Annual Report
2016-17

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 Investment and Public Asset Management
- ❖ Department of Financial Services

1. Department of Economic Affairs

Economic Growth

As per the Second Advance Estimates released by the Central Statistics Office (CSO), the growth rate of the gross domestic product (GDP) at constant market prices has been estimated at 7.1 per cent in 2016-17, which is lower than the growth of 7.9 percent growth recorded in the previous year. The growth of the gross value added (GVA) at constant basic prices has been estimated at 6.7 per cent in 2016-17 as opposed to 7.8 per cent in 2015-16, with agriculture and allied sectors, industrial sector and services sector growing at 4.4 per cent, 5.8 per cent and 7.9 per cent respectively in 2016-17.

On the demand side, the growth in government final consumption expenditure at constant (2011-12) prices is estimated to have remained strong at 17.0 per cent in 2016-17, as compared to 2.9 per cent in 2015-16. The growth in gross fixed capital formation at constant prices declined from 6.1 per cent in 2015-16 to 0.6 per cent in 2016-17. Exports of goods and non-factor services (at constant prices) increased by 2.3 per cent and imports declined by 1.2 per cent in 2016-17.

As per the latest information on saving and investment for the year 2015-16, gross saving as proportion of GDP at current market prices is estimated at 32.2 per cent as compared to 33.0 in 2014-15. Gross capital formation, also known as investment, was estimated to be 33.2 per cent of the GDP at current market prices in 2015-16, as compared to 34.2 per cent in 2014-15. Fixed investment (Gross Fixed Capital Formation) to GDP ratio (at current prices) is estimated to be 26.9 per cent in 2016-17, vis-à-vis 29.2 per cent in 2015-16.

Agriculture and Food Management Unit

During the South West MonsoonSeason (June-September) of 2016, the rainfall received by the country as a whole was 97 per cent of its long period average (LPA). Except Central India, the rainfall over the other three geographical regions was less than their respective LPAs. While Central India received rainfall of 106% of LPA, Northwest India, Northeast India and South Peninsula received rainfall of 95% of LPA, 89% of LPA and 92% of LPA respectively. The realized rainfall during the South West Monsoon Season (June to September) 2016 for the country as a whole and for the four broad geographical regions is given in the table below:

Region	Long Period Average (LPA) (mm)	Actual Rainfall (mm)	Actual Rainfall as % of LPA
All India	887.5	862.0	97
Northwest India	615.1	584.2	95
Central India	975.3	1034.1	106
Northeast India	1437.8	1281.5	89
South Peninsula	715.6	661.5	92

Source: India Meteorological Department.

Out of the total 36 meteorological subdivisions, 4 subdivisions received excess season rainfall, 23 subdivisions received normal season rainfall and the remaining 9 subdivisions received deficient season rainfall during the South West Monsoon Season (June-September), 2016.

As per the First Advance Estimates (AE) released by Ministry of Agriculture on 22.09.2016, production of kharif foodgrains during 2016-17 is estimated at 135.0 million tonnes compared to 124.1 million tonnes in 2015-16.

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

S. No.	Crops	2015-16 (First AE)	2016-17 (First AE)
1	Rice	90.6	93.9
2	Total Coarse Cereals	27.9	32.5
3	Total Pulses	5.6	8.7
4	Total Kharif Foodgrains	124.1	135.0
5	Total Oilseeds	19.9	23.4
6	Sugarcane	341.4	305.2
7	Cotton@	33.5	32.1

@ Production in million bales of 170 kg each

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

During 2016-17, area sown upto 14.10.2016 under all kharif crops taken together was 1075.7 lakh hectares as compared to 1039.7 lakh hectares in the corresponding period of last year and it was higher than 2015-16 by 3.5 per cent.

On account of the volatility of prices of pulses, a Committee on 'Incentivising Pulses Production Through Minimum Support Price (MSP) and Related Policies' was set up under the Chairmanship of Dr. Arvind Subramanian, Chief Economic Adviser. The report is available at http://dea.gov.in/sites/default/files/Pulses_report_16th_sep_2016.pdf

Industry

The performance of the industrial sectors based on the Index of Industrial Production (IIP) comprising mining, manufacturing and electricity shows a lower growth in industrial production during the last few months of 2016- 17. According to the monthly IIP data released by the Central Statistics Office (CSO) under the Ministry of Statistics and Programme Implementation (MOSPI), the industrial growth during April-December 2016-17, was 0.3 per cent over the corresponding period of the previous year. Out of the three broad sectors, electricity sector has recorded remarkable growth and grew at 5.1 per cent as compared to 4.5 per cent growth during the corresponding period of the previous year. Manufacturing and mining sectors grew at (-) 0.5 per cent and 0.9 per cent respectively against the corresponding figures of 3.2 percent and 2.3 per cent of the previous year.

Growth of IIP in April-December, 2016-17 (in Per cent)
(Base 2004-05=100)

Industry Group	Weight	April-December	
		2015-16	2016-17
Mining	141.57	2.3	0.9
Manufacturing	755.27	3.2	-0.5
Electricity	103.16	4.5	5.1
Growth by use-based industrial group			
Basic Goods	456.82	3.5	4.3
Capital Goods	88.25	1.9	-17.3
Intermediate Goods	156.86	2.0	2.8
Consumer Goods	298.08	4.0	0.6
Durables	84.60	12.3	5.0
Non-durables	213.47	-0.9	-2.3
General Index	1000	**3.2**	**0.3**

Source: CSO

As may be seen from the above table, during April-December 2016-17, the basic goods sector showed a growth of 4.3 per cent as compared to a growth of 3.5 per cent during the corresponding period of previous year. Capital goods sector showed a growth of (-) 17.3 per cent as compared to 1.9 per cent growth achieved during the corresponding period of previous year. Intermediate goods achieved a growth of 2.8 per cent as compared to the corresponding figure of 2.0 percent of the previous year. For the consumer goods sector, the growth was 0.6 per cent as against 4.0 per cent in corresponding period of last year. Similarly, in the consumer durables sector, the growth rate was 5.0 per cent as compared to 12.3 per cent of the previous year. In contrast, consumer non-durables sector grew at the rate of (-) 2.3 per cent as against (-) 0.9 per cent achieved during the corresponding period of the previous year.

Infrastructure

The index for eight core industries comprising coal, crude oil, natural gas, refinery products, fertilizers, steel, cement and electricity with a combined weight of nearly 38 per cent in the IIP grew by 5.0 per cent during April-December 2016-17 as compared to growth rate of 2.6 per cent achieved during the corresponding period of 2015-16. During April-December 2016-17, six out of the eight core sectors namely coal, refinery products, fertilizers, steel, cement and electricity sectors achieved positive growth and remaining two sectors i.e, crude oil and natural gas sectors have recorded negative growth. During the first half of 2016-17, major infrastructure sectors viz., power generation, road, cargo & passengers handled at both terminals (international and domestic) of the airport were higher than the respective targets as well as the performance during the previous year. The cargo & coal handled at major port were higher while the goods traffic carried by railways was lower.

Prices

Consumer Price Index (Combined) inflation (Base 2012=100) for 2015-16 declined to 4.9 per cent from 5.9 per cent in 2014-15. It averaged 4.8 per cent in 2016-17 (Apr-Dec) and stood at 3.4 per cent in December 2016. Food inflation based on Consumer Food Price Index (CFPI) declined to 4.9 per cent in 2015-16 from 6.4 per cent in 2014-15. It averaged 5.1 per cent in 2016-17 (Apr-Dec) and dropped to 1.4 per cent in December 2016. Inflation measured in terms of Wholesale Price Index (WPI), declined to (-) 2.5 per cent in 2015-16 from 2.0 per cent in 2014-15. It averaged 2.9 per cent in 2016-17 (Apr-Dec) and stood at 3.4 per cent in December 2016. (Table 1)

Table 1: Inflation in WPI and CPI (in per cent)				
	CPI (Combined)		**WPI**	
	All	Food (CFPI*)	All	Food
Base	2012=100		2004-05=100	
Weight	*100*	*39.1*	*100*	*24.3*
2014-15	**5.9**	**6.4**	**2.0**	**4.9**
2015-16	**4.9**	**4.9**	**-2.5**	**2.6**
2016-17 (Apr-Dec)	**4.8**	**5.1**	**2.9**	**7.3**
Apr-16	5.5	6.4	0.8	6.0
May-16	5.8	7.5	1.2	8.1
Jun-16	5.8	7.8	2.1	8.7
Jul-16	6.1	8.4	3.7	12.0
Aug-16	5.0	5.9	3.9	9.8
Sep-16	4.4	4.0	3.8	8.0
Oct-16	4.2	3.3	3.8	6.7
Nov-16	3.6	2.0	3.2	4.4
Dec-16	3.4	1.4	3.4	2.8

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

*Note: WPI inflation for last two months and CPI (Combined) inflation for last one month are provisional. * Consumer Food Price Index*

As per the revised Monetary Policy Framework, the Government has fixed the inflation target of 4 per cent with tolerance level of +/- 2 per cent for the period beginning from August 5, 2016 to March 31, 2021.

The Government monitors the price situation on a regular basis as controlling inflation is a key priority and has taken a number of measures to control inflation especially food inflation. The steps taken, inter alia, include, (i) increased allocation of Rs. 900 crore for Price Stabilization Fund in the budget 2016-17 to check volatility of prices of essential commodities, in particular of pulses; (ii) created buffer stock of pulses through domestic procurement and imports; (iii) announced higher Minimum Support Prices so as to incentivize production; (iv) issued advisory to States/UTs to take strict action against hoarding and black marketing under the Essential Commodities Act 1955 and the Prevention of Black-marketing and Maintenance of Supplies of Essential Commodities Act, 1980; (v) imposed 20 per cent duty on export of sugar; (vi) imposed minimum export price (MEP) of US$ 360 per tonne on potato; and (vii) reduced import duty on potatoes, wheat and palm oil.

Monetary Developments during 2016-17

The Government amended the Reserve Bank of India Act.1934 during the current financial year. The amended Act provides for inflation target to be set by the Government, in consultation with the Reserve Bank, once in every five years and further provides for a statutory basis for constitution of an empowered Monetary Policy Committee (MPC). As per the revised monetary policy framework, the Government has fixed the inflation target of 4 per cent with tolerance level of +/- 2 per cent for the period beginning from 5th August, 2016 to March 31, 2021. The Government accordingly has notified the constitution of the MPC on 29th September 2016. As per the constitution of the MPC, three members from the RBI including the RBI Governor, one Deputy Governor of RBI and one officer of the RBI would be the ex-officio members of the Committee and another three members would be appointed by the Government. So far the MPC has already held two meetings.

The Reserve Bank of India (RBI) has also refined its monetary policy framework in April 2016 with the objective of meeting short-term liquidity needs through regular facilities, frictional and seasonal mismatches through fine-tuning operations and more durable liquidity by modulating net foreign assets and net domestic assets in its balance sheet. The MPC so far has gone by the script. The MPC, in its latest meeting held on December 7, 2016, while maintaining accommodative the policy stance did not change the policy rate cut down by 25 basis points to 6.25 percent in its first meeting held on October 4, 2016. Hence the reverse repo rate under the Liquidity Adjustment Facility (LAF) remains 5.75 per cent, and the Marginal Standing Facility (MSF) rate is 6.75 per cent.

Table 1: Monetary Policy Staements					
Effective date	**Bank rate/MSF rate* (per cent)**	**Repo rate (per cent)**	**Reverse repo rate (per cent)**	**Cash reserve ratio (per cent of NDTL)**	**Statutory liquidity ratio (per cent of NDTL)**
05-04-2016	7.00	6.50	6.00	4.00	21.25
07-06-2016	7.00	6.50	6.00	4.00	21.25
09-08-2016	7.00	6.50	6.00	4.00	21.00
04-10-2016	6.75	6.25	5.75	4.00	20.75
07-12-2016	8.25	7.25	6.25	4.00	21.50

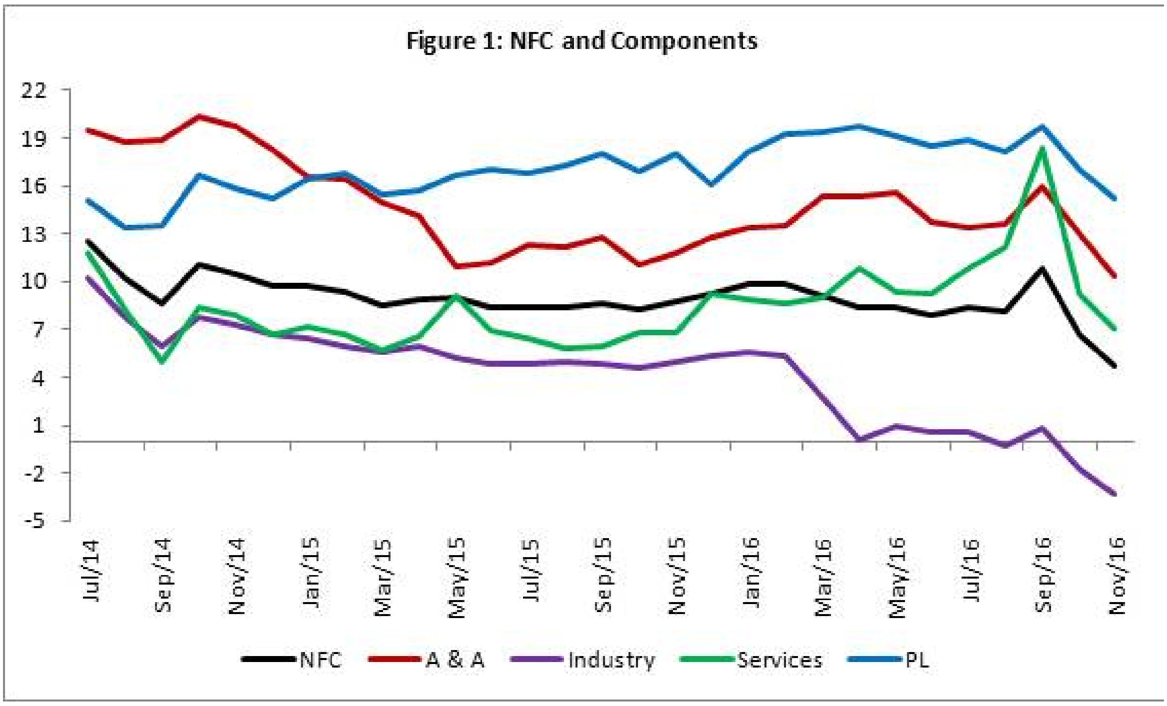
Source: RBI

Performance of the Banking Sector:

The performance of the banking sector, public sector banks (PSBs) in particular, continued to show subdued performance in the current financial year. The asset quality of banks deteriorated further. The gross non-performing assets (GNPA) ratio of scheduled commercial banks (SCBs) increased to 9.1 per cent from 7.8 per cent between March and September 2016. The Tier-I leverage ratio of the SCBs increased marginally between March and September 2016. Profit after tax (PAT) contracted on y-o-y basis in the first half of 2016-17 due to higher growth in risk provisions, loan write-off and decline in net interest income.

The transmission of the rate cuts, however, remained far from perfect. Base rate came down marginally from 9.30/9.70 in April 2016 to 9.30/9.65 as of 30th December 2016. Term deposit rates for greater than one-year maturity period however declined from 7.00/7.50 to 6.50/7.00 during the same period.

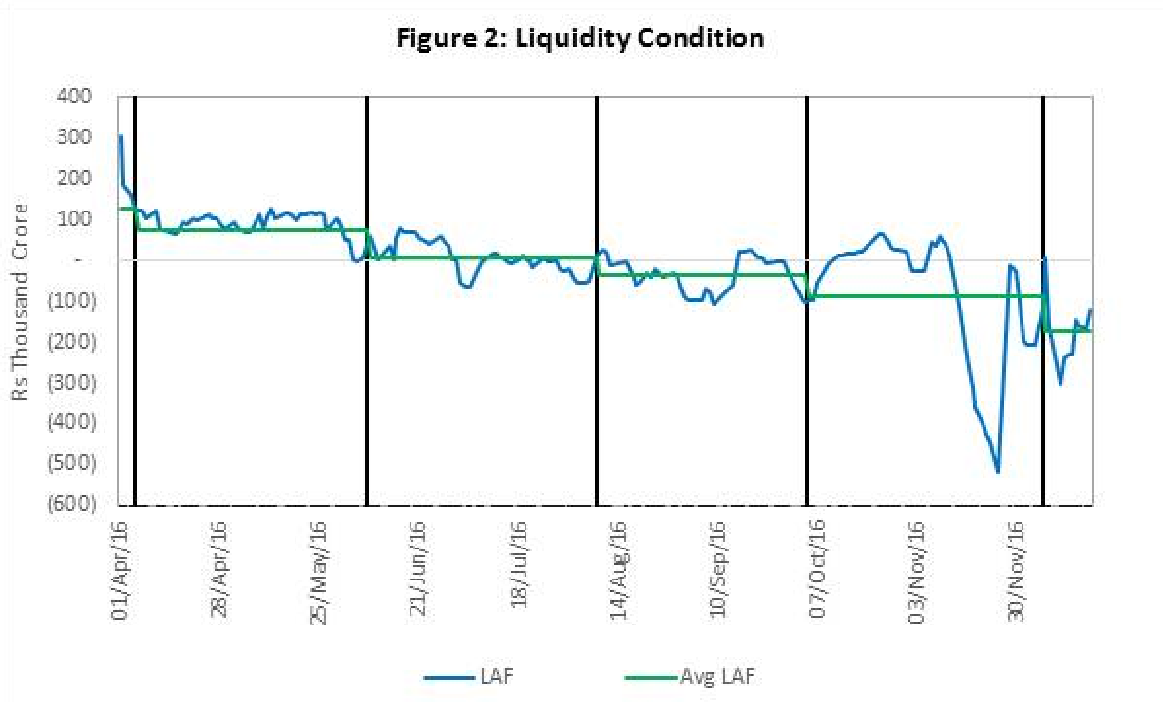
Non- food credit (NFC) outstanding grew at sub 10 per cent for all the months except for September 2016. Credit growth in industrial sector remained persistently below 1 per cent level in all the months during the current fiscal. In fact, credit to industrial sector contracted in the months of August, October and November, 2016. However, bank credit lending to agriculture and allied activities (A&A) and personal loans (PL) segments continue to be the major contributor to overall NFC growth.



Source: Calculation based on RBI data

Liquidity Management:

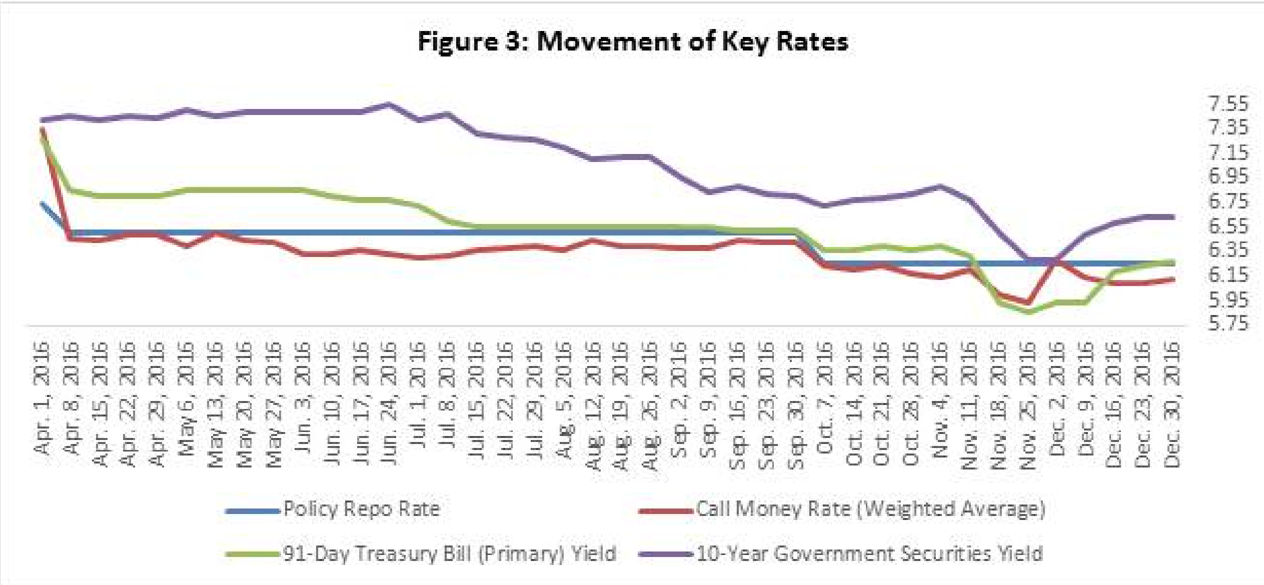
The RBI has been managing liquidity following its liquidity management framework. In order to bring ex ante liquidity conditions close to neutrality it has pumped durable liquidity through open market operations (OMOs). Post the withdrawal of specified bank notes (SBNs), RBI has conducted exceptional operations to mop the large surplus liquidity through variable rate reverse repo. To complement the RBI's efforts, the Government also increased the limit on securities under market stabilisation scheme from Rs. 30,000 crore to Rs. 6 lakh crore. Liquidity conditions were generally tight during Q1 of 2016-17. The condition eased significantly in the subsequent months barring one two exceptional episodes. The weighted average call money rate (WACR), on an average has been hovering around policy rate without crossing the upper and lower bounds of the corridor.



Source: Calculation based on RBI data

Yield on Government bills/ securities

There was a sharp fall in the 91 days t-bill rate in April 2016 owing to 25 bps cut in repo rate. Ten years government security (g-sec) yield however continued to tread high in spite of the rate cut and in fact increased marginally after the rate cut. However, yield on g-sec started softening since June 2016. As of 30th December 2016, 10 year G-sec yield stood at 6.63 per cent.



Source: RBI

Measures to strengthen corporate bond market

The RBI took a number of measures to strengthen the corporate bond market in India. It accepted many of the recommendations of the Khan Committee to boost investor participation and market liquidity in the corporate bond market. The new measures as announced by the RBI included: (a) Commercial banks are now permitted to issue rupee-denominated bonds overseas (masala bonds) for their capital requirements and for financing infrastructure and affordable housing. (b) It has now been decided to permit brokers registered with the Securities and Exchange Board of India (SEBI) and authorised as market makers in corporate bond market to undertake repo / reverse repo contracts in corporate debt securities. This move will make corporate bonds fungible and thus boost turnover in the secondary market; (c) it has now allowed banks to increase the partial credit enhancement they provide for corporate bonds to 50% from 20%. This move will help lower-rated corporates to access the bond market, as a partial credit enhancement could raise their rating to AAA, the highest for bonds ; (d) It has also been decided to allow primary dealers to act as market makers for government bonds. This move will give further boost to government securities by making them more accessible to retail investors; and (e) In order to ease access to the foreign exchange market for hedging in over the counter (OTC) and exchange-traded currency derivatives, the RBI has allowed entities exposed to exchange rate risk, both resident and non-resident, to undertake hedge transactions with simplified procedures, up to a limit of $30 million at any given time.

Services

As per RBI's BoP data, India's services exports at US$ 154.3 billion in 2015-16 declined by 2.4 per cent as a result of the slowdown in global output and trade. However in H1 of 2016-17, at US$ 80 billion, services exports increased by 4.0 per cent compared to 0.3 per cent growth in the same period of the previous year. Net services, which has been a major source of financing India's trade deficit in recent years, registered a negative growths at (-) 9.0 per cent in 2015-16 and (-) 10.0 per cent in H1 of 2016-17 due to relatively higher growth in imports of services during the same periods. Sector-wise, India's services exports show high negative growth in transportation and financial services in 2015-16. In H1 of 2016-17 India's services exports have registered positive growth in most sub sectors except financial services. Growth of software exports which accounted for 48.1 per cent share in services exports was low at 1.4 per cent in 2015-16 and in H1 of 2016-17 there was only a marginal growth of 0.1 per cent.

External Sector

India's Merchandise Trade developments during 2016-17

Reflecting the slowdown in the value of global trade owing to the decline in global commodity prices and weak demand, Indian trade performance also indicates a decline. India's merchandise exports (customs basis) declined by 15.5 per cent to US$ 262.3 billion in 2015-16.

In 2016-17 (April-January), growth of exports was marginally higher by 1.1 per cent (US$ 220.9 billion vis-à-vis US$ 218.5 billion in the corresponding period of previous year). Imports declined by 15.0 per cent to US$ 381.0 billion in 2015-16. Imports for 2016-17 (April-January) were at US$ 307.3 billion which is lower by 5.8 per cent as compared to US$ 326.3 billion in the corresponding period of previous year. Petroleum, Oil and Lubricants (POL) imports declined by 5.8 per cent in 2016-17 (April-January) to US$ 69.1 billion as compared to US$ 73.3 billion in the corresponding period of previous year, mainly due to fall in international crude oil prices. Non-POL imports for 2016-17 (April-January) declined by 5.8 per cent to US$ 238.2 billion compared to US$ 253.1 billion in the corresponding period of the previous year. Gold and silver imports declined by 35.2 per cent in 2016-17 (April-January) to US$ 21.3 billion as against US$ 32.9 billion in the corresponding period of the previous year.

In 2015-16, trade deficit declined by 13.8 per cent to US$ 118.7 billion which was lower than the level of US$ 137.7 billion in 2014-15. However, during 2016-17 (April-January), trade deficit decreased to US$ 86.4 billion as against US$ 107.7 billion in the corresponding period of the previous year.

Balance of Payments (BoP) Developments during 2016-17 (H1)

After high levels of Current Account Deficit (CAD) from 2011-12 to 2013-14 Q1, India's balance of payments situation has been benign and comfortable since then, though the recent weakness in external demand hasadversely affected exports. Nevertheless, currentaccount deficit (CAD) as a proportion of GDP has remained at comfortable levels in 2015-16 & 2016-17 (first half).

During, 2016-17 (April-September), merchandise exports (on BOP basis) decreased by 1.2 per cent to US$ 134.0 billion from a level of US$ 135.6 billion in 2015-16 (April-September). But imports fell by 11.3 per cent to US$ 183.5 billion in 2016-17 (April-September) as compared to US$ 206.9 billion in the corresponding period of the previous year. This led to lower trade deficit of US$ 49.5 billion in 2016-17 (April-September) as compared to US$ 71.3 billion in the corresponding period of the previous year.

Net invisibles receipts were lower at US$ 45.7 billion in 2016-17 (April-September) as compared to US$ 56.7 billion in 2015-16 (April-September) mainly due to relatively higher services import growth of 16 per cent compared to services export growth of 4.0 per cent and moderation in net private transfers. With lower trade deficit, current account deficit (CAD) narrowed to US$ 3.7 billion (0.3 per cent of GDP) in 2016-17 (April-September) from US$ 14.7 billion (1.4 per cent of GDP) in corresponding period of the previous year.

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

Items	2015-16 (April-September) PR	2016-17 (April-September) P
Exports	135.6	134.0
Imports	206.9	183.5
Trade Balance	-71.3	-49.5
Net Invisible	56.7	45.7
Current Account Deficit (CAD)	-14.7	-3.7
External Assistance (Net)	0.2	0.5
Commercial Borrowing (Net)	-1.3	-4.6
FDI (Net)	16.5	21.3
Portfolio (Net)	-3.5	8.2
short Term Debt	-2.5	-0.5
NRI Deposits	10.1	3.5
Errors & Omissions	-1.5	-0.6
Capital Account Balance (Including errors & omission)	25.3	19.2
Overall Balance	10.6	15.5
Change in reserves (- indicates increase; + indicates decrease) (on BoP basis)	-10.6	-15.5

During 2016-17 (April-September) net FDI inflows of US$ 21.3 billion increased by 28.8 per cent over previous corresponding period, while net portfolio inflows were positive at US$ 8.2 billion in 2016-17 (April-September) as against a net outflows of US$ 3.5 billion in corresponding period of previous year. Net capital inflows declined to US$ 19.2 billion (1.8 per cent of GDP) in the first half of 2016-17 from US$ 25.3 billion (2.5 per cent of GDP) in the first half of 2015-16. On a BoP basis, there was a net accretion to India's foreign exchange reserves by US$ 15.5 billion in 2016-17 (April-September), while it increased by US$ 11.8 billion including valuation changes.

Foreign Exchange Reserves

The level of foreign exchange reserves particularly foreign currency assets is largely the outcome of Reserve Bank of India's intervention in the foreign exchange market to stabilize the rupee value. Foreign exchange reserves touched an all time high level of US$ 371.9 billion in end-September 2016. However, it declined to US$ 358.9 billion at end-December 2016 due to intervention by RBI in forex exchange market to stabilize the rupee and partly because of repayment of maturity amount of FCNR (B) deposits accrued between September-November 2013 during the special swap window opened for NRIs. Foreign exchange reserves stood at US$ 362.9 billion on at end January 2017 as against US$ 361.1 billion at end-November 2016. The current position is at a comfortable level to cushion the exchange rate volatility from any international macroeconomic uncertainty.

Exchange Rate of Rupee

In 2016-17 (April-January), the average monthly exchange rate of the rupee (RBI's reference rate) was ₹66.47 per US dollar in April 2016 and ₹68.08 per US dollar in January 2017. The redemption of foreign currency deposits raised in late 2013 was managed relatively smoothly but the depreciation of the rupee could be attributed largely to the strengthening of the US dollar globally following the US presidential election results and tightening of monetary policy by the Federal Reserve. Nevertheless, in 2016-17 so far, the rupee has performed better than most of other EMEs. During 2016-17 (April-January), on y-o-y basis, the rupee depreciated by 3.2 per cent against US dollar as compared to the depreciation of Mexican peso (14.5 per cent), South African Rand (5.8 per cent) and Chinese renminbi (6.1 per cent). On month-on-month basis, the rupee depreciated by 1.6 per cent from ₹67.02 per US dollar in March 2016 to ₹68.08 per US dollar in January 2017. In the month of January 2017, rupee depreciated against US dollar, Euro and Japanese Yen by 0.3 per cent, 1.0 per cent and 1.1 per cent while appreciated against Pound Sterling by 1.0 per cent.

Table: Monthly Average Exchange of Rupee per Foreign Currency

	US Dollar	Pound Sterling	Euro	Japanese Yen**
Apr-16	66.47	95.27	75.41	60.70
May-16	66.91	97.25	75.69	61.48
Jun-16	67.30	95.55	75.57	63.89
Jul-16	67.21	88.52	74.36	64.50
Aug-16	66.94	87.80	75.00	66.06
Sep-16	66.74	87.72	74.83	65.49
Oct-16	66.75	82.55	73.63	64.38
Nov-16	67.64	84.02	73.14	62.62
Dec-16	67.90	84.74	71.60	58.54
Jan-17	68.08	83.86	72.33	59.18

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

External Debt

India's external debt stock stood at US$ 484.3 billion at end-September 2016 recording a decline of US$ 0.8 billion over the level at end-March 2016. The maturity profile of India's external debt indicates dominance of long-term borrowings. At end-September 2016, long-term external debt was US$ 403.1 billion, witnessing an increase of 0.4 per cent over the end-March 2016 level of US$ 401.7 billion. Long-term external debt accounted for 83.2 per cent of total external debt at end-September 2016 vis-à-vis 82.8 per cent at end-March 2016.

The share of US dollar denominated debt continued to be the highest in external debt stock at 55.6 per cent at end-September 2016, followed by Indian rupee (30.1 per cent), SDR (5.8 per cent), Japanese yen (4.8 per cent) and Euro (2.4 per cent). Government (Sovereign) external debt at end-September 2016 stood at US$ 97.5 billion. The share of Government external debt in India's total external debt was 20.1 per cent at end-September 2016 compared to 19.3 per cent at end-March 2016.

India's foreign exchange reserves provided a cover of 76.8 per cent to the external debt stock at end-September 2016 (74.3 per cent at end-March 2016). The ratio of short-term external debt to foreign exchange reserves was 21.8 per cent at end-September 2016, as compared to 23.1 per cent at end-March 2016. The ratio of concessional debt to total external debt increased to 9.4 per cent at end-September 2016 from 9.0 per cent at end-March 2016.

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 various restrictions and rationalizing interest rates on Non-Resident Indian (NRI) Deposits. As a result, external debt has remained within manageable limits.

Climate Change Finance

The Paris Agreement, which was adopted in 2015, for the first time brought together all nations with the common global objective of taking concrete actions against climate change and limiting the temperature increase in this century below 2^{o}C. The Paris Agreement emphasizes that the developed country Parties shall provide financial resources to assist the developing country Parties with respect to mitigation and adaptation in continuance of their existing obligation under the Convention. On 5th October 2016, the threshold for entry into force of the Paris Agreement was achieved when 55 Parties to the Convention accounting in total for at least an estimated 55 % of the total global greenhouse gas emissions deposited their instruments of ratification, acceptance, approval or accession. India ratified the Paris Agreement on 2nd October 2016 and the Agreement entered into force on 4th November 2016.

The 22nd Conference of Parties (COP 22) met in Morocco, Marrakech between 7 and 19 November 2016 to finalise the rules for implementing the Paris Agreement and to advance work on pre-2020 actions. The Marrakech Action Proclamation for our Climate and Sustainable Development was adopted.The Pre 2020 action including mobilization of US$100 billion per year was a key element of the Proclamation.

The Green Climate Fund (GCF) which is expected to be a major channel for international climate finance in the coming years, has been, as on 7 Dec 2016, pledged USD 10.3 billion out of which USD 9.9 billion is in the form of signed contributions.The Board has so far approved 27 projects and programmes worth USD 1.17 billion in 39 countries and has started the pilot projects for enhanced direct access, worth up to USD 200 million, and the issuance of requests for proposals for micro, small and medium-sized enterprises worth up to USD 100 million.

Social Infrastructure, Employment and Human Development

Growth with equity has always been the focus of India's economic policy. Apart from increases in Gross Domestic Product and per capita incomes,the performance of a country is also gauged by improvements in social Infrastructure such as education and health.The investments in human capital by way of education, skill development, training and provision of health care facilities enhance the productivity of the workforce and the welfare of the population. The process of development should be inclusive and all sections of the society including the marginalized sections, women and children should benefit from it.

Population projections indicate that in 2020 the average age of India's population is expected to be the lowest in the world and this provides India with great opportunities in the form of 'demographic dividend'.In order to reap the benefits of this 'demographic dividend', it is imperative that investments in social infrastructure are made in appropriate measure to achieve the desired educational and health outcomes.

Trends in social sector expenditure: Public investments in social infrastructure like education and health are critical for the development of any economy. As per the Reserve Bank of India data, expenditure on social services by Centre and States, as a proportion of GDP, was 7.0 per cent during 2016-17(BE), with education and health sectors accounting for 2.9 per cent and 1.4 per cent respectively. The year 2014-15 in respect of which latest actual figures are available showed a significant decline from the RE level following a large decrease in actual social sector expenditure of the states from the revised estimates. As a percentage of the GDP, the expenditure on education had been almost stagnant at an average of 3.0 per cent during the period 2009-10 to 2016-17(BE). The average expenditure on health has been 1.3 per cent of GDP during the same period.

Progress in Education: Education is a very vital instrument for social and economic transformation. Despite having achieved a Total Gross Enrolment Ratio of 100.1 at primary level (I-V) during 2014-15 and a decline in average drop-out rates form 5.6 per cent to 4.3 per cent during the period 2011-12 to 2013-14 (Provisional Estimates), the learning outcomes for a majority of children still continue to be an area of serious concern. There is an urgent need to focus on improving the quality of education provided in both public and private schools to improve the educational outcomes.

Employment and Unemployment: As per the latest Employment Unemployment Survey (EUS), 2015-16, the Labour Force Participation Rate (LFPR) at the all India level based on Usual Principal Status (UPS) approach was estimated at 50.3 per cent. All India female LFPR is much lower than that for males.There are wide interstate variations in the female LFPR as well. The North Eastern and Southern States, in general, display high female LFPR as compared to low levels in Northern States.

As per EUS, 2015-16, the Unemployment Rate (UR)based on Usual Principal Status approach was estimated to be 5 per cent at the all India level, with rural unemployment rate at 5.1 per cent and the urban unemployment rate at 4.9 per cent. At the all India level, the UR for females was estimated at 8.7 per cent whereas for males it was 4.0 per cent.

The results of the quarterly quick employment surveys conducted by the Labour Bureau in the selected labour-intensive and export-oriented sectors for the period December, 2015 over December, 2014 shows that the employment at overall level increased by 135 thousand. The highest contributor to this increase was the IT/BPOs sector (76 thousand), followed by Textiles including Apparels (72 thousand) and Metals (37 thousand). Employment, however, declined in Gems & Jewellery sector (19 thousand)followed by Handloom/ Powerloom sector (11 thousand), Leather (8 thousand), Automobiles sector (8 thousand) and Transport sector (4 thousand) during the same period.

Health for All: India's health policy aims at an integrated approach which can provide accessible, affordable and equitable quality health care to the marginalized and vulnerable sections of the population in the country. The aim of good health and well-being for all as envisaged in the Sustainable Development Goal 3, *"Ensure healthy lives and promote well- being for all at all ages"* should be synchronized with India's domestic targets to reap the benefits of the 'demographic dividend'.

Despite the challenges faced by the government in providing affordable health services to the population, there have been some notable achievements in the health sector. Life expectancy has doubled, infant mortality and crude death rates have reduced sharply. India's total fertility rate (TFR) has been steadily declining and was recorded at 2.3 (rural 2.5 & urban 1.8) during 2014. IMR (Infant Mortality Rate) has declined considerably from 44 per 1000 live births in 2011 to 37 per 1000 live births in 2015. The challenge, however, lies in addressing the huge gap between IMR in rural areas (41 per 1000 live births) and urban (25 per 1000 live births) areas. The Maternal Mortality Ratio (MMR) estimates have also declined from 301 maternal deaths per 100,000 live births during 2001-03 to 167 maternal deaths per 100,000 live births during 2011-13. However, the SDG 3 has set the target of achieving *“Ensure healthy lives and promote well-being for all at all ages”* among the population with the global targets to reduce Maternal Mortality Ratio (MMR) to less than 70 per 100,000 live births by 2030.

Inclusive Policies of the Government: It is the vision of the Government to have an inclusive society in which equal opportunities are provided for the growth and development of all sections of the population including the marginalized sections, women and children to lead productive, safe and dignified lives. The 'Rights of Persons with Disabilities Act-2016' aims at securing and enhancing the rights and entitlements of Persons with Disabilities (PwDs). The Act has proposed to increase the reservation in vacancies in government establishments from 3 per cent to 4 per cent for those persons with benchmark disability and high support needs.

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. It is responsible for the implementation of the recommendations of the Finance Commission and Central Pay Commission, monitoring of audit comments/ observations, preparation of Central Government Accounts. It further assists central Ministries/ Departments in controlling the costs and prices of public services, reviewing system and procedure to optimize outputs and outcomes of public expenditure. The Department has under its administrative control the National Institute of Financial Management (NIFM), Faridabad, which is an autonomous body. The principal activities of the Department include overseeing the expenditure management in the central Ministries/ Departments through the interface with the Financial Advisers and the administration of the Financial Rules/ Regulations/ Orders, pre-sanction appraisal of major schemes/ projects, handling bulk of the central budgetary resources transferred to State.

The business allocated to the Department of Expenditure is carried out through its Establishment Division, Plan Finance-I and Plan Finance-II Divisions, Public Procurement Division (PPD), Office of Chief Adviser Cost, Controller General of Accounts and 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 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 for the Budget 2016-17 has been clarity in tax laws, a stable tax regime, a non- adversarial tax administration leading to widening and deepening of tax base and a fair mechanism for dispute resolution.

4. The Income Tax Offices throughout the country continued their drive against tax evaders. During the F.Y. 2016-17 (up to 30.11.2016), searches were conducted in 366 groups resulting in seizures of assets worth Rs.689.61 crore and admission of undisclosed income of Rs.9,923 crore. During the same period, 4,587 surveys conducted resulted in detection of undisclosed income of Rs.8,017 crore. Prosecutions were filed in criminal courts in 323 cases (up to October 2016) and 404 prosecutions were compounded. During F.Y. 2015-16, 98.77 Lakh new taxpayers were added to the tax base. CBDT also implemented successfully the Income Declaration Scheme, 2016 which came into effect from 1st June, 2016. Under the Scheme, 71,726 declarations were filed up to the closing date of 30th September, 2016 disclosing Rs. 67,382 crore worth of undeclared incomes in the form of cash and other assets.

5. The Customs and Central Excise offices continued their drive vigorously against duty evasion. During the F.Y. 2016-17 (Jan. - Nov. 2016), 2058 cases of Central Excise duty evasion involving Rs. 5073.14 crore were detected. In respect of Service Tax 7548 cases were registered involving Service Tax evasion amount of Rs. 14696.20 crore. Similarly, 2289 cases were registered evading Customs duty during the F.Y. 2016-17 (Jan - Nov. 2016) involving a duty recovery of Rs. 2338.83 crore. 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 F.Y. 2016-17, 36279 cases of outright smuggling were detected and contraband goods worth Rs 4171.92 crore were seized. During F.Y 2016-17, 1022 cases of Commercial fraud involving a value of Rs. 2276.51 crore were also detected.

4. Department of Investment and Public Asset Management

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

The Department of Disinvestment has been re-named as Department of Investment and Public Asset Management (DIPAM) with effect from 14th April, 2016.

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, Managing Director and Chief Executive Officers (MD & CEOs), Executive Directors (EDs), Chairman cum Managing Directors (CMDs), legislative matters, international banking relations, appointment of Governor/Deputy Governor of Reserve Bank of India, matters relating to National Bank for Agriculture and Rural Development (NABARD), Co-operative Banks, Regional Rural Banks (RRBs) and Rural/Agriculture Credit. The Department also oversees the Financial Inclusion programme of the Government, Social Security Schemes and other targeted schemes aimed at facilitating flow of credit, matters relating to Insurance Sector and performance of Public Sector Insurance Companies, administration of various Insurance Acts, matters relating to Insurance Regulatory & Development Authority of India (IRDAI). Matters relating to Pension Reforms including the National 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.

1.2 The Division monitors economic developments, domestic and external, and advises on policy measures relating to macro management of the economy.

1.3 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 end quarter Macro Economic Analysis that is provided to the Budget Division for incorporating in the review of quarterly receipts and expenditure.

1.4 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.

1.5 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.

1.6 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 6th Delhi Economics Conclave-(2015) on "Realising India's JAM vision" was inaugurated by Hon'ble Prime on 6th November 2015 wherein researchers, policy makers, industry leaders, bankers and economists & academicians from India and abroad participated.

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

- Macro Indicators
- Public Finance
- Prices
- Agriculture and Food Management
- Industry and Infrastructure
- Services
- BoP, Trade and External Debt
- Social Infrastructure, Human Capital and Development
- Financial Intermediation and Monetary Management
- Climate Change Finance
- Coordination

Macro Indicator

1.8 The Macro Unit is responsible for: (a) analyzing and monitoring India's macroeconomic parameters, (viz. gross domestic product, saving, investment, etc.); (b) country coordination for Special Data Dissemination Standard of the International Monetary Fund; (c) maintaining the National Summary Data Page on a routine basis (d) compilation of the Macroeconomic Framework Statement that forms part of the Union Budget and the Macroeconomic Backdrop for the FRBM (Fiscal Responsibility Budget Management) statements that are laid in the Parliament every quarter; (e) some calculations and projections related to annual budget exercise; (f) drafting the portions of Economic Survey and Mid-year Economic Analysis related to macro-economic parameters; (g) preparation of the Monthly Economic Report; (h) attending to requirements of inputs, briefs, speeches, Parliamentary references, etc. related to the state of economy.

Public Finance

1.9 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.

Prices

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

Agriculture & Food Management

1.11 The Agriculture and Food Management Unit advises the Government on policy issues relating to agriculture and allied sectors, food management and the food processing sector. The Unit examines policy notes on fixing Minimum Support Prices (MSPs) for major crops, crop insurance policy and other agricultureal policies. It also critically analyses select aspects of production and area sown of Rabi and Kharif crops. The periodical monitoring of progress of monsoon and rainfall distribution is also undertaken by the Unit. The Unit does critical appraisals of developments in agriculture and food management to suggest appropriate policy directions.

Industry & Infrastructure

1.12 Industry and Infrastructure Unit advises the Government on policy issues relating to Industry at both macro and sectoral levels. The unit regularly monitors and reviews 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.

Services Sector

1.13 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.

Trade & BoP Unit

1.14 The Trade & BoP 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 India's foreign trade. This Unit also monitors and analyses issues related to global developments and institutions like IMF, World Bank, WTO.

External Debt Management Unit (EDMU)

1.15 The External Debt Management Unit (EDMU) 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 the World Bank. The Unit also brings out an Annual Status Report on India's External Debt and publishes data for end-September and end-December quarter every year.

Social Infrastructure, Employment and Human Development Unit

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

Financial Intermediation and Monetary Management

1.17 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.

Climate Change

1.18 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.

Coordination

1.19 Coordination Unit is responsible for organizingthe pre-budget consultations of Finance Minister withdifferent stakeholder groups like Agriculture Sector, SocialSector related Group, Industry and Trade Sector, TradeUnions, Banking and Financial Institutions, Economistsand IT(Software & Hardware). The Unit is also responsiblefor Organizing Delhi Economics Conclave (DEC). TheAdministrative and coordination work for production andsubmission of Economic Survey and Mid Year Economic Analysis to the Parliament are also done by this unit.Inputs/materal for Finance Minister's Speeches ondifferent occasions and for Annual/Spring Meetings of theWorld 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, 2016 to 31stDecember, 2016 , 34 Reports of the C&AG of India were laid before the Parliament and 36 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 isalso 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 Income Scheme, Senior Citizens Savings Scheme, National Savings Certificate (VIII-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 2016-17 RE were ₹ 504495.30 crore as against the deposit of ₹ 445973.79 crore during the same period last year. An amount of ₹ 13000.00 crore is to be transferred, as share of net small savings collections to Arunachal Pradesh, Kerala, Madhya Pradesh and UT of Delhi during the current fiscal, as against the sum of ₹ 58190.47 crore transferred to all States and UTs (with Legislature) last year to .

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, the "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 were being invested in the Special Securities of State Government and UTs (with legislature). However, based on the recommendation of the Fourteenth Finance Commission, it has been decided to advance NSSF loans only to the willing States w.e.f. 01.04.2016. Accordingly, only four States, namely, Arunachal Pradesh, Delhi, Kerala and Madhya Pradesh which have opted for the NSSF loan shall be proided with the loans during the year 2016-17. Besides, it has been decided to invest NSSF corpus in alternative avenues and a loan of ₹ 45,000 crore has been approved to be extended to the Food Corporation of India.

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 the FY 2015-16 and for FY 2016-17 is given below:

Instrument	Rate of interest % From 1.4.15 to 31.3.16	Rate of interest % From 1.4.16 to 30.6.16	Rate of interest % From 1.7.16 to 30.9.16	Rate of interest % From 1.10.16 to 31.12.16	Rate of interest % From 1.1.17 to 31.3.17
Savings Deposit	4.0	4.0	4.0	4.0	4.0
1 Year Time Deposit	8.4	7.1	7.1	7.0	7.0
2 Year Time Deposit	8.4	7.2	7.2	7.1	7.1
3 Year Time Deposit	8.4	7.4	7.4	7.3	7.3
5Year Time Deposit	8.5	7.9	7.9	7.8	7.8
5 Year Recurring Deposit	8.4	7.4	7.4	7.3	7.3
5 Year SCSS	9.3	8.6	8.6	8.5	8.5
5 Year MIS	8.4	7.8	7.8	7.7	7.7
5 Year NSC	8.5	8.1	8.1	8.0	8.0
PPF	8.7	8.1	8.1	8.0	8.0
Sukanya Samriddhi Account	9.2	8.6	8.6	8.5	8.5
Kisan Vikas Patra	8.7 (will mature in 100 months)	7.8 (will mature in 110 months)	7.8 (will mature in 110 months)	7.7 (will mature in 112 months)	7.7 (will mature in 112 months)

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 2016-17 at Rs. 6,00,000 crore (Gross) and Rs. 4,25,181 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 During the financial year 2016-17, Government has curtailed gross borrowing Rs. 18,000 crore (Aprox). However the final position of issuance of Government securities will only be known at the year end as the buyback, switching and market making are in progress.

2.84 The weighted average yield and maturity of dated securities issued during 2016-17 (April 2016 to February 13, 2017) were 7.16% and 14.76 years respectively, as compared to 7.89% and 16.03 years in the corresponding period of the financial year 2015-16

2.8.4 Detailed analysis of existing debt and liabilities of the government is brought out in the annual debt papers, published during 2011-12, 2013-14, 2014-15, 2015-16 and 2016-17, (These are available in www.finmin.nic.in).

2.9 Fiscal Responsibility and Budget Management (FRBM) Section:

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 Section. 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.

2.9.2 During the period from January 1, 2016 to December 31, 2016, in compliance with the relevant provisions of the FRBM Act and Rules framed there under the following documents were prepared and laid before both Houses of Parliament.

1) Statements of fiscal policy:
   a) Medium-Term Fiscal Policy Statement
   b) Fiscal Policy Strategy Statement
   c) Macro-Economic Framework Statement
   d) Medium Term Expenditure Framework (MTEF) Statement.
2) Disclosure statements:
   a) Tax Revenues raised but not realised.
   b) Arrears of Non-Tax Revenues.
   c) Asset Register.
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 2015-16
   (b) At the end the financial year 2015-16
   (c) First Quarter of the financial year 2016-17
   (d) Second Quarter of the financial year 2016-17

2.9.3 Fiscal indicators in FY 2015-16 and estimates for 2016-17 are as below:

(% of GDP)

Fiscal Indicator/ Year	2015-16 (Actuals)	BE 2016-17
Fiscal Deficit	3.9	3.5
Revenue Deficit	2.5	2.1
Effective Revenue Deficit	1.5	0.9
Total outstanding liabilities at the end of the year*	47.7	46.7

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

* "GDP" is Gross Domestic Product at current market prices.

2.10 Cash Management

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 was introduced in respect of 15 Demands for Grants in Central Government w.e.f. April 1, 2006 vide this Ministry's O.M. No.21(1)-PD/2005 dated January 10, 2006. The system was later extended to 23 & 46 Demands for Grants w.e.f. April 1, 2007 and April 1, 2012. It has now been made applicable to all the Demands for Grants of the Union Government vide this Ministry's O.M. No.21(1)-B(PD)/2014 dated July 22, 2015 and F.No. 4(10)-W&M/2016 dated August 4, 2016. As per the guidelines of the system all the Demands for Grants are required to prepare and send their Monthly Expenditure Plans (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 and MEP for the month of March may not exceed 15% of Budget Estimate.

2.11 Public Debt Management Cell (PDMC)

2.11.1 Government of India has expressed its intention to establish an autonomous Debt Management Office (DMO)/ Public Debt Management Agency (PDMA), in multiple budget announcements since 2007-08. A Middle Office (MO) was set up in the DEA, MoF in September 2008, consequent upon Union Budget 2007-08 announcement, as the first phase in establishing an autonomous DMO. The MO built up skills and developed expertise in a number of debt management functions over the period.

2.11.2 As per FM's commitment in Lok Sabha in April 2015, the consultation were held with RBI and other stakeholders, to discuss way ahead towards setting up PDMA. It was agreed to initially set up a Public Debt Management Cell (PDMC) as an interim arrangement before setting up of an independent and statutory PDMA in due course. It was decided that the work for moving towards PDMA would be taken up in a phased manner. Accordingly, PDMC made operational vide Budget Division notification F.No.1/1/2010 MO (Vol.II) dated October 4, 2016. PDMC is expected to be upgraded to a statutory body (PDMA) in about 2 years. The extant MO in Budget Division stands subsumed into the PDMC with immediate effect. The details and salient features are as under:

i. The PDMC has been set up in Budget Division, Department of Economic Affairs (DEA), Ministry of Finance (MoF), as an interim arrangement before setting up an independent and statutory debt management agency, namely Public Debt Management Agency (PDMA) of India, in due course.

ii. The interim arrangement will allow separation of debt management functions from RBI to PDMA in a gradual and seamless manner, without causing market disruptions.

iii. The PDMC will have only advisory functions to avoid any conflict with the statutory functions of RBI.

iv. The transition process from PDMC to PDMA would be implemented by a Joint Implementation Committee (JIC) to be chaired by JS (Budget), with members from Government and RBI. JIC would operate under the supervision of the Monitoring Group on Cash and Debt Management (MGCDM) with Secretary, Economic Affairs and DG, RBI as Co-chairpersons. The MGCDM would act as a coordinating platform in the interim arrangement to ensure smooth conduct of fiscal, monetary and liquidity management, along with debt management.

