	193686	275734.32
S B I	92666956.00	3798882	6467475.00	6.98	2893335	3913362.00	905547	2554113.00	156076	135165.00	28825	293423.00	350439	323729.00	2491290	3512822.00
S B B J	5809987.00	211590	316908.00	5.45	157345	206957.00	54245	109951.00	67760.00	13651.00	6672	3299.00	20826	5290.00	62087	184717.00
S B Hyd	9163308.00	646327	809795.00	9.00	504001	522487.00	142326	287308.00	1103	1103.00	137	1119.00	103274	111093.00	399487	409172.00
S B My	4667645.00	182540	303930.00	6.51	125600	188730.00	56940	115200.00	16431	9172.00	1429	2266.00	4533	2154.00	103207	175138.00
S B Patl	7545980.00	132546	430531.00	5.71	102365	341918.00	30181	88613.00	32028	23800.00	3016	38216.00	8352	3115.00	58969	276787.00
SB Tranv	6839502.00	769851	862533.00	12.61	427712	475930.00	342139	386603.00	101235	87545.00	63505	144313.00	50325	55399.00	212647	188673.00
IDBI	19214879.54	164223	1190603.56	6.20	138981	960035.49	25242	230568.07	171	57435.26	14746	56818.49	3376	1636.35	120688	844145.39
Total	**414729434.89**	**18664367**	**31979818.53**	**7.71**	**15830953**	**21195110.73**	**2833414**	**10784707.80**	**1851917**	**1525258.73**	**1234648**	**3287941.78**	**1668380**	**1320270.60**	**11729378**	**15531867.13**

Annexure – VI(b)

STATEMENT SHOWING PARTICULARS OF CREDIT TO WOMEN IN THE BOOKS OF PUBLIC SECTOR BANKS FOR THE QUARTER ENDED MARCH – 2014

(Amount in Lakh)

Name of the Bank	Of the Credit to Women Under Non-Priority Sector				Credit Extended under different Government Sponsored Programmes											
	Under Medium & Large Industries		Others		PMRY/PMEGP						SJSRY					
					Total Outstandings		Against Women		Percentage		Total (O/s)		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
Alh,bk	1278	26647.00	37009	163233.00	30518	45251.00	5935	8763.00	19.45	19.37	18079	9707.00	5825	2356.00	32.22	24.27
Andhra	22	325.33	152360	212107.28	7988	3682.81	2200	795.23	27.54	21.59	9358	5359.40	5034	3053.50	53.79	56.97
BOB	21	914.85	71289	276299.27	30238	45711.73	4793	6767.80	15.85	14.81	19290	8575.27	4845	1886.32	25.12	21.99
BOI	448	1364466.00	78616	347812.00	7714	7825.00	1419	1272.00	18.40	16.26	18790	10488.00	5426	2783.00	28.88	26.54
BkOMah	527	32574.54	28157	107802.43	6018	7062.56	1248	1292.91	20.74	18.31	10267	6667.98	2460	1207.24	23.96	18.11
Can Bk	3665	640223.80	82870	671407.72	14184	13824.13	3717	2698.72	26.21	19.52	13668	9420.35	5154	2836.26	37.71	30.11