2.11.3 Government of India aims towards transparency in public debt management operations. The Government of India has been publishing a number of documents towards this aim detailing overall debt position of the country, consolidated debt data relating to public debt, debt management strategies of Central Government Debt, etc. These publications include an annual Government Debt Status Paper (since 2010), Debt Management Strategy document (2015) and Handbook of Statistics on Central Government Debt (since 2013). Government has now decided to consolidate all these publications into a single report to bring complete Government Debt and its Management related information at one place. This report, 'Status Paper on Government Debt-September', was released on Oct 21, 2016. The report covers various facets of public debt including overall debt position of the country, assessment on aspects of debt sustainability, debt management strategy covering various risks, etc.

2.12 Hindi Branch

2.12.1 All Budget documents are presented to the Parliament in Hindi and English. Besides Budget documents Economic Survay, Hindi Branch has also prepared Hindi versions of Supplementary Demands, Economic Classification Report, Reports on Public Statistics and Status Report of External Debt, FRBM Quarterly Reports which were laid before the Parliament.

2.12.2 The translation of other Official Documents as envisaged in the Official Languages Act, 1963 and Rules made there under was also under taken by the Hindi Branch during the year under report. These include agreements with Foreign Governments and International Agencies, Cabinet Notes, Parliament Questions' Answers/ Assurances, Notifications, Standing Committee Papers, Action Taken Reports, Monthly Summary for the Cabinet, Official letters and External Assistance Report etc.

3. Financial Markets Division

3.1 Indian Market Performance

3.1.1 Indian markets recorded modest growth of 2 - 3.5 per cent (Sensex was up by 2.05 per cent while Nifty was higher by 3.5 per cent) till 30th November, 2016 as compared to the levels on 31st December, 2015. Among the selected world indices, Brazil's Ibovespa registered the highest percentage change of 42.81 percent in the given period.

Index	Last Trading Day of 2014	Last Trading Day of 2015	30th Nov, 2016	% change in 2016 over 2015 (as on 30th November, 2016)
S&P BSE SENSEX	27499.42	26117.54	26652.81	2.05
NSE CNX NIFTY	8282.7	7946.35	8224.5	3.50
S&P 500	2058.9	2043.94	2198.81	7.58
DAX	9805.55	10743.01	10640.3	-0.96
FTSE 100	6566.09	6242.32	6783.79	8.67
NIKKEI 225	17450.77	19033.71	18308.48	-3.81
HANG SENG	23605.04	21914.40	22789.77	3.99
BRAZIL IBOVESPA	50007.41	43349.96	61906.36	42.81
KOSPI	1915.59	1961.31	1983.48	1.13
DOW JONES INDUS. AVG	17823.07	17425.03	19123.58	9.75
SHANGHAI SE	3234.677	3539.18	3250.035	-8.17
CAC 40	4272.75	4637.06	4578.34	-1.27

3.1.2 Stock market index is considered as the barometer of country's financial health. Movements of stock prices are seen to depend on firm specific (microeconomic) factors, macroeconomic factors, monetary and fiscal policy announcements, domestic and international economic or social or political events, market sentiments/expectations about future growth trajectory of corporate houses and the economy in general, etc. Some of the closely watched developments during the last calendar year were the Brexit, the US Presidential elections, policy decisions by the OPEC regarding oil production cuts and announcements by the US Federal Reserve and the Reserve Bank of India (RBI).

Table 2

Net FPI/FII Investment in India in 2010-2016 (in INR Crores)

Segments	2010	2011	2012	2013	2014	2015	2016*
Equity	133266	-2714.3	128359.8	113136	97054	17808	28485
Debt	46408.1	42067	34988	-50849	159156	45857	-42761
Total	179673.9	39352.9	163347.9	62286	256213	63663	-14276

* Investments up to December 15, 2016

Source: NSDL

3.2 Primary Market (Equity and Public Debt Issues)

3.2.1 In 2016-17 (April-November), resource mobilization through public issues has increased but right issues have decreased as compared to the last financial year. During 2016-17 (April-November), 80 companies have accessed the capital market and raised Rs. 48,325 crore compared to Rs 22,491 crore raised through 63 issues during the corresponding period of 2015-16. There were 75 public issues which raised Rs 47,027 crore and five rights issues which raised Rs 1,298 crore during Apr-Nov 2016. Among the public issues, there were 65 IPOs and 10 public debt issues.

Items	2016-17$		2015-16$	
	No. of Issues	Amount (Rs crore)	No. of Issues	Amount (Rs crore)
1	6	7	8	9
a. Public Issues	75	47,027	54	13,861
(i) Debt	10	23,893	10	4,232
(ii) Equity, of which				
IPOs	65	23,134	44	9,629
FPOs	0	0	0	0
b. Rights Issues	5	1,298	9	8,631
Total Equity Issues a(ii)+b	70	24,432	53	18,260
Grand Total (a+b)	***80***	***48,325***	***63***	***22,491***

Notes:

1. IPOs - Initial Public Offers, FPOs - Follow on Public Offers
2. The primary market resource mobilization is inclusive of the amount raised on the SME platform.
4. $ indicates April-November of the respective financial year.

Source: SEBI

3.3 Primary Markets

3.3.1 Development of corporate bond markets in India.

3.3.1.1 The 16th meeting of the FSDC Sub-Committee (FSDC-SC) was held on 10.09.2015. In the said meeting, Secretary, DEA suggested that a working group may be constituted under the chairmanship of Deputy Governor (DG), Reserve Bank of India (RBI) with representation from Ministry and all regulators to come out with implementable recommendations regarding developing the corporate bond market. Accordingly, a Working Group (WG) was constituted under the chairmanship of Shri Harun Rashid Khan, Deputy Governor RBI, Additional Secretary (Investment) and Joint Secretary (Financial Markets) are the members in the Working Group from Department of Economic Affairs. Various meeting were held for finalization of the recommendations of working group. The working group has submitted its report on 12.08.2016 to RBI for further necessary action on the recommendations made by the group. The Working Group made 29 recommendations for the development of corporate bond market in India.

3.3.1.2 Further, three review meetings were held on 29.09.2016, 08.11.2016 and 14.12.2016 under the Chairmanship of Additional Secretary (Investment) with the representatives of RBI, Securities and Exchange Board of India (SEBI), Pension Fund Regulatory and Development Authority (PFRDA) and Insurance Regulatory and Development Authority of India (IRDAI) to monitor the implementation of recommendations of the Working Group.

3.3.1.3 A number of measures for the development of corporate bond market were announced in Budget 2016 by the Hon'ble Finance Minister in his Budget speech 2016-17. In pursuance of these announcements, following steps have been taken:

(a) RBI has issued guidelines to encourage large borrowers to access a certain portion of their financing needs through market mechanism on 25.08.2016 and the guidelines will be effective from 01.04.2017.

(b) Necessary amendments to FEMA regulations to allow investment by FPIs in unlisted debt securities and pass through securities issued by securitizations SPVs /Special Purpose Distinct Entity (SPDE) have been notified on 24.10.2016 and corresponding circular issued by RBI on 17.11.2016.

(c) SEBI issued a circular on 21.04.2016, making it mandatory for issuance of Rs 500 crore or more of debt securities to happen through Electronic Book Mechanism (EBM) after 30.06.2016. BSE and NSE have launched their platforms as BSE BOND platform and NSE's EBP Platform respectively on 01.07.2016.

(d) The trade repository for corporate bond is implemented in two phases. Phase one was made effective from 01.07.2016. The second phase of trade repository for corporate bonds has become operational with effect from 01.11.2016.

Further, out of 29, the following recommendations have been implemented as on 26.12.2016:

i. Standardization of corporate bond issuance: It was recommended that SEBI may have a re-look at the guidelines issued in October 2013, so as to clarify on day count convention, shut period, basis for yield calculation, calculation of coupon interest and redemption with intervening holidays with illustrations. SEBI has issued a circular on 11.11.2016 clarifying the standardization procedure for corporate bond issuance.

ii. **FPIs investment in corporate bonds:** Necessary amendments to FEMA regulations to allow investment by FPIs in unlisted debt securities and pass through securities issued by securitizations SPVs /Special Purpose Distinct Entity (SPDE) have been notified on 24.10.2016 and corresponding circular issued by RBI on 17.11.2016.

iii. **Electronic book for private placement of bonds:** SEBI issued a circular on 21.04.2016, making it mandatory for issuance of Rs 500 crore or more of debt securities to happen through Electronic Book Mechanism (EBM) after 30.06.2016. Further, for all issues below Rs.500 crore, the issuer shall disclose the coupon, yield, amount raised, number of investors and category of investors to the Electronic Book Provider and/ or to the information repository for corporate debt market. BSE and NSE have launched their platforms as BSE BOND platform and NSE's Electronic Book Building (EBP) Platform respectively on 01.07.2016.

iv. **Integrated Trade Repository:** The trade repository for corporate bond has been implemented in two phases. Phase one secondary market trade was made effective from 01.07. 2016. The second phase of primary market trade repository for corporate bonds has become operational w.e.f. 01.11. 2016.

v. **Market makers in corporate bond market**: RBI vide notification dated 25.08.2016 has permitted brokers registered with the Securities and Exchange Board of India (SEBI) and authorised as market makers in the corporate bond market to undertake repo / reverse repo contracts in corporate debt securities.

vi. **Basel III compliant Perpetual Bonds:** PFRDA vide its circular dated 02.09.2015 has allowed investment in Basel III compliant Perpetual Bonds. IRDAI has also issued a circular on 30.11.2016 allowing investment in "Additional Tier 1 (Basel III compliant) Perpetual Bonds" [AT1 Bonds].

vii. **Credit enhancements of bonds:** RBI vide notification dated 25.08.2016, decided that the aggregate exposure limit of all banks towards the PCE for a given bond issue would be capped at 20 per cent of the bond issue size. On review, it has been decided to increase the aggregate exposure limit from the banking system to 50 per cent of the bond issue size, with a limit up to 20 per cent of the bond issue size for an individual bank

viii. **Market –Making Scheme:** NSE has vide its circular dated 31.08.2016 laid out the framework of market making in corporate bonds. BSE vide notice dated 25.10.2016 put in place framework for market making in corporate bonds.

ix. **Corporate bond index**: BSE has launched bonds Index. This index has been developed and maintained by Asia Index Pvt. Ltd, which is a JV between BSE and S&P Dow Jones Inc. While NSE is still exploring the options to launch suitable index for corporate bonds.

x. **Encouraging corporates to tap capital market:** Large corporates with borrowings from the banking system above a cut-off level would now be required to tap the market for a portion of their working capital and term loan needs. RBI has issued guidelines on 25.08.2016 on enhancing credit supply for large borrowers through market mechanism and the same will be effective from 01.04.2017.

xi. **Investor Protection: Revamp Bankruptcy Act and SARFAESI Act:** In order to achieve the objective behind the Bankruptcy Code, issues such as early notification of the rules, development of insolvency professionals, tribunal/court infrastructure and information utilities and quick redressal of the transitional problems, has been operationalized by Ministry of Corporate Affairs.

3.3.2 Reforms in Mutual Fund Industry

3.3.2.1 In order to mitigate risks arising on account of high levels of exposure in the wake of events pertaining to credit downgrades and put mutual funds in a better position to handle adverse credit events, it was decided to review restrictions on investments by Mutual funds at single issuer level, sector level and to introduce group level exposure limits for investment in debt instruments. These restrictions on investments by Mutual funds were discussed in 163rd SEBI Board meeting held on 11.01.2016

3.3.2.2 Pursuant to SEBI Board meeting, with respect to single issuer limits, SEBI (Mutual Funds) Regulations, 1996 (Regulations) were amended vide gazette notification dated 12.02.2016, wherein restrictions on investments were:

a. Merged for money market instruments and non-money market instruments at the scheme-level;

b. Reduced to 10% of Net Asset Value (NAV) extendable to 12% of NAV with the prior approval of the Board of Trustees and the Board of Asset Management Company.

With respect to sector level limits and group level limits, a circular was issued on 15.02.2016, wherein:

a. Single sector exposure limit were reduced from the current 30% of NAV to 25% of NAV and additional exposure limit provided for Housing Finance Companies (HFCs) in finance sector were reduced from 10% of NAV to 5% of NAV;

b. Group level limits were introduced for debt schemes wherein Mutual Funds/ Asset Management Companies (AMCs) were required to ensure that total exposure of debt schemes of mutual funds in a group (excluding investments in securities issued by Public Sector Units, Public Financial Institutions and Public Sector Banks) shall not exceed 20% of the net assets of the scheme. Such investment limit may be extended to 25% of the net assets of the scheme with the prior approval of the Board of Trustees.

3.3.2.3 Vide circular dated 25.02.2016 of SEBI, the unclaimed redemption and dividend amounts, that were allowed to be deployed only in call money market or money market instruments, were also allowed to be invested in a separate plan of Liquid scheme/ Money Market Mutual Fund scheme. AMCs shall not be permitted to charge any exit load in this plan and Total Expense Ratio (TER) of such plan shall be capped at 50 bps.

3. 3.2.4 Further, to ensure Mutual Funds play a pro-active role in tracing the rightful owner of the unclaimed amounts:

a. Mutual Funds shall be required to provide on their website, the list of names and addresses of investors in whose folios there are unclaimed amounts.

b. AMFI shall also provide on its website, the consolidated list of investors across Mutual Fund industry, in whose folios there are unclaimed amounts. The information provided herein shall contain name of investor, address of investor and name of Mutual Fund/s with whom unclaimed amount lies.

c. Information at point (a) & (b) above may be obtained by investor only upon providing his proper credentials (like PAN, date of birth, etc.) along-with adequate security control measures being put in place by Mutual Fund / AMFI.

d. The website of Mutual Funds and AMFI shall also provide information on the process of claiming the unclaimed amount and the necessary forms / documents required for the same.

e. Further, the information on unclaimed amount along-with its prevailing value (based on income earned on deployment of such unclaimed amount), shall be separately disclosed to investors through the periodic statement of accounts / Consolidated Account Statement sent to the investors.

3. 3.2.5 To increase penetration, vide circular dated 25.02. 2016, SEBI mandated that simple and performing Mutual Fund schemes, which are allowed to be sold by new cadre of distributors, shall also comprise of Retirement benefit schemes having tax benefits and Liquid schemes/ Money Market Mutual Fund schemes.

3. 3.2.6 To increase transparency of information to investors, SEBI vide circular dated 18.03. 2016, has mandated the followings:

a. Each Consolidated Account Statement (CAS) issued to the investors shall provide the total purchase value / cost of investment in each scheme

b. CAS issued for the half-year (September/ March) shall also provide the amount of actual commission paid by AMCs/Mutual Funds to distributors (in absolute terms) during the half-year period against the concerned investor's total investments in each Mutual Fund scheme and the scheme's average Total Expense Ratio (in percentage terms) for the half-year period, of both direct plan and regular plan, for each scheme where the concerned investor has invested in.

3. 3.2.7 To improve transparency as well as ease of access to Mutual Fund scheme related information, SEBI vide circular dated 18.03.2016 mandated that Mutual Funds shall provide the additional disclosures in the offer documents on the tenure for which the fund manager has been managing the scheme shall be disclosed, along with the name of scheme's fund manager(s), Scheme's portfolio holdings (top 10 holdings by issuer and fund allocation towards various sectors), along with a website link to obtain scheme's latest monthly portfolio holding, In case of Fund of Funds schemes, expense ratio of underlying schemes and Scheme's portfolio turnover ratio. Further, additional disclosures shall be provided in Scheme Information Document (SID) of the Mutual Fund on the aggregate investment in the scheme on the AMC's Board of Directors, Concerned scheme's Fund Manager(s) and other key managerial personnel. Separate SID for each Mutual Fund scheme managed by AMC shall also be made available on Mutual Funds / AMCs website.

3.3.2.8. Each Mutual Fund is required to have a dashboard on their website providing performance and key disclosures pertaining to each scheme managed by AMC. The information should include scheme's Assets under Management (AUM), investment objective, expense ratios, portfolio details and scheme's past performance, among others. Such information shall be provided in a comparable, downloadable (spreadsheet) and machine readable format.

3.3.2.9. To promote transparency in remuneration policies, so that executive remuneration is aligned with the interest of investors, it was mandated, vide circular dated 18.03.2016 that Mutual Funds /AMCs shall make the disclosures pertaining to a financial year on the Mutual Fund/AMC website under a separate head – 'Remuneration' Chief Executive Officer (CEO), Chief Investment Officer (CIO) and Chief Operations Officer (COO) or their corresponding equivalent by whatever name called, The ratio of CEO's remuneration to median remuneration of Mutual Fund/AMC employees Mutual Fund's total Average AUM, debt Average AUM and equity Average AUM and rate of growth over last three years.

3.3.3 Enhancing Powers of Debenture Trustees

3.3.3.1 With a view to protect the interest of the Debenture Holders, the Government of India, has modified the definition of Secured Creditors under Securitization and Reconstruction of Financial Assets and Enforcement of Security Interests (SARFAESI) and Recovery of Debts Due to Banks and Financial Institutions (RDDBFI) Act to also include Debenture Trustee. The same has been notified, *vide* Gazette Notification 12.08.2016 (44 of 2016).

3.3.4 Other initiatives taken by SEBI in consultation with Department of Economic Affairs.

3.3.4.1 On 25.05.2016,SEBI amended the SEBI (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013 and SEBI (Issue and Listing of Debt Securities) Regulations, 2008 to impose restrictions on willful defaulters in the following manner:

3. 3.4.2 It is stated that no issuer shall make any public issue of Non-Convertible and Redeemable Preference Shares /debt securities, if as on the date of filing of draft offer document or final offer document, the issuer or any of its promoters or directors is a willful defaulter or it is in default of payment of interest or repayment of principal amount in respect of non-convertible redeemable preference shares issued by it to the public, if any, for a period of more than six months.

3. 3.4.3 Further, the disclosures shall also be made in case of listing of Non-Convertible and Redeemable Preference Shares /debt securities made on private placement on the name of the bank declaring the entity as a willful defaulter, the year in which the entity is declared as a willful defaulter, outstanding amount when the entity is declared as a willful defaulter, name of the entity declared as a willful defaulter, steps taken, if any, for removal the from the list of willful defaulter, other disclosures, as deemed fit by the issuer in order to enable investors to take informed decisions and any other disclosure as specified by the Board.

3.3.4.4 It has also been stated that the fact that the issuer or any of its promoters or directors is a willful defaulter shall be disclosed prominently on the cover page with suitable cross referencing to the pages.

3.3.5 Initiatives for strengthening the guidelines and raising industry standards for Credit Rating Agencies (CRAs)

3.3.5.1 In order to further strengthen the functioning of CRAs and match their practices with the best global practices, a committee comprising representatives from each CRA was constituted by SEBI. The Committee deliberated on various issues concerning the rating industry and submitted a comprehensive report with various recommendations to SEBI. With a view to implementing the recommendations guidelines were issued by SEBI vide its circular on 01.11.2016. The guidelines covers the formulation of Rating Criteria and rating processes and public disclosure of the same, Accountability of Rating Analysts, Standardisationof Press Releasefor rating actions, Functioning and evaluation of Rating Committees/Sub-Committees, Disclosure of ratings in case of non-acceptance by an issuer, Disclosure in case of delay in periodic review of ratings,Policy in respectofnon-co-operation by the issuer and Strengthening and enhancing the efficacy of Internal Audit of CRAs, viz.appointmentand rotation of auditors and scope of the audit.

3.3.5.2 These guidelines shall be effectively implemented within 60 days from the date of issue of this circular.

3.3.6. Revised formats for financial results and implementation of Ind AS by listed entities

3.3.6.1 A circular on revised formats for financial results and implementation of Ind AS by listed entities has been issued. The circular provides various relaxations to the listed entities to which Companies (Indian Accounting Standards) Rules, 2015 are applicable from the accounting period beginning on or after 01.04.2016. The relaxations pertain to timelines for submitting financial results, comparative periods to be presented and requirement of audit/limited review of comparative figures during the first year of Ind AS implementation.

3.3.7 Extension of the Applicability of Business Responsibility Reporting Requirements

3.3.7.1 SEBI had earlier mandated business responsibility reporting (BRR) requirements in its annual reports for the top 100 listed entities based on market capitalization. The key principles which are required to be reported by the listed entities include areas such as environmental, social and economic responsibilities, governance and stakeholders' relationships. The applicability of BRR requirements has now been extended to the top 500 listed entities based on market capitalization as on March 31st of every year. As a green initiative, business responsibility reports can be made available on the websites of the companies, while providing links to the websites in the annual reports.

3.4 Major Reforms in the Secondary Markets Section

1. Passing of Amendments to Section 20 of Indian Trust Act, 1882

Section 20 of The Indian Trusts Act, 1882 was amended to provide trustees greater autonomy and flexibility to take decisions on investment of money held by private trusts. The amendments were notified in the Gazette on 27th July, 2016. The said amendment also removed certain outdated provisions in Section 20 of the Act of 1882 and empowered the Central Government to notify the securities or class of securities eligible for investment by a private trust.

2. Creating one account for all financial asset holdings

Pursuant to the Union Budget announcements, RBI issued the Non-Banking Financial Company – Account Aggregator (Reserve Bank) Directions, 2016 on 2nd September, 2016 to facilitate the Indian financial sector consumers to view all their financial assets through one account held with an entity called account aggregator, which pulls information from the various financial institutions where these assets (shares, fixed deposits etc.) are held.

3. Increasing foreign investment limit in stock exchanges from 5% to 15%

Pursuant to the Union Budget 2016-17 announcement, Cabinet in July 2016, approved the decision to increase foreign shareholding limit in Indian Stock Exchanges from 5% to 15% for a foreign stock exchange, depository, banking company, insurance company, and commodity derivative exchange. Consequent amendments to SEBI Regulations, FEMA regulations and the DIPP Consolidated FDI circular are being carried out. This proposal will help enhance global competitiveness of Indian stock exchanges by accelerating/facilitating the adoption of latest technology and global best practices leading to overall growth and development of the Indian capital market.

4. Measures for curbing mis-selling and rationalizing the incentive structure for various financial products

Sumit Bose Committee was constituted in November, 2014 to recommend measures for curbing mis-selling and rationalizing the incentive structure for various financial products. The said Committee submitted its Report in August, 2015. The recommendations of the Committee are currently under examination for timely implementation. Meanwhile, SEBI vide circular dated March 18, 2016, mandated that each Consolidated Account Statement (CAS) issued to the investors shall provide the total amount of actual commission paid by AMCs/Mutual Funds to distributors (in absolute terms) against the concerned investor's total investments in each Mutual Fund scheme. Further, it should also disclose, the scheme's average Total Expense Ratio (in percentage terms) for the relevant half-year period, of both direct plan and regular plan, for each scheme where the concerned investor has invested in.

5. Bringing clarity to Succession Rules in respect of securities held in demat account

SEBI Circular dated 28th October 2013 imposed restrictive conditions for the transmission of securities including the requirement of a No Objection Certificate from all legal heirs even in cases where clear directions are given in the Wills. This matter was taken up with SEBI following which necessary modifications for simplifying the process of transmission of shares have been brought about, vide SEBI's Circular dated 15th September 2016.

6. Providing exit opportunity to investors of exclusively listed companies of De-recognized/Non-operational/exited Stock Exchanges

In order to fulfill the listing requirements of the nationwide stock exchanges, SEBI, vide its Circular dated 10th October, 2016, permitted the exclusively listed companies of de-recognized/non-operational stock exchanges to raise capital through preferential allotment route without attracting the provisions of takeover code. SEBI further mandated that those exclusively listed companies which are unable to list on the nationwide stock exchanges under the mechanism provided therein shall provide an exit opportunity to their investors in accordance with the procedure prescribed in the said Circular. The Circular also states that the designated stock exchange shall remove the company from the Dissemination Board after the promoters certify to the satisfaction of the designated stock exchange that appropriate procedure has been followed for providing exit to the shareholders.

7. Simplification of procedure of delisting by small companies

SEBI (Delisting of Equity Shares) Regulations, 2009 provide for a simplified procedure of delisting for small companies, as defined therein, and exempt them from certain requirements as specified in the regulations, subject to certain conditions. One of the conditions stipulates that shares of the company should not have been traded during the one year period preceding the date of board meeting. The said condition has been modified. Henceforth, even if there has been some trading during the last twelve calendar months and the same is less than 10% of the total number of shares, the company would be eligible for the simplified procedure of delisting.

However, to protect the interests of investors, it has been specified that the exit price should not be less than the floor price determined for the purpose of Reverse

Book Building in respect of infrequently traded shares in terms of these Regulations read with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

8. Compulsorily Delisting Companies suspended for long

The exchanges have initiated the process of delisting those companies which have been under suspension for a long duration and hence, have not been compliant with the listing requirements. Accordingly, a public notice dated 25 August, 2016 was issued by BSE communicating the delisting of 194 companies with effect from 17 August, 2016. Further, NSE issued a public notice dated 14 August, 2016 communicating the delisting of 14 companies with effect from 31 August, 2016. Subsequently, NSE issued public notices dated 27 August, 2016 and 5 November, 2016 respectively regarding the delisting of 20 companies with effect from 12 September, 2016 and 14 companies with effect from 22 November, 2016. The rights of public shareholders in case of compulsory delisting have been specified under Regulation 23 of the Delisting Regulations. It states that the promoters of the compulsorily delisted company shall acquire shares from the public shareholders by paying them the fair value determined by the independent valuer, subject to their option of retaining their shares. In addition, in order to ensure effective enforcement of exit option to the public shareholders SEBI vide Circular dated 7 September, 2016 directed that in case of such companies whose fair value is positive, the said company and the Depositories shall not effect transfer, by way of sale, pledge, etc., of any of the equity shares. The promoters and whole-time directors of the compulsorily delisted company shall also not be eligible to become directors of any listed company till the exit option is provided to the public shareholders.

9. Dividend distribution policy for listed companies

On 19th May, 2016, the SEBI Board approved a proposal for the top 500 listed companies (by way of market capitalization) to formulate and disclose their dividend distribution policies in the annual reports and on their websites. This step will help the investors to know as to when and how much dividend they may expect from the companies enabling them to take well informed investment decisions.

10. Grant of Permanent Registration to Market Intermediaries

SEBI has been following a two-step process for grant of registration to market intermediaries, namely, initial registration for a period of 3/ 5 years, as the case may be, followed by grant of permanent registration.

Considering satisfaction of “fit and proper person” criteria on a continuous basis and sophisticated on-site and offsite supervision mechanism put in place by SEBI in terms of inspections, reporting etc., SEBI Board in its meeting held on 23rd September, 2016 decided that henceforth only permanent registration shall be granted to particular categories of intermediaries, which would serve to facilitate “ease of doing business” for the market intermediaries.

3.5 External Markets

3.5.1 FPI Investments in Unlisted Debt securities: In his Budget speech 2016-17, Hon’ble Finance Minister had announced various measures for deepening of corporate bond market. One of the measures suggested was “Investment basket of foreign portfolio investors will be expanded to include unlisted debt securities and pass through securities issued by securitisation SPVs” This will allow FPIs to invest in unlisted non-convertible debentures/bonds issued by both public and private limited companies, subject to end-use restrictions. FPIs would also be allowed to purchase these securities in both primary and secondary market. These relaxations would serve the broader perspective of the market by enabling a wider range of corporate borrowers to access foreign capital through corporate bond route and give the necessary impetus to the domestic corporate bond markets. FEMA regulations in this regard were issued on October 24, 2016.

3.5.2 Issuance of Rupee Denominated Overseas Bonds by Banks: With a view to develop the market for rupee denominated bonds overseas, as also to provide an additional avenue for banks to raise Additional Tier I capital and Tier II capital, RBI in consultation with Ministry of Finance, in August, 2016 has permitted banks to issue Perpetual Debt Instruments (PDI) qualifying for inclusion as Additional Tier 1 capital and debt capital instruments qualifying for inclusion as Tier 2 capital, by way of rupee denominated bonds overseas. Further, banks have been allowed to issue rupee denominated bonds overseas under the extant framework of incentivising issuance of long term bonds by banks for financing infrastructure and affordable housing.

3.5.3 External Commercial Borrowings Framework: Taking into consideration the prevailing external funding sources, particularly for long term lending and the critical needs of infrastructure sector of the country, Ministry of Finance, with the objective to promote investments in infrastructure projects, has further reviewed the extant ECB guidelines in consultation with the Reserve Bank of India in March 2016. It has been decided to allow companies in infrastructure sector, Non-Banking Financial Companies-Infrastructure Finance Companies (NBFC-IFCs), NBFCs-Asset Finance Companies (NBFC-AFCs), Holding Companies and Core Investment Companies

(CICs) to raise foreign currency denominated External Commercial Borrowings (ECB) with minimum average maturity period of 5 years subject to 100 per cent hedging. Government of India has also recently allowed introduction of a new ECB framework for start-ups by RBI, whereby, each startup is allowed to borrow upto USD 3 million or equivalent per financial year either in INR or any convertible foreign currency or a combination of both.

3.5.4 Simplified procedure for establishment of Branch Office (BO)/Liaison Office (LO)/ Project Offices (PO) in India by Foreign Entities: The establishment of BO/LO/PO in India by foreign entities is regulated in terms of FEMA Regulations. As a measure towards improving the ease of doing business, it has now been decided that except for a few sectors viz Defence, Telecom, Private Security, Information and Broadcasting and Government & Non-government organizations, the power to grant LO/BO/PO approvals would be delegated to the Authorised Dealers Category-I Banks. Further, anyone who has been awarded a contract for a project by a Government authority/PSU should be automatically given approval to open a bank account. RBI on May 12, 2016 has issued detailed guidelines in this regard.

3.5.5 International Cooperation Division

3.5.5.1 Sovereign Credit Rating

The following six international Sovereign Credit Rating Agencies (SCRAs) do Sovereign Credit Rating for India:

- Standard and Poor's (S&P)
- Moody's Investors Service
- Fitch Ratings
- Dominion Bond Rating Service (DBRS)
- Japanese Credit Rating Agency (JCRA)
- Rating and Investment Information, Japan(R&I)

3.5.5.2 These agencies usually visit DEA every year for conducting their annual sovereign credit rating review wherein a meeting takes places. Indian side is usually headed by Secretary-DEA/CEA and attended by senior officers of various Departments/ Divisions to answer queries of the agency. 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**
DBRS	18.11.2016	BBB (LT) R-2 High	Stable for both LT & ST	BBB (LT) R-2 High	Stable for both LT & ST
Moody's	17.11.2016	Baa3	Positive (revised from Stable)	Baa3	Positive (revised from Stable)
Fitch	18.07.2016	BBB- (LT) F3 (ST)	Stable	BBB-	Stable
S&P	02.11.2016	BBB- (LT) A-3 (ST)	Stable	No ratings were given for local currency	
JCRA	4.04.2016	BBB+	Stable	BBB+	Stable
R&I	25.07.2016	BBB (LT) A-2 (ST)	Stable	No ratings were given for local currency	

LT-Long Term, ST-Short Term

3.5.5.3 The Government has taken a number of steps with a view to improve our sovereign credit ratings. These include measures taken to improve the level and structure for the interaction between the Government and the major Sovereign Credit Rating Agencies. During the interactive meetings, Government presents its perspective to SCRAs about the strengths of the Indian economy and recent initiatives taken by it. We encourage SCRAs to also consider the long-term credit strengths of the Indian economy in a holistic manner, and, in view of such strengths, consider upgrading the rating of India's sovereign debt.

3.6 Securities Appellate Tribunal (SAT)

3.6.1 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 under the SEBI Act, 1992, PFRDA Act, 2013, Insurance Act, 1938 and other law for the time being in force.

3.6.2 SAT comprises of one Presiding Officer who is a sittiing/retired Judge of the Supreme Court or 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 in a High Court and two Members who are persons of ability, integrity and standing and have shown capacity in dealing with problems relating to securities market and have qualification and experience of corporate law, securities law, finance, economics or accountancy. They are appointed by the Central Government for a term of five years and are eligible for re-appointment, subject to the age limit prescribed by Section 15N.

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

3.6.4 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 cases before the Securities Appellate Tribunal.

3.6.5 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.

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

As on 30.11.2016, 396 appeals are pending before SAT and its duration wise breakup is as follows:

Month & Year	Appeals file Under Act	Total Appeals Pending	Less than 3 months	Over 3 months	Over 6 months	Over 1 Year	Over 2 Year	Over 5 Year	SC Maters	Disposal Total	New Institution
Nov. 2016	SEBI	396	80	53	112	125	25	0	1	51	77
	Insurance Laws	10	0	0	01	09	0	0	0	0	0

3.7 Securities & Exchange Board of India (SEBI)

3.7.1 The Securities and Exchange Board of India (SEBI) was established under the Securities and Exchange Board of India Act, 1992 to regulate the securities markets in India. The objectives of the SEBI are to protect the interest of the investors and to regulate and promote development of securities markets in India. The main functions of SEBI include registration, regulation and supervision of intermediaries operating in the securities market, promoting and regulating self-regulatory organizations, prohibiting fraudulent and unfair trade practices relating to securities markets, calling from or furnishing to other authorities, whether in India or abroad, such information as may be necessary for the efficient discharge of its functions.

3.7.2 During the calendar year 2016, SEBI implemented certain important reforms relating to primary market and also regulations on delisting, takeover and buy-back. Details of the major initiatives are outlined below:

1. Enhanced Supervision of Stock Brokers

With a view to enhance the supervisory mechanisms for protection of clients' assets in India, SEBI issued a circular vide SEBI/HO/MIRSD/ MIRSD2/CIR/P/2016/95 dated September 26, 2016.

2. Operationalisation of Central KYC Records Registry (CKYCR)

SEBI, vide Circular dated July 21, 2016 on "Operationalization of Central KYC Records Registry", directed the registered intermediaries to capture the KYC information for sharing with the Central KYC Records Registry (CKYCR) in the manner mentioned in the PML Rules 2005, as per the KYC template for 'individuals' finalized by Central Registry of Securitization and Asset Reconstruction and Security interest of India (CERSAI). Further, SEBI also directed the registered intermediaries to upload the KYC data with CKYCR, in respect of all individual accounts opened on or after August 1, 2016, wherever KYC is required to be carried out as per the circulars issued by SEBI from time to time.

3. Simplification of Account Opening Kit

In consultation with market participants, with a view to simplify the account opening kit, SEBI, vide Circular dated July 12, 2016 decided that stock broker/ depository participant shall make available the standard documents, viz. Rights & Obligations, Uniform Risk Disclosure Documents, Guidance Note detailing Do's and Don'ts for trading on stock exchanges, etc. to the clients, either in electronic or physical form, depending upon the preference of the client as part of account opening kit and that the preference of the client shall be sought as part of the account opening form.

4. Client Registration Documents in Vernacular Languages

In the interest of investors and to help them to better understand the nuances of securities market in their native language other than English, SEBI directed the Stock Exchanges to provide the following documents to the investors in vernacular languages.

i. Document stating the Rights & obligations of stock broker, sub-broker and clients (including additional rights & obligations in case of internet/ wireless technology based trading).

ii. Uniform Risk Disclosure Document (for all segments / exchanges).

iii. Guidance Note - Do's and Don'ts for trading on exchange(s) for trading on exchanges.

Accordingly, the above mentioned documents have been made available in 15 vernacular languages viz. Assamese, Bengali, Guajarati, Hindi, Kannada, Kashmiri, Konkani, Malayalam, Marathi, Odisha, Punjabi, Sindhi, Tamil, Telugu and Urdu.

5. Standardization and Simplification of Procedures for Transmission of Securities

SEBI vide circular dated September 15, 2016 amended certain provisions of circular dated Oct 28, 2013, on "Standardisation and Simplification of Procedures for Transmission of Securities" making the process of transmission of securities has been made more efficient and investor friendly defining the documentary requirements for securities held in physical mode.

6. Code of Advertisement for Stock Brokers

Need for Code of Advertisement for the Stock Brokers was assessed and accordingly, in consultation with NSE, BSE, MCX, NCDEX, ANMI and BBF a code of advertisement vide letter has been issued to all registered stock exchanges.

7. Registration of Commodity Derivative Brokers

SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 were amended to provide for registration of commodity derivative brokers. An online portal has been developed in order to expedite the process of registration of commodity derivative brokers.

8. Guidelines regarding International Financial Services Centres

SEBI (International Financial Services Centres) Guidelines, 2015 were issued on May 27, 2015 which provide for the type of model through which an intermediary can operate in an IFSC viz. subsidiary, nature of activities it can undertake, type of clients it can service and infrastructure requirements among others.

9. SARAL Account Opening Form

Individual investors can open a trading and demat account by filling up a simplified one page Account Opening Form termed as 'SARAL AOF'.

10. Office of Investor Awareness and Education (OIAE)

SEBI has been continuously undertaking various activities and exploring innovative models to reach out to investors to promote financial education and investor education. SEBI has been reaching out to potential investors through empanelled Resource Persons (RPs) to promote financial education. So far during FY 2015-16 SEBI conducted over 5,500 workshops through its Resource Persons for seven different target groups.

3.8 Regulations notified during 2016

3.8.1 Following regulations or circulars have been notified during 2016 (till November 30, 2016):

(a) **Amendment to the SEBI (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013 and SEBI (Issue and Listing of Debt Securities) Regulations, 2008**

On May 25, 2016 SEBI amended the SEBI (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013 and SEBI (Issue and Listing of Debt Securities) Regulations, 2008 to impose restrictions on wilful defaulters

(b) **Amendment to the SEBI (Portfolio managers) Regulations, 1993.**

SEBI (Portfolio Managers) Regulations, 1993 have been amended pursuant to insertion of Section 9A in the Income Tax Act, 1961. These amendments have been done to provide an enabling framework for registration and operations for fund managers providing services to overseas funds.

(c) **Amendment to the SEBI (Infrastructure Investment Trust) Regulations, 2014 and SEBI (Real Estate Investment Trust) regulations, 2014.**

In November 2016, SEBI amended the SEBI (Infrastructure Investment Trust) Regulations, 2014 and SEBI (Real Estate Investment Trust) Regulations, 2014. These amendments have been carried out so as to ease the process of registration of REIT and InvIT with SEBI and rationalize and streamline the process of structuring of InvITs and REITs. The amendments also rationalizes offering requirements for the InvIT.

(d) On April 21, 2016, SEBI issued a circular on Electronic book mechanism for issuance of debt securities on private placement basis. The said circular lays down a framework for issuance of debt securities on private placement basis through an electronic book mechanism, in order to streamline procedures for issuance of debt securities on private placement basis and enhance transparency to discover prices.

(e) In May 2016, SEBI Issued a circular providing guidelines for the public issue of units of the InvITs. The said guidelines included the requirements related to appointment of merchant banker, the process details of filing of offer document, manner of allocation to be made in public issue, disclosure about the pricing of the units in public issue etc.

(f) On August 10, 2016, SEBI issued a circular prescribing the revised Formats for Financial Results and Implementation of Ind AS by listed entities which have listed their debt securities and/or non-cumulative redeemable preference shares.

(g) In October 2016, SEBI issued a circular providing guidelines for the disclosure of financial information in offer document/placement memorandum for InvITs. The said circular included the details related to the manner and the period for which the financial information is to be provided, content to be provided in the financial information, basis of preparation of such information etc.

(h) In November 2016, SEBI issued a circular providing details of the continuous disclosures to be made by an InvIT and the regular compliances to be followed by the same. The requirements include the frequency and time period of the disclosures, key financial statements to be provided by the InvIT, audit requirement of financial information, etc.

(i) In November 2016, SEBI issued a circular clarifying certain aspects pertaining to day count convention such as holiday conventions, payments in the case of leap year.

4. Financial Action Task Force (FATF) Cell

4.1 India, as a member of Financial Action Task Force (FATF) and Eurasian Group on Combating Money Laundering and Financing of Terrorism (EAG) participated actively in their Plenary & Working Group meetings during 2016.

4.2 The second India-US Anti Money laundering/ Combating Financing of Terrorism Bilateral Dialogue was held in New Delhi in April 2016 which aimed to strengthen Cooperation for tackling problems posed by Terrorist financing & money laundering (AML/CFT). India, successfully hosted the 25th EAG Plenary & Working Group meetings at New Delhi from 7-11th November, 2016. The 25th EAG Plenary was attended by representatives from the 9 EAG member countries, representatives of 15 observer countries and 18 international bodies.

5. Financial Stability and Development Council (FSDC)

5.1 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 [Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), Pension Fund Regulatory and Development Authority (PFRDA) &Insurance Regulatory and Development Authority of India (IRDAI)], Finance Secretary and/or Secretary, Department of Economic Affairs, Secretary, Department of Financial Services, and the 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.

5.2 During the year 2016, so far, the Council held two meetings on 13th January 2016 and 5th July 2016. In these FSDC meetings, apart from assessment of macro-economic financial stability related issues, it discussed issues such as External Sector Vulnerabilities and review of recent macroeconomic developments, Non-Performing Assets of Banks, developing a robust regulatory framework for various credit guarantee schemes of the Government, comprehensive scheme for identification of SIFIs across all sub-sectors of financial sector and possible stress in the financial markets on account of maturity of concessional swaps in 2013 against FCNR deposits etc. FSDC also holds meetings to have budget consultations with the financial sector regulators. The Council has met 15 times so far.

5.3 FSDC Secretariat provides secretarial assistance to Financial Stability and Development Council (FSDC), which has Additional Secretary, Department of Economic Affairs,Ministry of Finance as the Secretary of the Council and Adviser (FS) as the Head of the Secretariat.

5.2 FSDC Sub-Committee (FSDC-SC)

5.2.1 The FSDC Sub-committee set up under the chairmanship of Governor, RBI, meets to broadly discuss issues related to Assessment of Financial Stability, Inter-regulatory Coordination, financial sector development and updates on the functioning of the various Technical Groups of the Sub Committee. Members of the FSDC are the members of the Sub-committee and in addition, Deputy Governors of RBI and AS (Inv), DEA are also members of the Sub Committee. Various activities of the Sub-committee is generally reported to the Council during the Council Meeting.

5.2.2 During 2016, so far, the Sub-committee held two meetings on 26th April 2016 and 29th September 2016 which reviewed the major developments on the global and domestic fronts that impinge on the financial stability of the country. Reports of the FSB Peer Review of India and the Working Group on Development of Corporate Bond Market in India and issues such as setting up of a statutory Financial Data Management Centre (FDMC), Minimum Assured Return Scheme under the National Pension System (NPS) etc. were the other topics discussed during the meeting. The meeting also reviewed the functioning of the State Level Co-Ordination Committees (SLCCs) in various States/ Union Territories, the activities of the various Technical Groups of the Sub-committee and the progress achieved on the decisions/ recommendations emanating from the earlier meetings of the Sub-committee.The Sub-committee has met 18 times in total.

5.2.3 Under the aegis of the FSDC-SC, the following Technical Groups have also been set up:

(i) Inter Regulatory Technical Group (IRTG), which deals with inter regulatory issues concerning financial stability risks and has the representation from all the regulators, has met 20 times in total.

(ii) Technical Group for Financial Inclusion and Financial Literacy (TGFIFL) has been constituted to enhance the inter-regulatory co-ordination in the matters related to financial inclusion and literacy and the group has held 14 meetings so far.

(iii) Inter Regulatory Forum (IRF) for supervision of financial conglomerates has meets 20 times so far.

(iv) Early Warning Group, constituted to facilitate coordination between regulators and the Ministry of Finance in order to monitor the early warning signals in the financial markets as also to initiate quick action in the event of crisis has met 6 times so far.

5.3 Financial Stability Board (FSB)

5.3.1 FSB, an international body, 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. India is actively participating in post crisis reforms of the international regulatory and supervisory framework and remains committed to adoption of international standards and best practices, in a phased manner and calibrated to local conditions, wherever necessary.

5.3.2 India is a Member of the FSB having three seats in its Plenary represented by Secretary, DEA, 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). Deputy Governor-RBI is a member in the Standing Committee on Assessment of Vulnerabilities (SCAV) and Standing Committee on Supervisory and Regulatory Co-operation (SRC).India is also a member of the FSB's Regional Consultative Group for Asia (RCGA) and is represented in the Group through Secretary (EA), Deputy Governor-RBI and Chairman-SEBI.

5.3.3 Regular interaction with FSB takes place through formal meetings of the Plenary, Standing Committees and RCGs.Periodic conference calls are also held to discuss emergent issues. Information is exchanged with FSB member jurisdictions through FSB Secretariat as per international requirements on request basis. 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 at the FSB which in turn shares it with the G20 forum as it monitors the working of the FSB.

5.3.4 During the year 2016, DEA has actively participated in the FSB Plenary meeting held on 21st July & 17th November 2016, SCSI meetings held on 27th June 2016 and RCGA held on 27th May 2016. In these meetings discussed, inter-alia, macroprudential frameworks and tools,OTC derivatives, correspondent banking, current market developments and vulnerabilities, progress on implementation and effects of reforms, vulnerabilities assessment and SCAV work plan,FinTech– reports on workstreams, G-SIB resolution and TLAC implementation,CCP resilience-recovery and resolvability, Task Force on climate-related financial disclosures (TCFD), asset management activities – proposed final recommendations, shadow banking, FSB report to the G20 on the implementation and effects of reforms, thematic peer reviews, country peer reviews and FSAPs, vulnerabilities and financial stability issues affecting Asia, financial technology and cybersecurity, corporate governance, revised standardised approach for credit risk in the Basel Committee's capitalframework etc., implementation of effective resolution regimes

5.4 FSB Peer Review of India

5.4.1 FSB undertook peer review of India in 2016 on two topics (i) Macroprudential Policy Framework and (ii) Regulation and Supervision of NBFCs and HFCs. FSB Published the Peer Review Report in August 2016. In the Report there are eight major recommendations under two broad headings – Macroprudential Policy Framework and Regulation and Supervision of Non-Banking Finance Companies (NBFCs) and Housing Finance Companies (HFCs).

5.5 Financial Sector Assessment Programme (FSAP)

5.5.1 The Financial Sector Assessment Program (FSAP) is a joint program of the International Monetary Fund (IMF) and the World Bank. IMF made it mandatory for 29 jurisdictions (including India) with systemically important financial sectors to undergo financial stability assessments under the FSAP every five years.

5.5.2 India's last assessment under FSAP was done during 2011-12. The Scoping Mission of IMF/World Bank for FSAP team visited India during 7-13 December 2016. The team had meetings with industry participants; financial sector regulators (i.e. RBI, SEBI, IRDAI, PFRDA) and Ministry of Finance. In consultation with all stake holders it has been decided that the FSAP team will be visiting in March 2017 and June-July, 2017 for the assessment.

5.6 Macro Financial Monitoring Group (MFMG)

5.6.1 The Macro Financial Monitoring Group was set up in 2012 to discuss any specific emergent issues, and meets regularly in DEA under the chairmanship of CEA and representation from all the Departments of the Ministry of Finance. It aims at keeping track of the macroeconomic and financial developments, identifying vulnerabilities, and providing early warning signals.

5.6.2 The Group discusses the Macro Financial Monitors, which is essentially the information collated from various "anchor divisions" on important macroeconomic and financial variables. The FSDC Secretariat presents some highlights of global and domestic developments for the information of members. The Group has held 18 meetings so far.

5.7 Financial Data Management Centre (FDMC)

5.7.1 In the Budget Speech 2016-17 {Para 90(iii)}, the Finance Minister has announced setting up of Financial Data Management Centre (FDMC) under the aegis of the FSDC to facilitate integrated data aggregation and analysis in the financial sector. It has been decided to set up a statutory FDMC. A draft bill has been formulated in this regard, which will be in public domain for comments/suggestions after which further necessary action will be taken in that regard.

6. Financial Sector Legislative Reforms Commission (FSLRC) Division

6.1.1 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 22nd March, 2013. The Report is in two parts: Volume I – titled “Analysis and Recommendations” and Volume II – titled the “Draft Law” consisting of the Draft Indian Financial Code (IFC). The Commission,inter alia, recommended a non-sectoral, principle-based legislative architecture for the financial sector, by restructuring existing regulatory agencies and creating new agencies, wherever needed, for better governance and accountability.

6.1.2 A new Division namely, the FSLRC Division was created in April, 2013 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 and public at large.

b) Implement the recommendations of the FSLRC, duly approved by the Government.

c) All administrative and establishment matters relating to FSLRC.

6.1.3 Steps taken on the recommendations of the FSLRC

6.1.3.1 The Report was put in public domain on the website of the Ministry of Finance >http://finmin.nic.in<on 28thMarch,2013. The Hindi Version of the Report was placed alongside the English version on the website of the Ministry in September, 2013, after making a translation thereof. Comments of stakeholders were invited through letters and a press release dated 6th June, 2013. A dedicated e-mail >feedback-fslrc@nic.in< was created to receive online comments.Copies of the report in English and Hindi versions were also printed for distribution.

6.1.3.2 The Report was circulated to the Ministries/ Departments, Governments of States/Union Territories, Parliament Library and also to Universities, Research/ Academic Institutions,Bank Associations etc. for wide publicity and comments.Copies of the report in English and Hindi versions were also sent to all Members of Parliament by the Hon’ble Finance Minister in October, 2014.

6.1.3.3 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 to set up 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.

6.1.4 Non legislative recommendations (NLRs) of the FSLRC

6.1.4.1 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 was placed on the website of the Ministry of Finance in December, 2013. A two day workshop was held on 8-9th May, 2014 for middle and senior level officers concerned of the Department of Economic Affairs (DEA), Department of Financial Services (DFS) and the financial sector regulators, on implementation of the Guidance Handbook. The workshop was inaugurated by the Finance Minister.

6.1.4.2 A Guidance Handbook on Management Information System (MIS) to measure and benchmark compliance of the governance enhancing/transparency measures recommended by the FSLRC was prepared and circulated to the financial sector regulators in May, 2014. Copy of this Handbook also,was placed on the website of the Ministry of Finance.An MIS software portal for enabling the financial sector regulators to monitor implementation of the non- legislative recommendations of the FSLRC was prepared by the DEA and demonstrated to the officers of the regulatory agencies responsible for operating the portal, in a workshop on17th April, 2015. The online portal was inaugurated by the Finance Minister in the 12th meeting of the FSDC on 15th May, 2015.

6.1.5 The Regulatory Financial Architecture and the Draft Indian Financial Code (IFC)

6.1.5.1 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 as per the decisions in the FSDC,as stated earlier, the Government 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 September, 2014.These Task Forces have since submitted their reports in June, 2015. A Task Force for creating a sector-neutral Financial Redress Agency (FRA) as announced in the 2015-16 Budget Speech of the Finance Minister was also set up on 5th June, 2015. This Task Force submitted its report on 30th June, 2016, which is under examination.

6.1.5.2 Apart from inviting comments on the Report and Draft IFC as mentioned above,the Department of Economic Affairs in collaboration with Institute of Company Secretaries of India (ICSI) organised a number of small intense workshops and seminars on specific areas of the IFC for building consensus on the Draft.Work on fine tuning the Draft IFC with comments of stakeholders suitably incorporated to make it legally flawless was initiated and the Draft IFC has been revised in the light of the comments received and hosted on the home page of the Ministry of Finance on 27th March, 2015 inviting comments of stakeholders by 8th August, 2015. The comments received are being examined in detail.Since moving the IFC proposals in totality – after due consideration - is a time consuming process, key aspects of the IFC are being fast-tracked as follows:-

(a) Since SAT is at present statutorily mandated to hear appeals not only against orders of SEBI, but also against those of IRDA and PFRDA through amendments in respective legislations, there is an urgent need to upgrade/enhance capacity of the SAT by amending the SEBI Act, 1992.

(b) It is proposed to set up a Resolution Corporation (RC) as recommended by FSLRC by taking relevant sections from the Draft IFC, and in consultation with all the financial sector regulators and the DFS. Following the Budget announcement of 2016-17 for framing a comprehensive Code on Resolution of Financial Firms and introducing it as a Bill in the Parliament during 2016-17, a Committee for framing a Draft Code on Resolution of Financial Firms was set up on 15th March, 2016 with representatives from the financial sector regulators, the Deposit Insurance and Credit Guarantee Corporation and the Department of Financial Services. The Committee submitted its Report and a Draft Bill, 'The Financial Resolution and Deposit Insurance Bill, 2016' on 21st September, 2016. A copy each of the Report of the Committee, the Draft Bill and an explanatory note explaining the key legal provisions of the Bill was hosted on the website of the Ministry of Finance on 28th September, 2016, along with a Press Release. Stakeholder and public comments were invited upto 31st October, 2016. The Bill is being finalised, keeping in view the comments received, for introduction in the Parliament, as per procedure.

(c) Setting up a centralised data centre named as Financial Data Management Centre (FDMC) under the aegis of the Financial Stability and Development Council (FSDC) that will be used for analysis of financial stability and related issues.

(d) Setting up an independent Public Debt Management Agency (PDMA) for managing government's debt and cash balance etc.To this effect, the Government has set up a Public Debt Management Cell (PDMC) on 6th October, 2016, as an interim arrangement before setting up of a full-fledged independent and statutory debt management body, namely, Public Debt Management Agency (PDMA) of India, in due course. This interim arrangement will allow separation of debt management functions from RBI to PDMA in a gradual and seamless manner, without causing market disruptions. PDMC will have only advisory functions to avoid any conflict with the statutory functions of Reserve Bank of India (RBI) under the RBI Act, 1934.

(e) Setting up a sector-neutral Financial Redressal Agency (FRA) that will address grievances against all financial service providers, as announced in the Budget Speech 2015-16.

6.1.6 Monetary Policy Framework

6.1.6.1 A Monetary Policy Framework Agreement between the Government and the Reserve Bank of India was signed on 20th February, 2015, providing for flexible inflation targeting. With a view to maintaining price stability, while keeping in mind the objective of growth, the Reserve Bank of India Act, 1934 (RBI Act) has been amended by the Finance Act, 2016, to provide for a statutory and institutionalised framework for a Monetary Policy Committee (MPC).

6.1.6.2 The provisions of the RBI Act, 1934 relating to the chapter on Monetary Policy have been brought into force through a Notification in the Gazette of India Extraordinary on 27th June, 2016. The Rules governing the Procedure for Selection of Members of Monetary Policy Committee and Terms and Conditions of their Appointment and factors constituting failure to meet inflation target under the MPC Framework have also been notified in the Gazette on 27th June, 2016. The Government, in consultation with the RBI, has notified the inflation target in the Gazette of India Extraordinary dated 5th August 2016, for the five year period beginning from the date of publication of this notification and ending on the 31st March, 2021, as under:-

Inflation Target:	Four per cent.
Upper tolerance level:	Six per cent.
Lower tolerance level:	Two per cent.

6.1.6.3 The Monetary Policy Committee has been constituted and published in the Official Gazette on 29th September, 2016 and is functional.

The Insolvency and Bankruptcy Code, 2016

A Bankruptcy Law Reforms Committee was set up on 22nd August, 2014 for providing an entrepreneur friendly legal bankruptcy framework for India meeting global standards for improving the ease of doing business with necessary judicial capacity. The Committee submitted its Report and draft Bill on 4th November, 2015. Based on this, as well as public/stakeholder consultation, a Bill relating 'The Insolvency and Bankruptcy Code, 2015' was introduced in the Lok Sabha on 21st December, 2015. The Bill was referred to a Joint Committee of Parliament. The Joint Committee of Parliament submitted its report on 28th April, 2016. The Insolvency and Bankruptcy Code, 2016 was passed by Parliament on 11th May, 2016 and published in the Official Gazette on 28th May, 2016.

2. The Code aims to promote entrepreneurship, availability of credit, and balance the interests of all the stakeholders by consolidating and amending the laws relating to reorganisation and insolvency resolution of corporate persons, partnership firms and individuals in a time bound manner and for maximisation of value of the assets of such persons and matters connected therewith or incidental thereto. It proposes a framework to ensure:

- Early detection of stress in a business;
- Initiation of the insolvency resolution process by debtor, financial creditor or operational creditor;
- Timely revival of viable businesses;
- Liquidation of unviable businesses;
- Minimisation of losses to all stakeholders; and
- Avoiding destruction of value of failed business.

3. The administration of the Insolvency and Bankruptcy Code, 2016 has been transferred to the Ministry of Corporate Affairs w.e.f. 29th July, 2016. The Ministry of Corporate Affairs is taking necessary steps for implementation of the Code in terms of creating the required institutional architecture.

7. Commodity Derivatives Markets Division

7.1 Policy Developments in the Commodity Derivatives Market

7.1.1 SEBI has taken over the regulation of the Commodity Derivatives market on 29th September, 2015 pursuant to the merger of Forward Market Commission (FMC) with SEBI. Within one year of merger, SEBI has made substantial progress in regulation of the market keeping in mind the priority area set out at the time of merger. Meanwhile the Government has also taken the e-Agri market initiative to link spot markets, i.e., Agricultural Produce Market Committees (APMCs) for agricultural commodities across the country. This initiative of the e-Agri market will also improve linkage of futures market with spot market especially in the agricultural commodity space.

7.2 Regulatory Measures For Further Development of the Commodity Derivatives Market

7.2.1 SEBI has worked upon the Regulation of Commodity Derivatives market and has taken steps for bringing it at par with the Regulation of the securities market with a view to further developing the market to improve the liquidity and making the benefits of the market reach to all the stakeholders.

7.2.2 The regulatory steps taken by SEBI including mandating formation of clearing corporations by the commodity derivatives exchanges within a specified period, strengthening the Settlement Guarantee Fund, strengthening the surveillance system of market and enforcement of legal provisions and the operational norms on par with those applicable to securities market including those for Warehouse Service Providers.

7.3 Policy Measures For Further Development of the Commodity Derivatives Market

7.3.1 Notification of New Commodities

7.3.1.1 On recommendation of SEBI, the Government has notified following new commodities for derivatives trading:

- Diamond
- Brass
- Pig Iron
- Eggs
- Cocoa
- Tea

7.3.2 Introduction of Options in Commodity Derivatives Market

7.3.2.1 It was announced by the Government in the Budget Speech for the year 2016-17 that "new derivatives products will be developed by SEBI in the Commodity Derivatives Market". SEBI has allowed trading in options in the commodity derivatives market, thereby fulfilling the budget announcement.

8. Infrastructure & Energy Division

The Infrastructure & Energy Division is headed by a Joint Secretary. The Division has three Sections and a Policy Cell each of which is headed by a Director.

Web link of Infrastructure & Energy Division is as under:

http:// dea.gov.in/divisionbranch/infrastructure-and-energy-division

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:

- Matters related to infrastructure financing and promotion of investments in infrastructure sectors.
- Matters relating to Infrastructure Debt Funds (IDFs), Real Estate Investment Trusts (REITs)/ Infrastructure Investment Trusts (InvITs), Municipal Bonds and other instruments meant for infrastructure financing and credit enhancements.
- Matters relating to New Credit Rating System for Infrastructure.
- Matters relating to Special Purpose Vehicle (SPV) for Credit Enhancement of Infrastructure Projects.
- All international interfaces on infrastructure financing (other than PPPs).
- Matters relating to Municipal Bonds by ULBs for PPP and Non-PPP Projects.
- Model Tripartite Agreements (MTA) for sectors such as Road, Ports, etc.
- 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 requiring the approval of EFC/PIB/CCEA/COS/ for their viability and justification.
- All policy matters relating to Project Monitoring Group (PMG) and its coordination within DEA.
- India Saudi Arabia Joint Commission for Technical and Economic Cooperation.
- Matters relating to meetings of Board of Directors of ONGC-Videsh Limited (OVL), IIFCL and IRFC as Government nominee on the Board of Directors.
- Coordination and general matters pertaining to the Division.
- Examination of proposal for Standing Cost Committee of MORTH.

8.1.2 **Infrastructure Debt Funds (IDFs):** Government of India has conceptualised Infrastructure Debt Funds (IDFs) to accelerate and enhance the flow of long term debt into infrastructure projects to help in the migration of project loans for operating assets from banks to the fixed income markets. IDFs, through innovative credit enhancement, are expected to provide long-term low-cost debt for infrastructure projects. Potential investors under IDFs include off-shore institutional investors, off-shore High Net Worth Individuals and other institutional investors (Insurance Funds, Pension Funds, Sovereign Wealth Funds, etc.). IDFs are set up by sponsoring entities either as NBFCs or as Trusts/Mutual Funds

(MF).IDF NBFCs have tax-exempt status and a lower with holding tax for foreign investors (5%). RBI has announced lower (50%) risk weight for assets under the IDF-NBFC Route. As on date, three IDFs under NBFC route and three under MFs route, are in operation.

8.1.3 **New Credit Rating System for Infrastructure Projects:** As announced in the Budget Speech 2016-17, in consultation with DEA, Regulatory Authorities, and other Stakeholders, Credit Rating Agencies (CRAs) have devised a new credit rating system based on Expected Loss (EL) approach, which seeks to provide additional risk assessment mechanism for informed decision making by the investors, in addition to the existing Probability Default (PD) approach.The New Credit Rating System for Infrastructure Projects has been formally launched by CRAs on 12th January, 2017. The New Credit Rating System will run in parallel with the Current Rating System.

8.1.4 **Creation of a Dedicated Fund to provide credit enhancement to infrastructure projects**: In the Budget Announcement 2016-17, inter-alia it has been announced that a dedicated fund will be set up to provide credit enhancement to infrastructure projects. The fund will help in raising the credit rating of bonds floated by infrastructure companies and facilitate investment from long term investors. Pursuant to Budget Announcement 2016-17, it was decided that a Special Purpose Vehicle (SPV) for Credit Enhancement to Infrastructure Projects would be set up as an NBFC-SPV with IIFCL as lead sponsor, and LIC and other PSUs/PSBs as co-investors. Setting up of the Fund is at an advanced stage subject to the finalization of prudential norms by Regulator (i.e. RBI).

8.1.5 **Real Estate Investment Trusts (REITs)/ Infrastructure Investment Trust (InvITs):** Government had announced REITs and InVITs – innovative financing instruments for financing real estate and infrastructure projects. The Infrastructure Investment Trust (InvITs) and Real Estate Investment Trusts (REITs) are trust-based structures that maximize returns through efficient tax pass-through and improved governance structures. These are among the very promising investment opportunities for long-term investors. Guidelines/ Regulations for InvITs and REITs were notified by SEBI on 26th September 2014.

Budget 2016-17 provides that any distribution made out of income of SPV to the REITs and InvITs, having specified shareholding will not be subjected to Dividend Distribution Tax. Recently, SEBI relaxed the Guidelines for InvITs/REITs in terms of minimum sponsor holding, investment through two level special purpose vehicle (SPV) formation, the number of sponsors, etc to make the product more attractive. Six InvITs have already been registered with SEBI. Rating Agencies have launched rating of REITs/InvITs.

8.1.6 **Municipal Borrowing-** Government has initiated a pilot project for developing a framework to build capacities of Urban Local Bodies (ULBs) to raise financing through the Capital Markets for financing infrastructure projects (normally PPPs). The pilot initiative aims to develop a replicable model and related documents and demonstration of the model through a successful pilot transaction for a ULB. Guidelines for issuance of Municipal Bonds in India have been notified by SEBI. A set of Urban Local Bodies (ULBs) have been identified by the MoUD for issue of municipal bonds. DEA is providing technical support including for facilitating regulatory compliances, project identification and hand-holding support to the ULBs.

8.1.7 Financing Infrastructure in G-20:

8.1.7.1 The issues pertaining to investment and infrastructure are deliberated by the G20 in the Investment and Infrastructure Working Group (IIWG). The IIWG was established in 2014 during the Australian Presidency to focus on the under mentioned areas of work:

i) Improvement in domestic investment climate

ii) Intermediation of global private savings to productive investment

iii) Optimize MDBs involvement

iv.) Improve Process and Transparency of planning and prioritization and structuring of bankable investment projects.

8.1.7.2 Work undertaken under IIWG

a) **Global Infrastructure Hub (GIH):** One of the major outcomes of IIWG has been setting up GIH in 2014 with a mandate to grow the global pipeline of quality, bankable infrastructure projects. India has emphasized the need for project information, knowledge dissemination and a common platform where institutional investors can acquire knowledge about a member country's approach and active strategy for investment. India has suggested that knowledge sharing exercises should be taken up between member countries through standardized documentation and capacity building instruments like tool-kits and training program for PPPs. India has offered assistance and learnings from its own experiences in PPPs to GIH and other countries and engage in knowledge sharing exercises that will help build such capacities in member countries. The dedicated PPP website and various Reports related to Infrastructure in Indian context has been listed on GIH's database of existing infrastructure knowledge resources.

b) **Global Infrastructure Connectivity Alliance:** G20 launched a Global Infrastructure Connectivity Alliance Initiative, which aims to enhance cooperation and synergies of existing and future global infrastructure and trade facilitation programs seeking to improve connectivity within, between and among countries. The Alliance is expected to produce value-addition by addressing bottlenecks related to connectivity globally.

c) **Miscellaneous:**

- Optimization of balance sheet of MDBs: India had supported optimization of balance sheets of MDBs and adequate capitalization. India has suggested at various meetings, a need to leverage the credit rating and balance sheets of MDBs through innovative financing mechanisms that can draw in long term institutional investors without impairing the MDB credit rating. The work stream has been carried forward in German Presidency.
- Combining SME and Infrastructure Financing: Various papers were circulated for standard template for SME financing and common leading practices to support increased investment in SMEs. India had suggested that SMEs financing is essentially local banks-sourced and combining SMEs and infrastructure projects in any data base should be avoided. The same was accepted under the Chinese Presidency.

8.1.7.3 Current Presidency-IIWG Status

The German Presidency has subsumed the IIWG into the International Financial Architecture Working Group (IFA Group). IIWG stands suspended with one work stream continued in the IFA Group.

8.1.8 Speedy project implementation-Facilitation/debottlenecking of stalled projects:

With a view to putting in place an institutional mechanism to track stalled investment projects, both in the public and private sectors, and to remove implementation bottlenecks in these projects, a Cell called the Project Monitoring Group (PMG) has been set up for all large projects, both public and private. Central e-PMS, a web enabled information system has also been put in place where in an entrepreneur can provide the details of his project having investments above Rs.1000 crore (USD 167 million) along with issues that are inhibiting its smooth implementation. As on 13.02.2017, PMG has resolved all issues uploaded on PMG portal pertaining to 491 projects worth Rs. 17,05,184 crore (USD 254.50 billion).

8.1.9 Bilateral Engagements: The kick-off meeting of the Joint Working Group (JWG) of NIIFL and Abu Dhabi Investment Authority (ADIA), constituted for discussing and finalising the criteria and terms for investment in Indian infrastructure projects, was held on 16th November, 2016 at Abu Dhabi.

8.2 Energy Cell

8.2.1 Energy Cell is part of the Infrastructure & Energy Division of Department of Economic Affairs, Ministry of Finance.

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

- All policy related issues pertaining to energy sector, namely, Power, Petroleum and Natural Gas, Coal, Atomic Energy and Renewable Energy.
- Examination of the investment proposals in energy sector requiring the approval of Cabinet/CCEA/CoS/PIB/EFC for their viability and justification.
- All matters relating to power sector (including policy, projects, DCNs/CCEA Notes/EFC/SFC, etc.).
- Matters relating to OPEC Fund for International Development (OFID).
- Matters related to Committee on Allocation of Natural Resources (CANR).
- External Charge: Iran, Iraq & Cyprus.

8.2.3 Energy Cell is the Secretariat of Monitoring Committee (MC) set up to review the implementation status of the recommendations of the Committee on Allocation of Natural Resources (CANR). Monitoring Committee is chaired by Cabinet Secretary. It has reviewed 81 recommendations of Committee on Allocation of Natural Resource (CANR), of which 32 have been implemented, 40 are under implementation and 9 have not been accepted by Ministry/Department concerned.

8.2.4 Energy Cell is dealing with Land Alienation Policy. Presently, two committees under the Chairmanship of Secretary, DEA are constituted – (i) Working Committee to create a centralized databank of inventory of all Govt. land including PSEs. (ii)Committee for suggesting Broad Guidelines on the issues relating to Procedures for Exchange, Transfer, Leasing, Licensing and Sale of land held by Govt. and Govt. controlled Statutory Authorities and CPSEs. Different Govt. Ministries/ Departments/ CPSEs are in the process of uploading their land data on Govt. Land Data Information System (GLIS).The Broad Guidelines is under finalization stage.

8.2.5 Seven (07) Cabinet/CCEA/CoS Notes/proposals from the line Ministries/ Departments have been examined during the year.

8.3 Infrastructure Section

8.3.1 Infrastructure Section is headed by Director, who is assisted by Assistant Director and two Assistant Section Officers. The functions/working of the Section includes the following:

- Providing inputs on Cabinet Notes, CCEA Notes, CCS Notes, CoS notes and other Infrastructure Policy related issues concerning Roads, Ports, Shipping, Inland Water Transport, Railways, Telecommunications, Posts, Civil Aviation, Urban Development Sector referred to the Department of Economic Affairs (DEA) by the concerned Administrative Ministries.
- All matters relating to external territorial charge of South Korea and China.
- Analyzing the investment proposals in the above infrastructure sectors requiring the approval of EFC/PIB/CCEA for their viability and justification.
- Servicing Steering Committee, PM Review Committee on Infrastructure Inter-Ministerial Committees, High Level Committees, Group of Secretaries, Telecom Commission, Institutional Mechanism on the Harmonized Master List of Infrastructure Sub-sectors, Board of Trustees of DMIC, Board meeting of National Highways Authority of India (NHAI), High Powered Inter – Ministerial Committee on SARDP-NE etc. constituted to deal with policy issues on these sectors and providing inputs for formulation of DEA's view on such issues.
- All matters relating to Projects (PPP and non-PPP) of Ministry of Road Transport and Highways including EFC/SFC/PPPAC and EI/EC under the VGF Scheme.

8.3.2 Forty-eight (48) Cabinet/CCEA/CCS Notes proposals from the line Ministries/ Departments have been examined and comments were furnished during the year 2016.

8.4 PUBLIC PRIVATE PARTNERSHIP (PPP) CELL

8.4.1 The Public Private Partnership (PPP) Cell, headed by a Director level officer, was set up in 2006 for developing multi-pronged, policy framework in respect of PPPs and innovative interventions and support mechanisms for facilitating PPPs in the Country, including Technical Assistance programmes from bilateral and multilateral agencies on mainstreaming PPPs and support to State and local governments, managing training programmes, strategies, exposures for capacity building for PPPs etc.

8.4.2 Government of India has been placing strong emphasis on the use of Public Private Partnerships (PPPs) as a strategy for expanding the provision of infrastructure services. In order to bridge the infrastructure gap, and to create an enabling environment for private sector investment in infrastructure through PPPs, the Government has made a concerted effort to develop a dedicated PPP programme, with several initiatives to support PPP development, details of which are as under:

i. The **Public Private Partnership Appraisal Committee (PPPAC)** that was set up for streamlined speedy appraisal of PPP projects posed by Central Line Ministries and Departments projects, by adopting international best practices and for uniformity in appraisal mechanism has in Calendar year **2016 approved 14 central projects proposal with TPC of Rs.18240.03 crore.**The PPPAC is chaired by Secretary, Economic Affairs with Secretaries of Department of Expenditure, Department of Legal Affairs, Niti Aayog and the Sponsoring Ministry/ Department as members to consider and approve the proposals of Central Sector PPP Projects.

ii. The Government has created a Scheme for Financial Support to PPPs in Infrastructure (**Viability Gap Funding Scheme (VGF)**. Infrastructure projects are often not commercially viable on account of having substantial sunk investment and low returns. However, they continue to be economically essential. Accordingly, the Viability Gap Funding Scheme has been formulated which provides financial support in the form of grants, one time or deferred, to infrastructure projects undertaken through public private partnerships with a view to make them commercially viable. The Scheme provides total Viability Gap Funding up to twenty percent of the Total Project Cost. The Government or statutory entity that owns the project may, if it so decides, provides additional grants out of its budget up to further twenty percent of the total project cost. **During the calendar year 2016, the Government has granted in-principle approval for 7 projects with a Total Project Cost of Rs. 2739.78 crore. Like-wise, Empowered Institution (EI) also granted Final Approval to 3 projects of Rs. 763.12 crore in various sectors with VGF component of Rs. 95.98 crore.**

iii. **India Infrastructure Project Development Fund (IIPDF):** While quality advisory services are fundamental to developing well-structured, value-for-money PPPs, the costs of procuring PPPs, and particularly the costs of transaction advisors, are significant. Development of robust projects with a sound financial structure and optimal risk allocation is critical for evincing a market response in respect of the projects. The scheme for 'India Infrastructure Project Development Fund' (IIPDF) has been launched to finance the cost incurred towards development of PPP projects. The IIPDF supports up to 75 % of the project development expenses.

iv. **Committee on Revisiting and Revitalizing Public Private Partnership model in infrastructure:** In the Union Budget 2015-16, the Finance Minister had announced that the PPP mode of infrastructure development has to be revisited and revitalized. In pursuance of this announcement, a Committee on Revisiting & Revitalising the PPP model of Infrastructure Development was set-up which was chaired by Dr. Vijay Kelkar. The Report of the Committee has been presented to the Government. The Report *inter alia* delved upon achievements in infrastructure development under PPP framework and has made several recommendations to better harness the PPP route to infrastructure service delivery. The Committee has also recommended resolution of legacy issues, strengthening of Policy, Governance and Institutional capacities etc. The Report is available on the Ministry of Finance's website:

(http://finmin.nic.in/reports/Report Revisiting Revitalising PPP Model. pdf)

v. **PPP structuring Toolkits:** As a part of PPP Capacity Building Program, Toolkits have been designed to assist PPP practitioners to strengthen decision-making at key stages of the PPP project cycle to improve the quality of the PPPs that are being developed. The Toolkits are on-line and web-based and available on the DEA PPP cell website, www.pppinindia.gov.in and facilitate identification, assessment, development, procurement and monitoring of PPP projects. While the general structure has incorporated international best practices, the Toolkits have built on specific approaches for project procurement; approval etc. currently in place in India to ensure that they form a relevant resource for PPP practitioners in India. The on-line nature of the Toolkits ensures updating of resource quickly over time as the approaches in place develop and change. The toolkits covers four sectors, viz. highways, ports, solid waste management and urban transport. The toolkit is available to practitioners through DEA PPP Cell's website, www.pppinindia.gov.in.

vi. **PPP Practitioners Guide:** A comprehensive guidance for practitioners engaged in the PPP development process titled "PPP Guide for Practitioners" has been developed intended to provide step-by-step guidance on various processes in the PPP project life cycle including on the pre- award phase It highlights best practices that could be adopted by practitioners, to ensure transparency, fairness and accountability in the implementation of PPPs. The Guide, available on DEA's PPP Cell website, i.e. pppinindia.gov.in, is divided into 17 modules which discusses a certain stage or concept in the PPP project development process. The Guide is interspersed with examples, key takeaways, web links and case studies.

vii. **Post Award Contract Management:** PPP contracts are often complex where both parties are expected to manage the uncertainties and complexities that arise over the long-term concession period of 15-30 years. Managing changing contexts over the concession period, dealing with uncertainties and effectively handling disputes are critical for the overall success of the PPP projects. International experience shows that lack of attention to Contract Management of PPP projects during the Post-Award phase means that the expected benefits from PPPs will not be realized, through escalations in costs and decline in service performance. Hence, it is important to plan properly for Contract Management during the upfront project preparation phase as much as during the post-award phase. In addition, proper resources must be provided for Contract Management for efficient delivery of PPP projects.

Department of Economic Affairs (DEA) has developed Post-Award Contract Management Guidance Material for Highways, Ports and School sectors and it includes Guidelines, Manuals and Online Toolkits. While the guidelines provide key principles of Post-Award Contract Management of PPP projects, these have been further adapted to sector specific Manuals based on the contractual obligations enshrined in the concession agreements. These are further supported by an interactive web-based toolkit, easily accessible through DEA's PPP Cell website, i.e. www.pppinindia.gov.in, and have been designed to provide practical application-oriented assistance to Project Authorities in undertaking project management. It is expected that the Toolkits will evolve as a one-stop resource base for all Project Authorities for Post-Award Contract Management of PPP projects. The Guidance Material and the Online Toolkits will be available to users on the Department's website for PPPs, i.e. www.pppinindia.gov.in.

8.4.3 **Development of Framework for Renegotiation of PPP Contracts:** Although PPP concessions can be seen as contracts, they differ from the usual mutually negotiated contracts for delivery of commercial services, at least in three notable ways. First, they are public procurements awarded through a competitive bidding process and, hence, ex-post changes in contract terms would need to withstand the standards of equity, fairness, and ensure best value-for-money for the government under given circumstances. Second, they are usually long term arrangements spanning 10-15 years or more and, hence, are not amenable for writing ‘perfect’ contracts covering all the situations and developments during the course of their life-time. Third, they are often intended to provide critical public service(s) and, hence, can be neither paused nor disrupted until the contracting parties resolve the differences that may arise during the course of implementation. Like in any contract, the prospect of renegotiations in a PPP concession is not desirable but may not always be avoidable. Department of Economic Affairs (DEA) had developed a framework for renegotiation or amendment of PPP Agreements with a particular focus on the National Highways and Major Port Concessions (Renegotiations Report). The framework identifies and categorizes several issues that could be considered for renegotiation of PPP concessions and provides various options and recommendations (triggers) for renegotiations. The report on Developing a Framework for Renegotiation of PPP contracts is available at DEA’s website, www.pppinindia.gov.in.

8.4.4 **Capacity Building and Mainstreaming of PPPs:**

a) A Web - enabled database www.infrastructureindia.gov.in has been developed to provide information on infrastructure projects including PPPs. The database is a repository of information on infrastructure projects and their status of implementation across sectors and regions.

b) A dedicated website www.pppinindia.gov.in has been set up for PPPs on the PPP initiatives including project data, concession agreement, manuals, guidelines, model documents and information on schemes, processes, etc. As part of wide ranging efforts for knowledge dissemination on PPPs, DEA has also developed tool kits and knowledge products for use of PPP practitioners. These include online toolkits to help project authorities to design and develop projects and guidance material for post award contract management.

9. Investment Division

9.1 Domestic Investment

9.1.1 NIIF has been set up as a trust registered with Securities and Exchange Board of India ("SEBI") as a Category II Alternate Investment Fund ("AIF") under the SEBI (Alternative Investments Funds) Regulations, 2012 ("AIF Regulations").

9.1.2 NIIF has been created with the aim to attract equity investments from both domestic and international sources for infrastructure development in commercially viable projects, both greenfield and brownfield, including stalled projects.

9.1.3 Mr. Sujoy Bose, has joined on 18th October, 2016 as the Chief Executive Officer (CEO) of National Investment and Infrastructure Fund Limited (NIIF Ltd).

9.1.4 A Memorandum of Understanding (MoU) between the Government of Republic of India and Government of the United Arab Emirates was signed on 11th February, 2016 for facilitating the participation of UAE institutional investors in Infrastructure Investments in India. Similarly, MoUs between National Investment and Infrastructure Fund Limited (NIIFL) and RUSNANO(2nd February, 2016), NIIFL and Qatar Investment Authority (5th June, 2016), NIIFL and Russian Direct Investment Fund (15th October, 2016), and NIIFL and Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development (JOIN) (11th November, 2016) were signed that envisage both parties to explore setting up bilateral/ joint fund under the NIIF.

9.1.5 Further Terms for cooperation on the NIIF with the US Treasury and the UK Treasury have also been signed which encourages investments for infrastructure development in India.

9.2 International Investment Agreements

9.2.1 The revised Model Bilateral Investment Treaty (BIT) text was approved by the Cabinet in December, 2015. The new BIT text aims to provide appropriate protection to foreign investors in India and Indian investors in the foreign country, in the light of relevant international precedents and practices, while maintain a balance between investor's rights and Government obligations. The new Indian Model BIT text is expected to be the base text for replacing the existing BIPA with and for having new agreements. During the year 2016, technical discussions on BITs were held with Canada, Iran, EU, Belarus, Switzerland and USA and the same on investment chapters in trade agreements with Australia, Thailand and the Regional Comprehensive Economic Partnership (RCEP). The negotiations have been agreed with Cambodia, Brazil and Qatar.

9.2.2 In the Budget Speech of the Union Finance Budget 2016-17, the Hon'ble Finance Minister announced that in order to ensure effective implementation of Bilateral Investment Treaties signed by India with other countries, a Centre State Investment Agreement (CSIA) would be introduced to ensure fulfillment of the obligations of State Governments under these treaties and States which opt to sign these Agreements will be seen as more attractive destinations by foreign investors. The CSIA allows the Union Government to enter into an understating with the State Governments for effective implementation of International Investment Agreements (IIAs). The draft Cabinet Note proposing the CSIA was circulated to all the respective Ministries, Departments & State Governments in July, 2016 for views/comments Department of Economic Affairs is in the process of finalization of the Cabinet Note and for obtaining Cabinet approval.

9.3 Foreign Investment Unit

9.3.1 The main function of Foreign Investment Unit (FIU) is to provide policy support on Foreign Investment policy including new policy initiatives in Foreign Direct Investment (FDI) besides interpretation of FEMA and related FDI policy clarifications. FIU also co-ordinates with DIPP, DFS, RBI and SEBI on foreign investment issues and provides policy inputs on any amendment in FDI policy. 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). FIU also provides FDI policy inputs to FIPB on the foreign investment proposals from FDI policy and FEMA angle.

FDI Policy

9.3.2 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.

9.3.3 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 and file documents in the Regional office concerned of RBI. Under the Government approval route, applications for FDI proposals are considered and approved by the Foreign Investment Promotion Board (FIPB).

9.3.4 Department of Industrial Policy & Promotion now brings out a Consolidated Foreign Direct Investment Policy Document. The latest one has been issued on October 25, 2016.It is available at http://dipp.nic.in .

9.3.5 Sectoral guidelines and caps

(a) 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 ‘Real estate business' shall not include development of townships, construction of residential /commercial premises, roads or bridges and Real Estate Investment Trusts (REITs) registered and regulated under the SEBI (REITs) Regulations 2014.

(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).

(b) Sectors having caps and conditionalities can be seen in Consolidated FDI policy 2016 (available on the website of DIPP www.dipp.gov.in.). In other sectors which is not specified in CFPC-2016, FDI is permitted up to 100% on the automatic route, subject to applicable laws/ regulations, security and other conditionalities.

9.3.6 Sectors where FDI caps exist are as under:-

(i) Sectors under Automatic Route with Conditions (As on 08.07.2016)

S.No.	Sector/Activity	Cap
1	Petroleum refining by PSUs	49%
2	Infrastructure Company in the Securities Market	49%
3	Commodity Exchanges	49%
4	Insurance	49%
5	Pension	49%
6	Power Exchanges	49%

(ii) Sectors where Government Approval is required (As on 08.07.2016)

S.No.	Sector/Activity	Cap	Gov. Approval
	Mining and mineral separation of titanium bearing		
1.	Minerals and ores	100%	Upto 100%
2.	Food Product Retail Trading	100%	Upto 100%
3.	Defence	100%	Beyond 49%
4.	Publishing/printing of scientific and technical magazines/specialty journals/ periodicals	100%	Upto 100%
5.	Publication of facsimile edition of foreign newspapers	100%	Upto 100%
6.	Print Media - Publishing of newspaper and periodicals dealing with news and current affairs	26%	Upto 26%
7.	Print Media - Publication of Indian editions of foreign magazines dealing with news and current affairs	26%	Upto 26%
8.	Air Transport Service - Scheduled, and Regional AirTransport Service,	100%	Beyond 49%
9.	Investment by Foreign Airlines	49%	Upto 49%
10.	Satellites- establishment and operation	100%	Upto 100%
11.	Telecom Services	100%	Beyond 49%
12.	Trading - SBRT	100%	Beyond 49%
13.	Pharma - Brownfield	100%	Beyond 74%
14.	Banking- Private Sector	74%	Beyond 49%
15.	Banking- Public Sector	20%	Upto 20%
16.	Private Security Agencies	74%	Beyond 49%
17.	Broadcasting Content Service		
	a) FM Radio		
	b) Uplinking of 'News & Current Affairs' TV Channels	49%	Upto 49%
18.	Trading - MBRT	51%	Upto 51%

9.3.7 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 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. In a major development, the Government in March 2016 had allowed FDI upto a limit of 49% in the Insurance and Pension sector under automatic route. Government has also announced a number of measures to simplify and liberalize the FDI policy. The prominent measure being those announced vide Press Note 05 (2016) dated June 24, 2016, the gist of which is as under:

(i) **Food products manufactured and produced in India:** 100% FDI is allowed on approval route including through E-commerce.

(ii) **Defence Sector:** FDI limit is enhanced to 100%; Up to 49% on automatic route and beyond it on approval route for modern technology or for the other reasons to be recorded.

(iii) **Pharma Sector:** Sectoral cap in brownfield Sector has been relaxed. Now, in brownfield Pharma sector, 74% FDI is allowed on automatic route and beyond it to 100% on approval route.

(iv) **Civil Aviation Sector:** 100% FDI is allowed under automatic route in Brownfield Airport projects.

(v) **Animal Husbandry:** FDI norms is relaxed. Now FDI in Animal Husbandry (including breeding of dogs), Pisciculture, Aquaculture and Apiculture is allowed under 100% FDI even in uncontrolled conditions.

(vi) **Single Brand Retail Trading:** Local sourcing norms has been relaxed for up to 3 years and a relaxed sourcing regime for another five years for entities undertaking SBRT of products having 'state of art' and 'cutting edge' technology.

(vii) **Broadcasting Carriage Services:** In Cable Networks (with MSOs and other MSOs), Teleports, DTH, Mobile TV, HITS sectors, 100% FDI is allowed on automatic route provided that infusion of fresh foreign investment beyond 49% in a company not seeking license / permission from sectoral Ministry, resulting in change in the ownership pattern or transfer of stake by existing investor to new foreign investor, will require FIPB approval.

(viii) **Establishment of branch office, liaison office or project office:** For establishment of branch office, liaison office or project office or any other place of business in India if the principal business of the applicant is Defence, Telecom, Private Security or Information and Broadcasting, approval of Reserve Bank of India or separate security clearance would not be required in cases where FIPB approval or license/permission by the concerned Ministry/Regulator has already been granted.

9.3.8 FDI Policy Initiatives in Year 2016

(i) **Insurance Sector:** Vide Press Note 1/2016 dated 23 March 2016, the Government has placed FDI limit of 49% under automatic route instead of earlier 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 remain in the hands of resident Indian entities at all times as defined under IRDA regulation.

(ii) **Pension Sector:** Vide Press Note 2/2016 dated 23 March, 2016, the Government has placed foreign investment upto 49% under automatic route instead of earlier provision which stipulates up to 26% FDI on automatic route and beyond 26% to 49% FDI under approval route in respect of pension Sector.

(iii) **E-commerce Sector:** Vide PN 3/2016 dated 29.3.2016, the Govt. has inter-alia brought clarity in E-commerce Sector by defining E-commerce, E-commerce entity, Inventory based model of e-commerce and marketplace based model of e-commerce. It is clarified that 100% FDI is allowed under automatic route in marketplace model whereas FDI in inventory based model e-commerce is not allowed. The policy stipulates that E-commerce companies will have to indicate name of sellers and their details for customer services. It also stipulates that E-commerce entities will not directly or indirectly influence the sale price of goods or services and shall maintain level playing field. These steps may improve regulatory aspects and attract higher FDI on account of clarity of policy and condition of level playing.

(iv) **Relaxation for investment by Foreign Venture Capital Investor and investment in start-up:** The Government vide Notification No. 363/RB-2016 dated April 28, 2016 has simplified and relaxed the norms for investment through FVCI registered under the SEBI (FVCI) Regulations, 2000. It stipulates that such FVCI can make investment without any prior approval of RBI in Equity or equity linked instruments or debt instruments, issued by an Indian company engaged in any sector mentioned therein and whose shares are not listed on a recognised stock exchange at the time of issue of the said securities / instruments, Equity or equity linked instruments or debt instruments issued by the **Start-up,** irrespective of the sector in which it is engaged, Units of a Venture Capital Fund (VCF) of a category I Alternative Investment Fund (Cat-I AIF) or units of a scheme or of a fund set up a VCF or by a Cat-I AIF. This will help Start-up, AIF Category-I and Indian Companies in venture capital activities to garner capital for their activities which will generate employment for Indian. Earlier, FVCI has to take prior approval of RBI on the proposed activities, which should be covered under the venture capital activities as notified by RBI. This process has now dispensed with.

(v) **Enabling deferred payment as a steps towards "Ease of doing business in India":** Through FEMA Notification No. 368 dated 20.5.2016: As per the extant FEMA regulation price of equity is determined upfront between foreign investors and Indian investee companies. Therefore, earlier foreign investor hesitated to invest in those Indian companies where their valuation may not be well known especially e.g. start-up and other emerging sector companies. To avoid all this, the Government has allowed to pay 25% of equity value on deferred basis which can be recovered by the foreign investors in case the Indian companies did not satisfy conditionalities as per Memorandum of Understanding between foreign investor and Indian companies and subject to compliance of the usual Indian rules and regulations including FEMA-20. This may help Indian companies to raise capital from the foreign investors and at the same time, foreign investors may find this regulation beneficial for getting more value on their investment.

(vi) **Relaxation on investment for Asset Reconstruction Companies (ARCs):** Department of Industrial Policy & Promotion vide Press Note No. 4 / 2016 dated May 6, 2016 has enhanced the FDI limit to 100% under automatic route for ARCs. This will help ARCs to attract capital in their companies which will pave ways for tackling Non-performing Assets in Banking Sector.

(vii) **Other Financial Services Activity:** Government has also allowed FDI under automatic route in 'other financial services activity' vide Press Note 6 (2016) dated 25.10.2016 and the FEMA notification 375 issued on 09.09.2016. This would remove the ambiguity due to the usage of the word NBFC in the FDI policy. It will expand the list of financial services activities presently restricted to 18 NBFC activities. It would include all financial services activities which are presently within the regulatory ambit of any of the Financial Regulator including the NBFC activities regulated by RBI. The stipulation of minimum capitalisation under the FDI policy has been done away with. It will bring clarity to foreign investors investing in financial services activities and enhance FDI inflow in the sector.

(viii) **Grant of Permanent Residency Status (PRS) to foreign investors-** Pursuant to the Budget announcement, the Cabinet in its meeting held on 31.08.2016 had approved the proposal regarding grant of Permanent Residency Status (PRS) to foreign investors fulfilling the prescribed eligibility conditions along with additional benefits. The PRS scheme is a big improvement over existing Business Visa regime wherein multiple entry Business Visa is generally for 5 years granted to foreign national with stipulation that continuous stay during each visit shall not generally exceed 180 days. The PRS scheme would facilitate foreign investment into the country and promote 'Make in India' programme of the Government. MHA has issued Circular No. 476 dated 17.10.2016 in this regard.

(ix) **Capitalisation of pre-incorporation in case of wholly owned subsidiary-** RBI notified as FEMA 373 on 24.10.2016 in this regard. A wholly owned subsidiary set up in India by a non-resident entity, operating in a sector where 100 percent foreign investment is allowed in the automatic route and there are no FDI linked conditionalities, may issue equity shares or preference shares or convertible debentures or warrants to the said non-resident entity against pre-incorporation/ pre-operative expenses incurred by the said non-resident entity up to a limit of five percent of its capital or USD 500,000 whichever is less, subject to the conditions.

9.3.9. Steps for Ease of doing business in India: 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 e-Biz portal (https://www.ebiz.gov.in/home/). Process of obtaining environmental clearances has also been made online (http://envfor.nic.in/). 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 Foreign Investment Promotion Board (FIPB) has successfully implemented e-filing and online processing of FDI applications through the website: http://www.fipb.gov.in , which was launched in 2015.

9.3.10. Government has already undertaken substantive reforms in FDI policy in the last two years. More than

90% of the total FDI inflows are now through the automatic route. In Budget 2017-18, Government has promised further liberalisation in the FDI policy. In a major announcement, Government has proposed to phase out FIPB in 2017-18.

9.3.11 FDI /FII Inflows data

Total Foreign Investment (Equity inflows + 'Re-invested earnings' +'Other Capital') since April, 2000 to September 2016 is US $ 453,183 Million.

S. No.	Financial Year	Amt. Of FDI Equity inflows		Amt. of FDI Flows (incl. Reinvested earnings and other capital		FII net inflows in US$ million
		In US $ million	Growth on previous FY (%)	In US $ million	Growth on previous FY (%)	
1	2011-2012	34,833	(+) 63 %	46,556	(+) 34 %	16,812
2	2012-2013	21,825	(-) 37%	34,298	(-) 26%	27,582
3	* 2013-2014	24,299	(+) 11%	36,046	(+) 5%	5,009
4	*2014-2015	30,933	(+) 27%	44,291	(+) 23%	40,923
5	*2015-2016	40,001	(+) 29%	55,457	(+) 23%	-3,516
6	*2016-2017	21,624	(+) 30%	29,016	-	7,980

* Provisional data

9.4 Foreign Investment Promotion Board

9.4.1 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, Department of Revenue, Department of Commerce and Ministry of External 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.

9.4.2 FDI proposals seeking FIPB approval are handled in this Department and proposals involving investment by Non-Resident Indians, for setting up 100% Export Oriented Units, for Single Brand Retail Trade, for Multi Brand Retail Tradeand Foreign Technology Transfer/ Trademark agreements are processed in the DIPP. The FDI Policy and FDI Data are also handled in the DIPP.

9.4.3 During the financial year 2016-17 (upto 30th October 2016), Nine meetings were held in which thirty four proposals involving a total inflow of Rs. 16221.53 crore were approved.

9.5 Foreign Trade Section

9.5.1 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. Policy issues related to Overseas Direct Investment are also being dealt with in this section.

9.5.2 **Implementation of Gold Monetization Scheme:** Gold Monetisation Scheme was launched by Hon'ble Prime Minister ShriNarendraModi on 5th November, 2015. This scheme will benefit the manufacturers of gold jewellery who are largely small and medium scale enterprises, by making gold available to them. It will also benefit the common man by allowing him/her to earn interest on their holdings of gold. In the long-run, this scheme will help in reducing the country's demand for import of gold, to a large extent. The details of the same are available on the website i.e. **https;// rbi.org.in.**

Under the Gold Monetisation Scheme 5925 kilograms of gold have so far been mobilized from 622 depositors.

9.5.3 **Creation of a Working Group on Gold issues:** To examine and clarify the inter-regulatory mandates and roles among the agencies dealing in the matters concerninig gold, a Working Group on gold issues under Sub Committee of FSDC was constituted under the Chairmanship of Secreatry, Department of Economic Affairs (DEA).

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), New Development Bank (NDB), Asia Infrastructure and Investment Bank (AIIB), 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 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 forIndia being represented in the WBG meetings forinternational level deliberations to discuss policy issuespertaining to the World Bank Group as also to undertakeprojects with assistance from the World Bank (IBRD and IDA).

10.3 World Bank Reforms

10.3.1 In the latest Capital Increase in IBRD (Spring Meetings, April 2010), India was allocated additional 24,092 shares (through General Capital Increase and Selective Capital Increase). As a result India has become the 7th largest shareholder in IBRD with voting power of2.91%. Before this revision, India's voting power was2.77% at 11th position among shareholders. During 2016, India completed the subscription of allocated additional shares.

10.4 World Bank India Portfolio

10.4.1 At the end of 11th January, 2017, a total of 94 World Bank Project (USD 27.587 billion) are under implementation in India. Out of these, 34 are IBRD Projects (USD 15.498 billion) and 60 are IDA Projects (USD 12.088 billion). The World Bank projects are spread across sectors likeUrban, Transport,Education, Health, Rural Development, Panchayati Raj Institutions, Irrigation, Water Supply Power, Environment & Forest etc.

10.5 Major activities pertaining to the World Bank in 2016-17

10.5.1 **India no more a borrower from IDA:**During the IDA 18 Replenishment Meetings, it was announced by India that it would prefer the Word Bank Group to meet its needs through IBRD resources and hence, part of the IDA resources offered to India as transition support be made available to meet the needs of other IDA clients. Thus, India would no longer be a borrower from IDA.

10.5.2 **India as donor to IDA**: As a commitment to India's shared objective of eliminating extreme poverty, reducing vulnerability and increasing resilience across countries, Indiadecided to become donor to IDA with a contribution of USD 200 million to IDA 17 replenishment. In furtherance of its commitment towards the IDA countries, India announced a pledge of INR 12.25 billion as its contribution towards IDA 18 replenishment.

10.5.3 **Loan Signed & Disbursement**: Total 12 projects were signed during the year 2016, which includes 7 IDA Projects amounting to USD1024.5 million of assistance, 5 IBRD Projects amounting to USD 2820 millionof assistance. Total Disbursement for the period January to December 2016 was USD 2766 million (IBRD USD 1129.39 million and IDA USD 1636.67 million).

10.6 Meetings of Fund Bank

10.6.1 The Spring Meetings of the IMF-World Bank and associated meetings at the sidelines were held during April 13-16, 2016. The Finance Ministry delegation was led by the Union Finance Minister and comprised of Secretary (EA), Governor, RBI, CEA and other officers of DEA. The Development Committee deliberated on the 'Forward Look' exercise carried out by the World

Bank,issues of migration, forced displacement, Interim progress report on Dynamic Formula of IBRD Shareholding review and Disaster Risk Management.

10.6.2 10.6.2 The Annual Meetings of the World Bank and the IMF and other associated meetings on the sidelines took place in Washington, D.C. from October 6-8, 2016.Indian Delegation was led by Union Finance Minister and comprised of Governor RBI, Secretary (EA), Chief Economic Advisor, and other officers from Ministry of Finance and RBI. The focus of the Development Committee was the discussion on the Dynamic Formula of Shareholding of member countries in IBRD. In view of the World Bank being capital-constrained, the Finance Minister ShriArunJaitley emphasized upon the need for re-capitalizing the Bank to enable it to meet SDGs and twin goals. He also expressed hope that World Bank would be more agile, efficient and less expensive.

10.6.3 These meetings also provided opportunity of holding various bilateral meetings with various countries and organizations/ agencies.

10.7 International Finance Corporation (IFC)

10.7.1 International Finance Corporation (IFC), a member of the World Bank Group, focuses exclusively on investing in the private sector in developing countries. Established in 1956, IFC has 184 members. India is founding member of IFC. IFC is an important development partner for India with its operations of financing and advising the private sector in the country. India represents IFC's single-largest country exposure globally accounting for about 11 percent of IFC's global investment portfolio. IFC has committed over US$15.8 billion in India since 1958. 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. As at June 30, 2016, IFC's total outstanding portfolio in India stood at US$5.2 billion, of which US$4.4 billion (84%) was disbursed.Sector wise, the Financial Institution Group(FIG) contributed the largest share at 42 percent followed by the Infrastructure & National Resources(INFRA) Group at 29 percent and remaining 29 percent contributed by the Manufacturing, Agribusiness and Services(MAS) and the Technology/ Venture funds clusters.

10.8 International Monetary Fund

10.8.1 India is a founder member of the International Monetary Fund, which was established to promote a cooperative and stable global monetary framework. At present, 189 nations are members of the IMF. Since the IMF was established, its 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, Bhutan and Sri Lanka. Governor, Reserve Bank of India (RBI) is India's Alternate Governor.

10.8.2 **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 2016 Spring Meeting of the International Monetary Fund and World Bank Group was held in Washington D.C from April 13-19 2016. The 2016 Annual Meeting of the IMF and World Bank was held during October 6-8, 2016 at Washington D.C. The 34th 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 October 8, 2016.

10.9 India's Quota and Ranking

10.9.1 The 2010 IMF Quota and Governance Reforms (including the 14th General Review of Quotas) came into effect on January 26, 2016. Consequently, India's quota in the IMF is SDR 13,114.40 million with a shareholding of 2.75%. India ranks 8th in terms of quota holding in IMF.

10.10 India's contribution to borrowing arrangements of the IMF:

10.10.1 In April 2009, the G-20 had 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). India committed a maximum of up to USD 14 billion for the New Arrangements to Borrow (NAB). The amended NAB, which became effective on March 11, 2011 increased the maximum amount of resources available under NAB to SDR 370 billion from SDR 34 billion.

10.10.2 Pursuant to the effectiveness of the 14th Review quota increase, the NAB was rolled back from SDR 370 billion to SDR 182 billion. However, the NAB continues as a standing facility and the rolled back NAB resources continue to be counted toward the Fund's overall lending capacity.

10.10.3 In addition, BRICS countries had in 2012 announced their contributions towards bilateral borrowing arrangements with the IMF, including US$ 10 billion by each India, Brazil and Russia. India's commitment of contributing US$ 10 billion is implemented through the mechanism of Note Purchase Agreement (NPA) between Reserve Bank of India (RBI) and the IMF. It was agreed by IMF that bilateral borrowing arrangement in the form of Note Purchase Agreement (NPA) will be used as a third line of defense only if the resources under Quota and NAB are substantially exhausted.

10.10.4 India's NPA 2012 is effective from September 19, 2013, and valid till September 18, 2017.

10.11 Financial Transactions Plan (FTP):

10.11.1 The Financial Transactions Plan of the International Monetary Fund is the mechanism through which the Fund finances its lending and repayment operations, to its members, in the General Resources Account. The members of the Fund can take loans from IMF with limits corresponding to their quota. IMF lends to its members in both foreign exchange and SDRs. Credit extended in foreign exchange is financed from the quota resources made available to the IMF by members.

10.11.2 India is a participant under 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.

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 concluded on November 16, 2016. The meeting of the IMF Executive. Board to discuss India's Article IV Report was held in January 25, 2017.

10.13 South Asia Regional Training and Technical Assistance Center (SARTTAC)

10.13.1 The Memorandum of Understanding between India and International Monetary Fund for setting up of South Asia Regional Training and Technical Assistance Center (SARTTAC) in India by the International Monetary Fund was signed on March 11, 2016. India is hosting the SARTTAC of IMF. The Center was officially inaugurated on February 13, 2017. SARTTAC will serve six member countries of Bangladesh, Bhutan, India, Maldives, Nepal& Sri Lanka. It will provide training to government & public sector employees, enhance their technical and analytical skills and improve the quality of their inputs into policy. It will also provide technical assistance to governments and public institutes in various areas such as macroeconomic policy, macro & micro prudential regulation, financial sector supervision as well as national accounts statistics and forecasting.

10.14 Asian Development Bank

10.14.1 **Membership of ADB:** India became a member of the Asian Development Bank (ADB) as a founding member in 1966. The Bank is engaged in promoting economic and social progress of its developing member countries (DMCs) in the Asia Pacific Region. The main instruments that it uses to do this are making loans and equity investments, providing technical assistance for the preparation and execution of development projects and programs and other advisory services, guarantees, grants and policy dialogues.

10.14.2 ADB has 67 members (including 48 regional and 19 non-regional members), with its headquarters at Manila, Philippines. ADB's authorized & subscribed capital stock is US$142.70 billion of which India's subscription is US$9.03 billion. India is holding 6.33% of shares, totalling 672,030 shares {@US $ 12063.5 per share), in ADB. India has 5.36% voting rights. Japan and the US represent the largest shareholders with 15.61% each of shares. China and India are the third (6.44%) and fourth (6.33%) largest shareholders, respectively.

10.14.3 Asian Development Bank has a Board of Governors (BoG), a Board of Directors (BoD), a President, six Vice Presidents and other necessary officers & staff. Like other members, India is also represented on the BoG. The Finance Minister of India is the designated Governor for India. All the powers of the Bank vest in the BoG. The BoG exercises its powers and functions with the assistance of the BoD, to whom powers are delegated for specific functions. India is represented in the BoD by a nominee of the GOI as Executive Director (ED). ED is supported by Officers from India by way of two Advisers and one Executive Assistant.

10.14.4 Annual Meetings of BoG is held in a member country in early May every year. Annual meetings are statutory occasions for Governors of ADB members to provide guidance on ADB administrative, financial, and operational directions. The meetings provide opportunities for member governments to interact with ADB staff, nongovernment organizations (NGOs), media, and representatives of observer countries, international organizations, academiaand the private sector. 46th Annual Meeting of ADB was hosted by India during 2-5 May, 2013 in New Delhi. The last (49th) Annual Meeting of ADB was held at Frankfurt during 2-5 May 2016.

10.14.5 ADB assistance to India commenced in 1986. Average sovereign annual lending increased from $586 million between 1986-96 to $905 million between 1997-2002, $1.094 billion between 2003-07,$1.9 billion between 2008-12, and more than $2.0 billion between 2013-2016. As of 31th December 2016, there are 87 ongoing sovereign loans amounting to $13,156 million.

10.14.6 ADB assistance to India supports the Government's development priorities, evolving focus areas, and flagship initiatives, including Swachh Bharat Mission (Clean India Campaign); Atal Mission for Renewal and Urban Transformation (AMRUT); Smart Cities; 24×7 Power for All; Skill India; and Make in India. ADB leverages knowledge, supports capacity development, and incorporates innovation and best practice into its operations.

10.14.7 ADB interventions in India span six sectors of operation: transport; energy; urban infrastructure and services; finance; skills; and agriculture and natural resources.