C B I	30	13503.00	159048	742569.00	15117	37629.00	2320	5774.00	15.35	15.34	27975	23217.00	25517	20415.00	91.21	87.93
Corp Bk	44	8947.00	36891	124493.00	6729	11030.00	1912	4013.00	28.41	36.38	4180	3205.00	1740	1285.00	41.63	40.11
Dena Bk	17	7998.83	15978	81942.66	16297	11685.37	3257	2539.76	19.99	21.73	11513	5102.42	3789	1672.12	32.91	32.77
Ind Bk	62	2636.68	90586	174762.21	9330	17528.50	1647	2738.81	17.65	15.62	6102	3309.06	3014	1426.51	49.39	43.11
I O BK	1	23.25	116006	764120.98	6524	6497.82	1700	1733.59	26.06	26.68	7279	4034.77	3849	1970.24	52.88	48.83
O B C	29	12809	24115	151752.00	10929	18543.00	1715	2446.00	15.69	13.26	9584	4139.00	2395	858.00	24.99	20.73
P N B	170	52316.00	124359	382392.00	14465	7262.00	2717	1074.00	18.78	15.00	14465	7081.00	3939	1569.00	27.23	22.00
P &S Bk	0	0.00	10012	55780.00	9178	7199.00	1577	1569.00	16.13	21.79	3362	1675.00	758	358.00	22.55	21.37
Synd Bk	154	19084.60	126520	155742.32	8387	11361.39	1259	1601.65	15.01	14.10	6993	4937.06	1464	1173.51	20.93	23.83
U B I	95	28621.13	36792	172633.31	32564	20221.15	5674	2855.71	17.00	14.00	22800	8234.11	6215	2163.43	27.00	26.00
United Bk	867	4023.00	48297	59177.21	46710	63867.34	12860	15090.22	27.53	23.62	29510	16990.23	9225	5805.61	31.26	34.17
UCO Bk	1059	11529.00	16987	73882.00	22952	21045.00	7161	6544.00	31.20	31.10	17838	8283.00	6662	3043.00	37.35	36.74
Vijaya Bk	48	5520.6	12365	62279.72	6047	3719.61	1812	1066.02	29.97	28.66	4149	2412.50	1788	1057.91	43.09	43.85
S B I	2536	175723.00	903011	2378390.00	99980	108623.00	16109	13350.00	16.11	12.29	70873	32018.00	18561	6172.00	26.19	19.28
S B B J	0	0.00	54245	109951.00	13337	7864.00	1523	720.00	11.42	9.16	20489	5009.00	6191	1374.00	30.22	27.43
S B Hyd	723	1198.00	141603	286110.00	7978	4625.00	1608	785.00	20.00	17.00	7285	3462.00	2784	1760.00	38.00	51.00
S B My	0	0.00	56940	115200.00	5941	3341.00	1884	863.00	31.71	25.83	4640	4471.00	2056	908.00	44.31	20.31
S B Patl	14	1373.00	30167	87240.00	6580	4552.00	1005	504.00	15.27	11.07	2767	1273.00	713	266.00	25.77	20.90
S B Tranv	1012	160728.00	341127	225875.00	4637	6439.00	1758	2768.00	38.00	43.00	1471	432.00	471	138.00	32.00	32.00
IDBI	75	7088.87	25167	223479.21	1662	865.50	383	180.51	23.04	20.86	2523	1523.07	902	565.76	35.75	37.15
Total	**12897**	**2578274.48**	**2820517**	**8206433.32**	**442004**	**497255.91**	**89193**	**89805.93**			**365250**	**191026.22**	**130777**	**68103.41**		