- The ADB transport sector program aims to improve connectivity and accessibility, promote safe and environment-friendly practices, and enhance in-country and subregional trade corridors and facilities.
- Energy sector initiatives contribute to the strengthening of power transmission and distribution networks in India. ADB supported initiatives aim to provide uninterrupted power supply to all, while promoting low-carbon solutions, renewable—including solar energy, and energy efficiency.
- The urban sector program focuses on expanding the coverage, quality, and continuity of basic services to improve the urban quality of life. It is aligned to support the three GoI urban flagship initiatives.
- The finance sector program endeavors to support leveraging of finance for infrastructure through loans and equity finance, investment funds, credit lines, and guarantees.
- ADB's agriculture and natural resources sector interventions provide assistance in the key areas of water use efficiency and climate resilience.
- ADB's skills development program endeavors to contribute to an increase in the supply of qualified labor to industries and services essential to growth. The program includes support to State-level efforts in skills development with a focus on quality and outcomes.

10.14.8 ADB shares the vision of Government of India on regional integration and connectivity. Under the flagship South Asia Subregional Economic Cooperation (SASEC) Program, ADB has been working with a subset of SAARC countries for over 10 years to build cross-border power lines, introduce policy measures to facilitate regional trade, and connect roads for movement of goods and people.

10.14.9 Building the capacity of various executing agencies has been an important element of ADB's assistance to India. The Capacity Development Resource Center was established at ADB's India Resident Mission; it collaborates with leading experts and national training institutes to develop and deliver training courses for executing agencies on operational matters as well as technical and substantive issues relating to ADB operations in India.

10.14.10 **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, and undertake scoping studies and knowledge products.

10.14.11 Portfolio performance of ADB funded projects has improved since 2005, largely as a result of regular tripartite portfolio review meetings (TPRMs) organized jointly by Government of India and ADB and attended by staff from Department of Economic Affairs (DEA), Ministry of Finance, ADB, and Executing Agencies of ADB projects across all States. Contract awards have increased from $550.5 million in 2004 to $2.02 billion in 2015, while loan disbursements have risen from $381 million to $1.42 billion over the same period. India's disbursement ratio has shown a marked improvement since 2005.

10.14.12 ADB has set up a Technical Assistance Special Fund (TASF) for providing technical assistance to Developing Member Countries (DMCs) for capacity building development in the formulation, design and implementation of projects to facilitate effective use of external financing. India is voluntarily contributing to TASF since 1970 and a net of $4.49 million has been contributed upto 2015-16.

10.15 Brics New Development Bank (NDB)

10.15.1 The New Development Bank (NDB) has been instituted with a vision to support and foster infrastructure and sustainable development initiatives in emerging economies. The founding members of the NDB - Brazil, Russia, India, China and South Africa (BRICS) - have brought in capital of USD 1 billion as initial contribution. Mr. K.V. Kamath, is the first President of the Bank. The New Development Bank (NDB) has completed one year since its establishment in 2015. Most of the policies and procedures for all functional areas of the Bank were approved at the Board of Directors meeting in January, 2016. So far, seven meetings of the Board of Directors (BoD) have been held and most of the operational, HR and finance and control policies of the Bank have been finalized and approved by the BoD. Since commencement of operations, Board of Directors of the NDB have approved 7 loans amounting to USD 1.5 billion, of which two are for India.

10.15.2 NDB has completed its first bond issuance on July 18, 2016. NDB successfully issued its first Green Financial Bond of RMB 3 billion (around USD 450 million equivalent) with tenor of 5 years in the China Interbank Bond Market. The Bond's nominal interest rate is 3.07%. The total subscription amount of NDB's first bond reached more than RMB 9 billion, and the cover ratio reached 3.1. More than 30 investors participated in the Bond issuance.

10.15.3 The first Annual Meeting of the Board of Governors of the BRICS New Development Bank was held on July 20, 2016 at Shanghai, China. During the meeting of the Board of Governors of the NDB, it was decided that the second Annual meetings of NDB will be held in India during March 31-April 2, 2017.

10.16 Asian Infrastructure Investment Bank (AIIB)

10.16.1 Asian Infrastructure Investment Bank (AIIB) is a Multilateral Development Bank (MDB) established in January 2016 with the objective to foster sustainable economic development, create productive assets and improve infrastructure in Asia through financing of infrastructure projects. While the Bank was mooted by the China, as the second largest shareholder and one of the founding members, India also played a critical role in its establishment and operationalization. The Bank commenced its operation on 16.01.2016, and is now fully functional. The AIIB has approved 9 loans amounting to US$ 1730 million in first year of its operations.

10.16.2 India's shareholding in the AIIB is 8.5%, with a total of 86,673 shares. As per the Article 5.1 of the Articles of Agreement (AoA) establishing the AIIB, the proportion of paid-in and callable shares is in the ratio of 2:8. Thus, India's paid-in shares amounts to 16,734.6 (20% of 83,673) (rounded off to 16,735). The par value of each share being USD 100,000, India's paid-in component of capital shares amounts to USD 1,673.46 million. The paid-in capital stock is payable in 5 equal instalments of USD 334.7 million each. India has paid first two instalments of capital subscription in January, 2016 and December, 2016 respectively. As the second largest shareholder, India has an independent and exclusive seat on the Board of Directors of the AIIB. Finance Minister is India's Governor on the AIIB Board of Governors, and Special Secretary (EA) is India's Director on the Board of Directors of the AIIB

10.17 African Development Bank (AFDB)

10.17.1 India is a non-regional member of ADB and is contributing to African Development Fund (ADF) in all its replenishment cycles. It has pledged Rs.l00cr. (Grant) and Rs.l00 cr. Bridge Loan) to African Development Fund-14 towards poverty reduction and economic and social development in the least developed African countries.

10.17.2 India has decided to host the Annual Meetings of AfDB group in May, 2017 in Gujarat for which MoU between Government of India and African Development Bank & African Development Fund has been signed on 15th September, 2016.

10.18 Global Alliance for Vaccines and Immunizations (GAVI Alliance)

10.18.1 The GAVI Alliance (formerly the Global Alliance for Vaccines and Immunization) was founded in 2000 to reduce the historical gap in access to life saving vaccines and reduce child mortalities. GAVI's mission is to save children's lives and protect people's health by increasing access to immunization in poor countries. GAVI is estimated to have contributed to the immunization of additional 500 million children and in prevention of approximately seven million future deaths with contribution of about US$ 12 billion.

10.18.2 India has benefitted significantly from GAVI assisted programs, which are implemented by the Ministry of Health and Family Welfare (MoHFW). India is also a contributor to GAVI Alliance. India has committed to contribute USD 1 million per annum for the years 2013-14 to 2016-17 to the GAVI Alliance. A 'Contribution Agreement' for this purpose was signed in January, 2014 between Department of Economic Affairs, on behalf of Government of India, and GAVI Alliance. India's contribution for the year 2016 (USD 1 million) has been paid in November, 2016.

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

10.19.1 The Global Fund to Fight AIDS, Tuberculosis and Malaria (The Global Fund / GFATM) is an international financing organization that aims to attract and disburse additional resources to prevent and treat HIV and AIDS, Tuberculosis and Malaria. The organization began operations in January 2002. Programs supported by the Global Fund have saved 20 million lives since 2002, and adverted 146 million new infections.

10.19.2 Global Fund has so far committed over $ 1.6 billion as grant to India, and India has benefitted significantly from Global Fund assisted programs (implemented through MoHFW). India has also been a contributor to the Global Fund. Under the 'Multi-Year Contribution Agreement' signed between Government of India, GFATM and IBRD (as Trustee of the Trust Fund for Global Fund) on 27th January, 2014, India committed USD 16.50 million to GFATM for the period 2013-16. India's contribution for the year 2016 (USD 4.5 million) has been paid in June, 2016.

10.19.3 The Fifth Voluntary Replenishment Conference of Global Fund for the three-year cycle 2017-19 was held in Montreal, Canada on 16-17 September, 2016. India participated in the Conference, and pledged a contribution of USD 20 million for the fifth voluntary replenishment period. A 'Multi-Year Contribution Agreement' has also been signed between Government of India and the GFATM on 05.12.2016, under which India will contribute USD 6 million in 2017 and USD 7 million each in 2018 and 2019 to the Global Fund.

10.20 International Fund for Agriculture Development (IFAD)

10.20.1 International Fund for Agricultural Development (IFAD) was set up in 1977 as the 13th specialized agency of the United Nations. It is dedicated to eradicating poverty and hunger in rural areas of developing countries. 176 countries are members of the IFAD, and these are grouped into three countries, comprising List – A: Developed Countries, List – B: Oil Producing Countries and List – C: Developing Countries. India is in List – C.

10.20.2 India is one of the founder members of International Fund for Agricultural Development (IFAD), and has so far contributed US$ 147.0 million towards IFAD's resources. India has pledged to contribute an amount of US$ 37 million to the 10th Replenishment cycle of IFAD (during 2016-18).

10.20.3 During the 39th Session of Governing Council (GC) of IFAD, India's Governor to the Fund was unanimously elected as the Chairman of the GC for a two year term. India is also a member of the Executive Board of IFAD.

10.20.4 Since 1979, IFAD has provided financial assistance to 28 projects in India in the field of agriculture, rural development, tribal development, women's empowerment and natural resource management with a commitment of US$ 928.6 million (approx.). Out of these, 19 projects have been completed. Presently, nine projects with a total assistance of US$ 417.04 million are under implementation in various states.

10.20.5 The Government of India has posed a project proposal named "Andhra Pradesh Drought Mitigation Project" received from Government of Andhra Pradesh to IFAD for financial assistance of US$ 76 million. The project has been negotiated in December 2016. The project is currently under preparation. Government of India has also posed a project proposal named "Fostering Climate Smart Agriculture in Rural Areas of Nagaland" received from Government of Nagaland to IFAD for financial assistance.

10.20.6 Since 2013, IFAD loans are being provided to India 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 period of 25 years including a grace period of 5 years. However, for the projects which were signed prior to the introduction of a new Blend Term of loan by IFAD in 2013, IFAD loans are repayable over a period of 40 years including a grace period of ten years and carry no interest charges.

10.21 The Global Environment Facility (GEF)

10.21.1 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), Minimart 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).

10.21.2 India has been actively involved with GEF process right from its inception. It has been one of the donors to the GEF Trust Fund. 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. An amount of US $ 3 Million has been paid as India's contribution in 2016-17 towards the payment of 3rd instalment of 6th Replenishment of GEF.

11. Multilateral Relations Division

11.1 G-20

11.1.1 G-20 is a premier forum for international cooperation on issues of global economic and financial agenda and to promote open and constructive policy discussions between developed and Emerging Market 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 first G20 Summit was held in November, 2008 in Washington DC under the shadow of the greatest financial crisis in the postwar era. This was followed by ten summits held in London (April, 2009), Pittsburg (September, 2009), Toronto (June, 2010), Seoul (November, 2010), Cannes (November, 2011), Los Cabos (June, 2012), St. Petersburg, (September, 2013), Brisbane (November 2014), Antalya (November 2015) and Hangzhou (September 2016) . The current Presidency of G20 is with Germany and the Summit is scheduled to be held in Hamburg on 7-8 July, 2017.

11.2 Major Outcomes of the G20 Chinese Presidency in 2016

11.2.1 Under the theme of the Summit "Towards an Innovative, Invigorated, Interconnected and Inclusive World Economy", the Chinese Presidency has organized the agenda for G20 Sherpa Track in 2016 around four baskets of priorities:

- Breaking A New Path for Growth
- More Effective and Efficient Global Economic and Financial Governance
- Robust International Trade and Investment
- Inclusive and Interconnected Development

11.3 G20 Summit 2016

11.3.1 The G20 Summit 2016 was held on 4-5 September 2016 in Hangzhou, China. The Summit marks the culmination of a yearlong process of inter-governmental negotiations and discussions among G20 countries on issues of economic and financial cooperation. India was represented in the Summit by Hon'ble Prime Minister Shri Narendra Modi accompanied by officials from DEA and MEA.

11.3.2 At this year's Summit in Hangzhou, Leaders committed to undertake a number of concrete actions to strengthen the global economy, make global growth more inclusive, enhance the resilience of the international financial system, mobilize investment to raise long-term growth, strengthen multilateral trading system and implement previous commitments on economic reform and labour markets.

11.3.3 Significant decisions adopted at the G20 Summit 2016 include:

- Leaders committed to important cross-cutting actions related to multi-dimensional partnerships, supporting developing countries and improving skills and human capital. It was agreed to set up a G20 Task Force supported by the OECD and other relevant international organizations to take forward the G20 agenda on innovation, new industrial revolution and digital economy, subject to the priorities of the respective future G20 presidencies, ensuring continuity and consistency with the results so far, and promoting synergies with other G20 workstreams.

- Leaders reiterated the essential role of structural reforms in boosting productivity and potential output, as well as promoting innovative growth in G20 countries and endorsed the nine priority areas of structural reforms and a set of guiding principles identified in the Agenda to provide high-level and useful guidance to members, while allowing them to account for their specific national circumstances.

- Leaders endorsed the G20 High-level Principles for Digital Financial Inclusion, the updated version of the G20 Financial Inclusion Indicators and the Implementation Framework of the G20 Action Plan on SME Financing. They encouraged countries to consider these principles in devising their broader financial inclusion plans, particularly in the area of digital financial inclusion, and to take concrete actions to accelerate progress on all people's access to finance.

- Leaders endorsed the G20 High Level Principles on Cooperation on Persons Sought for Corruption and Asset Recovery and welcomed Chinese initiative to establish in China a Research Center on International Cooperation Regarding Persons Sought for Corruption and Asset Recovery in G20 Member States, which will be operated in line with international norms.

- Leaders endorsed the G20 Voluntary Collaboration Action Plan on Energy Access, the G20 Voluntary Action Plan on Renewable Energy andtheG20 Energy Efficiency Leading Programme issued by the G20 energy ministers and ask them to meet regularly to follow up on the implementation of these plans. Leaders stressed on the importance of diversification of energy sources and routes.

- Leaders committed to further strengthen G20 trade and investment cooperation and to ratify the Trade Facilitation Agreement by the end of 2016 and call on other WTO members to do the same.

- Leaders reiterated their opposition to protectionism on trade and investment in all its forms and extended commitments to standstill and rollback of protectionist measures till the end of 2018, reaffirming determination to deliver on them and support the work of the WTO, UNCTAD and OECD in monitoring protectionism.

- Leaders pledged to enhance policy coherence on sustainable development and reaffirm our commitment to further align work with the universal implementation of the 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda on financing for development, based on the comparative advantage and the added value of the G20 and in accordance with our national circumstances, while acknowledging that the global follow-up and review of the 2030 Agenda is a UN-led process.

- Leaders launched the G20 Initiative on Supporting Industrialization in Africa and LDCs to strengthen their inclusive growth and development potential through voluntary policy options including: promoting inclusive and sustainable structural transformation; supporting sustainable agriculture, agri-business and agro-industry development; deepening, broadening and updating the local knowledge and production base etc.

- Leaders endorsed the strategies, action plans and initiatives developed by G20 labor and employment ministers to enhance the growth and development agenda by taking effective actions to address changes in skill needs, support entrepreneurship and employability, foster decent work, ensure safer workplaces including within global supply chains and strengthen social protection systems.

- Leaders affirmed the importance of fulfilling the UNFCCC commitment by developed countries in providing means of implementation including financial resources to assist developing countries with respect to both mitigation and adaptation actions in line with Paris outcomes.

- Leaders called for strengthening humanitarian assistance for refugees and refugee resettlement.

- Leaders called for the swift, effective and universal implementation of the FATF standards and of the provisions of the UN Security Council resolution 2253 worldwide.

- Leaders affirmed the need to explore in an inclusive manner to fight antimicrobial resistance by developing evidence-based ways to prevent and mitigate resistance, and unlock research and development into new and existing antimicrobials from a G20 value-added perspective, and call on the WHO, FAO,OIE and OECD to collectively report back in 2017 on options to address this including the economic aspects.

G20 Finance Track

11.4 Outcomes of G20 Hangzhou Summit (related to G20 Finance Track)

11.4.1 The leaders agreed on a set of policy recommendations and action plans called "the Hangzhou Consensus" based on the following:

a) **Vision**: To strengthen the G20 growth agenda to catalyze new drivers of growth, open up new horizons for development, lead the way in transforming our economies in a more innovative and sustainable manner and betterreflect shared interests of both present and coming generations.

b) **Integration**:To pursue innovative growth concepts and policies by forging synergy among fiscal, monetary and structural policies, enhancing coherence between economic, labor, employment and social policies as well as combining demand management with supply side reforms, short-term with mid- to long-term policies, economicgrowth with social development and environmental protection.

c) **Openness**:To work harder to build an open world economy, reject protectionism, promote global trade and investment, including through further strengthening the multilateral trading system, and ensure broad-basedopportunities through and public support for expanded growth in a globalized economy.

d) **Inclusiveness**:To work to ensure that economic growth serves the needs of everyone and benefits all countries and all people including in particular women, youth and disadvantaged groups, generating more quality jobs,addressing inequalities and eradicating poverty so that no one is left behind.

11.4.2 G20 Working Group on Framework for Strong , Sustainable and Balanced Growth , of which India is co-chair along with Canada, agreed on the G20 Enhanced Structural Reform Agenda comprising of two main pillars, namely, the priorities and principles of structural reforms and the G20 structural reform indicator system. They also adjusted their growth strategies to achieve 2% additional growth between 2014 and 2018.

11.4.3 The G20 countries endorsed the "Agenda Towards A More Stable and Resilient International Financial Architecture". The G20 countries resolved continue to improve the analysis and monitoring of capital flows and management of risks stemming from excessive capital flow volatility. They supported to further strengthening of the Global Financial Safety Net (GFSN). G20 welcomed the entry into effect of the 2010 IMF quota and governance reform and resolved to work towards the completion of the 15th General Review of Quotas, including a new quota formula, to result in increased shares for dynamic economies in line with their relative positions in the world economy. G20 supported the World Bank Group to implement its shareholding review according to the agreed roadmap, timeframe and principles. They underlined the importance of promoting sound and sustainable financing practices and will continue to improve debt restructuring processes.

11.4.4 G20 countries remained committed to finalizing remaining critical elements of the regulatory framework and to the timely, full and consistent implementation of the agreed financial sector reform agenda, including Basel III and the total-loss-absorbing-capacity (TLAC) standard as well as effective cross-border resolution regimes.G20 remained committed to address the issue of systemic risk within the insurance sector and tofull and timely implementation of the agreed over-the-counter (OTC) derivatives reform agenda.

11.4.5 We support a timely, consistent and widespread implementation of the BEPS package and call upon all relevant and interested countries and jurisdictions that have not yet committed to the BEPS package to do so and join theframework on an equal footing. G20 countries called on all relevant countries including all financial centers and jurisdictions, which have not yet done so to commit to implementing the standard of automatic exchange of information by 2018 at the latest and to sign and ratify the Multilateral Convention on MutualAdministrative Assistance in Tax Matters. After the "Panama Leaks" the G20 started working to identify non-cooperative jurisdictions with respect to tax transparency and resolved to take defensive measures against such countries.

11.4.6 The G20 countries tasked the IOs to prepare proposals on ways to improve the implementation of theinternational standards on transparency, including on the availability of beneficial ownership information of legalpersons and legal arrangements, and its international exchange.

11.4.7 We call for the swift, effective and universal implementation of the FATF standardsand of the provisions of the UN Security Council resolution 2253 worldwide. The G20 countries worked together to identify challenges for green finance and considered taking initiatives to promote green finance.

11.5 G20 German Presidency 2017

11.5.1 Germany has taken over the G20 Presidency from 1st December 2016. The German Presidency priorities of the G20 Summit in 2017 are:

- Building Resilience
- Improving Sustainability
- Assuming responsibility

11.5.2 The main priorities of G20 Finance Track during German Presidency are: enhancing resilience; supporting investments, particularly in Africa; and shaping digitalisation.In addition, the deliberations will continue in the area of International financial architecture, international tax, financial sector development and regulation and green finance, counter-terrorism financing and anti-money laundering, phasing out of inefficient fossil fuel subsidies and cyber security.

11.6 G-24

11.6.1 The G-24 was established in 1971 by the Group of 77 (G-77).The Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development (G-24) coordinates the position of developing countries on monetary and development issues in the deliberations and decisions of the Bretton Woods Institutions (BWI). In particular, the G-24 focuses on issues on the agendas of the International Monetary and Financial Committee (IMFC) and the Development Committee (DC) as well as in other relevant international fora.

11.6.2 The governing body of the G-24 meets twice a year, preceding the Spring and Fall meetings of the International Monetary and Financial Committee and the Joint Development Committee of the World Bank and the International Monetary Fund. The plenary G-24 meetings are addressed by the heads of the IMF and the World Bank Group as well as by senior officials of the UN system. Issues are first discussed by the Deputies and culminate at the Ministerial level by the approval of a document that sets out the consensus views of member countries. The Ministerial document is released as a public Communiqué at a press conference held at the end of the meetings. Decision-making within the G-24 is by consensus.

11.6.3 The last G-24 meeting was hold on 3rd to 6th October,2016 in Washington D.C. G-24 communiqué of Intergovernmental Group on Twenty four on International Monetary Affairs and Development was released on 6th October, 2016.

11.6.4 The next meeting of the G-24 Ministers is expected to take place on April 20,2017 in Washington, D.C.

11.7 OECD

11.7.1 OECD releases Economic Survey of member countries and other key economies once in about every two years. OECD released Economic Survey of India in 2007, 2011 and 2014. Presently, OECD is preparing Economic Survey of India that will present a broad assessment of policies by the Indian Government and make recommendations for improvement. They will also present a detailed analysis on how to make the direct taxes more growth friendly and redistributive; and on reducing the regional imbalances in India.

11.8 BRICS

11.8.1 India assumed the chairmanship of the BRICS forum starting 15th February 2016. During India's chairmanship, Ministry of Finance organized various workshops and seminars with the objective of sharing country experiences about unique approaches and solutions followed in BRICS countries, building and strengthening linkages among stakeholders, and identifying areas which can shape BRICS cooperation agenda for next few years.

11.8.2 Ministry of Finance also organized first BRICS Economic Forum in collaboration with Research and Information System (RIS) and RBI on 13-14th October 2016 in Goa. The event was planned to mark the culmination of India's chairmanship and to bring together diverse stakeholders viz. Finance Ministries, Central Banks, Business Houses, Regulators, Think Tanks, Government Officials of BRICS nations on a common platform to have seminal discussions and exchange of ideas on how BRICS can collaboratively pursue their economic and financial cooperation to create maximum value for respective economies.

11.8.3 During the course of 2016, BRICS Finance Ministers and Central Bank Governors continued to discussed global economy and strategies for enhancing growth, key issues of co-operation under the G20 agenda, international financial architecture and regulatory reforms and the way forward on existing as well as new areas of co-operation, such as establishment of rating agency, and promoting market research and analysis under the aegis of BRICS. As the outcome of these deliberations, BRICS Leaders agreed to 'welcome experts exploring the possibility of setting up an independent BRICS Rating Agency based on market-oriented principles, in order to further strengthen the global governance architecture' during 8th BRICS Summit held on 15-16th October 2016.

11.9 Indo-Russia Cooperation

11.9.1 A Memorandum of Understanding (MOU) was signed on 15th October, 2016 between - National Investment and Infrastructure Fund Limited -and-Limited Liability Company "RDIF Management Company".

11.9.2 The draft credit protocol for financing the construction of Kudankulam Nuclear power projects (Unit 5&6) between India and Russian federation was negotiated at Moscow on 5th December,2016 and the protocol is legally be signed soon.

11.10 Framework on Curerncy Swap Arrangement for SAARC Member Countries:

11.10.1 The "Framework on Currency Swap Arrangement for SAARC Member Countries" was approved by the Government of India on March 1st, 2012. The Framework was formulated with the intention to provide a line of funding for short term foreign exchange requirements or to meet balance of payments crises till longer term arrangements are made or the issue is resolved in the short-term itself. The validity of the Framework came to an end on 14th November, 2015. The Union Cabinet in 2015 had approved the proposal for the extension of this facility till 14th November, 2017 and further extension, if necessary, with the approval of Hon'ble Finance Minister.

11.10.2 Following the announcement of Hon'ble PM of a total currency swap facility of USD 1.5 billion for Sri Lanka, RBI signed an agreement with Central Bank of Sri Lanka (CBSL) on 25th March 2015 for a swap facility of USD 400 million under the Framework on Currency Swap Arrangement for SAARC Member Countries. For the remaining USD 1.1 billion, an ex-post facto approval was obtained from the Cabinet on 22nd April 2015 for entering into an agreement with CBSL for extending USD 1.1 billion as a special/ad-hoc swap outside the Framework. The Special Swap Agreement with CBSL has been executed on 28.03.2016 and the fund of USD 700 Million has been disbursed to CBSL on 30.03.2016.

11.11 UNDP:

11.11.1 Government of India and UNDP have entered into a basic agreement to govern UNDP's assistance to the special agreement concerning technical assistance between UN Organisations and the Government of India. The aim of the current Country Programme Action Plan(CPAP) is to support the Government's efforts to promote rapid, inclusive sustainable growth that benefits the most excluded through partnerships with Ministries, Departments and civil society. The country-specific allocation of UNDP resources is made every five years under the Country Programme Action Plan which usually synchronizes with India's five year plans. The ongoing Country Programme (CP) 2013-17 signed on 1.3.2013 is in harmony with the 12th Plan's thrust on inclusive growth. 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. 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: Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Orissa, Rajasthan, Assam, Maharashtra and Uttar Pradesh. India's annual contribution to the UNDP has been to the extent of US $ 4.5 million.

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 2016-17 (till 30th November, 2016)

12.2.1 Receipt of External Loans/ Credits in the financial year 2016-17 stands at 23537.83 crore and Assistance in the form of Cash Grant was 536.51 crore. Debt service payments made during 2015-16 are 15910.64 crore on account of principal repayment, 2903.43 crore on account of interest payment and Rs. 129.77 crore for commitment charges & other charges.

12.2.2. Every year, this Division presents the External Assistance Brochure to Parliament. The Brochure contain a comprehensive account of external assistance received by the GOI for various agencies right from 1951-52 onwards. The External Assistance Brochure 2015-16 has been presented during the winter Session, 2016.

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 hhtp://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. 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-clairns 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 are around 95%. Information capture under e-disbursement (viz. category-wise expenditure, details or prior review contracts) is more detailed.

12.3.4 In order to familiarize the officers/staff of the PIAs training on E-submission is being organized by this Division periodically. 220 Officers/staff members of different PIAs were imparted training during 2016-17. As a result of these initiatives, 635 e- claims have been received, processed and disbursed in the financial year upto 30th November, 2016.

12.4 Standards & Improvements in service delivery

12.4.1 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.

12.4.2 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.

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

12.5 External Aided Projects/Schemes in operations for the Development of North Eastern Region and Sikkim

12.5.1 As part of development for North-Eastern Region and Sikkim total 33 External Aided Projects are in operation. Out of which 25 projects are implemented by State Governments and 8 projects by Central Government. These projects are mainly for the development of Infrastructure (Road & Power), Environment & Forest, Urban Development, Water Resources etc.. The total utilization by North-Eastern Region and Sikkim during April to November, 2016 was Rs. 510.00 Crores.

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 2016-17 (upto30.11.2016) total 38477 Files relating to 25 regional offices were audited and 2300 audit memos issued. A sum of 7.50 Crore was recovered during the period, by DGFT offices based on audit observations made by this office.

13. Administration 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.

13.3. Grants-in-aid

13.3.1 During the year 2016, grants-in-aid of Rs. 15.36 lac was sanctioned to Centre for Development Economics (CDE), Delhi School of Economics (DSE) by Department of Economic Affairs to undertake a research work on India's Economic Development : Informing Economic Policy Choice.

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 1.1.2016 to 31.12.2016, 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 training programmes.

13.6 Redressal Of Public Grievances:

13.6.1 A Centralized Public Grievances RedressalAnd Monitoring System (CPGRAM) is operational within the Government which attends to all the Public Grievances related to various Ministries/Departments. During the year 2016 a total of 5752 fresh public grievance cases were received in the Department besides 712 brought forward from the previous year. Out of these 6464 cases, 3484 cases were disposed off during the year.

13.6.2 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).

13.7 Right To Information Act, 2005

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

(i) An RTI Section is in operation in DEA 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.dea.gov.in) as required under section 4(1)(b) of the RTI Act.

(iii) All Under Secretaries/Deputy Director/Assistant Director/Economic Officers 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 Deputy Secretaries/Directors/Addl. Economic Adviser have been designated as First Appellate Authorities in terms of Section 19 (1) of the Act, 2005 in respect of US/DD/AD and EO working under them and designated as CPIOs.

(v) The list of CPIOs and AAs is updated and uploaded time to time in the website of DEA for facilitation of the viewer and RTI applicants. 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 are received and further forwarded to the CPIOs/ Public Authorities Concerned.

(vi) The RTI application can be filed through online www.rtionline.gov.in The RTI applicant can see their application status including reply of their question through the website. Further, transfer of application can also be done online. These all process have resulted significant reduction in processing RTI application.

(vii) During the calendar year 2016, 2615 RTI applications and 128 appeals/CIC, including 2057 online applications and 84 appeals, were received. An amount of ₹12611/- (Rupees Twelve thousand Six hundred and Eleven only) was collected as fees and Documents fee under the RTI Act.

13.8 Use of Hindi in Official work

13.8.1 During the year under report, progress made in the implementation of various provisions under the Official Language policy of the Government continues to be reviewed.

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

i. Annual Programme for the year 2016-17 issued by the Department of Official Language was circulated to all the attached/subordinate offices/ divisions/sections under the Department and all efforts were made to achieve the targets fixed therein;

ii. The meeting of the reconstituted Hindi Salahkar Samiti of the Department of Economic Affairs (including Department of Financial Services) was convened on 22.08.2016;

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

iv. Hon'ble Minister of Finance in his "Message" on the auspicious occasion of Hindi day on 14th September, 2016 appealed to the officers and staff of the Ministry of Finance as well as the Offices under its control to do their official work in Hindi;

v. To create a conducive atmosphere in the Department for promoting the progressive use of Hindi, "Hindi Month" was celebrated during 1st to 30th September, 2016;

vi A Scheme of incentives on Original Book writing in Hindi on Economic subjects has been introduced in this department. The authors under this Scheme are awarded the first, second and third prizes of Rs. 50,000/-, Rs.40,000/- and Rs.30,000/- respectively. It is an ongoing scheme;

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

viii 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

ix 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.

13.9 Finance Library & Publication Section; 2016-17

13.9.1 INTRODUCTION

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

13.9.1.2 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.

13.10 COLLECTION

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

13.11 SERVICES

13.11.1 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 and also extended the services of e-governance. 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.

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

13.12 PUBLICATIONS

13.12.1 Finance Library brings out three (print + online) publications i.e. "Weekly Bulletin", "Current contents", and "Annual Bibliography".

13.13 DIGITIAL RECORDS:

13.13.1 A pilot project of digitization of Indian Official Documents relating to Economic and Finance Subject (Center and State since independence) and Ministry of Finance, Gazette Notifications published in the Pt. 2 Sec. 3 Sub-section (i) (ordinary) for the year 1955 to 1990 has been digitized. So far around 03 TB Data has been digitized and available in digital format.

13.14 COMPUTERISATION

13.14.1 The Library is fully automated. 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.

13.14.2 Accessibility of the online data is concerned, the Finance Library is extended of e-governance. A link from intranet site "finance.nic.in" is made available to access the information.

13.15 OTHER WORKS:

i. Modernization and infrastructure improvement was undertaken by the Library and 90% work has been completed.

ii. Imparting training to fresh library professionals: Finance Library has imparted 03 months training to fresh library professionals from Meerabai Polytechnic.

iii. The work of reimbursement of newspapers and magazines of DEA is also undertaken by the Finance Library.

iv. 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 (no other Library is doing this kind of work).

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

14 Bilateral Cooperation Division

14.1 Bilateral Official Development Assistance policy:

14.1.1 India has been accepting external assistance from bilateral partners in the form of loans, grants and technical assistance for development of infrastructure, social sector and for enhancement of knowledge/skills of Indian nationals at both Centre and States level. As per the guidelines issued by this Department in 2005, bilateral development assistance can be accepted from all G-8 countries, namely USA, UK, Japan, Germany, France, Italy, Canada and the Russian Federation as well as from the European Commission. European Union countries outside the G-8 can also provide bilateral development assistance to India provided they commit a minimum annual development assistance of USD 25 million.

14.1.2 The existing policy on bilateral Official Development Assistance (ODA) was reviewed in November, 2015 and it has been decided that ODA may be accepted from other countries also. Finance Minister and External Affairs Minister, with the approval of Prime Minister have been authorized to accept any such proposal. It has also been decided to accept offers of bilateral assistance in the form of "special loans" (i.e. loans which have conditions for sourcing of procurement or executing agency from the funding country) in addition to the assistance on the normal route. A revised set of guidelines were issued in December, 2015.

14.2 Germany

14.2.1 Germany through their Ministry for Economic Cooperation & Development (BMZ) has been providing both 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, sustainable economic development. In 2008, the German Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) also initiated assistance under German Government's 'International Climate Protection Initiative', which is an additional instrument of the German Government over and above and without undermining the existing sources of Official Development Assistance.

14.2.2 Apart from the priority areas, the bilateral cooperation between the two countries envisage to support and streamline future projects for successfully implementing the Sustainable Development Goals 2030 Agenda and further work closely towards aligning the G20 Agenda to the 2030 Agenda on sustainable development.

14.2.3 The total volume of commitments for bilateral Technical and Financial Cooperation by Germany under the Bilateral Development Cooperation Programme until the end of 2015 stands at EUR 14.82 billion (approx. INR 111,150 crore). For the year 2016-17 commitment amounting to EUR 1,095.80 million (approx. INR 8,218 crore) has been made by Germany.

14.2.4 The agreements worth of EUR 923 million (approx. Rs.6700 crore) for seven projects have been signed during the year 2016-17. Total disbursement for the year 2015-16 stands at EUR 754.12 million (approx. Rs. 5474.00 crore). Disbursement of EUR 709.86 million (approx. Rs. 5144.65 crore) has been made during the first half of the year 2016-17.

14.3 FRANCE

14.3.1 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:

(i) Energy efficiency and renewable energy

(ii) Urban infrastructure (public transport, water, etc.)

(iii) The preservation of biodiversity.

14.3.2 In recent years, the cooperation between the two countries has witnessed progress and a commitment of up to EUR 305 million for various projects has been made for the year 2016-17.Disbursement of EUR 37.42 million (approx. Rs. 290.26 crore) for various projects was made during 2015-16. Disbursement for the year 2016-17 stands at EUR 76.91 million (approx. Rs. 579.95 crore). An agreement for EUR 130 million (approx. Rs.939 crore) for one project has been signed during the second half of the year 2016-17.

14.4 India-UK Bilateral Development Cooperation Programme

14.4.1 The United Kingdom (UK) has been providing development assistance to India since 1958. 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.

14.5 Changed arrangements in India-UK Development Partnership

14.5.1 The UK Government 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.

14.6 Agreements signed during 2016-17

14.6.1 During 2016-17 following two agreements involving Technical Assistance have been signed between Government of India and DFID:-

- Infrastructure for Climate Resilient Growth in India (ICRG) with the DFID assistance of £ 10 million.
- Supporting Structural Reforms in the Indian Power Sector with the DFID assistance of £ 10 million.

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

14.8.1 The European Union (EU) has been providing development assistance to India in the form of Grants. The priority areas include environment, public health and education. EU implements development cooperation programmes through Country Strategy Paper (CSP).

14.8.2 EU had committed to provide an amount of Euro 260 million and Euro 105 million for MIP-I and MIP-II respectively. The major programmes of Government of India which has received/has been receiving EU aid along with other development partners include SarvaShikshaAbhiyan (SSA) (Euro 70 million) and National Rural Health Mission (NRHM)/Reproductive Child Health (RCH (Euro 110 million).

14.8.3 No new grants are provided by EU after 2013 as per EU's New Development Cooperation Strategy.

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

14.9.1 The European Investment Bank is the European Union's financing institution which 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.

14.10 EIB in India:

14.10.1 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 focusing mainly on environmental sustainability and large infrastructure project through FDI, transfer of technology and know-how.

14.10.2 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 Charged' 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.

14.11 EIB loans

14.11.1 Approval granted by DEA during 2015-16:

14.11.2 DEA approved granting of EIB loan of Euro 200 million out of total 450 million Euro to Lucknow Metro Rail Project with sovereign guarantee. Finance Contract for Euro 200 million was signed between DEA, Government of India and European Investment Bank on 30th March, 2016. Subsequently Project Agreement between the European Investment Bank and Lucknow Metro Rail Corporation Ltd (LMRC) was signed on 8th April, 2016.

14.12 Japan - Official Development Assistance

14.12.1 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.

14.12.2 The Japanese ODA loans to India are mostly project tied. The interest rates are 1.4% per annum for general projects with 30 years tenure including a grace period of 10 years. For environmental projects, the interest rate is 0.30% per annum with 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.

14.12.3 Government of Japan has committed JPY 322.119 billion (Rs.20293 Crores approx.) for six projects to India from January 1, 2016 to November 30, 2016. As on November 30, 2016, fifty nine projects are under implementation with Japanese loan assistance. The loan amount committed for these projects is JPY 1768.345 billion (Rs.95462 Crores approx.). The cumulative commitment of ODA loan to India has reached JPY 4782.541 billion on commitment basis till November 30, 2016.

14.13 Grant Aid

The Government of Japan provides Grant Aid to India under the following sectors and criteria:

(i) Criteria

- (a) Development impacts;
- (b) Utilization of Japanese technology/Know-how and likelihood of its dissemination to other areas.

(ii) Sectors:

- (a) Transport Sector, including projects using information and communication technology (ICT) and road projects with slope protection measures (potential line ministries could include Ministry of Road Transport and Highways, Ministry of Urban Development, etc.)
- (b) Power Sector, including small-scale hydro power projects and solar power projects (potential line ministries could include Ministry of Power, Ministry of New and Renewable Energy, etc.)

During 1st January, 2016 to 30th November, 2016, 8 proposals were forwarded to the Embassy of Japan for the approval.

14.14 Technical Cooperation Programme

14.14.1 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.

14.14.2 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.

14.14.3 There are 3 ongoing projects under Technical Cooperation and Development Study Programme. 4 proposals of Science and Technology Research Partnership for Sustainable Development (SARTEP) were forward to Embassy of Japan for Financial Year 2016-2017 (as of 30.11.2016) for consideration.

14.15 JOCV Programme

14.15.1 In the year 2016-2017, proposals from 4 institutes have been posed to Embassy of Japan and 17 Japanese volunteers have already been appointed under JOCV programme.

14.16 JICA Partnership Programme

14.16.1 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.

14.17 Grassroots Funding

14.17.1 The 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 1st January 2016 to December 2016, DEA cleared 12 proposals.

14.18 Norway

14.18.1 Norway provides bilateral development assistance directly to autonomous institutions, universities, NHPs etc. Bilateral meetings are periodically held between senior officers of Finance Ministries of India and Norway. The last Annual Consultation was held at Oslo, Norway on 13th June, 2016.

14.19 Switzerland

14.19.1 Switzerland has been extending economic and technical assistance to India since 1964 in the form of grants and technical assistance. Switzerland has also provided mix credit comprising 40% grant and 60% loans for power sector project. Bilateral meetings are periodically held between the two countries. The last financial dialogue was held on 15.6.2016 in New Delhi.

14.20 United States of America

14.20.1 India-US Financial and Economic Partnership

14.20.1.1 The sixth Cabinet level meeting of India-US Economic and Financial Partnership (EFP) was held in Washington DC on April 14, 2016 under the co-chairmanship of Mr. Jacob Lew, Secretary of the US Treasury and ShriArunJaitley, Finance Minister. During the meeting, issues covered included Macroeconomic scenario, Financial Regulatory Reforms, Tax Policy, US-India Investment Initiative, Anti-Money Laundering/ Combating the Financing of Terrorism (AML/CFT) etc.

14.20.1.2 The sixth Sub-Cabinet level Meeting between India and USA, under the aegis of Economic and Financial Partnership (EFP), was held in New Delhi on 8th January, 2016. The meeting was co-chaired by Secretary (Economic Affairs) and the U.S. Treasury Under Secretary Mr. Nathan Sheets. The meeting discussed various issues such as India-US Economic Outlook and Multilateral Issues, Global Economic and Financial Developments, & India-US Economic and Financial Partnership Pillars covering issues viz. India-US Investment Initiative, Taxation issues, AML/CFT Dialogue, Financial Markets Development.

14.20.2 India-US Financial and Regulatory Dialogue

14.20.2.1 The 4th India-US Financial & Regulatory Dialogue was held in Mumbai on 8th February, 2016. The participants from Indian side were IRDA, Ministry of Finance, RBI, SEBI and PFRDA. From the U.S. side, the participants were UST, CFTC, FDIC, FIO, Federal Reserve, SEC and OCC. During the Dialogue, issues covered included Financial Stability, Capital Market Development, Banking Sector Developments, Insurance Sector Development and Pension Sector Development.

14.20.3 U.S. Agency International Development (USAID)

14.20.3.1 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.

14.20.4 United States Trade and Development Agency (USTDA)

14.20.4.1 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. Priorities for USTDA's program in India include energy and climate change, transportation (especially aviation), and information and communication technology.

14.21 Canada

14.21.1 India - Canada Economic and Financial Sector Policy Dialogue (ICEFSPD)

14.21.1.1. The first India-Canada Economic and Financial Sector Policy Dialogue was held in Ottawa, Canada on July 08, 2013 and the subsequent dialogue was held at New Delhi in February, 2015.

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

14.21.2.1 IDRC extends grant assistance to various Governments and Non-Government organizations for projects in the field of agriculture, health and family welfare etc.

14.21.3 Canada Fund for Local Initiative (CFLI)

14.21.3.1 The CFLI is a responsive, flexible program, directly managed by the High Commission of Canada in New Delhi, to fund small but visible, high impact, results-oriented projects. Through contribution agreements, the CFLI provides monetary assistance that covers all or a portion of the cost of projects that are comparatively modest in scope, scale and cost and that are usually conceived and designed by local authorities or organizations.

14.22 Lines of Credit extended to developing countries

14.22.1 Lines of Credit (LoCs) form an important component of India's diplomatic strategy and have been very useful in generating goodwill and building long term partnerships. The scheme also attempts to promote India's strategic political and economic interest abroad by positioning it as an emerging economic power, investor country and partner for developing countries. Indian Development and Economic Assistance Scheme (IDEAS), initially known as "India Development Initiative" (IDI), flows from the announcement made by the Finance Minister in the Union Budget for FY 2003-04. GoI has been extending Lines of Credit to developing countries under IDEAS since 2005-06. Initially proposed to be operated for five years from 2005-06 to 2009-10, the scheme was granted first extension in 2010 from 2010-11 to 2014-15. Second extension to the scheme has been granted in 2015 for another five years i.e. 2015-16 to 2019-2020, with revised set of guidelines with a view to improve efficiency and make the system robust and transparent. The rate of interest and tenor offered to developing countries has also been made more attractive.

14.22.2 Under the IDEA Scheme, MEA selects specific projects keeping in view diplomatic considerations and requests received from various developing countries. The proposals are discussed and deliberated upon by a Standing Committee comprising officers of MEA and DEA. After obtaining the approval of External Affairs Minister, MEA recommends the proposal to DEA for approval of Finance Minister. DEA then issues a formal letter conveying approval of the Line of Credit.

14.22.3 LoCs are being operated through Export-Import Bank of India, which raises resources from the market and provides LoCs to recipient Governments at concessional rates. GoI backs the LoCs through a Deed of Guarantee in favour of the lending bank to guard against any default by the borrowing Government in payment of interest and principal to the lending bank. GoI also extends Interest Equalization Support (IES) to the lending bank for enabling it to lend on concessional terms.

14.22.4 During the year 2016-17 (i.e. from April 1, 2016 to December 26, 2016), Lines of Credit totaling USD 918.70 million have been approved, the details of which are as under:

Sl. No.	Coun-tries	Amount (in USD million)	Purpose
African countries			
1.	Niger	72.00	For Social Housing Project for urban development.
	Sub-Total	**72.00**	
Non-African countries			
1.	Papua New Guinea*	100.00	For development of road and infrastructure sectors.
2.	Guyana	10.00	For procurement of an ocean ferry.
3.	Vietnam*	500.00	For undertaking defence procurements from India & signing of a MoU to this effect.
4.	Lao PDR*	72.40	For establishing of a college of agriculture in Champasak province of Laos.
5.	Cuba	70.00	For setting up a 51 MW wind energy farm in Cuba.
6.	Guyana	4.00	For supply of high capacity fixed & mobile drainage pumps & associated structures in Georgetown, Guyana.
7.	Cuba	90.30	For establishment of a 50 MW co-generation power plant in Cuba.
	Sub-Total	**846.70**	
Grand Total		**918.70**	

* In principle approval

14.23 Foreign Trainings

14.23.1 Department of Economic Affairs is the nodal point for administering short term foreign training courses offered by some bilateral partner countries under bilateral cooperation programme and some multilateral agencies. These courses are intended for capacity building of the officers in various spheres/fields of activities including sectors such as Education, Health, Water Resources, Disaster Management, Governance, Natural Resources and Energy, Agriculture, Nature Conservation, Environmental Management, etc. Nominations are invited from all Ministries/Departments, State Governments/ Union Territories. The nominations are screened by a Selection Committee in DEA and thereafter recommended to the sponsoring Government/Agency for acceptance.

15. Integrated Finance Division

15.1 The Division is responsible for the following functions:

(i) Tendering financial advice & 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/G-20 Secretariat/Fifteenth Finance Commission/Office of Special Court, Mumbai/ Office of Custodian/ Appellate Authority for Industrial and Financial Reconstruction/ Board for Industrial and Financial Reconstruction/ Debt Recovery Tribunals, Pension Fund Regulatory and Development Authority 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.29-Department of Economic Affairs and Grant No.31-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 all matters relating to the examination of the DDG by the Parliamentary Standing Committee on Finance.

(v) Coordination, compilation, printing and laying of the 'Outcome Budget/Detailed Demand for Grants(DDG)' of the Ministry of Finance in Parliament.

(vi) Monitoring of pending PAC/C&AG Audit Paras.

(vii) Coordination, compilation, printing and presentation of Statements to be made by Hon'ble Finance Minister as required in terms of Rule 73-A, in Lok Sabha/Rajya Sabha in respect of implementation of Reports of the standing committee.

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

15.2 Budgetary allocation of the Grants (on net basis).

(₹in Crore)

Grant		BE 2016-17	RE 2016-17	BE 2017-18
29-Department of Economic Affairs	Revenue	11836.53	7063.76	3731.98
	Capital	4209.62	4177.40	7378.02
	Total	**16046.15**	**11241.16**	**11110.00**
31 - Department of Financial Services	Revenue	4135.52	3418.62	2731.98
	Capital	27840.00	28081.38	14718.02
	Total	**31975.52**	**31500.00**	**17450.00**

The best practices followed for effective expenditure control includes:

(a) Expenditure progress reviewed quarterly 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 Currency

16.1 Security Printing & Minting Corporation of India Limited (SPMCIL)

16.1.1 Security Printing and Minting Corporation of India Ltd. (SPMCIL), a Miniratna Category-I, Schedule-'A' Central Public Sector Enterprise (CPSE) was incorporated 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 Authorized Share Capital of Rs 2500 crore and paid-up of Rs 1182.49 crores as on 31.03.2016.

16.1.2 The Client of two Currency Presses, i.e. Bank Note Press (BNP), Dewas and Currency Note Press (CNP), Nashik is RBI for Currency Notes. For other two Security Presses, i.e. Security Printing Press (SPP), Hyderabad and India Security Press (ISP), Nashik, the clients are State Governments for Non-Judicial Stamp Papers and allied stamps and Postal Department for postal stationery, stamps, etc. Security Presses also produce various security items like cheques, railway warrants, income tax return order forms, saving instruments, commemorative stamps etc. for various clients and passports, visa stickers and other travel documents for Ministry of External Affairs and Ministry of Home Affairs. For four Mints at Mumbai, Kolkata, Hyderabad and Noida, the client is Department of Economic Affairs (DEA), Ministry of Finance for Circulating Coins. The Security Paper Mill at Hoshangabad manufactures Security Paper for use of Currency / Security Presses.

16.1.3 The Corporation has achieved the targets in production of Coins, Security Inks and other Security Products during the year 2015-16. However, the production of Security Paper and Bank Notes is comparatively low in the financial year 2015-16 due to technical defects noticed in the initial production of Security Paper through the newly commissioned paper line at Security Paper Mill (SPM), Hoshangabad causing obstruction in production of Bank Notes at CNP, Nashik. While achieving the ever highest production targets, SPMCIL has also increased productivity per employee considerably. The Corporation has produced 9254 million pieces of the Circulating Coins and supplied 9257 million pieces of the Circulating Coins during the year 2015-16. This is 16.71% higher than the production of 7929 million pieces achieved during the previous year 2014-15. Production of Coins per Employee has increased to 3.07 million pieces in 2015-16 as against 2.47 million pieces achieved during the previous year 2014-15.

16.1.4 The Corporation has produced 809 Metric Tonnes (MT) of the Security Inks in 2015-16 from the Ink Factory, Dewas against 525 MT of Inks produced during the year 2014-15. This is 54.10% higher than the production of Security Inks in the previous year. Production of Security Inks per employee has increased to 10.93 MT in 2015-16 as against 5.83 MT achieved during the previous year. During the year 2015-16, SPM, Hoshangabad has produced 3816 MT of the Security Paper and supplied 2949 MT Security paper to the presses. This is 16.84% higher than the production of 3266 MT of the Security Paper during the last year. Production of the Security Paper per employee is 3.07 MT in 2015-16.

16.1.5 The Corporation has produced 7150 million pieces of the Bank Notes and supplied 6785 Million pieces to RBI during the year 2015-16 as against 8358 million pieces of the Bank Notes during the last year, 2014-15. Production of the Bank Notes per employee has decreased to 1.93 million pieces in 2015-16 as against 2.12 million pieces achieved during the previous year, 2014-15. The decrease in the volume of Production / Sale of Bank Notes in F.Y. 2015-16 is on account of some technical defects noticed in the initial production of Security Paper through the newly commissioned paper line at SPM, Hoshangabad obstructing the production of Bank Notes at Currency Note Press (CNP), Nashik.

16.1.6 The Sales Turnover of the Corporation has increased to Rs.4647.57 crores in 2015-16 from Rs. 4413.85 crores in 2014-15 registering a growth of 5.30% over the previous year. The Sales per Employee during 2015-16 has increased by 12.27% to Rs 42.05 lacs from Rs 37.46 lacs during the year 2014-15. The company has reported a Net Profit of Rs.203 crores in the year 2015-16 as compared to a Net Loss of Rs 352 crores in the year 2014-15.

16.1.7 The Corporation has been granted the Excellent rating by the Department of Public Enterprises (DPE) for its MoU evaluation for the year 2014-15. This is the Sixth year in succession that the corporation has been adjudged Excellent in its MoU evaluation. For the year 2015-16, the self-evaluation report of MoU duly approved by Board and Ministry has been sent to DPE. As per self-evaluation report of MoU 2015-16, the Company is poised for 'Very Good' rating.

16.1.8 Continuing its momentum of modernization, the Corporation has taken many modernization and capacity augmentation initiatives during the year 2015-16. CNP, Nashik has installed one number of Computerized Random Numbering (CRN) System on one Super Numerota machine. The Cutlink machine one each at BNP, Dewas and CNP, Nashik has been installed and attached to BPS 2000. State-of-Art Paper Testing Laboratory has been installed at CNP, Nashik for post shipment Paper Testing. ISP, Nashik has taken-up the up-gradation of stitching machines from chain stitching to reverse & interlock stitching along with thread inspection system. SPP, Hyderabad has installed and commissioned one number of computerized perforating machine having inline Kiss-Cut facility for manufacture and supply of high quality postal & non-postal stamps. IGM, Mumbai has successfully installed and commissioned state-of-the-art computerized infrastructure for manufacturing of dies and matrices from 2D images to 3D image in engraving department. IGM, Mumbai has also undertaken the overhauling & up-gradation of Coining Presses & Packaging Lines which enhanced the productivity and efficiency of the Mint. IGM, Mumbai has obtained the NABL accreditation certificate for Fire Assay of Gold and Assaying of Silver. IGM, Mumbai and IGM, Kolkata have obtained BIS License to use the standard mark for Gold Coins. IGM, Mumbai has manufactured Indian Gold Coins under Gold Monetization Scheme of Government of India with high quality standard and stringent security features. IGM, Noida has created the facility of PVD coating technology of dies for circulating coins for increasing the life of dies. Two Bank Note Printing Lines one each at CNP, Nashik & BNP, Dewas on replacement basis had been sanctioned by SPMCIL Board. Further the Board of Directors of SPMCIL had also accorded its in-principle approval for procurement of two new lines of Printing & Finishing Plant & Machinery one each at CNP, Nasik and BNP, Dewas to enhance the capacity of Bank Note printing. The project for capacity expansion of Mints by procurement of required plant & machinery for increasing minting capacity of Circulating Coins from 6000 million pieces to 13000 million pieces at the estimated cost of Rs. 350 crore (approx.) is in process. Further, Board has also approved the proposal for capacity expansion of Mints for production of additional 3100 million pieces of Circulating Coins per annum to meet the enhanced indents of RBI of 16100 million pieces. The procurement of these machines is in process. ERP-SAP has been implemented across all Units of SPMCIL.

16.1.9 In comparison to the preceding year, i.e. 2014-15, the Employees strength has come down from 11,784 as on 31.03.2015 to 11,052 as on 31.03.2016 due to natural attrition of manpower on account of superannuation. The Industrial Relations remained peaceful and cordial during the year 2015-16 in all the units of SPMCIL.

16.1.10.Indigenization: One new Security Paper line of 6000 MT capacity at SPM, Hoshangabad was started in May, 2015. Since there were issues in Security Paper manufactured through the new paper line, the production of Security Paper was stopped for about six months for attending process lapses through OEM. The Corporation has setup a 50:50 Joint Venture in October, 2010 with Bhartiya Reserve Bank Note Mudran Pvt. Ltd. (BRBNMPL) in the name of Bank Note Paper Mill India Private Limited (BNPMIPL) to implement a Green-Field project of a bank note paper mill with capacity of 12000 MT per annum to bring two state of the art technology paper lines of capacity of 6000 MT per annum each. The commercial production from both the lines has commenced. These projects shall lead to indigenous production of major CWBN paper requirement, import substitution thereby saving valuable foreign exchange and further aiding India becoming self-reliant in banknote paper production.

16.1.11 The Phase-I modernization of Ink factory at Dewas has been completed and Phase-II modernization shall be completed by March, 2017. After modernization of Phase-II, the capacity of Ink Factory will be increased to 1500 MT from existing 800 MT. Ink Factory is manufacturing Offset Ink, UV ink and Quickset Intaglio ink.

16.1.12 During the year 2015-16, the following commemorative coins were released by the Mints:

(i) 200th Birth Anniversary of Tatya Tope.

(ii) 475th Birth Anniversary of Maharana Pratap

(iii) 125th Year of National Archives of India.

(iv) 500th Anniversary of Shri Krishna Chaitanya Mahaprabhu's coming to Vrindavan.

(v) Centenary Celeberation of Banaras Hindu Universary.

(vi) Centenary Celeberation of University of Mysore

(vii) Birth Centenary of Pandit Deendayal Upadhayaya.

Demonetisation of Indian Currency notes of Rs. 500 and Rs. 1000 and the impact thereof.

1. INTRODUCTION

The legal tender character of banknotes in the denominations of Rs. 500 and Rs. 1000 in circulation as on the 8th November, 2016 (hereinafter referred to as 'Specified Bank Notes') was cancelled with effect from the expiry of the 8th November, 2016 in exercise of the powers conferred by sub-section (2) of section 26 of the Reserve Bank of India Act, 1934 (2 of 1934), with the objective to eliminate black money and to curb the infusion and circulation of Fake Indian Currency Notes (FICN).

2. BACKGROUND

2.1 Currently, India is the second largest producer and consumer of currency notes. Circulation of banknotes has increased from 64.58 billion pieces to 90.27 billion pieces over last five years. The total amount of currency in circulation as on 8th November, 2016 was Rs. 17.7 lakh crore which included Specified Bank Notes (SBNs) of Rs 500 and Rs. 1000 amounting to Rs. 15.44 lakh crore and Rs. 2.33 lakh crore of Rs 100 and lower denominations.

2.2 The ratio of currency to GDP in India (12.2%) is higher than countries such as South Africa (3.9%), Brazil (4.1%), and Mexico (5.7%). Report indicate that a high volume of cash transactions has positive correlation with the percentage of shadow economy to GDP.

3. NEED FOR THE SCHEME

3.1 The present scheme under Section 26 of the Reserve Bank of India Act, 1934 is a bold move of the government to eradicate black money/ slush money operating for decades. No serious attempt at this scale has been attempted in the past. In the two attempts of demonetisation made in 1946 and 1978, the scale of operation was not as expansive.

3.2 India remains a cash based economy and hence the circulation of Fake Indian Currency Notes (FICN) continues to be a menace. The incidence of fake Indian currency notes in higher denomination has increased. The fake notes are used for illegal, antinational and terrorist activities.

3.3 A parallel shadow economy corrodes and eats into the vitals of the country's economy. It contributes to inflation which adversely affects the poor and the middle classes more than others. It deprives Government of its legitimate revenues which could have been otherwise used for welfare and development activities.

3.4 Therefore, the cancellation of existing high denomination bank notes will curb funding of terrorists with the proceeds of FICN and use of existing FICN network for subversive activities. It will help reduce tax avoidance and bring more transactions into the formal economy.

4. FAKE INDIAN CURRENCY NOTES (FICN)

4.1 The trend of recovery and seizures of Fake Indian Currency Notes (FICN) has indicated a distinct upswing since 2008, due to a spurt in FICN manufacturing activity in our neighbouring country. The operators in this field are continuing to infuse FICN into India through various channels. This menace needs to be curbed to preserve our financial integrity.

4.2 The data maintained by RBI shows a steep rise in circulation of Rs. 1000 and Rs. 500 banknotes during last 5 years. The rise in circulation may be seen in the table below:

Denomination	Circulation in 2011 (Billion Pieces)	Circulation in 2016 (Billion Pieces)	Percentage increase
Rs. 2 & Rs.5	11.12	11.63	4.59
Rs. 10	21.30	32.01	50.39
Rs.20	3.02	4.92	63.05
Rs. 50	3.20	3.89	21.71
Rs. 100	14.02	15.78	12.51
Rs.500	8.91	15.71	76.38
Rs.1000	3.02	6.33	108.98
Total	**64.58**	**90.27**	**39.78**

As per a study conducted by the Indian Statistical Institute, the stated value of Fake Indian Currency Notes (FICN) in circulation is about Rs. 400 Crore. The details of seizures and recovery are as follow:

Year	seized/recovered (pcs)	seized/recovered (value) in Rupees Cr.
2014	801528	40.58
2015	886058	43.83
2016*	574176	27.79

'* upto 30.9.2016

4.3 The growth rate of the Rs. 500 note and the Rs. 1000 notes has been the highest in the last five years. Thus there has been sharp and disproportionate growth in circulation of high denomination bank notes in the economy. This indicates two major threats, viz., infusion of Fake Indian Currency Notes (FICN) and generation of black money.

4.4 As regards the estimate of Fake Indian Currency Notes (FICN) in circulation, it may be noted that the FICN that is used towards terrorist financing has a hugely disproportionate impact on the economy. Funding of a terrorist act may involve a few lakhs or a few crores of rupees, but the damage it causes to human lives, public tranquillity, public and private property, etc. is massive. The impact of a single terrorist act is devastating. Hence it would be incorrect to get misled by the estimated quantum of FICN in circulation. Curbing of FICN supply and its circulation is therefore an immediate necessity. The change in the design of the new bank notes of Rs. 500 and Rs. 2000 would choke and prevent the supply of FICN. It would take years to imitate the design of the new currency notes. An approach of gradualism, i.e. replacing the old high denomination notes over a period of time would have enabled the FICN sponsors to convert their FICN stocks to other denominations or to the new notes. Hence it was necessary to inflict a sudden blow to such FICN network by cancelling the legal tender character of the old Rs. 500 and Rs. 1000 notes. This decision also makes the existing FICN redundant for terror funding or financing of other illegal activities.

5. BLACK MONEY

5.1 Cash transactions do not leave any audit trail and therefore act as conduit for black money. Elimination of black money will eliminate the long shadow of the parallel economy on our real economy and will be very positive for India's growth outlook. Extract from the Special Investigation Team (SIT)'s fifth report, submitted before the Hon'ble Supreme Court, mentions that large amount of unaccounted wealth is stored and used in form of cash and also there have been huge cash recoveries by law-enforcement agencies from time to time.

5.2 Existence of large amounts of unaccounted money has seriously undermined national security and the economy over the last few decades. The destabilizing efforts of anti-national elements, often supported and abetted by hostile external forces, have manifested in varying forms. Trans-border terrorism, left wing extremism, espionage, sabotage, insurgencies, activities of organized crime syndicates, organized criminal groups, drug syndicates, gun running, human trafficking, abetment of communal riots, etc., are a few variants, where unaccounted money has played a seminal role.

5.3 Such acts threaten the integrity and security of the country. Thus, it becomes necessary to stamp out black money for this object itself. Elimination of black money would spur the growth of the real economy.

5.4 To deal with the issues related to black money, the Government has adopted a multi-pronged and calibrated approach which, inter-alia, includes:-

I. A Special Investigation Team (SIT) has been constituted under Chairmanship and Vice-Chairmanship of two former Judges of Hon'ble Supreme Court. All government agencies are since then working in tandem and submitting reports to the SIT.

II. Government had brought in The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015, for declaration of any undisclosed asset located outside India and acquired from income chargeable to tax under the Income-tax Act for any assessment year prior to the assessment year 2016-17 for which the assesse had, either failed to furnish a return or failed to disclose such income in a return;

III. Amendments have been made in the Double-Taxation Avoidance Agreements (DTAA) between India & Mauritius, India & Cyprus and India and Singapore;

IV. India has reached an understanding with Switzerland for obtaining information on certain categories of bank accounts held by Indians with HSBC;

V. India has also signed the Multilateral Competent Authority Agreement for Automatic Exchange of Tax Information and the Inter-Governmental Agreement with the US under the Foreign Account Tax Compliance Act (FATCA).

VI. In an attempt to reduce cash economy, an announcement in the Budget of 2015-16 was made to take measures to encourage use of digital means of payments. Accordingly, the Cabinet has approved 19 short term (1-year time line) and 4 medium-term (2-years timeline) measures to promote payments through cards and other digital means. A Committee constituted for suggesting medium terms measures has submitted its report. The report is available in http://finmin.nic.in and https://mygov.in for seeking suggestion/opinion of public before implementation.

VII. The Benami Transactions (Prohibition) Act, 1988 has been amended in August, 2016 to address the multi-dimensional aspects of Fake Indian currency notes menace.

VIII. The Income Declaration Scheme, 2016 provided an opportunity to persons who had not paid full taxes in the past to come forward and declare their undisclosed income and assets. The Scheme came into effect from 1.6.2016 to 30.9.2016. The amount payable under the Scheme can be paid in instalments viz. 25% of the total amount payable by 30.11.2016; another 25% by 31.3.2017 and balance 50% by 30.9.2017.

IX. Under Pradhan Mantri Garib Kalyan Yojana (PMGKY), the declarant who voluntarily discloses unaccounted, banned Rs. 500 and Rs. 1000 bank notes (deposited in banks between November 10, 2016 and December 30, 2016) will be required to pay penalty at 10% of the undisclosed income and tax 30% of the undisclosed income. In addition, a surcharge called as "Pradhan Mantri Garib Kalyan Cess" at the rate of 33% tax will be paid by the declarant. Further, the declarant has to deposit 25% of the undisclosed income in a Pradhan Mantri Garib Kalyan Deposit Scheme 2016. The amount deposit under this scheme will be locked in for 4 years and would be utilised for implementing the schemes pertaining to irrigation, housing, toilets, infrastructure, primary education, primary health and livelihood etc.

6. MOVE TOWARDS DIGITAL INDIA

6.1 The Government has over the last 2 years taken a number of steps towards digitisation in all sectors. The launch of Digital India is a major thrust programme of the Government. A thrust has been made for increasing the digital payments in the economy through credit and debit cards, internet banking, Mobile Apps, E-Wallets etc.

7. OTHER BENEFITS OF THE EXERCISE:

7.1 Expansion of credit to micro, small and medium enterprises (MSMEs)

- The capacity of the banks to extend credit depends upon the deposit available with them. The increase in deposits with banks due to cancellation of Legal Tender Character of the existing Bank Notes in the denominations of 500/- and 1000/- would provide more headroom to banks to expand the credit base. Banks will be in a much better condition to lend. This will increase credit flow to micro, small and medium enterprises (MSME) which will spur economic activity and generate employment opportunities.

7.2 Boost to affordable housing.

- The increase in deposit with banks due to cancellation of Legal Tender Character of the existing Bank Notes in the denominations of 500/- and 1000/- would provide more cash availability and facilitate reduction in interest rates, thereby increasing the demand for loans in general and housing loans in particular. Further, the disincentive to hoard money in high denomination and the adverse effect on the black money will result in cleaning up the real estate sector by substantially reducing the role of unaccounted cash in this Sector. Consequently, it is expected that there would be decline in real estate prices, spurring the demand for housing. This process will be further aided by the expected low interest regime and availability of credit. This will increase the affordability of land, a major impediment to providing housing to the poor. Moderation of land prices due to reduction in cash transactions will increase availability of affordable housing and supplement government measures towards providing affordable housing.

7.3 **Job creation and reduction in unemployment**

♦ The cancellation of legal tender character of the existing Bank Notes in the denominations of 500/- and 1000/- is expected to act as disincentive for hoarding of cash and resultant black money. It is expected that the inflation level would decline due to curtailment and role of unaccounted cash in the economy. In this background, the banks with excess deposit would be in a position to decrease the interest rate thereby increasing the credit demand. The spill over effect of increased economic activity would lead to job creation and reduction in unemployment.

8. REMONETISATION

8.1 Government of India on 8th November, 2016 withdrawn the legal character tender of Rs 500/- and Rs. 1000/- note. The total value of amount involved was 15.4 lakh crore, which was 86% of the total currency in circulation. Hence, there was a necessity to remonetise the economy as early as possible. The introduction of Rs. 2000/- note was the first step towards quick remonetisation. The stock of Rs 500/- and Rs. 2000/- notes were built up to take care and deal with the process of remonetisation. A lot of advance actions were put into operation as soon as announcement was made. A committee of Joint Secretaries was kept in readiness to deal with the immediate problems of different states and for proper coordination with State chief Secretaries/ Director General of Police. RBI and Finance Ministry had its own Control Room for proper coordination. A task force was immediately constituted for recalibration of the ATMs. All the presses during remonetisation worked 24*7 hours and whenever required air-lifting was provided to presses. Extra manpower was also provided to the presses, wherever required. RBI and Ministry of Finance were constantly monitoring the availability and distribution of all denomination of notes. Instructions were issued to ensure availability of bank note in the rural area through banking correspondents, mobile banking, Separate queues were arranged for senior citizens and divyang persons. Withdrawal limits were reviewed from time to time to ensure availability of currency uniformly. Adequate cash made available with district central Cooperative Banks.

8.2 **Digital Payment and e-payments**

Digital payment and e-payment were encouraged to avoid dependence on cash. Transactions through digital means were augmented.

9. ORDINANCE

9.1 Subsequent to the issuance of Notification cancelling the legal tender character of the old Rs. 500 and Rs. 1000 bank notes, it was felt necessary to issue an Ordinance for the following reasons;

a. Section 34 (1) of the Reserve Bank of India, 1934 defines that the liabilities of the RBI shall be an amount equal to the total amount of the currency notes of the Government of India and bank notes for the time being in circulation. Thus, unless the bank notes are extinguished by the Government of India, the RBI on its own cannot deny their liabilities for such notes.

b. Further, under Section 26 (1) of the Reserve Bank of India Act, 1934 it is mentioned that every bank note shall be guaranteed by the Central Government. Thus, though by Government of India Notification No. S.O. 3407 (E), dated 8th November, 2016, the legal tender character of the Specified Bank Notes has ceased, it is necessary by law to withdraw this guarantee of the Central Government.

c. There is possibility of running a parallel economy by unscrupulous elements with SBN's unless the possession of such note is declared illegal. Such parallel economy would give an opportunity to FICN sponsors to activate their networks.

In view of the urgency of the matter, the Specified Bank Notes (Cessation of Liabilities) Ordinance, 2016 has been promulgated on 30.12.2016. **To replace the Ordinance by an Act of Parliament, Specified Bank Notes (Cessation of Liabilities) Bill, 2017 has been introduced and it has been passed by Lok Sabha on 7th February, 2017.**

17. Summary of Important Audit Observations in respect of Department of Economic Affairs

Report No. 27 of 2016 – Compliance of Fiscal Responsibility and Budget Management Act, 2003 ***Laid in Parliament on 12th August 2016***

What the Report covers The present report discusses the compliance by the Union Government of the provisions of FRBM Act, 2003 and the Rules made thereunder for the financial year 2014-15. We have examined various amendments made in the FRBM Act and Rules and analysed the trends and targets of various fiscal indicators as set out in the Act/Rules from time to time. During the review Audit examined (i) consistency of rules framed under the provisions of the Act; (ii) achievement of targets by the Government as set out in the FRBM Act and Rules; (iii) achievement of targets of receipts and expenditure as set out in various fiscal statements; and (iv) issues of transparency and disclosures made by the Government.

Major observations

Important audit observations relating to compliance of the provisions of the Act and Rules made thereunder, and also on other related topics, are detailed below:

Deviation from the Act and Rules

- For financial year 2014-15, in respect of effective revenue deficit and revenue deficit, the annual reduction targets set out by the Government in the Budget were not in accordance with the provisions of the Act. ***(Para 2.2)***
- There were inconsistencies in prescribed targets dates of fiscal indicators under FRBM Act/Rules and target dates set out in Medium Term Fiscal Policy Statement. ***(Para 2.3)***
- There was inconsistency between provisions contained in the FRBM Act and Rules made thereunder in respect of assumption of additional liabilities. ***(Paras 2.4)***

Progress in achievement of FRBM targets

- For financial year 2014-15, Government was able to achieve the targets as set in Medium Term Fiscal Policy Statements in respect of revenue and fiscal deficits. However, in respect of effective revenue deficit, the target could not be achieved. ***(Paras 3.1.3, 3.2.3 and 3.3.3)***
- During the course of audit of accounts for FY 2014-15 of the Union Government, certain transactions and financial eventualities were noticed which had affected or had the bearing to affect the computation of prescribed deficit indicators set out in the Act and the Rules made thereunder. ***(Para 3.2.5)***
- Due to deficiency in the mechanism of estimating provisions on grants for creation of capital assets, in certain test checked Ministries/ Departments, the resultant estimation of effective revenue deficit target in FY 2014-15 was incorrect. ***(Para 3.3.4)***
- As a result of existence of varying practices in treatment of expenditure on grants for creation of capital assets and incorrect classification of expenditure in certain welfare schemes, the effective revenue deficit was understated during the financial year 2014-15. ***(Paras 3.3.5.1 and 3.3.5.2)***
- From FY 2011-12 onwards, the outstanding liability in terms of GDP outstripped the targeted level as contained in the Medium Term Fiscal Policy Statement. Further, due to understatement of liabilities of ₹6,70,210 crore in the Public Account, the total liabilities of the Union Government were contained at 46.2 *per cent* of GDP, which otherwise would have stood at 51.6 *per cent* of GDP in FY 2014-15. ***(Paras 3.4.2 and 3.4.3)***

Analysis of projections in fiscal policy statements

- Projection for FY 2014-15 included in Medium Term Fiscal Policy Statement in respect of gross tax revenue, outstanding liabilities, and disinvestment varied significantly from the actuals. Similarly, projection under various heads of expenditure for FY 2014-15 included in Medium Term Expenditure Framework Statements of 2013-14 varied significantly in BE and RE of 2014-15. ***(Paras 4.1 and 4.2)***

Disclosure and Transparency in fiscal operations

- Recommendation of Twelfth Finance Commission relating to inclusion of eight additional statements in the Union Government Accounts for greater transparency, has not been acted upon, despite in-principle acceptance of the recommendation by the Government. ***(Para 5.1.1)***
- Refunds of ₹1,17,495 crore (including interest on refunds of taxes) were made from gross direct tax collection in FY 2014-15 but this aspect was not disclosed in the Government accounts. ***(Para 5.1.2)***
- Disclosure statements mandated under the FRBM Act and the Rules made thereunder placed before the Parliament for FY 2014-15 and earlier years contained inconsistencies relating to understatement of non-tax revenue; variations in closing and opening balances of physical and financial assets; overstatement of loans to foreign governments; and discrepancies in the estimation of provision on grants for creation of capital assets. ***(Para 5.2)***

Annexure-I

SECURITY PRINTING & MINTING CORPORATION OF INDIA LIMITED (SPMCIL)

Representation of SCs, STs, and OBCs

(For the period from 1/1/2016 to 30/11/2016)

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	311	48	14	48	12	1	0	2	14	3	0	1	0	0
Group B	1119	184	101	131	49	9	0	11	44	6	4	1	1	0
Group C	9024	2034	917	989	278	11	3	19	564	117	35	18	5	1
Group D (Excluding SafaiKarmachari)	71	25	8	18	20	0	0	0	0	0	0	0	0	0
Group D (SafaiKarmachari)	11	8	2	0	1	0	0	0	0	0	0	0	0	0
TOTAL	**10536**	**2299**	**1042**	**1186**	**360**	**21**	**3**	**32**	**622**	**126**	**39**	**20**	**6**	**1**

Annexure-II

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

Representation of Persons With Disability (PWD)

(For the period from 1/1/2016 to 30/11/2016)

Groups	Number of Employees				Number of appointments Made During the Previous Calendar Year													
					BY 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	311	0	1	1	0	0	0	1	0	0	1	0	0	0	0	0	0	0
Group B	1119	1	0	16	0	0	1	29	0	0	0	0	0	0	23	0	0	0
Group C	9024	34	77	199	4	4	4	44	0	0	2	0	0	8	16	0	0	2
Group D (Excluding Safai Karm-achari)	71	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Group D (Safai Karm-achari)	11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	**10536**	**35**	**78**	**216**	**4**	**4**	**5**	**74**	**0**	**0**	**3**	**0**	**0**	**8**	**39**	**0**	**0**	**2**

Annexure-I

DEPARTMENT OF ECONOMIC AFFAIRS (MAIN)

Representation of SCs, STs, and OBCs

(As on 31/12/2016)

Groups	Number of Employees				Number of appointments Made During the Previous Calendar Year 2016									
					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	169	20	7	17	-	-	-	-	-	-	-	24	6	1
Group B	290	40	29	24	2	-	-	1	2	-	-	2	-	-
Group C (Excluding SafaiKarmachari)	278	88	9	27	-	-	-	-		-	-	8	1	1
Group C (SafaiKarmachari)	10	10	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	**747**	**158**	**45**	**68**	**2**	**-**	**-**	**1**	**2**	**-**	**-**	**34**	**7**	**2**

Annexure-II

DEPARTMENT OF ECONOMIC AFFAIRS (MAIN)

Representation of Persons With Disability (PWD)

(As on 31/12/2016)

Groups	Number of Employees				Number of appointments Made During the Previous Calendar Year													
					BY 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	169	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group B	290	-	2	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group C (Excluding Safai Karm-achari)	278	-	-	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group C (Safai Karm-achari)	10	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**747**	**-**	**2**	**6**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Annexure-I

NATIONAL SAVINGS INSTITUTE, NAGPUR

Representation of SCs, STs, and OBCs in respect of

(As on 31/12/2016)

Groups	Number of Employees				Number of appointments Made During the Previous Calendar Year 2016									
					By Direct Recruitment				By Promotion			By Other Methods		
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**
Group A	9	2	-	2	-	-	-	-	-	-	-	-	-	-
Group B	27	3	1	7	4	1	-	-	-	-	-	-	-	-
Group C (Excluding Safai Karm-achari)	52	15	6	11	-	-	-	-	-	-	-	-	-	
Group C (SafaiKarmachari)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**88**	**20**	**7**	**20**	**4**	**1**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Annexure-II

NATIONAL SAVINGS INSTITUTE, NAGPUR

Representation of Persons With Disability (PWD)

(As on 31/12/2016)

Groups	Number of Employees				Number of appointments Made During the Previous Calendar Year													
					BY 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	9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group B	27	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group C (Excluding Safai Karm-achari)	52	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group C (Safai Karm-achari)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**88**	**-**	**-**	**1**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Annexure-Iii

SECURITY APPELLATE TRIBUNAL, MUMBAI

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	3	-	-	-	-	-	-	-	-	-	-	-	-	-
Group B	9	1	-	-	-	-	-	-	-	-	-	-	-	-
Group C	13	2	-	4	-	-	-	-	-	-	-	-	-	-
Group D (Excluding SafaiKarmachari)	0	-	-	-	-	-	-	-	-	-	-	-	-	-
Group D (SafaiKarmachari)	0	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	**25**	**3**	**-**	**4**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Annexure-II

SECURITY APPELLATE TRIBUNAL, MUMBAI

Representation of Persons With Disability

Groups	Number of Employees				Number of appointments Made During the Previous Calendar Year													
					BY 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 Karm-achari)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group D (Safai Karm-achari)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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 heariling impairment)

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

Annexure-I

SECURITIES EXCHANGE BOARD OF INDIA

Representation of SCs, STs, and OBCs

Groups	Number of Employees				Number of appointments Made During the Previous Calendar Year 2016									
					By Direct Recruitment				By Promotion			By Other Methods*		
	Total	SC	ST	OBC	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**
OFFICERS	694	99	43	185	48	11	15	19	6	1	0	0	0	0
SECRETARIES	92	3	0	9	0	0	0	0	0	0	0	0	0	0
JUNIOR ASST.	2	0	0	1	0	0	0	0	0	0	0	0	0	0
MSNGR	2	1	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	**790**	**103**	**43**	**195**	**48**	**11**	**15**	**19**	**6**	**1**	**0**	**0**	**0**	**0**

 # Apart from these, 1 candidates from PWD category, selected through the special recritment drive ,is expected to join SEBI in December 2016.

Annexure-II

SECURITIES EXCHANGE BOARD OF INDIA

Representation of Persons With Disability

Groups	Number of Employees				Number of appointments Made During the Previous Calendar Year 2016													
					BY 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**
OFFICERS	694	9	4	12	1	5	0	3	1	2	0	0	0	0	0	0	0	0
SECRETA-RIES	92	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
JUNIOR ASST.	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MSNGR	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	**790**	**10**	**4**	**12**	**1**	**5**	**0**	**3**	**1**	**2**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

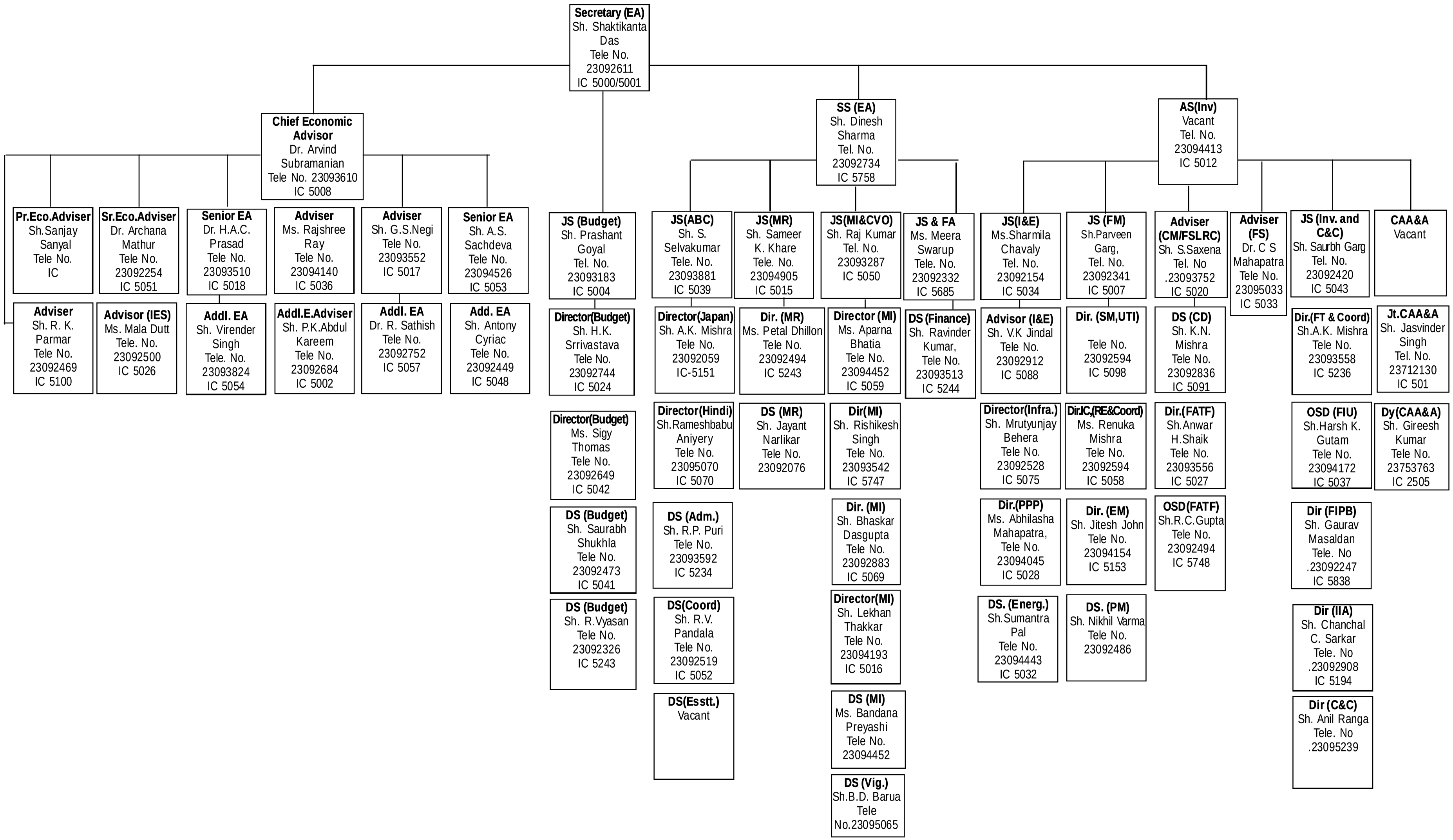
Note: *(i) VH stands for Visually Handicapped (persons suffering from blindness or low vision)*

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

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

@ 1 PWD candidate selected in the special recritment drive for PWD is expected to join in December 2016

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 is responsible for administration of various financial rules and regulations like General Financial Rules (GFRs), Delegation of Financial Power Rules (DFPRs) etc. including those relating to personnel matters of Central Government Employees such as regulation of pay and allowances, policy matters on pension, and staffing of Government establishments by creation and upgradation of posts, as also cadre reviews.

1.2 The Division also deals with proposals seeking to alter service conditions and other benefits to Government employees with significant recurring financial implication. Broad instructions on Expenditure Management, including economy measures and measures for improving quality of expenditure such as through Utilisation Certificates (UC) are issued by the Personnel Division. This Division administers the General Financial Rules and the Delegation of Financial Powers Rules including issue of clarifications/ amendments thereto, and coordinates with Financial Advisors of all Ministries/ Departments of the Central Government. All legislative proposals with general financial implications are scrutinized in the Personnel Division.

1.3 Service matters pertaining to the Indian Audit and Accounts Service(IA&AS), Indian Civil Accounts Service (ICAS) and Indian Cost Accounts Service (ICoAS) are dealt with by this Division Administrative assistance to the Finance Ministers' Office is provided by Personnel Division.

1.4 **The Expenditure Management Commission (EMC)** was constituted on 04.09.2014 with a mandate to recommend ways to increase efficiency of public expenditure, to review major areas of Central Government and to suggest ways of creating fiscal space required to meet developmental expenditure needs, without compromising fiscal discipline. The Commission submitted its interim Report in January 2015, Part-I of the Final Report in September, 2015, Part-II of the Final Report in December, 2015 and Part-III of the Final Report in March, 2016. The recommendations of the Commission have been shared with the Ministries/ Departments concerned with its implementation. All Ministries/Departments have uploaded details of the Autonomous Bodies under their administrative control on the website of Department of Expenditure.

1.5 The Division also currently handles large value proposals of capital acquisition relating to Defence and other Security Agencies such as NTRO, NIA etc.

1.6 **Pay Research Unit (PRU):-** 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 **"Annual Report on Pay and Allowances of Central Government Civilian Employees".** The brochure provides statistical information regarding expenditure incurred by the different Ministries/Departments of the Central Government on pay & various types of allowances such as Dearness Allowance, House Rent Allowance, Transport Allowance, Overtime Allowance, Compensatory Allowance etc. in respect of its regular employees. It also provides information on Ministry-wise/ Department-wise and Group-wise number of sanctioned posts and number of incumbents in position. The latest Annual Report on Pay & Allowances of Central Government Civilian Employees for the year 2015-16 has been brought out in October, 2016. The work regarding the Annual Report/brochure for the year 2016-17 is in progress.

1.7 **Right to Information Act:-** The Right to Information Act, 2005 is implemented in its true spirit and the information required to be disclosed under the Act has been uploaded on the website of the Department. The Central Public Information Officers (CPIOs) ensure timely supply of information to applicants and prompt action is taken on appeals by Appellate Authorities. The quarterly returns are submitted to the Central Information Commission by the RTI Cell. Suo-motto disclosure has been made mandatory as per orders of the Department of Personnel & Training.

1.8 **Staff Inspection Unit:-** The Staff Inspection Unit (SIU) is functional since 1964 with the objective to review the staffing of government establishments/ organizations through a programme of inspections with a view to rationalizing of posts and also evolve performance standards and work norms. SIU also looks into work simplification in improving organizational effectiveness without sacrificing efficiency. The scientific and technical organizations are studied by SIU as a Core Member in the Committee constituted by the head of the respective organization. During the year, SIU has issued 02 Study

Reports, one for National Institute of Visually Handicapped (NIVH), Dehradun and other for Swami Vivekanand National Institute of Rehabilitation Training & Research (SVNIRTAR), Cuttack(Odisha) both under Ministry of Social Justice & Empowerment.

1.9 The Division handles the overall administration of the Department of Expenditure and also controls the cadre for all Central Secretariat Service(CSS)/ Central Secretariat Stenographer Service (CSSS)/ Central Secretariat Clerical Service (CSCS) upto the level of Section Officers/ Private Secretaries in the Ministry of Finance, apart from coordinating Parliament work as well as Right to Information Act (RTI) matters for the Ministry of Finance as a whole.

2. Plan Finance-I Division

2.1 Plan Assistance

2.1.1 In accordance with the Annual Plans approved by the erstwhile Planning Commission, Ministry of Finance (Upto 2014-15) was designated to provide Central assistance (tied and untied) to the State Governments for developmental activities under various programmes/schemes covered under State Plan as per the budgetary provisions made available with Department of Expenditure. The programmes/schemes for providing Central assistance to the States covered under State Plan is the mandate of Ministry of Finance. The release of untied funds covered Block grants viz. Normal Central Assistance (NCA) and Special Central Assistance (SCA) whereas tied funds were released towards Special Plan Assistance (SPA), Additional Central Assistance (ACA) for Externally Aided Projects (EAPs), ACA for various other projects/schemes, State Treasury Computerization under National e-Governance Programme (NeGP), State Component of Backward Regions Grant Fund (BRGF) covering funding for Bundelkhand package and KBK Districts of Odisha, Special Plan for Bihar, Special Plan for West Bengal, Hill Areas Development Programme (HADP), ACA for Left wing Extremism affected areas etc.

2.1.2 Following the spirit of cooperative federalism, the Union Government has accepted the recommendation by Fourteenth Finance Commission (FFC), resulting in biggest ever increase of 10% in State share in net proceed of shareable pool of Union taxes from 32% to 42% thus enabling the States to have extra fiscal space and subsequently allowing them greater autonomy in design and financing of schemes as per their need and local requirements and for creation of capital assets. Accordingly, funding under Plan schemes/ programmes except for projects identified for external aids (EAPs) provided by Department of Expenditure, Ministry of Finance have been subsumed in larger devolution of Union taxes to the States and hence budgetary provision for these schemes have stopped in the Union Budget 2016-17.

2.2 Special Assistance under Central Plan

2.2.1 However, taking into account considerable amount of committed spill over liabilities for projects sanctioned prior to implementation of 14th FFC award, considering varying socio-economic/geographical factors, it has been decided to provide assistance to States required in areas of critical nature viz. Backward Region Grants Fund (BRGF)-State component including Kalahandi Bolangir Koraput (KBK) districts of Odisha, Special Plan for Bihar, Special Plan for West Bengal, Bundelkhand package for Madhya Pradesh & Uttar Pradesh and Uttarakhand Medium & Long Term Reconstruction, PM'S Reconstruction Plan (PMRP), 2004 & Flood Rehabilitation Plan, 2014 for Jammu & Kashmir and support to states to deal with post FFC related issues. Accordingly, an allocation of Rs.11,000 crore has been made in the Union Budget (2016-17-BE) at the disposal of Ministry of Finance for providing assistance to the States in the name of Special Assistance under Central Plan. Of which, Rs.3139.84 crore has been released during 2016-17 (till 30th November, 2016) to the States. Rs.305 crore is placed at the disposal of Ministry of Home Affairs (MHA) to meet out SRC (Security Related Expenditures).

2.3 Additional Central Assistance for Externally Aided Projects

2.3.1 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 Northern Eastern and Himalayan 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 Rs.16175.43 crore was released to the State Governments during 2016-17 (till November, 2016) as against Budget Estimates (2016-17) of Rs.17,850 crore.

2.4 Non-Plan Grants to States

2.4.1 The States are also supported through Non-plan grants as per the recommendations of Finance Commissions. The FFC report covering the five year period commencing 1st April, 2015 together with the Explanatory Memorandum as to the action taken on the recommendations of the Finance Commission was laid on the Table of the both Houses of the Parliament on 24.2.2015. The year 2016-17 is the second year of the award period of FFC.

2.4.2 FFC making substantial increase in share of the States in the divisible pool of Union taxes from 32% to

42%, has recommended total grants-in-aid of Rs.5.38 lakh crore for the period 2015-20 to cover Revenue Deficit of States local body grants (both to rural and urban local bodies) and grants for State's Disaster Response Fund (SDRF). Of which, grant of Rs. 1,94,821 crore is to meet Revenue deficit for eleven States comprising Andhra Pradesh, Assam, Himachal Pradesh, Jammu & Kashmir, Kerala, Manipur, Meghalaya, Mizoram, Nagaland, Tripura and West Bengal, Rs.2,87,436 crore for Rural local bodies and Urban local bodies together as basic grant (Rs.2,49,978 crore) and performance grant (Rs.37,458 crore) for all the States.

2.4.3 In aggregate, Rs.61,219 crore has been recommended as corpus of State Disaster Response Fund (SDRF) for all States for the award period with Union Government's share to the extent of 90% (Rs.55,097 crore). The Government has, however, accepted this recommendation with the modifications that the percentage share of the States in the corpus will continue to be as before and that the flows will also be of the same order (linked to the extent of the cess), as in the existing system; and that, once GST is in place, the recommendations of FFC on disaster relief would be fully implemented.

2.4.4 Following the recommendations of FFC duly accepted by the Union Government, as against provisions (BE-2016-17) of Rs.100646 crore, an amount of Rs.50888 crore in aggregate was released under the heads of Non-Plan revenue deficit grants (Rs.27538 crore), Local Body grants (Rs.18688 crore) and Centre's share in State Disaster Response Fund (Rs.4662 crore) till 30.11.2016. Further, in order to undertake post disaster relief and restoration measures, wherever the States have reportedly faced natural disasters, the States has been provided Rs.7261 crore from National Disaster Response Fund (NDRF) during the 2016-17 (till 30.11.2016)

2.5 **States' Fiscal Consolidation (2015-20)**

2.5.1 Fourteenth Finance Commission (FFC) for its award period 2015-20 has also recommended a fiscal consolidation glide path for States to remain in revenue balance and anchor their fiscal deficit at 3 per cent of GSDP. FFC has further recommended for additional fiscal space upto 0.5 percent of GSDP subject to States fulfilling the eligibility criteria of maintaining their IP/TRR ratio within 10 per cent, Debt/GSDP ratio within 25 per cent and remaining in revenue balance. The additional space will allow States to incur more capital expenditure without deviating from the fiscal glide path. Fiscal position of States, in aggregate, as gleaned from 2016-17(BE) in terms of revenue surplus, fiscal deficit and debt is 0.3% of GSDP, 2.9% of GSDP and 24.8% of GSDP respectively.

2.6 Borrowings

2.6.1 The methodology for determining annual borrowing ceilings of States during the period 2015-20 has been devised in line with the recommendations of Fourteenth Finance Commission (14th FC). The borrowing limits of States are 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 aggregate Debt to GSDP ratio to 24.8% as against the FFC projection 26.02% of GSDP by the end of the year 2016-17. For the year 2015-16, the States were permitted to raise aggregate borrowings to the tune of Rs. 4,25,878.65 crore as against gross borrowings of Rs.4,58,384.96 crore (Net borrowing ceiling of Rs.3,78,903 crore). During 2016-17, the States are permitted to raise aggregate borrowings to the tune of Rs. 348704 crore as against gross borrowings of Rs.528559 crore (Net borrowing ceiling of Rs.429352.80 crore).

3. Plan Finance-II Division

3.1 Plan Finance-II Division deals with schemes and projects and 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.

3.2 During the period from 1st January, 2016 to 30th November, 2016, the Expenditure Finance Committee (EFC) chaired by Finance Secretary and Secretary (Expenditure) recommended 29 Investment proposals/ schemes of various Ministries/Departments costing Rs.2,11,049 crores. Also during the period, Public Investment Board (PIB) chaired by Secretary (Expenditure) considered and recommended 82 proposals involving an amount of Rs.28,673 crores as per the following details:-

S. No.	Ministry/Department	No. of Projects recommended for approval	Project Cost (Rs.In Crore)
1	Ministry of Power	3	8,612
2.	Ministry of Shipping	1	1,799
3.	Ministry of Road, Transport & Highways	1	6,461
4.	Ministry of Commerce & Industry	1	2,254
5.	Ministry of External Affairs	1	7,291
6.	Department of Revenue	1	2,256
	Total	8	28,673

3.3 Plan Finance II also deals with financial restructuring of Central PSUs on the recommendation of Bureau for Restructuring of Public Sector Enterprises (BRPSE). It is also actively involved in working out modalities of 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 Secretariat of National Clean energy fund. Issues relating to Food, Fertilisers and Petroleum Subsidies including their quantification and extension of assistance to the Stake holders are also dealt with in Plan Finance II Division. This division is actively involved along with the concerned Department/Ministry, in shaping subsidy policy of the Government as to ensure effective targeting coupled with minimum burden on the Government.

3.4 In August 2016, guidelines regarding Appraisal and Approval of Public Funded schemes and Projects and flexi-funds were revised.

4. Procurement Policy Division (PPD)

4.1 A Public Procurement Cell (PPC) was set up in this Department in June, 2011 to take follow up action on the Report of the Committee on Public Procurement (CoPP) and for related matters such as drafting of rules and setting up of a Central Public Procurement Portal. The Cell was gradually strengthened and a Division called Procurement Policy Division (PPD) was created.

4.2 Subsequently, the scope of work in PPD was enlarged. The Division now deals with the following items of work:-

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

(ii) Policies relating to Public Procurement including administration of General Financial Rules 2005 on procurement of goods and services and contract management; policies relating to mandatory or preferential procurement;

(iii) Matters relating to standardization of procurement related documents;

(iv) All matters related to Central Public Procurement Portal set up for publishing information relating to Public Procurement;

(v) Matters relating to electronic procurement;

(vi) Professional standards to be achieved by officials dealing with procurement and suitable training and certification requirements for the same;

(vii) Interface with International bodies on matters relating to Public Procurement.

4.3 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 50000 tenders are floated per month using facility of CPP. This translates to around Rs.8 Lakh 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.

- It is imperative that the executives/officers engaged in public procurement process have thorough knowledge of all the relevant rules, regulations and procedures of public procurement. For the purpose, one week Training Programme on Public Procurement is conducted through National Institute of Financial Management (NIFM) with a view to educate and familiarize the concerned executives/officers with all the relevant rules, regulations and procedures of public procurement. Around 2000 officers per annum are being trained.

4.4 Swachh Bharat Kosh (SBK)

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, aaganwaadis(Centers 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, aaganwaadis;

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 area including solid and liquid waste management;

f) Any other activity to improve sanitation in the country as decided by the Government Council; and

g) The donations to the Kosh are covered under "Corporate Social Responsibility(CSR) under sub-section (5) of Section 135 of the Companies Act, 2013". Donations other than sums spent for "Corporate Social Responsibility" are eligible for 100% deduction under Section 80G of the Income-Tax Act, 1961.

5. Integrated Finance Unit (IFU)

5.1 The Integrated Finance Unit works under Joint Secretary & Financial Adviser (Finance) and tenders financial advice and concurrence to proposals involving expenditure in respect of Department of Expenditure as well as their attached offices. It deals with the expenditure and Budget related proposals under Grant No.34 - Department of Expenditure which includes (i) Secretariat General Services covering the establishment budget for the Department of Expenditure, Controller General of Accounts, Central Pension Accounting Office, Finance Commission Division, Staff Inspection Unit, Cost Accounts Branch and Chief Controller of Accounts ; (ii) Other Administrative Services covering the budget for Institute of Government Accounts and Finance, National Institute for 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; and (iii) Other General Economic Services covering the budget for Public Financial Management System (PFMS).

5.2 This Unit also monitors the expenditure under Grant No.35 - Pension; and Grant No.36 - Indian Audit & Accounts Department. The allocations under the respective Grants are as under:-

(Rs. in crore)

Grant No.		Budget Estimates 2015-16			Revised Estimates 2015-16		
		Plan	Non-Plan	Total	Plan	Non-Plan	Total
34-Deptt. of Expenditure	Revenue Section	60.00	166.65	226.65	115.00	175.00	290.00
	Capital Section	-	-	-	-	-	-
	Total	**60.00**	**166.65**	**226.65**	**115.00**	**175.00**	**290.00**
35-Pensions	Revenue Section	-	32070.00	32070.00	-	33180.00	33180.00
	Capital Section	-	-	-	-	-	-
	Total	**-**	**32070.00**	**32070.00**	**-**	**33180.00**	**33180.00**
36 – Indian Audit & Accounts Department	Revenue Section	-	3922.77	3922.77	-	4041.31	4041.31
	Capital Section	-	11.50	11.50	-	14.19	14.19
	Total	**-**	**3934.27**	**3934.27**	**-**	**4055.50**	**4055.50**

5.3 Tendering financial advice & concurrence to proposals involving expenditure in respect of DEA & DFS as well as their attached and subordinate offices e.g. Security Appellate Tribunal (SAT)/National Savings Institute/G-20 Secretariat/Fifteenth Finance Commission/ Office of Special Court Mumbai/Office of Custodian/Appellate Authority for Industrial and Financial Reconstruction/Board for Industrial and Financial Reconstruction/Debt Recovery Tribunals, Pension Fund Regulatory and Development Authority and Office of Court Liquidator, Kolkata. 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.

5.4 The Division also administers two Detailed Demands for Grants i.e. Grant No.29 - Department of Economic Affairs and Grants No. 31 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.

5.5 Coordination of all matters relating to the examination of the DDG by the Parliamentary Standing Committee on Finance. Coordination, compilation, printing and laying of the 'Outcome Budget/Detailed Demand for Grants (DDG)' of the Ministry of Finance in Parliament. Monitoring of pending PAC/C&AG Audit Paras. Coordination, compilation, printing and presentation of Statements to be made by Hon'ble Finance Minister as required in terms of Rule 73-A, in Lok-Sabha/Rajya Sabha in respect of implementation of Reports of the Standing Committee.

5.6 Budgetary position regarding the Grants administered by the Division is given below:-

Budgetary allocation of the Grants (on net basis)

(Rs. In Crore)

Grant		BE 2016-17	RE 2016-17*	BE 2017-18*
29-Department of Economic Affairs	Revenue	11836.53	12008.08	10532.66
	Capital	4209.62	4227.40	4424.27
	Total	**16046.15**	**16235.48**	**14956.93**
31-Department of Financial Services	Revenue	4135.52	4028.48	3827.63
	Capital	27840	29140	14465.01
	Total	**31975.52**	**33168.48**	**18292.64**

*** Proposed.**

6. Chief Controller of Accounts

6.1 The Chief Controller of Accounts (CCA) is in overall charge of the payment and accounting set up of the Ministry, supported by three Controllers of Accounts, one Deputy Controller of Accounts, 2 Assistant Controller of Accounts, 36 Senior Accounts Officers and approximately 300 other staff members at various levels.

6.2 Function of the CCA organisation

I. **Budget related works** for five Grants of Department of Economic Affairs, Department of Financial Services, Department of Expenditure, Department of Revenue and Department of Investment and Public Asset Management are integrated with O/o CCA.

II. CCA oversees the **payments, accounting and internal audit** functions of five Departments in Ministry of Finance viz., Department of Economic Affairs, Department of Expenditure, Department of Revenue, Department of Investment and Public Asset Management and Department of Financial Services.

III. Another important function of the CCA is **financial reporting to Chief Accounting Authority** (i.e. the Secretary of the respective Department) and to the Controller General of Accounts. The monthly accounts and annual accounts of five Departments which comprise 8 Demands/Appropriation of the Ministry of Finance are sent to the office of the Controller General of Accounts for consolidation into accounts of Government of India.

IV. The Scheme of Departmentalization of Accounts envisaged a system of management accounts.

CCA prepares **monthly and quarterly reviews of receipt and expenditure** for the information of the Secretaries of the Department. The summary statements are also uploaded on the Ministry's official website.

V. **Internal Audit** is the responsibility of the CCA. In the Ministry of Finance, the Internal Audit Wing also undertakes the audit of all DDOs, attached and subordinate offices including Banks handling Government Schemes such as Public Provident Fund, Special Deposit Schemes; and Senior Citizen Savings Scheme. There are about 140 DDOs within the jurisdiction of internal audit.

VI. Providing support staff to Controller Aid Accounts and Audit (CAAA)

VII. Pension authorization under the Pension Rules to the officials retiring on superannuation, seeking voluntary retirement and to the families to deceased employees/pensioners.

VIII. Pension payment to foreign pensioners residing in India on behalf of Sri Lanka, Singapore, UK and Burma.

IX. Accounting and monitoring of Loans advanced to foreign countries.

X. Accounting of total receipts and payments in the entire central Government under the CGEGIS (Central Government Employees Group Insurance Scheme) and calculation & accounting of interest liability of GOI in both the savings fund and Insurance fund components of this scheme.

XI. Oversees the settlement of C&AG audit Para.

XII. Responsible for transfer of funds to and from CFI to Public Accounts of India. There are 14 such Funds in the Department of Economic Affairs, 2 in Department of Revenue, and one each in Department of Expenditure and Department of Investment and Public Asset Management.

XIII. Formulation of detailed Accounting procedures in respect of the Funds maintained under Public Account of India.

XIV. Settlement of the cases relating to combined pension, pro-rata pension, leave encashment, leave salary and pension contributions, revision of pre-2006 pension cases etc. of the absorbed employees of SPMCIL, after the corporatization of Mints and Presses, in coordination with the Corporate office of SPMCIL, field units and the administrative division in the Ministry.

6.3 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. The sanctions (in hard copies) are received from various departments including Plan Finance I (PF-I) Division. The sanctions are processed in the loan Grant Investment (LGI) software. The Inter Government Advices (IGA) generated and faxed to RBI, Nagpur in respect of 29 States. IGA advice in respect of State Government of Sikkim and Delhi are sent to RBI, Delhi by special messenger.

c. The clearance Memos (CMs) are received from RBI, Nagpur on next working day through emails. The Transfer Entries (TEs) are prepared on the basis of CMs and incorporated into the COMPACT 2000/software/PFMS portal. It is followed by e-Lekha and the data reaches PFMS portal.

d. The data become visible on PFMS portal showing figures of sanctions settled and the COMPACT figures. Grants-in-aid amounting to Rs.61413.75/- crore to state government and Rs.5.84 crore to autonomous body (NIPFM) were released up to 30.11.2016.

e. During the Financial Year 2016-17 (up to 30.11.2016.) Rs. 13875.92 crore worth loans (Block loans & Back to Back Loans) were released to State Govt. against the budget provision of Rs.15,500 crore.

f. 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.

g. In the case of any default made by State Government in making repayment of Principal and Interest, the Consolidated Fund of State maintained by RBI is debited on the advice of this office.

h. At present, O/o CCA is in the process of implements of PFMS for all Centrally Sponsored Schemes of M/o Finance.