Annexure - VI(C)

STATEMENT SHOWING PARTICULARS OF CREDIT TO WOMEN IN THE BOOKS OF PUBLIC SECTOR BANKS FOR THE QUARTER ENDED MARCH - 2014

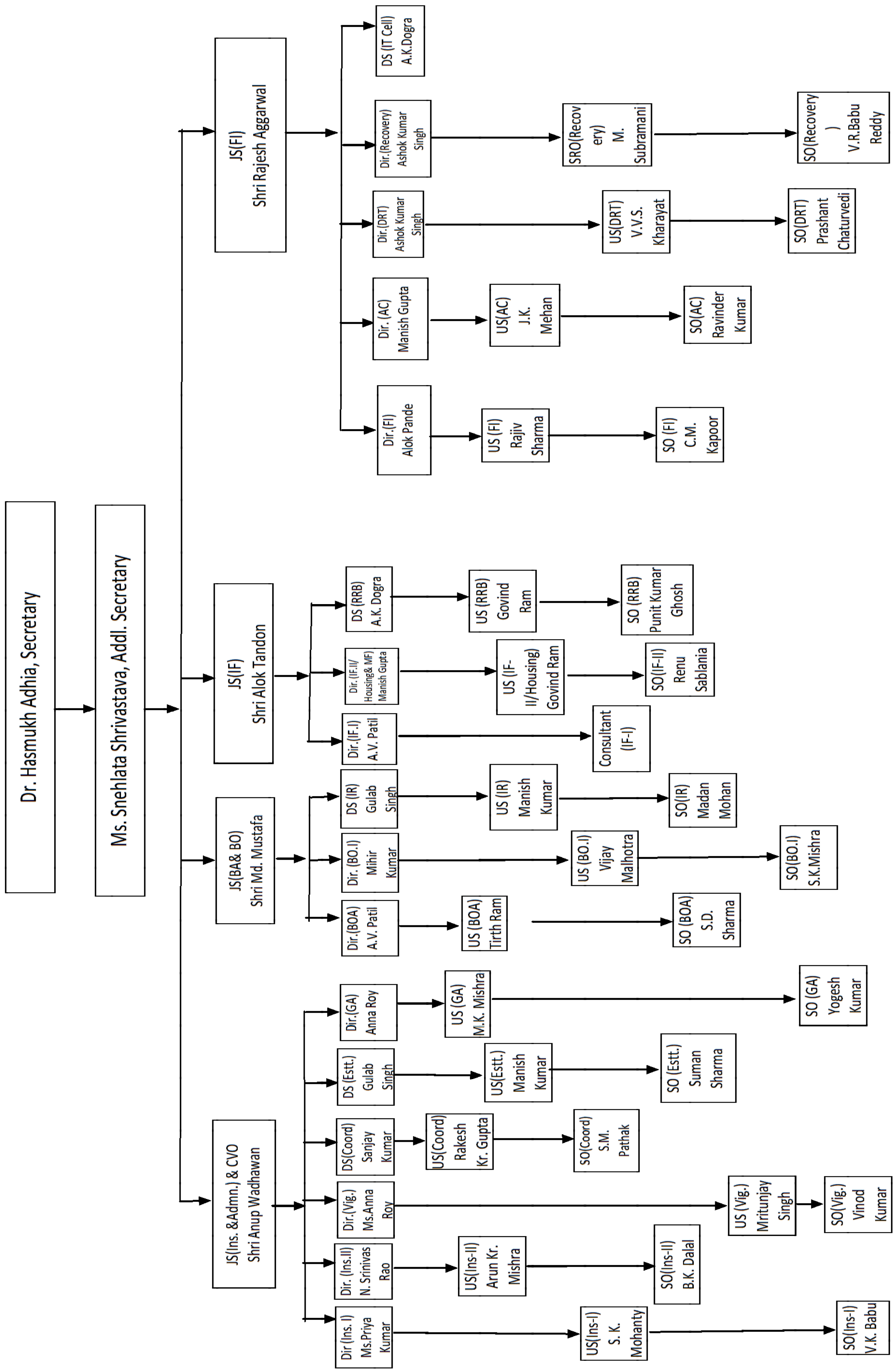
Name of the bank	Credit extended under different Govt. sponsored programmes														
	SGSY						Others						Of total credit to Women-		
	Total Outstandings		Against Women		Percentage		Total Outstandings		Against Women		Percentage		Non-Performing Assets		
	No. of A/cs	Amt. O/s	No. of A/cs	Amt. O/s	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
Alh,bk	103216	68485.00	42415	20493.00	41.09	29.92	67596	30082.00	17035	5613.00	25.20	18.66	74926	68814.00	10.94
Andhra	6080	3289.04	3086	2394.73	50.76	72.81	107298	87944.03	46434	45261.91	43.28	51.47	76309	38615.26	3.02
BOB	69123	28101.79	18894	7267.05	27.33	25.86	140990	173460.47	34854	20570.66	24.72	11.86	45808	38165.99	4.02
BOI	62257	27882.00	20881	10114.00	33.54	36.27	1277569	1626575.00	157461	179080.00	12.33	11.01	22208	174450.00	6.31
BOMah	18085	11233.36	3407	1436.49	18.84	12.79	48585	95257.22	10880	13611.86	22.39	14.29	19702	13421.48	3.33
Can Bk	31542	18129.11	5198	3383.01	16.48	18.66	409166	66267.70	76866	14615.01	18.79	22.05	69795	106891.44	2.92
C B I	37470	38242.00	32520	31887.00	86.79	83.38	24529	26518.00	20732	21055.00	84.52	79.40	60506	34678.00	2.45
Corp Bk	1824	1159.00	1077	898.00	59.05	77.48	64201	103482.00	55937	55200.00	87.13	53.34	27983	30175.00	4.29
Dena Bk	29758	7802.93	10838	3562.22	36.42	45.65	38623	32159.27	13920	5375.23	36.04	16.71	26094	17266.64	5.18
Ind Bk	3627	1168.02	1197	366.55	33.00	31.38	166	46.29	44	4.68	26.51	10.11	22126	27650.29	2.09
I O BK	44820	16625.42	42354	15702.71	94.50	94.45	122154	63191.39	55314	32134.60	45.28	50.85	59154	32254.00	1.44