6.4 Details of loans Advanced to States during 2016-17 (Up-to November 2016)

(Rs. in Crore)

Sl. No	Name of States	Opening Balance as on 31.3.2016	Total Loan upto Nov. 2016	Pr. Up to Nov. 2016	Interest Upto Nov. 2016	Closing Balance up to Nov. 2016
1	Andhra Pradesh	9603.46	604.21	307.03	190.12	9900.63
2	Arunachal Pradesh	214.51	0.00	14.48	9.97	200.03
3	Assam	1314.22	28.58	81.44	63.38	1261.37
4	Bihar	8827.47	991.34	276.14	175.02	9542.66
5	Chhattisgarh	1844.17	284.15	95.88	76.85	2032.43
6	Goa	1011.11	74.55	15.01	11.43	1070.65
7	Gujarat	7036.08	167.36	392.08	272.72	6811.36
8	Haryana	2196.88	129.59	73.69	53.39	2252.79
9	Himachal Pradesh	1044.07	69.54	43.98	50.13	1069.63
10	Jammu & Kashmir	1201.86	17.38	68.75	56.89	1150.49
11	Jharkhand	2072.35	143.87	82.15	63.41	2134.07
12	Karnataka	12969.53	1205.93	394.13	345.76	13781.33
13	Kerala	7213.49	750.30	202.41	158.34	7761.38
14	Madhya Pradesh	13626.97	1028.77	357.58	307.97	14298.17
15	Maharashtra	8155.56	521.13	310.70	240.33	8366.00
16	Manipur	382.02	15.95	25.55	17.62	372.42
17	Meghalaya	191.77	1.47	11.05	9.04	182.19
18	Mizoram	234.14	3.90	12.31	11.48	225.72
19	Nagaland	154.58	0.05	11.55	7.23	143.08
20	Orissa	7197.97	747.85	285.17	170.87	7660.65
21	Punjab	3531.30	524.25	106.64	71.98	3948.91
22	Rajasthan	8209.23	3056.75	299.40	231.71	10966.57
23	Sikkim	108.99	1.98	5.01	5.19	105.96
24	Tamil Nadu	7496.17	1464.82	219.43	135.87	8741.56
25	Telangana	13329.26	696.51	251.20	191.14	13774.58
26	Tripura	249.60	2.01	16.85	11.89	234.75
27	Uttar Pradesh	538.62	867.12	20.55	27.78	1385.19
28	Uttarakhand	13562.60	95.57	802.77	538.60	12858.40
29	West Bengal	13443.28	381.00	399.68	409.31	13424.60
	Total	**146964.27**	**13875.92**	**5182.60**	**3915.42**	**155657.58**

6.5 Details of Grants-in-Aid to States released by Department of Expenditure during 2016-17 (Upto November 2016)

(Rs. in Crore)

S. No	Name of states	Total Plan Grant in Aid	Non Plan Grant in Aid	Total Grant in Aid
1	Andhra Pradesh	1176.84	4320.07	5496.91
2	Arunachal Pradesh	0.00	69.01	69.01
3	Assam	257.24	1009.35	1266.59
4	Bihar	0.60	361.05	361.65
5	Chhattisgarh	1.43	592.37	593.80
6	Goa	70.00	1.50	71.50
7	Gujarat	0.00	1348.66	1348.66
8	Haryana	0.11	290.29	290.40
9	Himachal Pradesh	625.88	5883.57	6509.45
10	Jammu & Kashmir	2049.74	7220.64	9270.38
11	Jharkhand	0.00	595.23	595.23
12	Karnataka	21.06	1866.10	1887.16
13	Kerala	0.00	2698.82	2698.82
14	Madhya Pradesh	0.52	1702.63	1703.15
15	Maharashtra	16.08	2532.51	2548.59
16	Manipur	143.56	1421.76	1565.32
17	Meghalaya	13.27	367.89	381.16
18	Mizoram	35.07	1545.45	1580.52
19	Nagaland	0.41	2305.14	2305.55
20	Orissa	7.55	1733.09	1740.64
21	Punjab	0.00	536.21	536.21
22	Rajasthan	71.21	3206.54	3277.75
23	Sikkim	17.80	25.95	43.75
24	Tamil Nadu	34.45	1470.45	1504.90
25	Telangana	16.55	509.79	526.34
26	Tripura	18.09	780.77	798.86
27	Uttar Pradesh	0.00	3424.97	3424.97
28	Uttarakhand	860.08	418.16	1278.24
29	West Bengal	1.80	2650.20	2652.00
	Total	**5439.36**	**50888.17**	**56327.53**

Grants-in-Aid to States/UTs by Department of Revenue (Compensation to State Government for Revenue Rs.5086.22 crore Loss due to phasing out the Central Sales Tax (CST).

6.6 Total Grants-in-Aid released to States Rs.61413.75 crore. Balance under important component of internal Debt:-

(Rs. in crore)

Sl. No.	NAME OF SCHEME	BALANCE UPTO 31.03.2015	NET ADDITION IN 2015-2016	CLOSING BALANCE AS ON 31.03.2016	NET ADDITION IN 2016-2017 (upto Nov' 2016)
1	2	3	4	5	6
1	Market Loan	3891734	408368	4300102	321122
2	Special Securities issued to International Institutions	46395	60331	106726	1799
3	Compensation and Other Bonds	13424	-2312	11112	1631
4	14 day Treasury Bills	85678	35449	121127	-28835
5	91 day Treasury Bills	128961	3893	132854	45841
6	182 day Treasury Bills	77337	470	77807	12226
7	364 day Treasury Bills	143152	10881	154033	2519
8	Special Securities issued against National Small Saving Fund	261391	52465	313856	-2121
9	Marketable Securities issued in conversion of Special Securities	67818	-3000	64818	0
10	Special Security issued against PLI Fund	20894	0	20894	0
11	Collection of fund under PPF-1968 Scheme (collection through bank only)	266801	48349	315150	15939
12	Balances under Senior Citizen Saving Scheme 2004 (collection through bank only)	9235	9359	18594	7555
13	Balances under Special Deposit Superannuation and Gratuity Fund - 1975	103579	-335	103244	-249
14	Sukanya Samriddhi Account	0	992	992	1334
	TOTAL	**5116399**	**624910**	**5741309**	**378761**

6.7 Internal audit

a. 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 2016-17 (up-to November 2016), Audit of 42 units (appox.) was conducted.

b. 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 account in respect of Grants & Corpus Fund paid to them.

c. 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.

7. Controller General of Accounts (CGA)

7.1 The Controller General of Accounts (CGA), in the Department of Expenditure, Ministry of Finance, is the Principal Accounting Adviser to Government of India and is responsible for establishing and maintaining a technically sound Management Accounting System. The Office of CGA prepares monthly and annual analysis of expenditure, revenues, borrowings and various fiscal indicators for the Union Government. Under Article 150 of the Constitution, the Annual Appropriation Accounts (Civil) and Union Finance Accounts are submitted to Parliament on the advice of Comptroller and Auditor General of India. Along with these documents, an M.I.S Report titled 'Accounts at a Glance' is prepared and circulated to Hon'ble Members of Parliament.

7.2 It further formulates policies relating to general principles, form and procedure of accounting for the Central and State Governments. Administer the process of payments, receipts and accounting in Central Civil Ministries/ Departments. Prepares, consolidates and submits the monthly and annual accounts of the Central Government through a robust financial reporting system aimed at effective implementation of the Government fiscal policies. It also coordinates and assists in the introduction of Management Accounting Systems in Ministries/ Departments with a view to optimizing the utilization of Government resources through efficient cash management and an effective Financial Management Information System (FMIS).

7.3 It also administers banking arrangements for disbursements of Government expenditures and collection of government receipts and interacts with the Central Bank for reconciliation of cash balances of the Union Government.

7.4 Financial Reporting - Monthly and Annual

7.4.1 A detailed analysis of the monthly trends of receipts, payments, revenue and fiscal deficit and its sources of financing are presented to the Union Finance Minister. This analysis has over a period of time evolved into an extremely useful tool for monitoring budgetary compliance and for decision making. In accordance with the Government's policy towards imparting greater transparency, an abstract of the Union Government accounts is released every month and placed on the CGA's website (http://www.cga.nic.in).

7.4.2 Utilizing the advancements in technology, the O/o CGA provides a report of weekly flash figures of receipts, payments and deficit to Ministry of Finance so as to help in decision making.

7.4.3 As a best practice, the O/o CGA also submit the Provisional Accounts of the Government of India within two months of completion of each financial year. The professionalism with which these accounts are prepared is evident from the high accuracy attained in the last few years, as only marginal variations have been observed between the Provisional Accounts and the final audited Annual accounts.

7.4.4 The Finance Accounts of the Central Government comprises of the accounts of the Central Government as a whole and includes transactions of Civil Ministries/ Departments, Ministries of Defence and Railways and the Departments of Posts & Telecommunication. It presents the accounts of receipts and outflows of the Central Government for the year together with the financial results disclosed by different accounts and other data coming under examination. These accounts include the Revenue and Capital Account, Public Debt account and other liabilities and assets worked out from the balances in the accounts. It is supplemented by the accounts separately presented in the form of Appropriation Accounts for Grants and charged Appropriations. The Finance Accounts is an Auditor's presentation of the general accounts of the Government to Parliament.

7.4.5 The Finance Accounts comprises of two Parts-Part I and Part II. Part I presents the summarized statements in respect of Revenue, Capital, Debt, Deposit, Suspense and Remittances transactions and Contingency Fund, while Part II has detailed statements in respect of these transactions, along with other related statements. Part II of the Finance Accounts is further sub-divided into two sections 'A' & 'B'. While section 'A' comprises of detailed accounts and statements relating to Receipts and Expenditure on Revenue and Capital accounts, section 'B' has detailed accounts and statements relating to Debt, Deposit, Suspense & Remittances transactions and Contingency Fund.

7.4.6 The basic inputs for compilation of Finance Accounts are as follows:-

(1) Statement of Central Transactions;
(2) Journal Entries;
(3) Prior Periods Adjustments;
(4) Proforma Adjustments; and
(5) Progressive figures upto the end of the previous year.

7.4.7 The annual compilation "Accounts at a Glance" provides a macro level overview of the financial information like estimates and actuals of receipts and expenditure, assets and liabilities, savings and reserves, investments, disinvestments, debt and deficits of the Union Government, in reader friendly format with concise analysis and graphical representation, at one place. It is prepared on the basis of audited information contained in Finance Accounts and Appropriation Accounts.

7.5 Banking Arrangements and Reconciliation

7.5.1 The O/o CGA undertakes an exercise aimed at reconciliation of Reserve Bank Deposit and Public Sector Banks Suspense, Authorization and Change of Accredited Banks for handling Government transactions i.e. for Civil and Non-Civil Ministries/ Departments. Standing Committee Meetings, APEX Committee Meetings and Private Sector Banks Meetings are periodically conducted to review the handling of Government transactions by Banks. Initiatives/ achievements during the year are as under

7.6 Ease of doing Business

7.6.1 The proposal of Department of Economic Affairs to authorize the entire bank in place of authorizing selected bank branches of authorized banks for handling small savings schemes (PPF, SCSS etc) of Ministry of Finance has been approved by this office and Ministry of Finance is likely to notify the same in the Finance Act 2017-18 after which all the branches of authorized banks would be able to handle small savings scheme, thereby facilitating ease of doing business for the banks and investors would be able to transact in small savings schemes in any of the branches of authorized banks, which would result in a boom in collections under these schemes.

7.7 Settlement of outstanding penal interest with banks

7.7.1 The issue of settlement of outstanding Penal Interest on delayed remittances of Government transactions was pending for a very long time. As decided in the 22nd Apex Committee held on 3rd February 2016, a Committee was constituted under the Chairmanship of Addl. Controller General of Accounts to consider the pending penal interest claims raised towards delayed remittances against various banks.

7.7.2 As a result of deliberations in the Committee and transaction – wise analysis of the pending claims, it has been possible to recover the long outstanding penal interest claims of approx. Rs.72 crore out of Rs.97.81 crore from accredited banks which was outstanding upto 31st March 2015. A Standard Operating Procedure (SoP) for Levying and Recovery of penal interest by Ministries/ Departments has been prepared by O/o CGA.

7.8 Public Financial Management System (PFMS):

7.8.1 The Public Financial Management System (PFMS) is a web-based online software application, developed and implemented by the O/o CGA with technical support of NIC. The primary objective of PFMS is to facilitate a sound Public Financial Management System for Government of India(GoI) by establishing an efficient fund flow system as well as a Payment cum Accounting network. PFMS provides various stakeholders with a real time, reliable and meaningful Management Information System and an effective Decision Support System(DSS), as part of the Digital India initiative of GoI.

7.8.2 The Public Financial Management System (PFMS) initially started in 2009 as a Central Sector Scheme of Planning Commission with the objective of tracking funds released under all Plan schemes of GoI and real time reporting of expenditure at all levels of Programme implementation. Subsequently, in 2013, the scope was enlarged to cover direct payment to beneficiaries under both Plan and Non-Plan Schemes. The latest enhancement in the functionalities of PFMS commenced in late 2014, wherein it has been envisaged that digitization of accounts shall be achieved through PFMS and the additional functionalities would be built into PFMS in different stages. The enhanced application would cater to all Plan and Non Plan payments of GoI, all Tax and Non-Tax Receipts and also functions such as a comprehensive HRMIS and self-contained Pension as well as GPF modules. It is expected that in the coming years, the various existing standalone systems currently catering to these functions shall be integrated into PFMS.

7.8.3 The enhanced application is envisaged to cater to all Plan and Non plan payments of GoI, all Tax and Non Tax receipts and also functions such as a comprehensive HRMIS and self contained pension as well as GPF modules. Futuristically, all the existing standalone systems currently catering to various functions in GoI will be subsumed in PFMS.

7.8.4 The biggest strength of PFMS is its integration with the banking network in the country. As a result, PFMS has the unique capability to push online payments to almost any beneficiary/vendor having account in any bank across the country. At present, PFMS interface is completed with the Core Banking System (CBS) of all Public Sector Banks (26), Regional Rural Banks (54), major private sector banks (14), Reserve Bank of India, India post and Cooperative Banks (55).

7.8.5 Government has emphasized the need for improved financial management in implementation of Central government Schemes so as to facilitate Just-in-time releases and monitor the usage of funds including information on its ultimate utilization. In order to abide by the directions to implement Just-in-Time releases and monitor the end usage of funds, an action plan for universal roll-out of PFMS for Central Government schemes has been approved which inter alia includes mandatory registration of all Implementing Agencies on PFMS and mandatory use of Expenditure Advance and Transfer(EAT) module of PFMSW by all IAs.

Achievements

- PFMS has been fully implemented at the Central Government level for all Plan and Non-Plan Scheme releases from Civil Ministries/ Departments of the Central Govt.
- The Implementing Agencies are using the PFMS application for both transfers of funds to Agencies below and for e-payment to beneficiaries by direct credit to their accounts either in bank branches or in post offices.
- So far 18 lakh (approx) Implementing Agencies are registered on PFMS(till 30th November, 2016).
- The total number of beneficiaries bank accounts registered in PFMS is 19.07crores (till 30th November, 2016).
- Total Central DBT payments have been made for 26.52 crore transactions amounting Rs.33417.36 crores for 37 schemes (till 30th November 2016 in 2016-17).
- Total State DBT payments have been made for 2.88 crore transaction amounting Rs.4363.28 crores for 27 schemes(till 30th November 2016 in 2016-17).
- Total UT DBT payments have been made for 2.98 crore transaction amounting Rs.52.10 crores for 30 schemes (till 30th November 2016 in 2016-17).
- Pan-India roll out of MNREGS payments for Bank Account holders started from 1st April, 2015. 24.80 crore credits have been done for Rs.24,571 crore through PFMS from 01.4.2016 to 30.11.2016.
- Pan-India roll out of Indira Awas Yojana (IAY) payments for Bank Account holders started from July, 2015. 19.10 lakh credits have been done for Rs.5114 crore through PFMS from 01.4.2016 to 30.11.2016.
- E-IGAA i.e State Government payments through RBI advices have been started across Ministries.

- NTRP i.e Non Tax Receipts Portal has been started from 16th February, 2016 and this is a great step towards Hon'ble PM's Digital India Initiative. It facilitates online receipt of Non Tax Receipts for GoI Departments/Ministries. 24,277 credits have been received for Rs.77565.53 crores upto 30.11.2016.

- One stop Government e –Market place (GeM) which facilitates online procurement of common use Goods and Services required by various Govt. Departments/organizations/PSUs is integrated with PFMS for facilitating the e-payment of bills received online through GeM portal by the respective Pay and Accounts Offices.

- PFMS treasury integration is currently operational in 12 states and integration process has been initiated in other states also. It is expected to be completed by 31st March 2017.

7.9 Technical advice on Accounting matters:

7.9.1 O/o the Controller General of Accounts is the repository of technical information on Government accounts and is consulted widely by the Central Civil Ministries, Non Civil Ministries and State Governments on various budgeting, accounting and financial issues for core technical advice and guidance. With its technical competence, Technical Accounts Section in the O/o CGA has been assisting these Ministries and Governments in formulating sound accounting policies and procedures over the years within the realm of Central Government Account (Receipts & Payments) Rules, 1983, Pension Rules, Treasury Rules, Government Accounting Rules and Manuals or detailed procedural guidelines based on such rules. Technical Accounts Section has also been providing reasonable assurance to the stakeholders on a variety of accounting issues within the purview of rules and regulations to ensure a systematic accounting and financial reporting.

7.9.2 The Technical Accounts Section administers the Central Government Account (Receipts & Payments) Rules, 1983 in exercise of the powers conferred by Clause (1) of Article 283 of the Constitution of India regulating the custody of the Consolidated Fund of India, the Contingency Fund of India and the Public Account. These Rules also regulate the withdrawal of money from such funds and any other matter connected therewith.

7.9.3 The Technical Accounts Section also administers the Civil Accounts Manual which is the repository of detailed procedural guidelines based on Central Government Account (Receipts & payments) Rules, 1983, Government Accounting Rules, 1990 and Pension Rules etc.. The Manual has been amended from time to time by issuance of correction slips to incorporate the changed provisions of various Rules. However, a complete revision of Civil Accounts Manual would be undertaken after revision of Central Government Account (Receipts & payments) Rules, 1983.

7.9.4 The List of Major and Minor Heads of Accounts is updated timely by the Codes/ TA Section to cater to the requirements of the Central Ministries and the State Governments with new plans and schemes launched and policies amended.

7.10 Internal Auditing

7.10.1 The Controller General of Accounts is responsible for maintaining the requisite technical standards of Accounting in the Departmentalized Accounting offices and for monitoring of financial performance and effectiveness of various programs, schemes and activities of the civil ministries through its Internal Audit units in the respective Ministries/ Departments. The Internal Audit Division of office of CGA is providing necessary guidance and support to Internal Audit units of the line Ministries/Departments on different aspects of risks to establish effective internal controls for better Public Financial Management.

7.11 Achievements/ New Initiatives under Internal Audit

- The organization is regularly reviewing the performance of the internal audit units of the line Ministries/Departments. The Annual Review on the performance of Internal Audit Wings of Civil Ministries depicts the information on different shortcomings of the Civil Ministries in the form of observations. The Annual performance reports of the different Ministries/Departments are analyzed and summarized by the Internal Audit Division for the purposes of brevity and ease of presentation. The outcome of Internal Audit through recoveries effected in pursuance to the observations of the Internal Audit is also included to reflect the impact of Internal Audit.

- The Annual Review for the year 2015-16 of Internal Audit conducted by the field units of the organization in the Civil Ministries/Departments have been submitted to Ministry of Finance. The audit findings have been quantified on the basis of financial implications and constitute an amount of Rs.85392.20 crore under the following categories:-

Sl. No.	Nature of irregularities	Amount (Rupees in Crores)
1.	Cases of non-recovery of Govt. dues from Central Govt. Departments/State Govt./Govt. Bodies/Private parties.	53610.67
2.	Cases of over payment	193.27
3.	Idle machinery/surplus stores	94.27
4.	Loss/Infructous Expenditure	1051.14
5.	Irregular Expenditure	2651.09
6.	Irregular Purchase	115.39
7.	Cases of non-adjustment of Advances	424.47
8.	Blocking of Govt. money	6185.98
9.	Non-accountal of costly stores/ Govt. money	44.18
10.	Any other items of Special nature	21021.74
	Total	**85392.20**

- Based on the recommendations of the Seminar on 'Enhancing Effectiveness of Internal Audit: Issues & Challenges' which was organized by the organization on 24th November, 2015, an advisory has been issued by the Ministry of Finance to all Secretaries and Financial Advisers for carrying out a special drive for the clearance of the 1.18 lakh outstanding internal audit paras. The organization has put in place a monthly monitoring system for clearance of these outstanding internal audit paras.

7.12 Monitoring Cell

7.12.1 The Monitoring Cell under the Office of Controller General of Accounts 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 (PAC) reports.

- Coordination 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 the Audit on excess expenditure and savings of Rs.100 crores and above, appearing in the Annual Appropriation Accounts.

- Chasing up matters with various Ministries/ Departments of the Government of India to ensure that, the recommendations made in PAC Reports are finalized well within time given by the Lok Sabha Secretariat.
- Bringing to the notice of various Ministries/ Departments the observations made by the PAC in its reports regarding the delay either in sending the Action Taken Notes or in their being vetted by the Audit.

7.13 Web Based Audit Para Monitoring System (APMS)

7.13.1 On the recommendations of the Public Accounts Committee (PAC), Audit Para Monitoring System (APMS) has been implemented for computerized monitoring of the pendency of Action Taken Notes (ATNs) of C&AG Paras at various stages. The application facilitates the submission/vetting of ATNs by their uploading on the portal at every stage. As a result of regular training to the officials, now all Ministries/ Departments are on board the APMS portal. In view of this, it has now been decided to dispense with the requirement of submission of hard copies of ATNs to the Lok Sabha Secretariat (PAC Branch).

7.13.2 Another centralized computerized online monitoring system to check the status of the preparation and submission of the Explanatory Notes at every stage by various Ministries/ Departments has been developed & operationalized in consultation with the Office of Comptroller and Auditor General of India in pursuance to the recommendations contained in Para-8 of the 92nd Report of Public Accounts Committee (15th Lok Sabha).

7.14 Position of ATNs on C&AG Audit paras

7.14.1 Position of ATNs in respect of summary of audit observations as per prescribed format (Annexure-III) January 2016 to November 2016 till date is as under:-

No. of Paras/PA reports on which ATNs have been submitted to PAC after vetting by Audit	1479

Details of the Paras/PA reports on which ATNs are pending

No. of ATNs note sent by the Ministry even for the first time	86
No. of ATNs sent but returned with observations and Audit is awaiting their resubmission by the Ministry	32
No. of ATNs which have been finally vetted by Audit but have not been submitted by the Ministry to PAC	40

7.15 Institute of Government Accounts and Finance (INGAF)

7.15.1 The Institute of Government Accounts & Finance (INGAF) is the training arm of the Controller General of Accounts, Government of India. Initially known as the Staff Training Institute, it was set up in February, 1992 to train personnel in specific areas of accounting, administrative matters and financial management. In the years following its inception, the Institute has evolved to become an elite training centre in the spheres of Government Accounting and Public Financial Management. In addition, the Institute has Regional Training Centres (RTCs) at Chennai, Kolkata, Aizwal and Mumbai.

7.16 Scope of Programmes Conducted by INGAF

7.16.1 The training courses conducted by INGAF have been on the following topics:

- Accounting
- Procedure for pre-cheque payments
- Compilation and consolidation of accounts
- Procedure for finalization of Pension cases
- Recoveries, payments & accounting functions on account of foreign service
- Loan, advances, grant-in-aid, guarantee and investment
- Guidelines for internal audit
- General financial management and controls
- Expenditure and payment of money
- Service matters
- Vigilance and litigation matters
- Course on personal claims
- Miscellaneous matters like procurements, freights and contract procedure, earnest money deposits and security deposits, land and buildings, delegation of financial powers.
- Works Accounting
- Revenue/Expenditure Accounts and Bank Reconciliation

7.17 Special Courses for Pay & Accounts Officers and Assistant Accounts Officers

- Financial management within the government.
- Management in government.
- Courses on computers fundamentals.
- COMPACT (Automation of Pay & Accounts Office)
- Public Financial Management System (PFMS)
- Functioning of BHAVISHYA portal
- Internal Controls and Risk Based Internal Audit
- Data Analytics and use of IT tools in Internal Audit

7.18 Customized or Sponsored Training

7.18.1 INGAF is being regularly approached by various organizations to provide in-depth training for their staff such as Drawing and Disbursing Officers (DDOs)/Heads of Offices etc. on a variety of subjects. The Institute has formulated and arranged training courses for such organizations and while some of these training courses are undertaken on cost sharing basis, in cases of other courses, the entire cost is charged to the concerned departments. Over the last three years (2013-14 to 2015-16), this Institute has conducted twenty nine (29) sponsored training programs for the different organizations.

7.19 International Cooperation

7.19.1 INGAF is a premier institute in the field of imparting training to participants from countries under ITEC/SCAAP programme in collaboration with Ministry of External Affairs. Besides this, the DPFM participants of Sri Lanka Institute of Development Administration (SLIDA), Sri Lanka have visited INGAF on several occasions for training on Public Financial Management. In addition, several programmes on Public Expenditure Management/Public Financial Management as well as Internal Audit/Risk Audit have regularly been conducted for the participants from Royal Government of Bhutan, the Governments of Afghanistan and Nepal.

7.19.2 Last but certainly not the least, INGAF has been functioning as the Secretariat for The Association of Government Accounts Organization of Asia (AGAOA) since November 2007. The purpose of AGAOA is to promote 'professional understanding and technical cooperation among member institutions through exchange of ideas and experiences in the fields covered by Government Accounts Organization to ensure transparency, accountability and good governance'.

8. Central Pension Accounting Office (CPAO)

8.1 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 a subordinate office under the Office of the **Controller General of Accounts, Ministry of Finance, and Department of Expenditure.** 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) authorizing payment of pension in fresh as well as revision of pension cases to the CPPCs(Central Pension Processing Centers) of pension disbursing Banks;
- Preparation of Budget for the Pension Grant and accounting thereof;
- Audit of CPPCs of pension disbursing Banks;
- Maintenance of Data Bank of Central Civil Pensioners containing all details indicated in the PPOs and Revision Authorities;
- Handle the grievances of Central Civil Pensioners

8.1.1 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.

8.2 Achievements/ Initiatives

8.2.1 The primary function of CPAO is to issue SSAs to the CPPCs of Banks in fresh and revision of pension cases. In 2015-16 highlights are as follows: –

- In 2015-16; 34,407 and 1,39,927 authorities were issued in fresh and pension revision cases respectively. In 2016-17, till 1st Dec, 2016; 24,959 and 1,01,954 authorities were issued in fresh and pension revision cases respectively.
- As per DP&PW OM dated 6th Apr, 2016: Delinking of revised pension from qualifying service of 33 years; as on 1st Dec, 2016; 63,171 cases have been revised out of 89,481 cases due for revision as per CPAO data base.
- All India Radio recorded Chief Controller (Pensions)'s interview on 30th Sep, 2016 on '**Web Responsive Pensioners' Service**' which was broadcast on National Channel of All India Radio on 3rd Oct, 2016 at 10.00 PM.
- A live phone-in-program on All India Radio was organized on 15th Oct, 2016 from 9:10 AM to 10:00 AM in which Chief Controller (Pensions) addressed the grievances/queries of the pensioners received during the course of the program. The Pensioners were also informed about 'Web Responsive Pensioners' Service' through which they can avail various services by registering on CPAO website.
- Paperless movements of digitally signed e-Revision Authority from Central Pension Accounting Office (CPAO) which was started as pilot in 4 Banks i.e. SBI, CPPC, Chandni Chowk, PNB, Bank of Baroda and Canara Bank has now been rolled out in 23 banks resulting in saving of time and operational cost and improvement in efficiency.
- To make Digital India Mission of the Government successful, the pensioners have been made aware of the benefits of Aadhaar seeding in their accounts. Consequently, a considerable number of pensioners (about 84 percent) have got seeded their Aadhaar numbers with their pension accounts & PPOs and they are in position to avail the facility of getting their life authenticated on line by using digital life certification(Jeevan Pramaan) in case they desire to do so.
- Life Certificate format for the pensioner has been modified and provision for acknowledgement by the bank has been introduced. Further, the bank has to mention submission of Life Certificate by the pensioner in the payment scrolls to CPAO to enable monitoring of the same. This year, to avoid the hardship to pensioners in interacting with bank branches due to demonetization, the last date of submission of Life Certificate has been extended to 15th Jan 2017.
- As a step towards making pensioner better informed and empowered, facility of informing pensioner through SMS of receipt of fresh Pension Payment Order/Revision Cases from the PAO at CPAO and sending Pension Payment Order (Special Seal Authority) to banks for arranging payment has been provided to those pensioners who have provided their mobile numbers. As a result, pensioner can easily track the movement of their pension case. This is in addition to already available facility on the website of CPAO (www.cpao.nic.in) to pensioner to track their pension processing status at CPAO by providing 12 digit PPO number.
- CPAO in now running fully functional Grievance Redressal Mechanism (GRM) and a pensioner can lodge grievance through telephone on Toll Free No, website, e-mail, letters or personal visit.

The queries and grievances of pensioners are attended on highest priority by qualified personnel. In 2015-16; total 59,902 grievances were received & settled whereas in 2016-17, till Nov, 2016 total 52,125 grievances have been received & settled.

- Link to Jeevan Pramaan Portal has been provided on CPAO website to enable pensioners to use facility of Digital Life Certificate. For retiring employees, a link has been established with Bhavishya Portal of DP&PW to enable them to track status of their pension cases even before the case reaches CPAO. A link to CPENGRAMS (Centralized Pension Grievance Redress and Monitoring System) has also been provided so as to enable pensioners to lodge and track their grievances on CPENGRAMS.

- Download facility of Special Seal Authority (PPO) from CPAO's website by using login and password provided by CPAO has been given to pensioners. Consequently, they need not separately approach CPAO to provide copies of their SSAs issued to the banks. This facility ensures digital presence and availability of records for pensioner.

- All Banks have confirmed payment of revised pension & arrears of Pension for 7th CPC for about 9.10 Lakhs pensioners. CPAO is also compiling the information separately based upon the e-scrolls received from banks.

- CPAO conducted internal audit of 30 units during 2015-16 which exceeded the previous three years total combined number of audits. The total 414 pending internal audit paras have been settled till Nov, 2016. (highest so far)

- Against approved time schedule of 21 days, new PPOs issued in average 15 days and revision in average 10 days in 2015-16.

- CPAO has cleared the suspense balance under various heads amounting to Rs.854.74 Crores out of total suspense balances to Rs.862.08 Crores till the month of Sep, 2016.

8.3 E-Governance activities: CPAO is a fully computerized office. A wide range of software's/ packages have been developed/implemented in this office for streamlining pension authorization, accounting, Grievance Redressal etc. which include:-

8.3.1 **Pension Authorization Retrieval & Accounting System (PARAS)**:- All the pension processing activities from receipt to dispatch are managed through PARAS. The web interface of PARAS provides the related information to pensioners; PAOs/ Ministries & Banks. About 12 lakhs Central Civil pension cases have been processed by CPAO through this software thereby creating digital database of these pensioners. Various MIS reports are also generated by this software for the monitoring purposes.

(i) **COMPACT**:- For compiling Monthly Accounts, processing of GPF, Pension and Salary payments. This software is provided by the office of the CGA.

(ii) **PFMS (Public Financial Management System)**:- For online payment and reconciliation of payments and receipt with banks.

(iii) **Database Management Software**:- Software for comparison of bank's database with CPAO's database of pensioners has been developed and exception reports are generated by it to clean up the database and establish a completely matching database at both the ends.

(iv) **Grievances Redressal Management Software**:- NIC, CPAO has developed a software for Grievance handling where grievances received from pensioners are registered and processed in an organized manner.

(v) **e-scroll software**:- This software has been developed and introduced recently for processing of payment and receipt scrolls from CPPCs and '*put through statement*' from Reserve Bank of India for speedy accounting and reconciliation at CPAO.

(vi) **e-PPO/e-revision**:- This system has been developed for sending online digitally signed authorities from CPAO to CPPCs of banks for arranging payment to the pensioners. At present, under this project, digitally signed revision authorities are being sent to 23 banks (out of 29) from CPAO. Remaining 6 Banks are in process of getting covered under this project.

(vii) **Bar-coding software**:- Bar-coding system was incorporated in PARAS this year with the help of postal Department for speedy transmission of pension papers to CPPCs and trekking of dispatch status of pension cases.

(viii) **Web Responsive Pensioners' Service (WRPS):-** CPAO has developed a mobile responsive facility for pensioners with comprehensive information. This service was launched by Hon'ble Union Minister of Finance Shri Arun Jaitely on 14th Sep, 2016. Now pensioners can avail following services by registering on CPAO website through PPO number and date of birth & date of retirement/ date of death:

a) **Pensioner Profile**: pensioners can view their basic details and also bank and PAO details. They can update/provide their contact details like mobile number, email, and Aadhaar number.

b) **Digital Record of Pension & Revision Orders**: Pensioners can view list of all Pension Payments & Revision Orders sent to banks from CPAO, authorizing payment of pension with details like PPO& SSA No. and date sent from CPAO to bank.

c) **Download Facility of Pension/Revision Orders Sent to Banks**: Pensioners may download the Pension/Revision Orders Sent to Banks from CPAO website.

d) **Pension Processing Status Tracking:** Both retired and retiring pensioners can track status of their pension cases both in fresh as well as revision cases like date of receipt of their cases in CPAO and date sent from CPAO to bank.

e) **Monthly Details of Pension Payment:** Pensioners can view the details of monthly payments of pension, which are credited to their accounts by the bank, i.e. their basic pension, dearness relief, medical allowance, arrear payments, etc. This information is being made available from the monthly scrolls received from the banks. Previous six transactions payment details are shown.

f) **Grievance Redressal**: Apart from desktop computers, Pensioners can now lodge their grievances from their mobile devices and view/track the status of their grievances through this section. Besides lodging their grievances online on CPAO website, facility to lodge grievance by letter, fax, email, Toll free Number and personal visits and track its status is already provided. After receiving the grievances from pensioners; CPAO is forwarding the same online to the banks and field offices for redressal and status is updated in its website for the information of pensioners.

g) **SMS Facility**: Pensioners are now provided SMS facility for pension process status at CPAO and at the stage of grievance registration & disposal.

h) **Links to Jeevan Pramaan, Bhavishya and CPENGRAMS Portals**: To facilitate the pensioners for submission of Digital Life Certificate (DLC) in the month of November, a link to Jeevan Pramaan Portal has been provided on CPAO website. For those Government servants who are going to retire soon, a link has been established with Bhavishya Portal of DP&PW to enable them to track the status of their pension cases even before reaching the same at CPAO. A link to CPENGRAMS (Central Pension Grievance Redress and Monitoring System) has also been provided so that if pensioners desire, they can lodge and track their grievances in CPENGRAM.

i) **Dashboards**: For monitoring point of view, dashboard facility with meaningful MIS reports has been provided to following:

- **Pensioners**: In the pensioners' dashboard, facilities to view personal and pension details, last six payments transactions, view and download of SSA, registration and tracking of grievances have been provided.

- **Banks**: In the banks dashboard detailed information on pensioners grievances forwarded to the banks and their settlement status has been provided to the heads of CPPCs and Government Accounting Divisions/ Government Business Units.

- **Ministries/Departments:** Dashboards have been created for PAOs, Chief Controller of Accounts & Joint Secretaries (Administration) to track the status of Grievances pertaining to their Ministries/ Departments and take timely action to dispose of the Grievances. Further, Dashboards are also provided on details of uploading of quarterly lists of retiring government employees so that they may keep track of progress on providing these lists and pendency in processing of such cases. The status of list of retiring employees is also provided in the Dashboards for Financial Advisors.

8.3.2 All these initiatives aim at establishing seamless processing and accounting of pension disbursement to enhance efficiency and effectiveness of the pension delivery mechanism.

9. Office of Chief Adviser Cost

9.1 The Office of Chief Adviser Cost (CAC) is one of the divisions functioning in the Department of Expenditure, Ministry of Finance. This office advises the Ministries and Government Undertakings on cost accounts matters and undertakes cost investigation work on their behalf. It is a professional agency staffed by Cost Accountants/ Chartered Accountants.

9.2 The office of Chief Adviser Cost is dealing with matters relating to costing and pricing, studies for determining fair prices, studies on user charges, cost-benefit analysis of projects, studies on cost reduction, cost efficiency, appraisal of capital intensive projects, profitability analysis and application of modern management tools evolving cost and commercial financial accounting for Ministries/ Departments of Government of India.

9.3 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 the 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 service officers for work requiring expertise in cost/ commercial accounts matters. In the post-liberalization era, the office is receiving and conducting studies in synchronization with liberalization policy of the Government in addition to the traditional areas of cost-price studies.

9.4 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.

9.5 The major areas of professional functions of the office of the Chief Adviser Cost are as under:

i. Assisting 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, to enable Government Departments to negotiate prices with the supplying organizations.

iv. Conducting 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 Committees constituted by Government/ different Departments related to Cost/financial and pricing matters.

vii. Conducting cost and performance audit of industrial undertakings.

viii. 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.

ix. Developing Cost Accounting System for departmental undertakings/ Autonomous bodies.

x. Conducting Time and Cost Overruns of major projects.

9.6 **During the period January to November 2016, 52 studies/ reports were completed by the Office of Chief Adviser Cost.** The studies completed during the year varied widely in nature and may be broadly categorized under the following heads:-

System Study

a) Fixation of Common Hourly Rates and Overhead percentages in respect of Government of India Presses at Mysore Temple Street, Kolkata, Minto Road-Delhi, Nilokheri, Aligarh, Koratty-Kerala , Rashtrapati Bhawan, Chandigarh and Nasik for various years.

b) Fixation of Overhead rate in respect of sale price of Hydrogen gas manufactured at Hydrogen Factory, Agra for the year 2011-12 & 2013-14

(i) Fair selling price of products/service where Government/ Public Sector Undertaking is the Producer/ Service provider as well as the user

a) Fixation of fair price of DDT 50% supplied by HIL to NVBDCP for the year 2013-14, revision of fair price of DDT 50% for the years 2014-15 and provisional price for the year 2015-16.

b) Fixation of Currency Notes produced by Currency Note Press (CNP) at Nashik to RBI during the year 2011-12 & 2012-13.

c) Fixation of fair price of Notes supplied by BNP, Dewas and supplied to RBI during the year 2011-12 & 2012-13.

d) Fixation of fair Price of Opium Procurement for the year 2016-17

e) Fixation of Fair Price of Bed durries supplied by WDO during Year 2010-11.

f) Fixation of Fair Price of Barrack Blankets supplied by WDO during Year 2010-11

g) Fixation of Fair Price of Coins supplied by India Govt. Mints at NOIDA, Kolkata, Hyderabad & Mumbai to RBI during the year 2014-15.

h) Fixation of Fair Price of rails supplied by SAIL-BSP to Indian Railways during the year 2014-15.

i) Fixation of Fair Selling Price of the year 2015-16 in respect of Tear Gas Gun and Multi Barrel Launcher manufactured by CENWOSTO, BSF, Tekanpur Gwalior.

j) Vetting of prices of Ayurvedic/Unani Medicines supplied by M/s Indian Medicines Pharmaceutical Corporation Limited (IMPCL) for the pricing period 2014-15.

k) Cost study of weekly Oral Contraceptive Pills (OCPs) “Saheli” manufactured by M/s HLL Life Care Ltd.

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

a) Vetting of claims under Market Intervention Scheme (MIS) for Procurement of C Grade Apples in Himachal Pradesh for the 2014 season.

(iii) Determination of subsidy

a) Vetting of claims of NAFED for Price Support Scheme(PSS) for Pulses (Urad) Kharif 2011.

b) Vetting of Cost incurred on Socio Economic and Caste Census 2011 project by BEL, ECIL & ITI Ltd.

c) Vetting of Duties and Taxes for procurement of Tablet PC and other Accessories by M/o Rural Development from BEL for the period from 2010-11 to 2012-13.

d) Vetting of subsidy claim submitted by Projects and Equipment’s Corporation of India Ltd. in respect of sale of pulses.

e) Vetting of subsidy claim submitted by State Trading Corporation of India Ltd. (STC) in respect of sale of pulses.

f) Payment of Subsidy to Northern Railway Catering Unit functionality in Parliament House Complex for the year 2014-15.

(iv) User Charges

a) Review of User Charges of Central Board of Film Certification.

b) Fee and user charges in respect of Indian Grain Storage Management and Research Institute (IGMRI), Hapur, (U.P).

c) Review of User Charges of Indian Institute of Legal Metrology (IILM), Ranchi.

d) Fee and User Charges in respect of National Institute of Siddha, Chennai.

e) Revision of Storage Charges payable by FCI to CWC for the year 2013-14.

f) Revision of special party rates hosted by LSS/ RSS & MPs in Parliament House.

g) Fee and User charges in respect of National Sugar Institute, Kanpur.

(v) Other studies

a) Valuation of compensation for “Mine Infrastructure” of 52 Coal Blocks.

b) Cost study of different Programs conducted by NIFM, Faridabad.

9.7 Major Committees Represented

9.7.1 Officers of Chief Adviser Cost Office owing to their expertise in costing/finance/commercial accounting have also served as Chairman/Members on the following major multi-disciplinary Inter-Ministerial/ Expert Committees:-

1. National Pharmaceuticals Pricing Authority, Department of Pharmaceuticals.

2. Board of Governors and the Society of the National Institute of Financial Management (NIFM), Faridabad.
3. Governing Body of Tear Smoke Unit, BSF, Tekanpur.
4. Rate Structure Committee under the Chairmanship of AS&FA, Ministry of Information and Broadcasting to review the DAVP advertisement rates in respect of Print Media, Private FM Radio Stations, Private C&S TV Channels & Social Media.
5. Committee on "Modernization of Costing System in India Post" in Department of Post, Ministry of Communications.
6. Advisory Committee for consideration of techno-economic viability of major/ medium, flood control and multipurpose projects, coordinated by Central Water Commission.
7. Committee to Review and Recommend Non Tax Revenue (User Charges) generated by India Meteorology Department, New Delhi.
8. Price Negotiation Committee for Electronic Voting Machines- Ministry of Law and Justice.
9. EFC meeting to consider Revised Cost Estimates (REC) for setting up of AIIMS, Rae Bareli under Pradhan Mantri Swasthya Suraksha Yojana(PMSSY).
10. Committee for enhancement in the existing sales price of 18 Monthly Journals brought out by Publication Division.
11. Committee to suggest a more transparent and objectives method for working out compensations for India-based officers/staff posted in India Mission/Posts abroad.
12. Standing Committee for the project "Operation and Maintenance of Ocean Research Vessel (OVR) Sagar Nidhi BTV Sagar Manjusha and Coastal Research Vessel (CRVs) Sagar Purvi vessels."
13. Standing Committee of Experts under Drugs (Prices Control) Order 2013.
14. Standing Committees to examine the reasons of time and cost overrun of various Ministries.
15. Standing Committees for Revision of Cost Estimates (REC) established in various Ministries.
16. Special Committee for Inter-linking of Rivers.
17. Standing Committee for Koteshwar Hydro Electric Project (400MW) of THDCIL in Uttarakhand.
18. Committee on User Charger of Autonomus Bodies-Implementation of the recommendations of Expenditure Management Commission.
19. PIB in respect of Koteshwar HEP (400MW) in Uttarakhand.

9.8 e-Governance activities

a) e-Office software is being implemented across all the Divisions of the Department of Expenditure(DoE) in a phased manner, the Office of Chief Adviser Cost being one of divisions under DoE is also taking necessary action in this regard. Online e-Office APAR system (SPARROW) in respect of ICoAS officers will be implemented from the assessment year 2017-18. Further, this office has also become part of the e-Office Premium software being implemented in DoE.

b) The existing website www.cac.gov.in of the office of Chief Adviser Cost is also proposed to be revamped based on latest guidelines of GoI including RTI requirements.

10. Use of Official Language (Hindi)

10.1 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.

10.2 Officers/staff of the Department are nominated for Hindi Language, Hindi Stenography/typing training. Hindi Section is facilitating Administration Division for these training programs. During the year 2016, 3 officials were nominated for Hindi Stenography training.

10.3 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 September 30, 2016, original correspondence in Hindi with Region “A”, “B” and “C” is 74.75%, 59.59% and 32.51% respectively while original Hindi correspondence during the quarter ended on December 31, 2015, stood at 68.80%, 54.14% and 39.34% respectively.

10.4 Regular Quarterly meetings of the Departmental Official Language Implementation Committee were held. These were held on April 19, 2016 and August 09, 2016. 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.

10.5 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 October 26, 2016. 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. The workshops were found very useful by the employees.

10.6 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 31.03.2016 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.

10.7 Replies of letters received from members of Parliament and other VIPs were promptly sent and follow-up action ensured. During January, 2016 to November, 2016, 01 application received under RTI Act, 2005 was dealt well in time.

10.8 During the year 2016 “Hindi Fortnight” was organized in the Department from 01-15 September, 2016. During “Hindi Fortnight” various competitions were organized which included Hindi Essay Writing, Noting-Drafting, Official Language and General knowledge, Hindi Stenography, Hindi Typing, Shabda Saamarthya, Knowledge of Departmental Glossary, Extempore Speech in Hindi, Dictation and Sulekh. In addition to these, a campaign was launched for undertaking more and more work in Hindi (minimum 2000 words) during the period from September 01 to September 30, 2016. As many as 185 officers and employees took part in these competitions enthusiastically. All the winners of first, second and third positions including two consolation prizes and a welcome prize introduced this year for the officers/employees participating first time in these competitions were awarded cash prizes along with merit certificates by Hon’ble Minister of State for Finance in a prize distribution ceremony held on November 28, 2016.

10.9 Hindi translation of the documents falling under section 3(3) of Official Language Act, 1963, replies to the applications/appeals received under RTI Act, 2005 along with Brochure on Pay and Allowances by Pay and Research Unit of the Department; EMC Report was carried out. Quality Hindi and English translation, as required, of the documents including those received from the Office of the Finance Minister/MOS (Finance) was also rendered.

11. National Institute of Financial Management

11.1 The National Institute of Financial Management (NIFM) was set up in 1993 as a training institution for officers recruited by the Union Public Service Commission (UPSC) through the annual Civil Service Examinations and allocated to the various services responsible for managing senior and top management posts dealing with accounts and finance in the Government of India. NIFM was to develop as a *Centre of Excellence* in the areas of Financial Management and related disciplines, not only in India but also in Asia. In order to ensure that NIFM enjoys a greater degree of flexibility and autonomy than the departmental academies that existed at that time for officers training, it was decided that the Institute would be a legal entity known as ‘Society’. Such societies are legally independent entities authorized to frame their own rules and regulations. This structure makes available greater autonomy in both academic and administration matters to the Institute, facilitating quick decision making in response to changing perceptions of desired goals and objectives.

11.2 The Finance Minister is the President of the Society. This has ensured a very close linkage with Government. For administrative purposes, there is a Governing Board chaired by the Secretary (Expenditure). The Director appointed by the Appointments Committee of the Union Cabinet is responsible for the administration and academic programmes of the Institute. It will thus be seen that the Institute has close links and direct access to Government of India. The Institute recruits its Faculty either by deputation from civil services or by selection from the best in the academic field. The Institute therefore has a distinct advantage of a mix of faculty from academic as well as Government sector. The Institute adheres to norms prescribed by the All India Council for Technical Education (AICTE) with respect of faculty qualifications & strength.

11.3 Currently, the Institute runs five long-term programmes approved by AICTE -Professional Training Course of one year for newly recruited probationers of Accounting services called Diploma in Public Financial Management; 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 duly recognized as MBA equivalent by AIU and NBA accredited; and a one-year Post Graduate Diploma in Management (Financial Markets) to produce competent researchers, teachers and Consultants. In addition, NIFM also conducts a one year Weekend Post Graduate Executive Programme in Financial Markets; and various short term programme for Central Government, State Government, PSUs, Autonomous Bodies. Officers from different foreign countries also participate in the said 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. In 2015-16 (April 2015 to March 2016), NIFM trained 3066 participants in 95 Programmes till March, 2016.

11.4 The Institute executed consultancy projects for various Ministries and Departments of Government of India. The Institute publishes bi-annual Journal and Newsletter on monthly basis.

11.5 NIFM has established collaborations with several National and International Institutions. The Institute has implemented e-office, bio-metric attendance, CCTV, Security Surveillance and Video Conferencing Systems and tele lectures system. It is a matter of great pride that the NIFM has by now emerged as a “Centre of Excellence” in training, education, research and consultancy in the area of Financial Management both within and outside India.

12. Implementation Cell:

12.1 The 7th Central Pay Commission submitted its Report to the Government on 19th November, 2016. In order to process the recommendations of the Commission and to seek approval of the Cabinet, an Implementation Cell has been set up in the Department. The Implementation Cell has processed the recommendations pertaining to Pay and pension in respect of Central Government employees and Central Government pensioners. Based on the approval of the Cabinet, the revised pay scales based on the 7th Central Pay Commission have been implemented in terms of Central Civil Service (Revised Pay) Rules, 2016 notified on 25.07.2016. In regard to matter pertaining to pension, appropriate orders have been issued by the Department of Pension and Pensioners’ Welfare. At present, the recommendations pertaining to allowances are being processed by the Implementation Cell and for this purpose a High Powered Committee has been set up under the Finance Secretary.

13. Major Achievements of Department Of Expenditure

13.1 Enhancement of Delegation of Powers for Appraisal and Approval of Publicly Funded Schemes and Projects

To facilitate fast decision making delegation of financial powers of Publically Funded Schemes and projects for appraisal and approval have been significantly enhanced as follows:

(a) For Appraisal:-

(i) Financial Adviser - From Rs.25 crore to Rs.100 crore

(ii) Expenditure Finance Committee (EFC) chaired by the Secretary of the Administrative Ministry / Department - From Rs.100 crore to Rs.500 crore.

(iii) Expenditure Finance Committee (EFC) / Public Investment Board (PIB) chaired by the Secretary (Expenditure) - From Rs. 300 crore and above to Rs.500 crore and above.

(b) For Approval:-

(i) Secretary - From Rs.25 crore to Rs.100 crore

(ii) Minister-in-charge - From Rs. Rs.150 crore to Rs.500 crore,

(iii) Minister-in-charge and the Minister of Finance - From Rs.300 crore to Rs.1000 crore

(iv) Cabinet/Cabinet Committee - From Rs.300 crore and above to Rs.1000 crore and above.

13.2. Rationalization of Schemes

Central Sector and Centrally Sponsored Schemes have been rationalized in consultation with line Ministries. This has brought down a number of Central Sector Schemes to 300 from around 1500 earlier. Similarly, number of Centrally Sponsored Schemes has been brought down to 28 from 66 earlier. This has resulted in better allocation of existing resources and improving the efficiency of government programmes.

13.3. Reclassification of Expenditure – End of Plan & Non-Plan distinction

Plan Budgeting was initiated with the avowed objective of putting a greater focus on the growth oriented cost centers. However, over the years, the plan non-plan distinction became so embedded in the budgetary and accounting framework that most natural cost centers got fragmented and split. Therefore, as recommended by several committees, Plan/Non-distinction has been down away with from the Budget 2017-18. Thus, Expenditure Budget now consists of various cost centres, the most prominent of these being the Establishments, the Schemes and the Projects. The cost-centers would henceforth be treated in an integrated manner, within only the statutory revenue capital framework.

13.4. **Revision of Appraisal Procedure**

(i) The growth impact of fiscal policy is a function of the efficiency with which schemes and projects are formulated, appraised and approved. The first move in this direction was a three-fold increase in delegation of financial powers in August, 2014. The second critical intervention was simplification of appraisal and approval protocols finally notified in August, 2016, whereby a complex web of serial circulars and annexures, as evolved over the last four decades, were replaced with a simplified master circular (running into only five pages, with five annexures). This has greatly simplified the appraisal and approval protocols in accordance with the cost centre approach outlined above.

(ii) Further, since the distinction of plan and non-plan expenditure has been done away with and consequently the appraisal of non-plan expenditure through Committee of Non Plan Expenditure (CNE) has also been done away with.

(iii) A new mechanism of Committee on Establishment Expenditure (CEE) chaired by the Expenditure Secretary has been initiated to appraise the creation of new bodies.

(iv) Guidelines for flexi-funds within Centrally Sponsored Schemes have been amended and flexi-funds available in each CSS has been raised from current level of 10% to 25% for States, and 30% for UTs, of the overall annual allocation under each scheme.

13.5. **Review of GFRs & DFPRs:-**

(a) GFRs

A Task Force was constituted to revise the GFRs 2005 by Department of Expenditure. After extensive deliberations by the Task Force with Central Government Ministries/Departments and various State Governments, it has submitted submitted a draft GFRs 2017. Department of Expenditure has carried out further consultation on the draft with Ministries/Departments, C& AG, CGA and Budget Division. A revised GFRs 2017 is proposed which intends to address various initiatives taken by the Government and developments that have taken place in the sphere of GoI budgeting and accounting issues like merging of general budget with railway budget, outcome budget, PFMS, GeM, DBT etc. The proposed GFRs-2017 has been approved by Finance Minister.

(b) DFPRs:

Revised DFPRs 2017 with enhanced delegation of financial powers is proposed to be issued. Approval of PAC has been sought on revised Rule 10 of DFPRs which is concerning re-appropriation of funds. No Task Force has been constituted in this regard. Department of Expenditure in consultation with Budget Division and Plan Finance Division is carrying out the revision.

13.6 **Expenditure Management Commission (EMC)**

The Expenditure Management Commission (EMC) was constituted on 04.09.2014 with a mandate to recommend ways to increase efficiency of public expenditure, to review major areas of Central Government and to suggest ways of creating fiscal space required to meet development expenditure needs, without compromising fiscal discipline. The Commission submitted its Interim Report in January 2015, Part-I of the Final Report in September 2015, Part-II of the Final Report in December 2015 and Part-III of the Final Report in March 2016.

The areas covered by the Commission are fiscal management, defence expenditure, social sector schemes of school education and health, streamlining administrative processes, public procurement, user charges, rationalising cesses, interest expenditure, administrative expenditure, public sector enterprises, autonomous bodies, subsidies for LPG, kerosene, food and fertiliser and better targeting through DBT. EMC has sought to identify areas where processes can be streamlined for efficiency improvements and where digital technology capabilities can be leveraged to re-engineer the delivery systems. The main recommendations of EMC include an improved framework of fiscal management which would help ensure prudence in fiscal policies while providing the necessary flexibility in times of crisis and suggestions for improving efficiency, economy and effectiveness in certain major areas of Defence expenditure like logistics, manpower, defence land and infrastructure, DRDO, Ordnance factories and Defence PSUs. It also includes focus on human development programmes in health and school education sectors and measures for improving efficiency of expenditure to achieve outputs and outcomes in the respective sectors. The recommendations for setting up dedicated portals for various activities will not only address the issues of information asymmetry and enhance transparency and accountability but also bring down the transaction cost of the government and other stakeholders.

As recommended by the EMC, Non-Tax Revenue portal has been set up which provides a one stop window to citizens, corporate, institutions and other users for making online deposits of non-tax receipts payable to Government of India. Government e-Marketplace (GeM) Portal has been setup as an end to end procurement system for purchase of common use goods and services by government buyers. For streamlining and fast tracking release of scholarships across Ministries/Departments, National Scholarship Portal has been set up for delivery of scholarships with efficiency, transparency and reliability. In the Health Sector, operational guidelines for screening of diabetes, hypertension and common cancers have been released to States to implement pilots after which it would be scaled up as part of comprehensive primary care.

Database on Central Autonomous Bodies has been setup in the web-site of Department of Expenditure and details of Autonomous Bodies under the administrative control of all Ministries/Departments have been uploaded on the website. A separate Annexure on Assistance given to Autonomous Bodies has been included in Expenditure Profile 2017-18. Guidelines on review of User Charges in Autonomous Bodies and incorporation of new Autonomous Bodies have been issued to all Ministries/Departments of the Central Government. Majority of the recommendations of EMC have been implemented and action on the remaining is ongoing in various Ministries/Departments.

Annex I

DEPARTMENT OF EXPENDITURE

REPRESENTATION OF SCs, STs and OBCs

Groups	Number of employees					Number of appointments made during the previous calendar year														
						By Direct Recruitment					By Promotion					Deputation				
	Total	SCs	STs	OBCs	Others	Total	SCs	STs	OBCs	Others	Total	SCs	STs	OBCs	Others	Total	SCs	STs	OBCs	Others
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
A	1081	140	56	92	793	24	4	3	2	15	25	0	2	0	23	9	0	1	0	8
B	31006	5381	2396	2535	20694	197	31	13	38	115	1989	317	119	1	1552	188	22	15	16	135
C Excluding Safai Karamcharis	10312	1740	805	2693	5074	1223	160	80	401	582	612	130	92	0	390	38	7	2	3	26
C Safai Karamcharis	4950	702	375	965	2908	74	19	9	21	25	0	0	0	0	0	1	0	0	0	1
Total	**47349**	**7963**	**3632**	**6285**	**29469**	**1518**	**214**	**105**	**462**	**737**	**2626**	**447**	**213**	**1**	**1965**	**236**	**29**	**18**	**19**	**170**

Annex II

DEPARTMENT OF EXPENDITURE

REPRESENTATION OF PERSONS WITH DISABILITIES

Group	Representation of VH/HH/OH (As on 01.01.2016)					Number of Appointments made during the calendar year 2016														
						By Direct Recruitment					By promotion					By Deputation				
	Total number of disabled employees	VH	HH	OH	Others	Total number of disabled employees	VH	HH	OH	Others	Total number of disabled employees	VH	HH	OH	Others	Total number of disabled employees	VH	HH	OH	Others
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
A	10	0	0	5	5	1	0	0	1	0	-		-	-	-	-	-	-	-	-
B	457	6	25	426	0	3	0	1	2	0	12	0	1	11	0	1	1	0	0	0
C Excluding Safai Karamchari	233	27	57	149	0	32	11	13	8	0	39	22	2	15	0	2	1	1	0	0
C Safai Karamchari	164	47	24	93	0	1	0	0	1	0	-	-	-	-	-	-	-	-	-	-
Total	864	80	106	673	5	37	11	14	12	0	51	22	3	26	0	3	2	1	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 (persons suffering from locomotors disability or cerebral palsy)

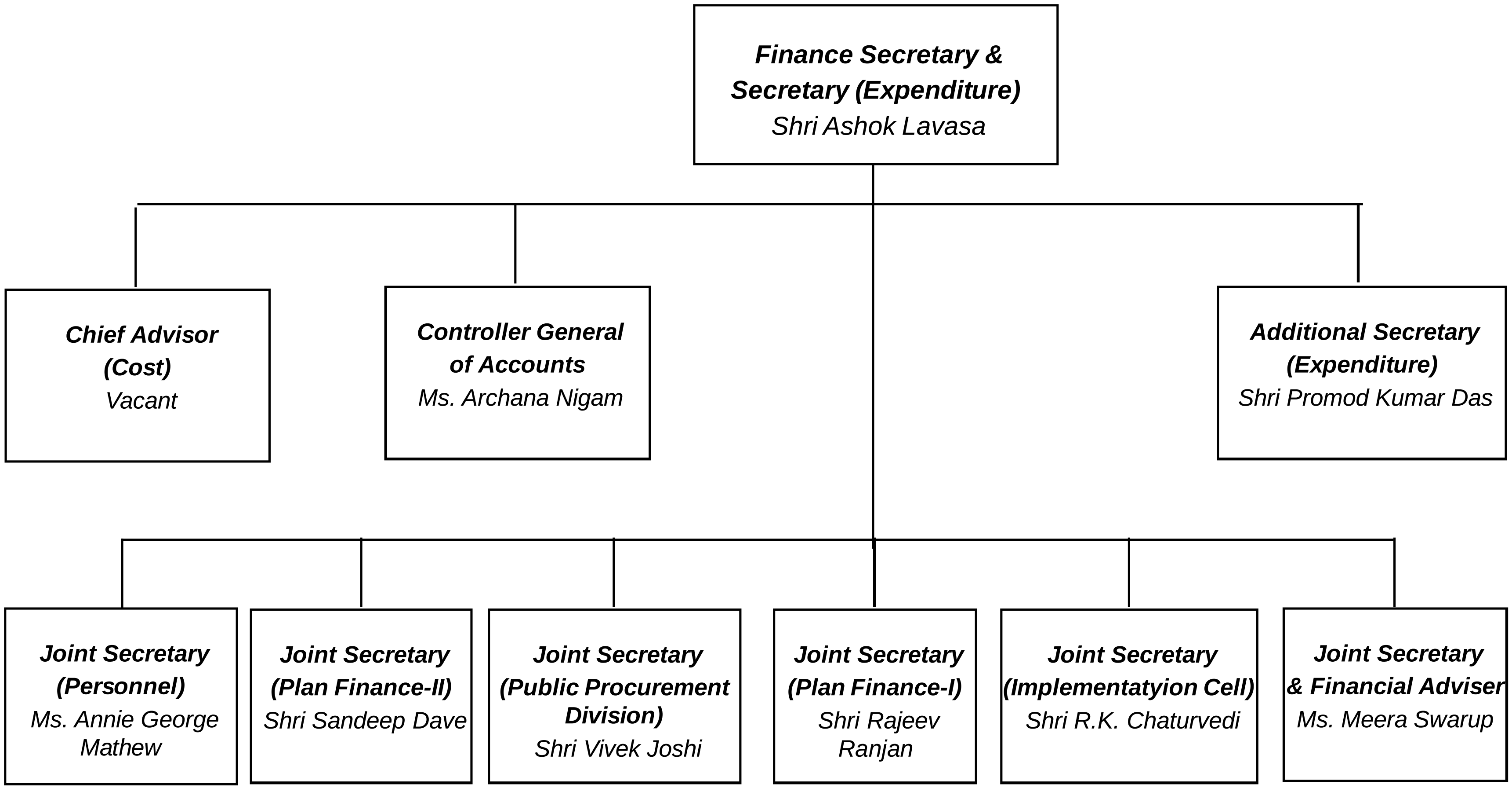
Annex III

DEPARTMENT OF EXPENDITURE

POSITION OF ATNs IN RESPECT OF SUMMARY OF AUDIT OBSERVATIONS

Sl.No.	Year	No. of Paras/PA reports on which ATNs have been submitted to PAC after vetting by Audit	Details of the Paras/PA reports on which ATNs are pending		
			No. of ATNs not sent by the Ministry even for the first time	No. of ATNs sent but returned with observations and Audit is awaiting their 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.	2016	04(Four)	Nil	Nil	Nil

ORGANISATIONAL CHART OF DEPARTMENT OF EXPENDITURE



Chapter - III

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. Each Board have sanctioned strength of 6 (six) members.

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.

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 under SAFEMA;

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. Adjudicating Authority under Prevention of Money Laundering Act.

xviii. Indirect Tax Ombudsman.

1.4 A comparison of the collection of Direct and Indirect taxes during the financial year 2015-16 with that during the previous financial year is given below:

1.5 An Organisation Chart of Department of Revenue is given at Annexure-IV.

Sl. No.	Nature of Taxes	Amounts collected during the Financial Year		
		2015-16 (up to Dec, 2015)	**2016-17 (up to Dec, 2016)**	**%age of growth over last year**
1.	Corporate Income Tax	304664	318202	4.44%
2.	Personal Income Tax (excluding STT & WT)	183074	228689	24.91%
3.	Other Taxes (STT & WT)	6056	6221	2.72%
4.	Central Excise*	195733	279917	43.0
5.	Customs	160619	167255	4.1
6.	Service Tax	148317	183800	23.9
	TOTAL	**998463**	**1184084**	**18.59%**

(* Exclusive of cesses not administered by Department of Revenue)

Table Data Source: CGA/ Pr. CCA, CBDT& CBEC respectively.

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 under SAFEMA

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. 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 –

- √ Chairman and Members of CBEC and CBDT
- √ Chairman, Vice Presidents and Members of CESTAT
- √ Chairmen, Vice Chairmen and Members of CCESC and ITSC
- √ Chairmen, Vice-Chairman and Members of AARs for Customs / Central Excise and Income Tax
- √ Director General of CEIB
- √ Director of Enforcement
- √ Competent Authorities (SAFEM (FOP) A and NDPSA)
- √ Director (FIU-IND)
- √ Income Tax Ombudsman
- √ Indirect Tax Ombudsman
- √ Chairperson and Member of Adjudicating Authority set up under PMLA
- √ Chairman and members of "Appellate Tribunal" established under SAFEMA (FoP) Act, 1976.
- √ Appointment of CVO, CBDT/ CBEC.

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 (IWSU)

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 2016-17, 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 considerably 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:

- Criminalize money laundering and provide for attachment, seizure and confiscation of property involved in money laundering [Implemented by Enforcement Directorate]; and
- 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 2005, 2009, 2012, 2015 and 2016 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 of FATF provide a complete set of counter-measures against money laundering, counter financing of terrorism and its proliferation 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 and terrorist financing. India became the member of Financial Action Task Force (FATF) in June 2010.

2.5 Extension of tenure of the High Level Committee to interact with Trade and Industry on Tax Laws:

A High Level Committee had been constituted on 26.11.2014 for a period of one year under the Chairmanship of Shri Ashok Lahiri with two Members to interact with trade and industry on regular basis and to ascertain areas where clarification in tax laws is required. The High Level Committee will give recommendations to the CBDT/CBEC for issuance of appropriate clarification by way of circulars, instructions etc. on tax issues. An extended term of the High Level Committee expired in November, 2016.

3. NARCOTICS CONTROL (NC) DIVISION

The Narcotics Control Division administers the Narcotic Drugs and Psychotropic Substances Act,1985 (61 of 1985), which prohibits ,except for medical and scientific purposes, the manufacture, production, possession, sale, purchase, transport, warehouse, use, consumption, import inter-State, export inter-State ,import into India, export from India or trans-shipment of narcotic drugs and psychotropic substances. The policy of the Governments has thus been to promote use of narcotic Drugs and psychotropic substances for medical and scientific purposes while preventing their diversion from licit sources, and prohibiting illicit traffic and abuse. The Narcotic Drugs and Psychotropic Substances Act divide the powers and responsibility of regulation of licit activities. Section 9 of the Act has listed various activities which the Central Government can, by rules, regulate while Section 10 lists various activities which the State Governments can, by rules, regulate. Accordingly, Narcotic Drugs and Psychotropic Substances Rules, 1985 have been framed by the Central Government, which regulates cultivation of opium, manufacture, import/export of narcotic drugs and psychotropic substances. Further to prevent diversion of precursor chemicals, of wide industrial use, for illicit manufacturing of , narcotic Drugs and psychotropic Substances, the Narcotic Drugs and Psychotropic Substances(Regulations of Controlled Substances) order, 2013 has been framed under Section 9A of the NDPS Act.

3.1. FUNCTIONS/ WORKING OF THE CENTRAL BUREAU OF NARCOTICS

Organizational set up

The Narcotics Commissioner heads the Central Bureau of Narcotics (CBN) with headquarters at Gwalior. The Narcotics Commissioner exercises control and supervision over opium poppy cultivation, which is presently undertaken in select notified areas of the three states of Madhya Pradesh, Uttar Pradesh & Rajasthan. In addition to the work relating to licensing of opium poppy cultivation, measurement and test measurement of fields and procurement of opium, the CBN also undertakes preventive checks and exercises vigil to prevent diversion of opium into illicit channels as well as enforcement of Narcotic Drugs & Psychotropic Substances Act, 1985.

It has a combined workforce of about 457 posted over various offices in the three poppy growing states of Madhya Pradesh and Rajasthan.

3.1.1. Responsibilities and Duties

The broad outline of the functions and responsibilities of CBN are as under:

i. Performing the function of the National Opium Agency for India under Single Convention on Narcotic Drugs 1961 to exercise supervision over licit cultivation of opium poppy in the country in terms of Section 5(2) of the NDPS Act.

ii. Survey, detection and eradication of illicit cultivation of opium poppy throughout the country.

iii. Enforcement of provisions of the NDPS Act 1985 to suppress illicit traffic in Narcotic Drugs, Psychotropic Substances and notified Precursor Chemicals including search, seizure, arrest, investigation and prosecution of drug offenders tracing and freezing of illegally acquired properties of drug traffickers derived from illicit drug trafficking for forfeiture and confiscation.

iv. Issue of licences for manufacture of synthetic Narcotic Drugs.

v. Performing the functions of Competent National Authority (CNA) for issue of Export Authorizations and Import Certificate for Export/ Import of Narcotic Drugs & Psychotropic Substances and issue of 'No Objection Certificate' for import/ export of precursor chemicals under the 1961, 1971 and 1988 UN Conventions dealing with narcotic drugs, psychotropic substances and chemicals/substances used for manufacture of these drugs.

vi. 1988 Convention requires CNA of the countries to take all possible measures to prevent diversion from international trade of precursor chemicals used in illicit manufacture of narcotic drugs and psychotropic substances in close cooperation with INCB and competent authorities of concerned countries.

vii. Liaison with the International Narcotics Control Board, United Nations Drug Control Programme as well as with the Competent Authorities of other foreign countries on issues related to international trade in narcotic drugs, psychotropic substances and precursor chemicals.

viii. Co-ordination with other Enforcement Agencies such as Narcotics Control Bureau, Directorate of Revenue Intelligence, Central Excise, Customs, State Police, State Excise and various other enforcement agencies .

3.1.2. Achievements

The performance/achievement with respect to issuance of NOCs issued by Central Bureau of Narcotics during the year 2016-17 and for the period from 1.4.16 to 30.11.2016 for the export/import of Precursor Chemicals is as under :

	Actual data for 01.04.16 to 30.11.16	**Projection for 01.12.16 to 31.3.17**
For export of Controlled Substance	1067	533
For import of Controlled Substance	215	100
No. of Pre-export Notifications issued	825	525
Number of Stop Shipments of Controlled Substances	1	-

International Narcotics Control Board (INCB) has developed online PEN system to make exchange of information between the competent National Authorities. CBN had issued 825 PEN's (01-4-2016 to 30-11-2016) to the competent authority of various importing countries, for verifying the legitimacy of the transactions.

The performance/achievement with respect to issuance of Export authorization and Import Certificate issued by Central Bureau of Narcotics during the current financial year from 1.4.16 to 30.11.16 and projection for the remaining period from 1.12.16 to 31.3.17 for the export/import of narcotic drugs /psychotropic substances is as under –

	Actual data from 01.04.16 to 30.11.16		**Projection for the period 01.12.16 to 31.3.17**	
	Psychotropic Substances	**Narcotic Drugs**	**Psychotropic Substances**	**Narcotic Drugs**
No. of Export Authorization Issued	1770	88	900	15
No. of Import Certificate issued	328	140	160	75

Number of Manufacturing license, issued/ renewed, for manufacture of synthetic narcotic drugs and number of Registrations for import of poppy seeds issued, are as under :

No. of Registration certificates issued for import of Poppy Seeds calendar year 2016	No. of Manufacturing license issued in calendar year 2016	Quota Allocation issued in calendar year 2016
44	20	438

During the period from December, 2016 to March, 2017 the projected figures are:

No. of Registration certificates issued for import of Poppy Seeds calendar year 2016	No. of Manufacturing license issued in calendar year 2016	Quota Allocation issued in calendar year 2016
205	20	160

The details of quota of narcotic drugs, allocated to consuming companies, during the year 2016, are as under:-

Name of Drug	No. of total companies to whom allocation has been made in 2016	Quantity allocated (in base) (in Kg.)
Codeine	91	52415.695
Cannabis	0	0
Diphenoxylate	5	3925.455
Ethylmorphine	3	60.99
Fentanyl (In gram)	15	7713.3621
Opium	56	5934.8
Morphine	13	311.0852
Pethidine	7	162.2603
Pholcodine	6	427
Thebaine	2	954
Dihydrocodeine	2	16.3481
Oxycodone	4	15.3307
Hydrocodone (In Mg)	3	224.1
Methadone	2	538.2
Hydromorpone	0	0
Remifentanyl (In Gm)	1	43.043
Oxymorphone	2	662
Oripavin (In Mg)	1	50
Difenoxin	0	0
Total	**213**	**73212.9294**

The Government of India has developed web-based software for online registration of manufacturers and wholesalers of psychotropic substances, for both bulk drugs and preparations, with the Central Bureau of Narcotics (CBN), under the guidance of the National Informatics Centre, New Delhi. The system has been made functional to facilitate submission of data on manufacture, utilization, stock, import, export, sale purchase and consumption of psychotropic substances in the country. Till now 706 manufacturers and wholesalers have been registered through the online system.

The data collected through the system, will facilitate generation of periodical, statistical report on psychotropic substances like form 'P' form 'A/P, form 'B/P' besides other MIS report for monitoring the manufacture and consumption of psychotropic substances in the country.

The Government of India has decided to develop a web based online application for registration of manufacturers and dealers of narcotic drugs with the Central Bureau of Narcotics (CBN) and submission of data on manufacture , utilization, stock trade and consumption of Narcotic Drugs in the country. The objective of the online application is to collect required data on manufacture and consumption of narcotic drugs for generation of Form "C" in respect of India for submission to the International Narcotics Control Board (INCB), Vienna. This office has taken up the matter with National Informatics Centre (NIC), New Delhi. However, development of web based online application for registration of manufacturers and dealers of narcotic drugs with the Central Bureau of Narcotics (CBN) are still under process.

3.1.3. 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.

During the financial year 2016-17 (upto 30.11.2016), several seizures, under NDPS Act, were affected by Central Bureau of Narcotics and details thereof is enclose as Annexure-A.

Number of persons convicted/ acquitted in CBN cases, decided by various Courts, during the financial year 2016-17 (up-to-30.11.2016) are as under-

Financial year	Total no. of persons who were facing prosecution	Total no. of persons convicted	Total no. of persons acquitted	Conviction rate (%)
2016-17	563+2*	15	21	42%

** 2 foreigners*

Number of cases, decided by various Courts, during the financial year 2016-17 (up-to 30.11.2016) are as under-

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 (%)
2016-17	21	13	8	62%

3.1.4. Significant development/policy decisions taken during the period

During the current year, a significant decision was taken by the Government to increase number of farmers by relicensing of earlier de-licensed cultivators. Accordingly, number of cultivators have increased from 37513 in the crop year 2015-16 to 60982 in the crop year 2016-17.

3.1.5. Activities undertaken for Disability Sector, SCs, & STs and Other weaker Sections of the Society.

As per Ministry's instructions, reservation for SC/ST and Physically Handicapped are being maintained in the Central Bureau of Narcotics. During the period, Shri Rajeev Kumar, Deputy Narcotics Commissioner, Gwalior was appointed as a Liaison Officer to look after the interest, representation and welfare of ST/ SC and Physically Handicapped employees. Shri Dinesh Boudh, Deputy Narcotics Commissioner, Lucknow was appointed as a Liaison Officer to look after the interest, representation and welfare of OBC employees.

3.1.6. 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's 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.

3.1.7. E-Governance Activities.

- As regards, E-Governance activities, it is stated that various instructions of the Government, on issue of e-governance, are noted for compliance and necessary action. Use of CCTV's Camera's at Settlement and Weighment centres was also successfully carried out. Payment to cultivators was made through e-payment.

- During the period under report, the cultivation data of farmers from the year 1998-99 to 2015-16 was uploaded on the CBN website to facilitate farmers to check their data and in case of discrepancy report the same to the department for rectification.

- Computers have been provided, almost, in each section and have been inter-connected through Network. All urgent reports or replies to the references received from the Ministry are being forwarded to the Ministry of Finance, New Delhi and other offices through e-mail, as far as possible.

- The Central Bureau of Narcotics web site has been updated and all the application forms for issue of export/ import authorization for export/ import of Psychotropic substances/ Precursor chemicals and Controlled substances can be downloaded from the CBN website: www.cbn.nic.in. The opium cultivation data from 1998-99 has also been uploaded on the CBN website: www.cbn.nic.in

3.1.8. Other highlights of performance and achievements during the year 2016-17.

During the crop year 2016-17, a quantity of 30 Metric Tons of opium at 70º consistence was procured. The average yield at 70º consistence on basis of provisional results received from Madhya Pradesh, Rajasthan and Uttar Pradesh for the crop year 2015-16 was 41.26, 57.90 & 57.24 respectively. The All India average yield during 2015-16 was 53.90 kgs./hectare at 70º consistency. The figures are for crop year 2015-16 as the crop cycle for the cultivation of opium is October to September next year. Settlement/ Licensing operation for crop year 2016-17 has been completed during the month of December, 2016 and consequently 60982 cultivators and Area of 10312.0352 hectares were settled.

World Drug Day, 2016 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, 2016 to 28th June, 2016. The following events were organized:

i). Motor Cycle Rally: - A Road show/ Motor Cycle Rally of around 100 volunteers was organized on 26th June, 2016. 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.

ii). Signature Campaign: - For raising awareness of the masses regarding the growing menace of drug abuse, a Signature Campaign was organized at Deen Dayal City Mall, Gwalior on 26th June, 2016. The Signature Campaign attracted an overwhelming response from the general public. The general public was invited to give their messages on the menace of drug abuse. The campaign was an unprecedented success.

iii). Health Check-up camps: - On 27-6-2016, 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.

iv). Poster painting & Quiz competition:- An open poster painting & quiz competition was held at the office premises on 27-6-2016 & 28-06-2016 respectively. 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 Natak at Gwalior & Kota, Essay Writing competition, Quiz competition, Slogan and Debate Competitions were organized at Unit Headquarters, Kota, Lucknow and Neemuch.

3.2. GOVERNMENT OPIUM AND ALKAOLIDS WORKS (GOAW)

3.2.1. Chief Controller of Factories (CCF)

The Government Opium & Alkaloid Works (GOAW) is 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 GOAWs are mainly used by pharmaceutical industry of India for Preparation of cough syrup, pain relievers and tablets for terminally ill cancer and HIV patients. The GOAW are administered by a High Powered Body called the "Committee of Management" constituted and notified by the Government of India in 1970. The Additional Secretary (Revenue), Department of Revenue, Ministry of Finance is the Chairman of the Committee of Management. An officer of the rank of Commissioner/Joint Secretary is the Chief Controller of Factories who heads the Organization and each of the two factories at Neemuch and Ghazipur are managed by a General Manager of the rank of Additional Commissioner/Director. The Marketing and Finance Cell of the factories is located at New Delhi. Each of the factories comprises two units - the Opium Factory and Alkaloid Works. The Opium Factories undertake the work of receipt of opium from the fields, its storage and processing for exports and domestic consumption. The Alkaloid Works are engaged in processing raw opium into alkaloids of pharmacopeial grades to meet the domestic demand of the pharmaceutical industry. The GOAWs have employed a total work force of about 650 people at its two opium and alkaloid plants. The work force comprises of officials and staff drawn from the Central Board of Excise and Customs, Central Bureau of Narcotics, Central Revenues Control Laboratory, apart from personnel selected by the Union Public Services Commission directly. The security aspects of these factories are looked after by Central Industrial Security Force (CISF), a paramilitary force of the Ministry of Home Affairs.

The overall performance / achievements of GOAF for the calendar year 2016

(***Provisional)***

Performance of GOAW for the Calendar Year 2016					
Sl. No.	Particulars	Unit	Production January to March,16 (F.Y.2015-16)	Production April to Nov, 2016 (F.Y.2016-17)	Total Production upto November for calendar year 2016
A	**<u>PRODUCTION</u>**				
1	Drying of opium for Export at 90°C	KG.	28532	10571	39103
2	a) Codeine Sulphate	KG.	0	0	0
	b) MorphineSulphate	KG.	152	196	348
	c) Codeine Phosphate	KG.	5295	3567	8862
	d) Dionine	KG.	0	0	0
	e) Pure Thebaine	KG.	116	0	116
	f) Noscapine BP	KG.	805	1293	2098
	g) Pholcodine	KG.	107	55	162
	Total Finished Drugs (a to g)	**KG.**	**6475**	**5111**	**11586**
	h) IMO Powder	KG.	3000	4400	7400
	i) IMO Cake	KG.	1803	1047	2850
	j) Papavarine S.R.	KG.	176	596	772
3.	i.C.P. Import for Domestic Market	KG.	9000	0	9000
	ii.C.P. Import for Vendor Specific	KG.	0	0	0

Sl. No.	Particulars	Sales January to March,16 (F.Y.2015-16)		Sales April to Nov, 2016 (F.Y.2016-17)		Total Sales upto November for calendar year 2016	
		Quantity (in Kg.)	Amount (Rs. in Crore)	Quantity (in Kg.)	Amount (Rs. in Crore)	Quantity (in Kg.)	Amount (Rs. in Crore)
B	SALES						
1	Export of opium for at 90°C	28200	13.29	67542	32.35	95742	45.64
2	a) Codeine Sulphate	0	0	0	0	0	0
	b) Morphine Sulphate	20	0.07	240	0.90	260	0.97
	c) Codeine Phosphate (Ind. & Imp)	2877	12.23	14609	62.09	17486	74.32
	d) Dionine	0	0	0	0	0	0
	e) Pure Thebaine	100	0.38	346	1.31	446	1.69
	f) Noscapine BP	607	2.18	856	3.06	1463	5.24
	g) Pholcodine	0	0	67	0.38	67	0.38
	h) IMO Powder(Dom. Sales+Export)	1057	0.98	7189	7.44	8246	8.42
	i) IMO Cake (Dom. Sales+Export)	537	0.50	2118	2.12	2655	2.62
	j) Papavarine S.R.	850	0.17	255	0.05	1105	0.22
	Total 2 (a to j)	**6048**	**16.51**	**25680**	**77.35**	**31728**	**93.86**
	Grand Total (1+2)	**34248**	**29.80**	**93222**	**109.70**	**127470**	**139.50**

Financial year	Total no. of persons who were facing prosecution	Total no. of persons convicted	Total no. of persons acquitted	Conviction rate (%)
2016-17	563+2*	15	21	42%

** 2 foreigners*

Number of cases, decided by various Courts, during the financial year 2016-17 (up-to 30.11.2016) are as under-

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 (%)
2016-17	21	13	8	62%

E. Projected data for the period from December, 2016 to March, 2017 for production

		Production Target for 2016-17			Projected targets for 4 months (December, 2016 to March, 2017)			Remarks
		Neemuch without OTA	Neemuch with OTA	Ghazipur	Neemuch without OTA	Neemuch with OTA	Ghazipur	
(i)	**Alkaloid Production (in kgs)**	(for 6 months on pro-rata basis)		(for 9 months on pro-rata basis)				
A								
1	Codeine Phosphate	5,875	6,635	1,880		3978	970	Production targets for 2016-17 were fixed by the Committee of Management by considering 3 months shutdown for upgradation of plant during the year. Projected target for the remaining months has been taken by deducting actual production achieved upto November, 2016 from the approved production targets for 2016-17
2	Codeine Sulphate	---	---	---		---	---	
3	Ethyl Morphine / Dionine	---	---	---		---	---	
4	Thebaine Pure	305	340	90		340	90	
5	Noscapine BP	1,625	1,820	370		527	370	
6	Morphine Sulphate	155	175	---		---	---	
7	Pholcodine	95	110	---		55	---	
	Total (1 to 7)	**8,055**	**9,080**	**2,340**		**4900**	**1430**	
B	IMO Powder	---	---	10,000	---	---	5600	
	IMO Cake	---	---	5,000	---	---	3953	

(ii) Drying of opium

Particulars	Production Target for 2016-17		Projected targets for 4 months (December, 2016 to March, 2017)		Remarks
Drying of Opium	Neemuch	Ghazipur	Neemuch	Ghazipur	No target for drying of opium is because of having sufficient stock of dried opium to take care of opium required for export and also due to receipt of less quantity of opium received in this year on account of opium crop failure.

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[II] Achievement of CCF organization up to month of November 2016 with comparative data of Pervious year i.e. 2015 for the similar period

Sl. No.	Particulars	Unit	Actual Production April to November		% age increase over previous year
			2015-16	2016-17	
(1)	(2)	(3)	(4)	(5)	(6)
A.	**PRODUCTION**				
1	Drying of opium for Export at 90°C	KG.	29341	10571	-64%
2	Manufacture of Drugs :				
	a) Codeine Sulphate	KG.	0	0	0
	b) Morphine Sulphate	KG.	292	196	-33%
	c) Codeine Phosphate	KG.	8505	3567	- 58%
	d) Dionine	KG.	0	0	0
	e) Pure Thebaine	KG.	320	0	0
	f) Noscapine BP	KG.	2638	1293	-51%
	g) Pholcodine	KG.	111	55	-50%
	Total Finished Drugs	**KG.**	**11866**	**5111**	**-57%**
	h) IMO Powder	KG.	4400	4400	0
	i) IMO Cake	KG.	2642	1047	-60%
	j) Papavarine S.R.	KG.	1148	596	-48%
	Grand Total	**KG.**	**20056**	**11154**	**-44%**
3.	Import of Codeine Phosphate				
	i) For Domestic Market	KG.	0	0	0
	ii) For Vendor Specific	KG.	0	0	0
	Total (ii)		**0**	**0**	**0**

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B. SALES

Sl. No.	Particulars	2015-16 April to November		2016-17 April to November	
		Qty. (Kgs.)	(Rs. In Crore)	Qty. Kgs)	(Rs. in Crore)
(1)	(2)	(3)	(4)	(5)	(6)
1	Export of opium on accrual basis	51575	22.92	67542	32.35
2	Domestic Sale of Drugs : (on actual basis)				
	a) Codeine Sulphate	50	0.45	0	0
	b) Morphine Sulphate	231	0.87	240	0.90
	c) Codeine Phosphate(Indigenous & Imported)	24692	104.94	14609	62.09
	d) Dionine	186	2.26	0	0
	e) Pure Thebaine	422	1.60	346	1.31
	f) Noscapine BP	3047	10.90	856	3.06
	g) Papavarine S.R.	1000	0.20	255	0.05
	h) Pholcodine	92	0.50	67	0.38
	i) Oxycodone HCI	0	0	0	0
	j) IMO Powder(Domestic sale + Export)	2710	2.61	7189	7.44
	k) IMO Cake(Domestic sale + Export)	3135	2.93	2118	2.12
	Total (2)	35565	127.26	25680	77.35
	Grand Total (1+2)	**87140**	**150.18**	**93222**	**109.70**

C. Comparative country wise export of opium at 90°C
(upto November of each financial year)

(Qty. in Kgs. at 90ºC)

Unit	USA	FRANCE	HUNGARY	JAPAN	IRAN	TOTAL
2015-16						
Ghazipur	99	988	0	50022	0	51109
Neemuch	465	0	0	0	0	465
Total	564	988	0	50022	0	51575
2016-17						
Ghazipur	0	2500	0	60000	0	62500
Neemuch	0	0	0	0	5042	5042
Total	**0**	**2500**	**0**	**60000**	**5042**	**67542**

D. Comparative Revenue Receipts on realization basis
(upto November of each financial year)

(Rs. in Crores)
provisional

Unit	Opium Factories		Alkaloid Works	Total
2015-16				
Ghazipur	0.12		70.39	70.51
Neemuch	34.83		58.41	93.24
Total	**34.95**		**128.80**	**163.75**
2016-17				
Ghazipur	24.38		45.23	69.61
Neemuch	0.02		44.09	44.11
Total	**24.40**		**89.32**	**113.72**

3.2.2. E-Governance Activities: The Organization of Chief Controller of Factories has launched its own website which contains complete information about the organization, its activities, contact details, etc. All tenders for procurement of material and services are timely loaded in the website for information and participation of the manufacturers / suppliers. The organization has also arranged to display various information pertaining to production of drugs, sale of drugs, etc. through internet. Placing of various other information for information of the concerned authorities have also been taken up and likely to be provided soon through internet.

3.2.3. 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.

3.2.4. Gender Budgeting/Empowerment of Women: Equal opportunity / status is enjoyed by women in CCF organization. In case of gender bias / harassment reported if any, it is ensured that appropriate action is taken against the erring official. Internal Complaint Committee has already been formed at GOAW, Neemuch & Ghazipur for the purpose of dealing the complaints received regarding sexual harassment at workplace. At the Headquarter Office, as there only two women employees, the Complaint Committee cannot be formed. Therefore, it has been suggested that complaint of the Headquarter may be dealt by Complaint Committee of the Ministry for dealing with the complaints received regarding sexual harassment at workplace.

3.2.5. Activities Undertaken for Disability Sector & SCs/STs & Other Weaker Sections of Society:

The CCF organization is strictly adhering to the prescribed rules and regulations for the welfare and development of disabled, SCs, STs and other weaker sections. With an objective to initiate prompt action on grievances of such sections, a committee has been formed with members drawn from such sections. Roster registers for this purpose are also being maintained.

3.2.6. Computerization Cell (Hqrs.)

E-office Mission Mode Project of Department of Administrative Reforms and Public Grievances is being implemented in the Secretariat of the Department of Revenue. Both Electronic and physical files are created in e-office. All such files can be tracked through e-office portal. Steps are being taken to provide necessary hardware and training to implement all features of e-office in the Secretariat of Department of Revenue.

Annexure-A

Details of Seizures effected by CBN during the year 2016 (1.4.16 to 30.11.16)

Sl No.	Name of Drug	Date of seizure	Qty in Kgs	Person Arrested	M	F	Name & Address of Accused	Unit	Office
1	Poppy Straw/Husk	1/4/2016	325.5	1	1		Pappu Singh S/o Karan Singh R/o village Karela, Julana, Jind, Haryana	M.P (4)	D.OO. Nemuch-II
2	Poppy Straw/Husk	22/04/2016	9.75	2	2	0	Aamen Khan S/o Aalam Farooq R/o Mandsaur (2) Mohd Imraa S/o Mohd Farooq r/o I.P.Estate, New Delhi.	M.P.(5)	P&I Cell, Ratlam
3	Alprazolam	26/04/2016	527 grms	0				Chennai	P&I Cell, Chennai
	Restolam0.5		98100 Tab						
	Restolam0.25		48600 Tab						
	Anxer 0.25		4.370 Kgs						
	Anxer 0.5		4.370 Kgs						
	Total Alprazolam		9.877 Kg						
4	Opium	21/04/2016	1.080	2	2	0	(1) Sanjay S/o Nagulal Suthar R/o Daloda, Mandsaur (2) Dipak S/o Mangilal Rathod R/o Daloda, Mandsaur (M.P)	M.P (6)	P&I Cell, Indore
5	Heroin	1/6/2016	0.72	1	1	0	Hafeez Khan @Kallu Khan S/o Habib Kahn R/o Balmiki Nagar, Pookhrayan, Kanpur, U.P	U.P(8)	DNC, Lucknow
	Anxer.25 Mg	3/5/2016	22200 Tab	0	0	0		Chennai	P&I Cell, Chennai
	Anxer 05 Mg		4490 Tab						
	Restolam .25 mg		31900 Tab						
	Restolam .5 mg		8400 Tab						
	Total Alprazolam	In follow up of 26/04/16	0.01997						

Sl No.	Name of Drug	Date of seizure	Qty in Kgs	Person Arrested	M	F	Name & Address of Accused	Unit	Office
6	Heroin	21/06/2016	0.57	1	1		Arvind Singh S/o Mahendra Singh R/o Shadi Bhadi, Post-Aurihar, Saidpur, P.S. Khanpur, Ghazipur	U.P (9)	P&I Cell, Ghazipur
7	Poppy Straw/Husk	23/06/2016	4.5	1	1	0	Pankaj S/o Hukum Bhil R/o Village Sunkota, Dharmpuri, Dhar (M.P).	M.P (7)	P&I Cell, Indore
8	Poppy Straw/Husk	23/06/2016	9	1	1	0	Balwant Singh S/o Gurnam Singh, R/o Village Lodhpur, Dhar (M.P.)	M.P (8)	P&I Cell, Ujjain
9	Opium	1/7/2016	1.75	1	1	0	Akhilesh Patidar S/o Ishwarlal R/o Village Diken, Jawad, Ratangarh, Neemuch	M.P.(9)	DNC, Neemuch
10	Poppy Straw/Husk	13/07/2016	54	3	3	0	(1) Ravinder S/o Pahulal R/o Indore (2) Raghu Singh S/o Hindu Singh (3) Kamal Singh S/o Raghu Singh both R/o Agar (M.P.)	M.P.(10)	P&I Cell, Indore
11	Poppy Straw/Husk	15/07/2016	96	2	2	0	(1) Raj Beer S/o Nathuram R/o Bhiwani . (2) Pradeep Kumar S/o Gopichand R/o Bhiwani.	M.P (11)	P&I Cell, Mandsaur
12	Opium	19/07/2016	5.1	1	1	0	Chhotulal S/o Dalu Ji Gurjar R/o Chittorgarh (Raj.)	M.P.(12)	DNC, Neemuch
13	Opium	21/07/2016	15	2	2	0		Raj (3)	P&I Cell, Chittorgarh
14	Ganja	23/07/2016	0.28	1	0	1	Smt Asha Sharma W/o Mahesh Sharma /o Rajatpath, Mansarovar, Jaipur	Raj(4)	P&I Cell, Jaipur
15	Buprenorphine	28/07/2016	100 grams	0	0	0		New Delhi	P&I Cell, New Delhi
	Rexogesic Inj		209975 Inj						
	Binorphine Inj		143364 Inj						
16	Heroin	18/07/2016	0.45	1	1	0	Ranveer Singh Soni@Gopi Son Charan Singh Soni R/o Bhola Ram Compound, Neemuch.	M.P (13)	P&I Cell, Mandsaur

Sl No.	Name of Drug	Date of seizure	Qty in Kgs	Person Arrested	M	F	Name & Address of Accused	Unit	Office
17	Opium	11/8/2016	1.38	1	1	0	Kailash Chandra Balai S/o Prabhu lal Balai	M.P (14)	DNC, Neemuch
18	Charas	2/8/2016	1.5	1	1	0	Nidosh Kumar Singh S/o Sompal Singh, R/o Village Gundni, Budaun, U.P	U.P(10)	P&I Cell, Bareilly
19	Opium	5/8/2016	5.4	1	1	0	Gopal Singh S/o Mtoti Singh	Raj (5)	DNC, Kota
20	Poppy Straw/Husk	20/08/2016	198	2	2	0	Gopal Singh S/o Ram Singh R/o Mahipur Road (2) Ramniwas S/o Mangilal Nayak R/o Mahidpur Road	M.P (15)	P&I Cell, Indore
Follow up	Poppy Straw/Husk	21/08/2016	200	1	1	0	Mangilal S/o Kachrulal Patidar R/o Ravti, Mandsaur		P&I Cell, Indore
21	Heroin	26/08/2016	0.055	1	1	0	Kasim Hussain S/o Md Zameel R/o Barabanki	U.P (11)	P&I Cell Barabanki
22	Alprazolam (Tab)	26/08/2016	6000 Tab	1	1	0	Ajai Singh S/o Raj Kumar Singh R/o Faizabad	U.P(12)	DNC, Lucknow
Follow Up of 26/08/16	Alprazolam (Tab)	30/08/2016	3000 Tab	1	1	0	Shuhbam Gupta S/o Ram Murat Gupta R/o Faizabad		
23	Opium	29/08/2016	1	1	1	0	Anuj Singh S/o Chhote Singh R/o Bareilly	U.P(13)	P&I Cell, Bareilly
24	Ganja	30/08/2016	8.8	1	1	0	Ashraf Pathan S/o Late Sardar Pathan R/o Dobara Road, Khandar Mohalla Dag, Jhalawar (Raj.)	M.P(16)	P&I Cell, Garoth
25	Ganja	31/08/2016	13.5	1	1	0	Mohan Modi S/o Late Kanhaiya Lal R/o Mandsaur	M.P(17)	P&I Cell, Garoth
26	Heroin	3/9/2016	1.05	3	3	0	(1) Basar S/o Mannan R/o Dakhin Deoyan,, Malda (2) Naseem Shekh S/o Asraful Shekh R/o Malda (3) Rohim Shekh S/o Motiesh R/o Malda	U.P (14)	P&I Cell, Ghazipur

Sl No.	Name of Drug	Date of seizure	Qty in Kgs	Person Arrested	M	F	Name & Address of Accused	Unit	Office
Follow Up of 94.00 Kg Poppy Husk effected on 28/06/2015	Opium	30/08/2016	1	1	1	0	Rajmal @ Raju S/o Udailal Gurjar R/o Sangria, Badisadri Chittorgarh	RAJ	P&I Cell, Chittorgarh
27	Heroin	20/09/16	1	1	1	0	Chandra Shekhar Patidar @ Sonu S/o Ram Prasad Patidar R/o Village Bardia Amra, P.S. Garoth, Mandsaur (M.P.)	RAJ (6)	DNC, Kota
	Alprazolam		13.6						
28	Opium	18/09/2016	4.6	1	1	0	Sudhir Kumar Gupta S/o Dwaraka Lal Gupta R/o Bardia, Amra, Garoth, Mandsaur	RAJ(7)	DNC, Kota
	Alprazolam		3						
29	Dextropropoxyphene Capsule	13/09/2016	1555 Cap. (1.110 Kg)	1	1	0	Bholu @Manoj Kumar Verma S/o Ashok Kumar R/o Sandhu Colony, Amritsar	Amritsar Cell	P&I Cell, Amritsar
30	Midazolam	17/09/2016	115 Inj (815 Gms)	2	2	0	(1) Sonu S/o Jaginder Singh R/o Amritsar	Amritsar Cell	P&I Cell, Amritsar
	Alprazolam		520 Tab						
	Claonazepam		162 Tab						
31	Poppy Straw/Husk	24/9/2016	40	1	1	0		Raj (10)	P&I Cell, Chittorgarh
32	Opium	27/09/16	1.8	2	2	0	Vikram jeet Singh S/o Mahendra Singh R/o Rohini Colony, Jhalandhar (Punjab)	M.P. (18)	DOO, Jaora II
	Poppy Straw/Husk		14.5				Inderjeet Singh S/o Gurunam Singh R/o Nakoda, Jhalandhar (Punjab)		
33	Alprazolam	27/09/2016	1,11000 Tab					U.P (15)	P&I Cell, Ghazipur
			12.210 Kg						
34	Heroin	29/09/2016	0.6	1	1	0	Nandkishore S/o Laxminarayan Sutar R/o Balagudha, Mandsaur	M.P (19)	P&I Cell, Indore
35	Poppy Straw/Husk	13/10/2016	40	0	0	0	0	M.P (20)	P&I Cell, Mandsaur

Sl No.	Name of Drug	Date of seizure	Qty in Kgs	Person Arrested	M	F	Name & Address of Accused	Unit	Office
36	Poppy Straw/Husk	21/10/2016	276	0	0	0		M.P (21)	P&I Cell, Jaora
37	Opium	21/10/2016	3.85	2	2	0	Bhanwar Lal S/o Uda Ji R/o Chittaurgarh (2) Mukesh Kumar Dhakad S/o Modi Ram R/o Chittaurgarh	M.P (22)	DNC, Neemuch
38	Heroin	1/9/2016	0.13	1	1	0	Alam Khan s/o Gulab Khan, r/o Ward No.1, Malhargarh, Mandsaur	RAJ(8)	P&I Cell, Pratapgarh
39	Pentazocin	24/10/2016	1690 Inj	1	1	0	Sanjay Jain	Gwalior	NC's office
40	Alprazolam	4/10/2016	0.7	3	2	1	Shanti Bai w/o Shanti lal r/o H.No. 240, Row House, Pinki City, Dewas Gate, Indore (2) Dilip s/o Gaurishankar Patidar r/o Vill. Rinda, Tehsil & Distt. Mandsaur (3) Balaram s/o Rameshwar Patidar r/o Vill. Dehri, PS Bhavgarh, Tehsil Daloda, Mandsaur	MP (23)	P&I Cell, Indore
41	Poppy Straw/Husk	15/10/2016	93	2	2	0	Arun Soni @ Banti s/o Roshanlal Soni r/o Ward No. 18, PS Anupgarh, Distt. Ganganagar (2) Sonu Rai Sikkh @ Nikka Singh s/o Late Chhina Rai Sikkh r/o Vill. Bareke, Tehsil & Distt. Firojpur (Pb.) Present Add. War No. 12 c/o Bhajan Singh, Anupgrah, Ganganagar (Raj.)	RJ (9)	P&I Cell, Chittorgarh
42	Poppy Straw/Husk	25/10/2016	870	2	2	0	Haseeb Khan s/o Haneef Khan and (2) Durvesh s/o Chiraunji lal both r/o Vill. Quena Gotiya, Shadipur, PS Bhamora, Distt. Bareilly	UP (16)	P&I Cell, Bareilly
43	Heroin	8/11/2016	0.380	1	1	0	Chamanlal @ Chandan s/o Sikander Kanaujiya r/o Moh. Shivpujan Nagar Colony, Bhuthiyatad, PS Kotwali, Distt. Ghazipur	UP(17)	P&I Cell, Ghazipur

4. STATE TAXES

There are two State Sections in the Department of Revenue:

a) State Taxes-I

b) State Taxes-II

State Taxes -I Section

State Taxes-I Section of the Department of Revenue handles legislative work relating to Central Acts having significant interface with the States like the Indian Stamp Act, 1899 and the Constitution (101st Amendment) Act, 2016 for the implementation Goods and Services Tax (GST) as well as administrative & budgetary matters in respect of Goods and Services Tax Network-Special Purpose Vehicle incorporated for providing IT platform for smooth roll out of GST.

4.1. Goods and Services Tax (GST)

The proposal to introduce a national level Goods and Services Tax (GST) was first mooted by the then Finance Minister in his Budget Speech for the Financial Year 2006-07. The responsibility of preparing a design and road map for the implementation of GST was assigned to the Empowered Committee of State Finance Ministers (EC). 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. In terms of the broad consensus arrived at with the States, 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. The same was passed by the Lok Sabha on 06.05.2015 and was referred to a Select Committee of the Rajya Sabha for examination on 12.05.2015. The Select Committee submitted its report on 22nd July, 2015. The Constitution (122nd Amendment) Bill, 2014 was passed by both the Houses of the Parliament on 08.08.2016. After ratification by 50% of the States, the Constitution (101st Amendment) Act was enacted vide notification dated 08.09.2016. The Goods and services Tax Council was constituted vide notification dated 15.09.2016. Presently, the GST Council meetings are being held and the Council is deliberating on important issues like the GST rates, compensation to States and Model GST Law and Rules. GST is expected to be implemented in the country by 01.04.2017.

Several Committees have been formed to look into the various aspects of implementation of GST. Drafts Model GST Law were hosted on the website of the Department of Revenue to invite comments/suggestions from the Stakeholders. The suggestions/ representations have been examined.

The salient features of the GST Bill are:

- 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.
- 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.
- 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.
- 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.
- 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 the meanwhile.
- 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.
- 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.

- GST is a destination-based tax. 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.

4.2. Indian Stamp Act, 1899

The Indian Stamp Act, 1899 (2 of 1899) is a fiscal statute laying down the law relating to tax levied in the form of stamps on instruments recording transactions. Briefly, the scheme relating to stamp duties, provided for in the Constitution is as follows

- 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.
- 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.
- 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.

The rates of stamp duty in respect of Debenture and Promissory Notes have been rationalized by the Central Government in September, 2008. A comprehensive Review of Indian Stamp Act, 1899 is presently underway.

4.3. Performance and Achievements (FY 2016-17)

Special Purpose Vehicle for Goods & Services Tax Network (e-Governance Activity)

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, a not-for-profit, Non-Government Company under section 25 of Companies Act, 1956, with 49 percent equity held by Government and 51% held by non-Government institutions; to take care of IT requirement has been set up by the Government on 28th March, 2013.

State Taxes -II Section

State Taxes-II Section of the Department of Revenue handles legislative work relating to Central Acts having significant interface with the States like the Central Sales Tax Act, 1956, the Additional Duties of Excise (Goods of Special Importance), Act, 1957. Facilitation in respect of State level Value Added Tax (VALUE ADDED TAX) in the form of assistance for computerization of State VALUE ADDED TAX system.

4.4. State Value Added Tax (VAT)

Under Entry 54 of List II (State List) of the Seventh Schedule of the Constitution of India, "tax on sale or purchase of goods within a State" is a State subject. Introduction of State 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. Sales Tax/VAT being a State subject, the Central Government played the role of a facilitator for successful implementation of VAT. As a part of our endeavor to support 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. 22.00 crore and Rs. 14.00 crore respectively till date. During the FY 2014-15, the financial assistant of Rs/- 4.00 crore has been provided to Centre for Taxation Studies, Kerala.