O B C	8857	2916.00	2407	784.00	27.18	26.89	20876	29842.00	6821	11821.00	32.67	39.61	14464	18641.00	2.72
P N B	41479	21785.00	12480	6324.00	30.09	29.00	161522	341725.00	29363	31897.00	18.18	9.00	126424	111240.00	7.83
P &S Bk	7050	5198.00	1878	2013.00	26.64	38.73	10122	27493.00	2640	5220.00	26.08	18.99	7504	10045.00	4.16
Syndicate	8335	6046.47	1842	1538.18	22.10	25.44	14918	8914.97	2311	1165.24	15.49	13.07	3106	3310.35	0.37
U B I	55900	19685.91	21098	9024.68	38.00	46.00	74448	61030.02	18973	8060.89	25.00	13.00	70027	36031.68	3.09
United Bk	103780	62251.64	61764	31850.00	59.51	51.16	139302	60379.23	41259	26099.89	29.61	43.22	35307	33439.91	9.41
UCO Bk	59181	22344.00	31696	12691.00	53.56	56.80	56319	52088.00	52384	48135.00	93.01	92.41	61772	71217.00	11.68
Vijaya Bk	1556	908.10	874	622.28	56.17	68.53	10397	10146.78	4099	3025.30	39.42	29.82	33339	29496.40	5.82
S B I	250501	105034.00	67408	32651.00	26.91	31.09	497764	634482.00	248361	271556.00	49.90	42.80	347893	228758.00	3.54
S B B J	31860	8255.00	12226	3041.00	38.37	36.84	3129	700.00	886	155.00	28.32	22.14	32310	13160.05	4.15
S B Hyd	4431	3067.00	1581	738.00	36.00	24.00	219980	341997.00	97301	107810.00	44.00	32.00	33319	15151.00	2.00
S B Mys	1438	1373.00	536	258.00	37.27	18.79	1187	3985.00	57	125.00	4.80	3.14	7215	1845.00	0.61
S B Patl	4350	1782.00	1203	451.00	27.66	25.31	21230	57565.00	5431	1894.00	25.58	3.29	9728	8230.00	1.91
S B Tra	2488	1504.00	970	707.00	39.00	47.00	75082	86637.00	47126	51786.00	63.00	60.00	44021	31223.00	3.62
IDBI	2140	1149.55	885	599.81	41.36	52.18	3157	1069.48	1206	290.27	38.20	27.14	6151	29535.19	2.48
Total	**991148**	**485417.34**	**400715**	**200797.71**			**3610310**	**4023037.85**	**1047695**	**961562.54**			**1337191**	**1223705.68**	

Annexure Annexure - VII

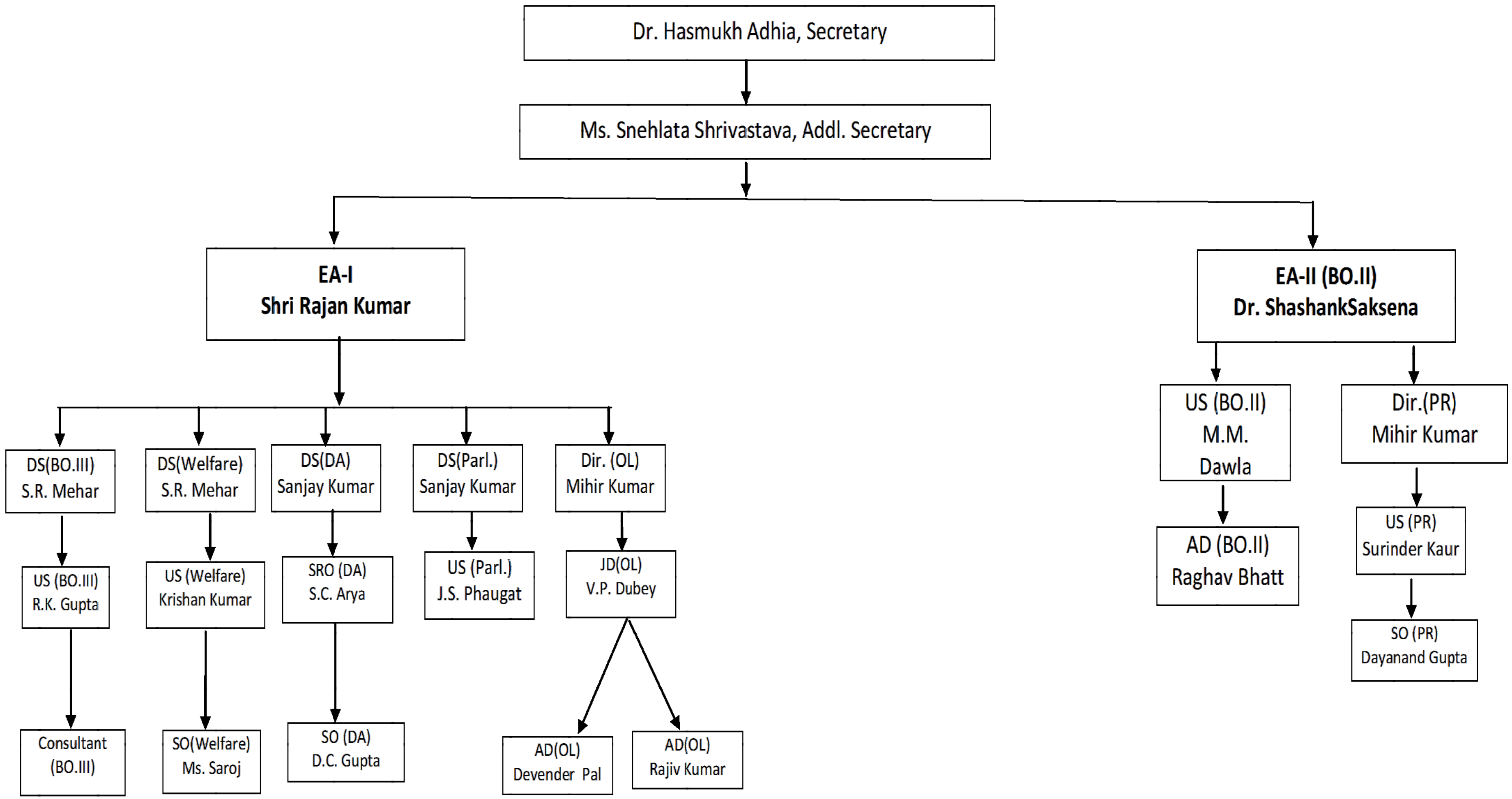
Pending ATNs/Draft Paras for the year 2014-15

S. No.	File no.	Particulars	Status
1.	F.No. R-16013/07/2010-Ins.I	Para No. 7.3, Report No.16 of 2011-12 – Loss of interest by IRDA regarding	Vetted remarks recd from CAG & forwarded to IRDA on 16/12/14 for revised ATN
2.	F.No. R-16013/02/2011-Ins.I	Para No.7.4, Report no.16 of 2011-12 irregular award of work- IRDA regarding	ATN sent to C&AG for vetting on 17/09/14, Information has been sought from IRDA regarding clarifications sought by C&AG, last reminder sent on dt..29/12/14
3.	F.No.R-16013/02/2013-Ins.I	Para No.9.1 of Report No.13 of 2013 – relating to GIC regarding 'Avoidable loss of Rs.197.80 crores, on account of imprudent acceptance of reinsurance treaties'	ATN sent to C&AG for vetting on 03.07.2013
4.	F.No.R-16013/08/2014-Ins.I	Para No. 9.2 ,Report No. 13 of 2013– relating to Oriental Insurance Company Ltd, National Insurance Company Limited, United India Insurance Company Limited and New India Assurance company limited.	ATN sent to C&AG for vetting on 24/09/14
5.	F.No.M-18014/13/2010-Ins.I	Para 9.1 of Report No.3 of 2011-12 relating to GIC regarding ' IT Audit on SAP-Reinsurance Module'	(File closed) Para dropped by C&AG copies sent to monitoring cell (COPU) on 02/09/14

ORGANIZATIONAL CHART IN THE DEPARTMENT OF FINANCIAL SERVICES (as on 31.01.2015)



ORGANIZATIONAL CHART IN THE DEPARTMENT OF FINANCIAL SERVICES (as on 31.01.2015)



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Department of Disinvestment

Block 11 & 14, CGO Complex, Lodhi Road, New Delhi – 110003
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Department of Financial Services

Jeevan Deep Building, Parliament Street, New Delhi – 110001
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