4.5. Central Sales Tax (CST)

a) 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.

b) 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.

c) The Central Sales Tax however, being an origin-based non-rebatable tax, is inconsistent with the proposed destination based Goods & Services Tax (GST). Central Sales Tax 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.

d) A package of compensation to the States for revenue loss on account of phasing out of the Central Sales Tax had been agreed to. The States have been compensated through a combination of revenue enhancing measures and budgetary support. As measures for enhancing revenue and thereby compensating the States for Central Sales Tax revenue loss, the facility of interstate purchases by Government Departments at concessional Central Sales Tax rate against Form-D was withdrawn w.e.f. 01.04.2007. Also, enabling provisions has been made for States to levy Value Added Tax on Tobacco and Tobacco Products without losing any part of the devolution of Central taxes to the States. For the residual losses thereafter, the Central Government has released Rs. 26406.99 crores to States compensation for the loss due to reduction of rate of Central Sales Tax for the claims years 2007-08, 2008-09, 2009-10.

e) Since the GST could not be introduced w.e.f. 1st April, 2010, States demanded that CST compensation for the financial year 2010-11 should also be paid to them. Hence pending finalization of CST compensation guidelines for financial year 2010-11, while paying the amount for financial year 2010-11, the effect of increase of VAT from 4 to 5 on the revenues of the States/ UTs was taken into account, thereby reducing the 'admissible claims' of the States/ UTs to that extent. Initially, States were paid 50% of the amount of compensation payable for 2010-11 after deducting the likely gain to States because of increase in VAT rate from 4% to 5% from the amount otherwise payable as per 22nd August, 2008 guidelines, as approved by the Cabinet in their meeting held on 10th February, 2011. Thereafter, remaining 50% amount of CST compensation for 2010-11 was also paid to the States with the approval of Prime Minister. Accordingly Rs. 6393.94 crore released to the States/ UTs towards CST compensation for 2010-11.

f) However, States/ UTs had been demanding that CST compensation should be paid to the States without considering the increase in revenues of the States due to increase in VAT rate from 4% to 5%. They had also been demanding that CST compensation be paid to them for the financial years 2011-12 and 2012-13 as well since GST has still not been introduced in the country. In their meeting held on 28-29 January, 2013 at Bhubaneshwar, the Empowered Committee of State Finance Ministers (EC) made the following two recommendations

- CST compensation should be worked out as per 22nd August, 2008 guidelines for the financial years 2010-11, 2011-12 and 2012-13.
- CST compensation for the financial years 2010-11, 2011-12 and 2012-13 should be paid in the following manner:
  i. 2010-11: 100% compensation worked out as per 2008 guidelines
  ii. 2011-12: 75% compensation worked out as per 2008 guidelines
  iii. 2012-3: 50% compensation worked out as per 2008 guidelines

g) Pending implementation of GST, Central Government has further agreed in-principle to release of CST Compensation for the year 2010-11, 2011-12 and 2012-13 as per Empowered Committee recommendations. The Union Cabinet in its meeting held on 17th March 2015, decided for payment of 100% CST compensation, for the year 2010-11, 75% CST compensation for year 2011-12 and 50% CST compensation for 2012-13 to be worked out as per 22nd August 2008 guidelines.

h) Accordingly, Rs. 10724.08 crore has been released to States/ UTs in March 2015 towards balance CST compensation for year 2010-11 and as such total amount of Rs. 17118.93 crore (including earlier release of Rs. 6393.94 crore) has been released to the States/ UTs towards CST compensation for 2010-11 and Rs. 16315.25 crore towards CST compensation for the year 2011-12 has been released to all States / UTs in Financial year 2015-16. CST compensation for the states/ UT's for 2012-13 is proposed to be released in two installments in Financial year 2016-17. Provision of Rs. 10469.48 crore has been made in BE 2016-17 for payment of CST compensation to the States/UT's for the year 2012-13. Out of which first installment of Rs. 5854.73 crore has been paid to the States/ UTs in July 2016 towards CST compensation for 2012-13 and balance amount of Rs. 5854.69 crore is proposed to be released by end of March 2017.

5. ADJUDICATING AUTHORITY UNDER PREVENTION OF MONEY LAUNDERING ACT, 2002:

5.1. The Prevention of Money Laundering Act (PMLA), 2002 was enacted by the Parliament to prevent money laundering and connected activities, confiscation of proceeds of crime and setting up of agencies and mechanism for coordinating measures for combating money laundering.

5.2. The Director, Directorate of Enforcement has been designated as the Director for exercising powers under the PMLA, 2002 and is authorized to provisionally attach the property allegedly involved in money laundering. The Adjudicating Authority is empowered to confirm/relief 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 post of Chairperson & Member are tenure post after retirement from erstwhile job. The Adjudicating Authority received 130 nos. of Provisional Attachments and 130 nos. of Original Complaints during the year. In addition, 18 nos. Original application and 6 MA (Misc. Application) for retention of seized documents from Directorate of Enforcement was received during the year. Final orders have been pronounced in 101 cases except 21 cases where the Hon'ble courts granted stay in respect of Provisional Attachment orders/ Original applications furnished by Directorate of Enforcement.

5.4. The staff posted in the Authority is on deputation basis and all the posts are ex cadre. No Appointments made during the previous calendar year either by Direct Recruitment/Promotion.

5.5. All the posts are ex-cadre post and at present one chairman, Two Members and one Administrative officer and One Assistant is in position and all the remaining posts Six nos. are lying vacant.

6. APPELLATE TRIBUNAL UNDER DEPARTMENT OF REVENUE

6.1. With the passage of Finance Bill 2016 w.e.f 1st June, 2016 the Appellate Tribunal constituted under Prevention of Money Laundering Act, 2002 (PMLA) and Appellate Tribunal for forfeited property (ATFP) constituted under Narcotics Drugs and Psychotropic Substances Act, 1985 (NDPS) are merged with Appellate Tribunal for forfeited property constituted under SAFEMA (FOP) Act, 1976. The merged tribunal now is called Appellate Tribunal.

6.2. Details are given at chapter 7.

7. THE APPELLATE TRIBUNAL UNDER SAFEMA

7.1. The Appellate Tribunal constituted under the Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976 (SAFEMA). It started functioning w.e.f. 03.01.1977.

7.2. With the passage of Finance Bill, 2016 w.e.f. from 1st June, 2016 the Appellate Tribunal constituted under Smugglers and Foreign Exchange Manipulator (Forfeiture of Property Act, 1976 is now hearing the appeals against the orders made under Narcotics Drugs and Psychotropic Substances Act, 1985 and Prevention of Money Laundering Act, 2002 also.

7.3. The Appellate Tribunal is located at New Delhi. It consists of a Chairman (who is, or has been a Judge of the Supreme Court or High Court) and four Members. The other four members are appointed from among the officers of the Central Government who are not below the level of Joint Secretary to the Government of India.

7.4. During the period 01.01.2016 to 20.12.2016 in total 426 Appeals (385 in PMLA, 32 in NDPS and 9 in SAFEMA) were filed and in addition 803 Miscellaneous petitions (745 in PMLA, 26 in NDPS and 32 in SAFEMA) were filed during the said period. Total 29 appeals (25 in PMLA and 4 in NDPSA/SAFEMA) were disposed off during the said period.

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. The 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 of 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 envisages establishment of an appellate forum, namely the Appellate Tribunal to hear the appeals filed against the orders of Competent Authority under SAFEMA/NDPSA Acts.

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 2016-2017 are given as under:-

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 (in Rs. lakhs)
		Number	Value (in Rs. Lakhs)	Number	Value (in Rs. Lakhs)	
1	**2**	**3**	**4**	**5**	**6**	**7**
2000-2001	491	159	2755	103	1662	201
2001-2002	228	89	7223.12	50	3202.39	107
2002-2003	995	72	1269.22	53	2498.60	18
2003-2004	1180	97	1547.75	25	977.01	51.6
2004-2005	1357	162	3251.64	25	650.93	73.67
2005-2006	607	214	10074.59	91	744.60	153.27
2006-2007	514	243	3017.27	112	868.57	2.63
2007-2008	507	210	12784.31	24	551.10	366.97
2008-2009	99	39	2065.88	28	1115.33	121.30
2009-2010	48	21	178.5	20	2153.20	Nil
2010-2011	128	19	1394.06	22	45.57	1123.49
2011-2012	112	17	690.85	22	391.58	191.27
2012-2013	40	13	3091.48	10	101.10	Rs.1294.28 lakhs + US $3400
2013-2014	61	5	73.55	3	118.73	608.37
2014-2015	54	24	643.908	18	3253.55	166
2015-2016	92	22	1553.81	12	308.93	11.52
2016-2017 (Jan-Dec 2016)	67	25	2237.75	11	595.31 and $3.08	410.27 and $4.44

9. CENTRAL BOARD OF EXCISE AND CUSTOMS

9.1. Organisation and Functions

9.1.1 Central Board of Excise & Customs (CBEC) deals with the task of formulation of policy concerning levy and collection of Customs and Central Excise duties, Service Tax, prevention of smuggling and evasion of duties and all administrative matters relating to Customs, Central Excise and Service Tax formations. The Board discharges the various tasks assigned to it, with the help of its field formations namely, the Zones of Customs & Central Excise, Commissionerates of Customs & Central Excise and the Directorates. It also ensures that taxes on foreign & inland travel are administrated as per the law and the collection agencies deposit the taxes collected to the public exchequer promptly.

9.1.2 Zones of Customs, Central Excise and Customs (Preventive)

The details about various field formations in CBEC is summarized in Table-1.

Table-1

Sl. No.	Formations	No. of formations
1	Central Excise Zones	23
2	Service Tax Zones	04
3	Central Excise Commissionerates	119
4	Service Tax Commissionerates	22
5	Audit Commissionerates	45
6	Customs Zones	11
7	Customs Commissionerates	60
8	Directorates Gen./ Directorates/ Other formations	19

i). Central Excise & Service Tax Formations: There are 23 integrated Central Excise & Service Tax Zones, 4 exclusive Service Tax Zones, 119 Central Excise Commissionerates and 22 Service Tax Commissionerates. Each of the Central Excise and Service Tax Commissionerates normatively has 5 Divisions and 25 Ranges. Central Excise Commissionerates that do Service Tax work have an additional Division and 5 Ranges exclusively assigned 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 Commissioners): Ahmedabad, Bangalore, Bhopal, Bhubaneshwar, Chandigarh, Cochin, Coimbatore, Jaipur, Mysore, Meerut, Mumbai-II, Nagpur, Pune, Ranchi, Shillong, and Vishakhapatnam.

Central Excise Commissionerates (headed by Principal Commissioner/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, Bhubaneswar-I, Bhubaneswar-II, Rourkela, Chandigarh-I, Chandigar-II, Ludhiana, Jammu & Kashmir, Jalandhar, Cochin, Calicut, Thiruvanathapuram, Coimbatore, Madurai, Salem, Tirunelveli, Tiruchirappally, Jaipur, Jodhpur, Alwar, Udaipur, Mysore, Mangalore, Belgaum, Meerut, Hapur, Ghaziabad, NOIDA-I, NOIDA-II, Dehradun, Mumbai-II, Mumai-III, Belapur, Raigarh, Nashik-I, Nashik-II, Nagpur-I, Nagpur-II, Aurangabad, Wardha, Pune-I, Pune-II, Pune-III, Pune-IV, Goa, Kolhapur, Ranchi, Bokaro, Patna, Dhanbad, Jamshedpur, Shillong, Guwahati, Dibrugarh, Vishakhapatnam, Kakinada, Nellore Guntur, Thirupati.

Service Tax Zones (headed by Chief Commissioner): Delhi, Mumbai, Chennai, Kolkata.

Service Tax Commissionerates (headed by Principal Commissioner/ 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, Pune.

Large Tax Payer Units (headed by Chief Commissioner): Bangalore, Kolkata, Chennai.

LTU Commissionerates (headed by Commissioners): Mumbai, Chennai, Kolkata, Delhi and Bangalore

ii). Customs Formations: There are Eleven (11) Customs Zones and sixty (60) Customs/ Customs (Preventive) Commissionerates. They have been assigned the following functions:-

(a) Implementation of the provisions of the Customs Act, 1962 and 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, NhavaSheva-I, NhavaSheva-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 Padpadgang& other ICDs, Mumbai Import-I, Mumbai-Import-II, Mumbai Export-I, Mumbai Export-II, Nhava Sheva-III, Nhava Sheva-IV, Nhava Sheva-V, Nhava 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.

iii). Strengthening of Audit Set-up in Central Excise and Service Tax Zones: In the present non-intrusive indirect taxes administration, it is 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, are functioning.

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.

iv). Appellate Machinery: Presently, there are 60 Commissioners of Central Excise, Service Tax and Customs (Appeals). The Commissioner (Appeals) work under the supervision of the Zonal Principal Chief Commissioners/ Chief Commissioners. 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. Orders of the Commissioner of Customs and Central Excise can be appealed against before the Customs, Excise and Service Tax Appellate Tribunals (CESTAT). CESTAT also hears appeals against the orders of Commissioner (Appeals).

v). 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 attend to Central Excise as well as Customs cases.

vi). Commissioners in CBEC (Board Office):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 Additional/ Joint Commissioners and 22 Deputy/ Assistant Commissioners.

vii). Attached/ Subordinate Offices (Directorates General / Directorates)

The functional requirement of the Department needs strengthening of Directorates, which have pan-India jurisdiction and assist CBEC in policy formulation and carry out specific assigned functions. In the performance of administrative and executive functions, the following attached / subordinate offices (Directorate/ Directorate General) 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 Performance Management

(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 Goods and Service Tax

(L) Directorate General of Valuation

(M) Directorate General of Tax Payer Services

(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 Duty & Service Tax;

(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, such as, Income Tax etc. in cases involving evasion of Central Excise duties;

(d) To investigate cases of evasion of Central excise duties & ST having inter-Commissionerate ramification; and

(e) To advise the Board and the Commissionerates on the modus operandi of evasion of Central Excise duties & Service Tax 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 Performance Management

i. To study the working of the Customs, Central Excise Departmental Machinery throughout the country.

ii. To suggest measures for improvement in 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 formations 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 monitor performance of the field formations in key result areas through monthly performance report compilation in Customs, Central Excise and Service Tax.

vi. To process rebate claims in terms of Board's notification or a treaty

vii. To function as the nodal office for implementation of the Rajbhasha (Official Language) Policy of Government in the field formations.

viii. To function as the Programme Manager to implement Authorized Economic Operator (AEO)Programme.

ix. Undertake functions and responsibilities of erstwhile Chief Commissioner Tax Arrears Recovery, viz., review the position of Arrears of Revenue of Central Excise and Customs and finalize and implement the strategy for realization of arrears with the objective of meeting the targets.

D. Directorate General of Human Resource Development

I. HRM Wing:

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 analyze 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.

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 Appraisal Reports (APAR);

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;

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:

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 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.

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 Officer Trainees 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 neighbouring 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 General of Systems and Data Management

■ **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.

■ **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 General of Audit

(a) To provide direction for evolution and improvement of audit techniques and procedures;

(b) To ensure effective and efficient implementation of new audit system by periodic reviews;

(c) To coordinate with the external agencies as well as other formations within the Department;

(d) To suggest measures to improve tax compliance;

(e) To gauge the level of audit standards and assesses satisfaction;

(f) To evolve the policy for development of a sound database as well as enhancing the skills of the auditors with a view to making the audit effective and meaningful;

(g) To aid and advise the Board in policy formulation and to guide and prove functional directions in planning, coordination and supervision of audits at local levels;

(h) To collate and disseminate the relevant information; and,

(i) To implement EA-2000 audits and related projects like risk management, CAAP audits etc.

I. Directorate General of Safeguards

(a) To investigate the existence of serious injury or threat of serious injury to the domestic industry as a consequence of increased imports of an article into India;

(b) To identify the article liable for safeguard duty;

(c) To submit the findings, provisional or otherwise, to the Central Government regarding 'serious injury' OR 'threat of serious injury' to the domestic industry consequent upon increased imports of an article from the specified country.

(d) To recommend the following;

(i) The amount of duty which, if levied, would be adequate to remove the 'injury' or 'threat of injury' to the domestic industry;

(ii) The duration of levy of safeguard duty and where the period so recommended is more than a year, to recommend progressive liberalization adequate to facilitate positive adjustment; and,

(e) To review the need for continuance of safeguard duty.

J. Directorate General of Export Promotion

(a) To interact with the Export Promotion Councils for various categories of export to sort out the difficulties being faced by the genuine exporters;

(b) To function in close liaison with allied agencies concerned with the exports to ensure that genuine exporters get the full advantages of the export schemes without any difficulties;

(c) To monitor the performance of the field formations through monthly and quarterly returns, like duty foregone statements, drawback payment statements and quarterly drawback payment statements and to compare and compile the same to enable the Ministry to review the policy;

(d) To carry out the appraisal studies to examine the efficacy of the existing legal provisions/ rules and procedures and suggest to the Ministry about the changes to be made, if any;

(e) To conduct post-audit of the Brand Rate fixed by the concerned commissioners and carry out physical verification of selected cases independently or with the help of the central excise formations;

(f) To conduct post audit of the select cases of duty free imports allowed under various Export Promotion Schemes in the customs and central excise formations; and,

(g) To work in close coordination with the Board with the Customs-IV Section and FTT Section of the 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 Goods and 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 General of Tax Payer Services

■ Taxpayer Services, Stakeholder Consultation & Grievance Redressal:

i Laying down service standards and monitoring, evaluating & reviewing the same from time to time to assess their effectiveness and efficiency,

ii Monitoring and reviewing Citizen's Charter and 'Sevottam' Programme at regular intervals and suggest improvements. where required

iii Conducting customer satisfaction surveys, independent third party audit and impact analysis so as to monitor the quality and efficiency of tax administration,

iv Assisting the CBEC in enhancing customer understanding and maximizing voluntary compliance

v Monitoring the functioning of PTFCs, RACs and Open House Meetings so as to share good practices across Zones;

vi Monitoring of e-Helplines set up by Customs, Central Excise and Service Tax Zones;

vii Monitoring the implementation of directions and awards given by Ombudsman to make this initiative more effective

viii Monitoring the "Tax Payer Service Centers" in the Commissionerates and Custom Houses and analyzing the activities through periodic activity reports sent by the Commissionerates and Custom Houses and take appropriate steps for improvement in quality and timely delivery of services and

ix Acting as a "Single Window Help Desk" for interface between taxpayers and field formations through a dedicated web based service portal In consultation with DGS&DM

■ **Publicity & Public Relations:**

i. Providing taxpayer information, taxpayer education and taxpayer assistance and designing and executing outreach programmes in coordination with NACEN, DG GST;

ii. Ownership, Content Management & updating information on CBEC website through content owners;

iii. Finalising an appropriate channel strategy to ensure that the service delivery is effective and is accessible to all

iv. Educating the tax payers as regards their rights and obligations in the matter of tax compliance

v. Compiling and issuing hand outs, Guidance Notes, brochures, leaflets , FAQs etc. on various subjects viz. baggage allowance, refund, drawback, rebate, Project imports, SSI exemptions, CENVAT scheme, appellate remedies including alternate channels like AAR and Settlement Commission for the benefit of taxpayers

vi. Organising interactive sessions with trade and industry and based on the feedback received suggest changes in tax laws and procedures to the CBEC

vii. Issuing internal communication aimed at attitudinal refinement of officials from that of regulators to facilitators and service providers

viii. Monitoring and executing the stakeholder consultation process for changes in policy and procedures; and

ix. Creating, putting in place and executing an appropriate media policy including social 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.

9.1.3 GST PREPARATION

The Government is determined to bring Goods and Services Tax from 01.04.2017. CBEC and its field formations are being geared up for this purpose. GST is the biggest tax reform and will be levied on supply of goods and services. The functions under Central Excise formations and Service Tax will get amalgamated. This will entail change in business processes as well as the structure of CBEC and its field formations.

9.2 REVENUE COLLECTIONS IN F.Y 2015-16

9.2.1 The total indirect tax collection during 2015-16 was Rs.7,08,883 crore (provisional figure) against the Budget Estimate (BE) of Rs.6,47,919 crore and Revised Estimate (RE) of Rs.7,03,642 crore. The overall growth in indirect tax collection in 2015-16 was nearly 30.1% over 2014-15. The tax head-wise details are given below.

Customs Duty

9.2.2 The RE was fixed at Rs. 2,09,500 crore against the BE of Rs.2,08,336 crore in 2015-16. The actual collection during 2015-16 was Rs. 2,10,338 crore (provisional figure), represented a growth of 11.9% over actual collections in 2014-15.

Central Excise Duty

9.2.3 In view of hike in excise duty rates on Petrol(MS) & Diesel(HSD) during the second half of FY 2015-16, the R.E was increased to Rs. 2,84,142 crore against BE of Rs. 2,29,809 crore in 2015-16. The actual collection during 2015-16 was Rs. 287149 crore (provisional figure), represented a growth of 52.1 % over actual collections in 2014-15.

Service Tax

9.2.4 The Swachh Bharat Cess was introduced w.e.f. 15th November, 2015 on all taxable services @ 0.5%. The R.E was fixed at Rs. 2,10,000 crore against the BE of Rs. 2,09,774 crore in 2015-16 The actual collection of service tax during 2015-16 was Rs. 2,11,396 crore (provisional figure) represented a growth of 25.9% over actual collections in 2014-15.

Revenue collections in F.Y 2016-17(April-November)

9.2.5 The Budget Estimate (BE) for indirect tax revenue for F.Y 2016-17 is Rs.7,78,000 crore (exclusive of other cess, not administered by DoR). The total indirect tax collection during 2016-17 (April-November) is Rs.5,52,805 crore (provisional figure) which shows a growth of 26.2% growth over actual collection in the corresponding period of previous year.

9.2.6 The revenue collections from indirect taxes since 2012-13 are tabulated below:

Year-wise Trends of Indirect Tax Revenue Collection (Rs. In Crore)

Sl. No.	MAJOR HEAD	2012-13	2013-14	2014-15	2015-16(P)	*2016-17(P)
I	**CUSTOMS**					
	BE	1,86,694	187308	201819	208336	230000
	RE	1,64,853	175056	188713	209500	
	Actuals	1,65,346	172085	188016	210338	148435
	% achievement of BE	88.6	91.9	93.2	101.0	64.5
	% achievement of RE	100.3	98.3	99.6	100.4	
	% growth over last year	**10.7**	**4.1**	**9.3**	**11.9**	**5.6**
II	**UNION EXCISE**					
	BE	1,94,350	197554	207110	229809	317000
	RE	1,71,996	179537	185480	284142	
	Actuals	1,76,535	170197	188787	287149	243819
	% achievement of BE	90.8	86.2	91.2	125.0	76.9
	% achievement of RE	102.6	94.8	101.8	101.1	
	% growth over last year	**21.2**	**-3.6**	**10.9**	**52.1**	**43.5**
III	**SERVICE TAX**					
	BE	1,24,000	180141	215973	209774	231000
	RE	1,32,697	164927	168132	210000	
	Actuals	1,32,601	154778	167969	211396	160551
	% achievement of BE	106.9	85.9	77.8	100.8	69.5
	% achievement of RE	99.9	93.8	99.9	100.7	
	% growth over last year	**36.0**	**16.7**	**8.5**	**25.9**	**25.7**
IV	**INDIRECT TAX TOTAL**					
	BE	5,05,044	5,65,003	6,24,902	647919	778000
	RE	4,69,546	5,19,520	5,42,325	703642	
	Actuals	**4,74,482**	**4,97,060**	**5,44,772**	**7,08,883**	**5,52,805**
	% achievement of BE	93.9	88.0	87.2	109.4	71.1
	% achievement of RE	101.1	95.7	100.5	100.7	
	% growth over last year	**20.9**	**4.8**	**9.6**	**30.1**	**26.2**

Source: Receipts Budget Document/PrCCA2015-16)

P-Provisional

** Exclusive of cesses not collected/administered by CBEC, DoR.*

Note:- F.Y.2016-17 Actual collection upto (April-November)[Provisional]

9.2.7 Budgetary Changes and Policy Initiative

9.2.7.1 ADDITIONAL RESOURCE MOBILISATION

9.2.7.2 CUSTOMS

Basic Customs Duty on cashew nuts in shell was increased from Nil to 5%.

9.2.7.3 EXCISE

(i) Excise duty on aerated waters, lemonade and other waters, containing added sugar or other sweetening matter or flavored was increased from 18% to 21%.

(ii) An Infrastructure Cess was levied on motor vehicles, of heading 8703, as under:

a) Petrol/LPG/CNG driven motor vehicles of length not exceeding 4m and engine capacity not exceeding 1200cc - 1%

b) Diesel driven motor vehicles of length not exceeding 4m and engine capacity not exceeding 1500cc - 2.5%

c) Other higher engine capacity motor vehicles and SUVs and bigger sedans - 4%.

Three wheeled vehicles, Electrically operated vehicles, Hybrid vehicles, Hydrogen vehicles based on fuel cell technology, Motor vehicles which after clearance have been registered for use solely as taxi, Cars for physically handicapped persons and Motor vehicles cleared as ambulances or registered for use solely as ambulance will be exempt from this Cess.

(iii) No credit of this will be available, and credit of no other duty can be utilized for payment of this Infrastructure Cess.

(iv) Excise duty on aviation turbine fuel [ATF], other than for supply to aircraft under the Regional Connectivity Scheme, was increased from 8% to 14%. ATF for supply to aircraft under the Regional Connectivity Scheme will continue to attract 8% excise duty.

9.2.7.4 Service Tax

(i) Krishi Kalyan Cess on all the taxable services at a rate of 0.5% on the value of such taxable services has been imposed vide section 161 of the Finance Act, 2016, which has come into effect from 1st June, 2016. Cenvat credit of the cess would be availed for payment of the cess amount. Amount collected from this cess shall be used for financing the initiatives relating to improvement of agriculture and welfare of farmers.

(ii) The Negative List entry that covers 'service of transportation of passengers, with or without accompanied belongings, by a stage carriage' has been omitted [section 66D (o)(i)]. Service tax would be leviable on transportation of passengers, with or without accompanied belongings, only by air-conditioned stage carriage.

(iii) Exemption to the services of transport of passengers, with or without accompanied belongings, by ropeway, cable car or aerial tramway has been withdrawn.

(iv) Exemption to construction, erection, commissioning or installation of original works pertaining to monorail or metro is being withdrawn, in respect of contracts entered into after 1st March 2016.

(v) All services provided by Government/Local authority to business entities has been made taxable w.e.f.01.04.2016 under reverse charge.

(vi) With a view to provide a level playing field to Indian service providers providing taxable online information and database access or retrieval [OIDAR] services including electronic services in India, the exemption to such services provided in India by service providers located in foreign territory has been withdrawn w.e.f 1st December, 2016. Thus cross border business to consumer [B2C] OIDAR services provided by a foreign service provider to a person in India hasl become taxable from 1st December, 2016 onwards.

9.2.7.5 Following services have been exempted from service tax

i. The services of life insurance business provided by way of annuity under the National Pension System regulated by Pension Fund Regulatory and Development Authority (PFRDA) of India.

ii. Services provided by Securities and Exchange Board of India (SEBI) set up under SEBI Act, 1992.

iii. Services provided by Employees' Provident Fund Organisation (EPFO) to employees.

iv. Services provided by Biotechnology Industry Research Assistance Council (BIRAC) approved biotechnology incubators to the incubatees.

v. Services provided by National Centre for Cold Chain Development under Department of Agriculture, Cooperation and Farmer's welfare, Govt. of India, by way of knowledge dissemination.

vi. Services provided by Insurance Regulatory and Development Authority (IRDA) of India.

vii. Services of general insurance business provided under 'Niramaya' Health Insurance scheme launched by National Trust in collaboration with private/public insurance companies for persons with autism, cerebral palsy, mental retardation and multiple disabilities.

viii. Services provided by way of skill/vocational training by training partners under Deen Dayal Upadhyay Grameen Kaushalya.

ix. Services by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of a civil structure or any other original works pertaining to the,-

a. "In-situ Rehabilitation of existing slum dwellers using land as a resource through private participation" component of Housing for All (HFA) (Urban) Mission/Pradhan Mantri Awas Yojana (PMAY), except in respect of such dwelling units of the projects which are not constructed for existing slum dwellers.

b. "Beneficiary-led individual house construction / enhancement" component of Housing for All (HFA) (Urban) Mission/Pradhan Mantri Awas Yojana (PMAY).

c. low cost houses upto a carpet area of 60 sq.m per house in a housing project approved by the competent authority empowered under the "Affordable housing in partnership" component of PMAY or any housing scheme of a State Government.

x. Exemption from Service Tax on services provided to the Government, a local authority or a governmental authority by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of -

(i) a civil structure or any other original works meant predominantly for use other than for commerce, industry, or any other business or profession;

(ii) a structure meant predominantly for use as (i) an educational, (ii) a clinical, or (iii) an art or cultural establishment;

(iii) a residential complex predominantly meant for self-use or the use of their employees or other persons specified in the Explanation 1 to clause 44 of section 65B of the said Act;

has been restored for the services provided in relation to contracts which had been entered into prior to 01.03.2015. The exemption has been restored till 31.03.2020.

xi. Exemption from Service Tax on services by way of construction, erection, commissioning, or installation of original works pertaining to an airport, port has been restored for the services provided in relation to contracts which had been entered into prior to 01.03.2015 till 31.03.2020.

xii. The service tax liability on single premium annuity (insurance) policies has been rationalised and the service tax would be charged on 10% of the premium in cases where the amount allocated for investment, or savings on behalf of policy holder is not intimated to the policy holder at the time of providing of service.

xiii Services provided by Government or a local authority to another Government or a local authority with some exceptions;

xiv Services provided by the Government or a local authority by way of: (i) registration required under the law; (ii) testing, calibration, safety check or certification as specified;

xv. Services by way of allocation of natural resources to an individual farmer for the purposes of agriculture;

xvi Service Tax payable on one time charge, payable in full upfront or in installments, for assignment of right to use any natural resource and not to any periodic payment required to be made by the assignee on yearly installments due after 1.4.2016 in respect of spectrum assigned before 1.4.2016 and on spectrum user charges and license fee payable after 1.4.2016 for the year 2015-16;

xvii Fines and liquidated damages payable to Government or a local authority for non-performance of contract entered into with Government or local authority

9.2.8 OTHER LEGISLATIVE AMENDMENT

9.2.8.1 Customs

Section 25 of the Customs Act, 1962, so as to omit the requirement of publishing and offering for sale on the date of its issue, by the Directorate of Publicity and Public Relations of CBEC, of notifications issued for publication in the Official Gazette.

9.2.8.2 Excise

■ Section 5A of the Central Excise Act, 1944 was amended, so as to omit the requirement of publishing and offering for sale on the date of issue, by the Directorate of Publicity and Public Relations of CBEC, of notifications issued for publication in the Official Gazette.

- The Third Schedule to the Central Excise Act, 1944 was amended so as to include therein:

a) All goods falling under heading 3401 and 3402;

b) Aluminium foils of a thickness not exceeding 0.2 mm;

c) Wrist wearable devices (commonly known as 'smart watches'); and

d) Accessories of motor vehicle.

9.2.8.3 Service Tax

a. The benefit of (a) quarterly payment of service tax and (b) payment on receipt basis which are available to individual /proprietorship service providers has been extended to One Person Company (OPC). Rule 6 of the Service tax Rules, 1994 has been amended accordingly.

b) Assignment by the Government of right to use the radio-frequency spectrum and subsequent transfers thereof has been included as a declared service under section 66E of the Finance Act, 1994 so as to make it clear that assignment of right to use the spectrum is a service leviable to service tax and not sale of intangible goods.

c) Refund of service tax on services used beyond the factory or any other place or premises of production or manufacture of the said goods for the export of the said goods has been made effective from date of issue of the parent notification.

d) Taxes, cesses or duties levied or penalty are not consideration for any particular service as such and hence not leviable to Service Tax;

e) Any activity undertaken by Government or a local authority against a consideration constitutes a service and the amount charged for performing such activities is liable to Service Tax;

f) In case of services provided by Government or a local authority to any business entity, the point of taxation shall be the earlier of the dates on which: (a) any payment, part or full, in respect of such service becomes due, or (b) such payment is made;

g) Interest chargeable on deferred payment in case of any service provided by Government or a local authority to a business entity, where payment for such service is allowed to be deferred on payment of interest, shall be included in the value of the taxable service;

h) CENVAT Credit of the Service Tax on one time charges (whether paid upfront or in installments) paid in a year, allowed to be taken evenly over a period of 3 (three) years. However, the Service Tax paid on spectrum user charges, license fee, transfer fee charged by the Government on trading of spectrum would be available in the year in which the same is paid. Likewise, Service Tax paid on royalty in respect of natural resources and any periodic payments shall be available as credit in the year in which the same is paid;

i) Service Tax liability for services provided by an arbitral tribunal (including the individual arbitrators of the tribunal) shall be on the service recipient if it is a business entity located in the taxable territory with a turnover exceeding rupees ten lakh in the preceding financial year;

j) It was directed that the discretion vested in the jurisdictional Deputy/Assistant Commissioner under rule 6(2) of the Service Tax Rules, 1994, should be exercised judiciously and rationally;

k) When the freight forwarder acts as an agent of an air line/carrier/ocean liner, the service of transportation is provided by the air line/carrier/ ocean-liner and the freight forwarder is merely an agent and the service of the freight forwarder will be subjected to tax while the service of actual transportation will not be liable for service tax under Rule 10 of POPS. In cases where the freight forwarder is undertaking all the legal responsibility for the transportation of the goods and undertakes all the attendant risks, he is providing the service of transportation of goods, from a place in India to a place outside India. It follows therefore that a freight forwarder, when acting as a principal, will not be liable to pay service tax when the destination of the goods is from a place in India to a place outside India;

l) In any given case involving hiring, leasing or licensing of goods, it is essential to determine whether, in terms of the contract, there is a transfer of the right to use the goods. Criteria laid down by the Supreme Court in the case of ***Bharat Sanchar Nigam Limited vs Union of India, reported in 2006 (2) STR 161 SC = 2006-TIOL-15-SC-CT-LB,*** must invariably be followed and applied to cases involving hiring, leasing or licensing of goods;

m) The exemption under the entries at Serial No. 12(e) and 25(a) of notification 25/2012-Service Tax, will cover a wide range of activities/services provided to a government, a local authority or a governmental authority and will include the activity of construction of tube wells;

n) The immovable property located in the immediate vicinity and surrounding of the religious place and owned by the religious place or under the same management as the religious place, may be considered as being located in the precincts of the religious place and extended the benefit of exemption under Notification No. 25/2012-Service Tax, Sl. No. 5(a).

9.2.9 'MAKE IN INDIA' INCENTIVES FOR DOMESTIC INDUSTRY

9.2.9.1 CUSTOMS

I. ORES AND CONCENTRATES

1) Export duty on iron ore fines and lumps with Fe content below 58% was fully exempted.

2) Export duty on chromium ores and concentrates, all sorts was fully exempted.

3) Export duty on bauxite was reduced from 20% to 15%.

II. MINERAL FUELS AND MINERAL OILS

1) Basic Customs Duty on coal, lignite and peat was rationalized at 2.5%.

2) Basic Customs Duty was rationalized at 5% for the following items:

a) Coke and semi-coke of coal, of lignite or of peat, whether or not agglomerated; retort carbon;

b) Coal gas, water gas, producer gas and similar gases, other than petroleum gases and other gaseous hydrocarbons;

c) Tar distilled from coal, from lignite or from peat and other mineral tars, whether or not dehydrated or partially distilled, including reconstituted tars; and

d) Pitch and pitch coke, obtained from coal tar or from other mineral tars.

3) Basic Customs Duty was rationalized at 2.5% on Oils and other products of the distillation of high temperature coal tar and similar products in which the weight of the aromatic constituents exceeds that of the non-aromatic constituents.

4) Basic Customs Duty as well as Additional Duty of Customs was exempted for specified goods required in connection with petroleum operations undertaken under against specified contracts under the Marginal Field Policy.

III. CHEMICALS AND PETROCHEMICALS

1) Basic Customs Duty on all acyclic hydrocarbons and all cyclic hydrocarbons [other than para-xylene which attracts Nil BCD and styrene which attracts 2% BCD] was rationalized at 2.5%.

2) Additional duty of customs levied under section 3(5) of the Customs Tariff Act [commonly known as SAD] on orthoxylene for manufacture of phthalic anhydride was reduced from 4% to 2%.

3) Basic Customs duty on denatured ethyl alcohol (ethanol) was reduced from 5% to 2.5% subject to actual user condition.

4) Electrolysers, membranes and their parts required by caustic soda / potash units using membrane cell technology were exempted from Basic Customs Duty.

IV. PAPER, PAPERBOARD AND NEWSPRINT

Basic Customs Duty on Wood in chips or particles for manufacture of paper, paperboard and news print were exempted.

V. TEXTILES

1) Basic Customs Duty on specified fibres, filaments/yarns from 5% to 2.5% was reduced.

2) Basic customs duty on import of specified fabrics, equivalent to 1% of FOB value of exports in the preceding financial year, for manufacture of textile garments for exports, subject to the specified conditions was exempted.

3) It was provided that the manufacturer or merchant-exporter, referred to therein, may also be registered with the Cotton Textiles Export Promotion Council, in addition to Apparel Export Promotion Council or the Synthetic and Rayon Textile Export Promotion Council and may seek certification from any of the aforesaid bodies for the purposes of availing duty free import entitlement under the said entry.

VI. METALS

1) Basic Customs Duty on brass scrap was reduced from 5% to 2.5%.

2) Basic Customs Duty on primary aluminium was increased from 5% to 7.5% and on other aluminium products from 7.5% to 10%.

3) Basic Customs Duty on zinc alloys was increased from 5% to 7.5%.

4) Basic Customs Duty on silica sands was reduced from 5% to 2.5%.

VII. JEWELLERY

Basic Customs Duty on Imitation jewellery was increased from 10% to 15%.

VIII. ELECTRONICS / HARDWARE

1) Basic Customs Duty on polypropylene granules / resins for the manufacture of capacitor grade plastic films was reduced from 7.5% to Nil subject to actual user condition.

2) Basic Customs Duty on E-Readers was increased from Nil to 7.5% and Basic Customs Duty on raw materials / parts of E -readers was increased to 5%, subject to actual user condition.

3) Nil Basic Customs Duty on magnetron of capacity of 1 KW to 1.5 KW for use in manufacture of domestic microwave ovens was extended, subject to actual user condition.

4) Machinery, electrical equipment and instrument and parts thereof for semiconductor wafer fabrication / LCD fabrication units was extended from Basic Customs Duty and SAD.

5) Machinery, electrical equipment and instrument and parts thereof imported for Assembly, Test, Marking and Packaging of semiconductor chips (ATMP) was exempted from Basic Customs Duty and SAD.

6) BCD, CVD and SAD exemption on charger / adapter, battery and wired headsets /speakers for manufacture of mobile phones was withdrawn.

7) Inputs, parts and components, subparts for manufacture of charger /adapter, battery and wired headsets / speakers of mobile, subject to actual user condition, was exempted from Basic Customs Duty, CVD and SAD.

8) Excise duty of '4% without ITC or 12.5% with ITC' on Routers, broadband Modems, Set-top boxes for gaining access to internet, set top boxes for TV, digital video recorder (DVR) / network video recorder (NVR), CCTV camera / IP camera, lithium ion battery [other than those for mobile handsets] was prescribed.

9) Parts, components, accessories and subparts for manufacture of Routers, broadband Modems, Set-top boxes for gaining access to internet, set top boxes for TV, digital video recorder (DVR) / network video recorder (NVR), CCTV camera / IP camera, lithium ion battery [other than those for mobile handsets] from Basic Customs Duty, CVD and SAD was exempted.

10) Exemption from Basic Customs Duty on Magnetic - Heads (all types), Ceramic / Magnetic cartridges and stylus, Antennas, EHT cables, Level meters/level indicators/ tuning indicators/ peak level meters/ battery meter/VC meters / Tape counters, Tone arms, Electron guns. They will now be chargeable to Basic Customs Duty of 7.5%/10% was withdrawn.

11) Specified telecommunication equipment [Soft switches and Voice over Internet Protocol (VoIP) equipment namely VoIP phones, media gateways, gateway controllers and session border controllers, Optical Transport equipment; combination of one / more of Packet Optical Transport Product/Switch (POTP/POTS), Optical Transport Network(OTN) products, and IP Radios, Carrier Ethernet Switch, Packet Transport Node (PTN) products, Multiprotocol Label Switching-Transport Profile (MPLS-TP) products, Multiple Input / Multiple Output (MIMO) and Long Term Evolution (LTE) Products, on which 10% Basic Customs duty was imposed in 2014-15 Budget, being non-ITA-I Bound goods] was excluded from the purview exemption from Basic Customs Duty under a separate exemption.

12) Basic Customs Duty exemption on preforms of silica for manufacture of telecom grade optical fibre /cables was withdrawn and 10% Basic Customs Duty imposed.

13) Specified capital goods and inputs for use in manufacture of Micro fuses, Sub-miniature fuses, Resettable fuses, and Thermal fuses were exempted.

14) Concessional Basic Customs Duty of 2.5% on Neodymium Magnet (before Magnetization) and Magnet Resin (Strontium Ferrite compound/ before formed, before magnetization) for manufacture of BLDC motors was exempted, subject to actual user condition.

15) Exemption from SAD on populated PCBs for manufacture of personal computers (laptop or desktop) and impose 4% SAD on such populated PCBs was withdrawn.

16) Exemption from SAD on populated PCBs for mobile phone/tablet computer and impose concessional 2% SAD on such populated PCBs was withdrawn.

IX. RENEWABLE ENERGY

1) Basic Customs Duty on industrial solar water heater was increased from 7.5% to 10%.

2) BCD exemption on solar tempered glass / solar tempered (anti-reflective coated) glass was

withdrawn and Basic Customs Duty of 5% was imposed.

X. AUTOMOBILES

1) Concessional 6% CVD and Nil Basic Customs Duty on specified parts of electric vehicles and hybrid vehicles was extended beyond 31 March 2016, without any time limit.

2) Description of "Engine for HV (Atkinson cycle)" to "Engine for xEV(hybrid electric vehicle)" for the purposes of Nil Basic Customs Duty and 6% CVD was changed.

3) Basic Customs Duty on golf cars was increased from 10% to 60%.

4) Basic Customs Duty on Aluminium Oxide for use in the manufacture of Wash Coats, which is used in the manufacture of catalytic converters [auto parts], subject to actual user condition, was reduced from 7.5% to 5%.

XI. CAPITAL GOODS

1) CVD exemption on specified machinery required for construction of roads was withdrawn.

2) Basic Customs Duty on specified capital goods and parts of capital goods falling under 96 Tariff Items was increased from 7.5% to 10%.

3) Tariff rate [rate approved by the parliament] of the Basic Customs Duty on specified capital goods and parts of capital goods falling under 115 Tariff Items was increased from 7.5% to 10%. The effective rate of Basic Customs Duty on these goods will be retained at 7.5%.

XII. MAINTENANCE, REPAIR AND OVERHAUL [MRO] OF ARICRAFT

1) Tools and tool kits were exempted from Basic Customs duty, CVD and SAD when imported by MROs [registered with the Directorate General of Civil Aviation], for maintenance, repair, and overhauling of aircrafts.

2) The procedure for availment of exemption from customs duties on parts, parts, testing equipment, tools and tool-kits for maintenance, repair and overhaul of aircraft based on records and subject to actual user condition were simplified.

3) The restriction of one year for utilization of duty free parts for maintenance, repair and overhaul of aircraft was removed.

4) The existing conditions of stay of aircrafts for MRO activity [60 days], so as to provide for stay up to 6 months, and provide for further extension by DGCA, as deemed fit was further relaxed.

5) Imports of serviceable parts by MROs for providing exchange / advance exchange and retention of the serviced part was prescribed.

XIII. SHIP REPAIR UNIT

1) The procedure for availment of exemption from Basic Customs Duty, CVD and SAD by ship repair units based on records and subject to actual user condition was simplified.

XIV. DEFENCE PRODUCTION

1) Exemption from Basic Customs Duty, CVD and SAD, presently available on direct imports of specified goods by Government of India or State Governments, was withdrawn with effect from 01.04.2016.

2) Exemption from Basic Customs Duty, presently available on imports of specified goods by contractors of the Government of India, PSUs or sub-contractors of PSUs, was withdrawn with effect from 01.04.2016.

XV. MISCELLANEOUS

1) Basic Customs Duty on natural latex rubber made balloons was increased from 10% to 20%.

2) Basic customs duty on import of Medical Use Fission Molybdenum-99 by Board of Radiation and Isotope Technology (BRIT) for manufacture of radio pharmaceuticals was fully exempted.

3) Concessional BCD of 2.5% on Pulp of wood when used for the manufacture of sanitary pads, napkins & tampons [other than adult diapers, for which BCD on pulp is already Nil] was provided.

4) Concessional BCD of 5% on Super Absorbent Polymer when used for the manufacture of sanitary pads, napkins & tampons was provided.

5) The concessional rate of Basic Customs Duty of 5% to 12 specified items [at eight digit level] required for medical, surgical, dental or veterinary use and the concessional rate of Basic Customs Duty of 2.5% was restricted to raw materials, parts and accessories required for manufacture of specified goods.

6) Special Additional Duty was restricted to 12 specified items [at eight digit level] required for medical, surgical, dental or veterinary use.

7) Export duty to Organic sugar up to 10,000 MT in a year beginning with October and ending with September was exempted subject to specified conditions. The exemption for the period ending with 30th September, 2016 was restricted to 2500 MT.

9.2.9.2 EXCISE

I. TEXTILES

1. Excise duty on branded readymade garments and made up articles of textiles of retail sale price of Rs. 1000 per piece or more from 'Nil without ITC or 12.5% with ITC' was changed to '2% without ITC or 12.5% with ITC' irrespective of their composition.

2. The tariff value [the value on which excise / CV duty is charged] of readymade garments and made up articles of textiles was changed from 30% of the retail sale price to 60% of retail sale price.

3. Excise duty on PSF / PFY manufactured from plastic scrap or plastic waste including waste PET bottles was changed from '2% without ITC or 6% with ITC' to '2% without ITC or 12.5% with ITC'.

II. RENEWABLE ENERGY

1) Excise duty on Unsaturated Polyester Resin (polyester based infusion resin and hand layup resin), Hardeners/Hardener for adhesive resin, Vinyl Easter Adhesive (VEA) and Epoxy Resin used for manufacture of rotor blades for wind operated electricity generators was increased from Nil to 6%.

2) Excise duty on carbon pultrusions for manufacture of rotor blades and intermediates, parts and sub-parts of rotor blades for wind operated electricity generators from 12.5% to 6% was reduced, subject to actual user condition.

3) "Valid agreement between importer / producer of power with urban local body for processing of municipal solid waste for not less than ten years from the date of commissioning of project" as an alternative to the condition of "production of valid power purchase agreement between the importer/producer of power and the purchaser, for the sale and purchase of electricity generated using non-conventional materials" for availing concessional customs/excise duty rates in case of power generation project based on municipal and urban waste was prescribed.

III. FOOTWEAR

1) Excise duty on rubber sheets & resin rubber sheets for soles and heels was reduced from 12.5% to 6%.

2) The abatement rate from retail sale price (RSP) for the purposes of RSP based excise duty assessment, for all categories of footwear, was revised from 25% to 30%.

IV. MACHINERY

1) Excise duty on electric motor, shafts, sleeve, chamber, impeller, washer required for the manufacture of centrifugal pump from 12.5% to 6% was reduced, subject to actual user condition.

2) Excise duty on parts of railway or tramway locomotives or rolling stock and railway or tramway track fixtures and fittings, railway safety or traffic control equipment, etc. was reduced from 12.5% to 6%.

V. ELECTRONICS AND HARDWARE

1) Excise duty of 2% [without ITC] or 12.5% [with ITC] on charger /adapter, battery and wired headsets /speakers, for supply to mobile phone manufacturers as original equipment manufacturer was provided.

2) Inputs, parts and components, subparts for manufacture of charger /adapter, battery and wired headsets /speakers of mobile phone, subject to actual user condition, from excise duty was exempted.

3) Excise duty of 4% without ITC or 12.5% with ITC on Routers, broadband Modems, Set-top boxes for gaining access to internet, set top boxes for TV, digital video recorder (DVR) / network video recorder (NVR), CCTV camera / IP camera, lithium ion battery [other than those for mobile handsets] was prescribed.

4) Parts and components, subparts for manufacture of Routers, broadband Modems, Set-top boxes for gaining access to internet, set top boxes for TV, digital video recorder (DVR) / network video recorder (NVR), CCTV camera / IP camera, lithium ion battery [other than those for mobile handsets] was exempted from excise duty.

VI. METALS AND METAL ARTICLES

1) Excise duty on disposable containers made of aluminium foils from 2% (without ITC) or 6% (with ITC) to 2% (without ITC) or 12.5% (with ITC) was changed.

VII. AUTOMOBILES

1) Concessional 6% excise duty on specified parts of electric vehicles &hybrid vehicles was extended beyond 31 March 2016, without any time limit.

2) Description of "Engine for HV (Atkinson cycle)" to "Engine for xEV(hybrid electric vehicle)" for the purposes of concessional 6% excise duty was changed.

VIII. MAINTENANCE, REPAIR AND OVERHAUL [MRO] OF ARICRAFT

1) Exemption from excise duty to tools and tool kits when procured by MROs for maintenance, repair, and overhauling [MRO] of aircraft subject to a certification by the Directorate General of Civil Aviation was extended.

2) The procedure for availment of excise duty exemption on parts, parts, testing equipment, tools and tool-kits for maintenance, repair and overhaul of aircraft based on records was simplified.

3) The restriction of one year for utilization of duty free parts for maintenance, repair and overhaul of aircraft was removed.

IX. SHIP REPAIR UNIT

Exemption from excise duty on capital goods and spare thereof, raw materials, parts, material handling equipment and consumable for repairs of ocean-going vessels by a ship repair unit was provided, subject to actual user condition.

9.2.10 EASE OF DOING BUSINESS

9.2.10.1 CUSTOMS

I. PETROLEUM EXPLORATION AND PRODUCTION

1) The exemptions from customs duties on specified goods imported for petroleum exploration under various types of licenses or mining leases, pre-NELP contracts, NELP contracts, Marginal Fields Policy and the Coal Bed Methane Policy were merged into a single exemption with a unified list of specified goods and conditions.

2) The exemptions from customs duties on imports of goods required for exploration & production of hydrocarbon activities undertaken under Petroleum Exploration Licenses (PEL) or Mining Leases (ML) issued or renewed before 1st April 1999 were extended.

II. CLARIFICATIONS

1) Imports of specified goods under notification No.51/96-Customs dated 23.07.1996 are exempt from both, Additional duty of Customs levied under Section 3(1) of the Customs Tariff Act, 1975 [commonly known as CVD] and Additional duty of Customs levied under Section 3(5) of the Customs Tariff Act, 1975[commonly known as SAD] was clarified.

2) It was clarified that any Power Project, Listed for exemption from BCD and CVD and awarded under ICB are eligible for excise duty exemption under S. No 336 of Notification 12/20102-CE, provided they fulfill other conditions.

3) It was clarified that S.No.138A of notification No.12/2012-Customs dated 17.03.2012 seeks to exempt LNG with reference to the consumption of an equivalent quantity for authorized operations in the SEZ unit during any one of the preceding months against which no duty free import has been claimed by the SEZ under the said S.No.138A and that the expression 'preceding month' shall be construed accordingly.

4) It was clarified that positive thermal coefficient (Relays) were eligible for concessional BCD of 5% for the past period and prospectively to include their classification in the relevant exemption entry.

III. PROCEDURAL MEASURES

The rules prescribing procedure for import of goods at concessional rates of customs for certain specified purposes were simplified.

9.2.10.2 EXCISE

I. ABOLITION OF CESSES: 13 cesses levied by other Ministries / Departments and administered by the Department of Revenue, from each of which the revenue collection is less than Rs.50 crore in a year were abolished.

II. ASSESSMENT BASED ON RETAIL SALE PRICE

1) Retail Sale Price [RSP] based assessment of excise duty to all goods falling under heading 3401 and 3402 with the abatement rate of 30% was extended.

2) Retail Sale Price [RSP] based assessment of excise duty was extended to:

a) aluminium foils of a thickness not exceeding 0.2 mm [with abatement rate of 25%],

b) wrist wearable devices (commonly known as 'smart watches') [with abatement rate of 35%], and

c) accessories of motor vehicle [with abatement rate of 30%].

III. CLARIFICATIONS

1) The scope of the exemption under notification No. 10/97-Central Excise covers engineering goods also, subject to fulfilment of other conditions was clarified.

2) It was clarified that for the past period credit of basic excise duty [BED] can be utilized for payment of NCCD levied on all goods [other than mobile phone].

3) It was prospectively provided that credit of other duties [including BED] cannot be utilized for payment of NCCD on motor vehicles.

4) It was clarified that the area based excise duty exemption presently available to the North Eastern States including Sikkim [for which the sunset clause is 31.03.2017] will be available to an existing unit on second substantial expansion as well, provided that the concerned unit commences commercial production from such expanded capacity not later than 31.03.2017 and it satisfies other conditions as stipulated in the notification.

5) It was clarified that the exemption from excise duty, under notification No.108/95-CE dated 28.08.1995 is also available to sub-contractors for manufacture and supply of goods for or on behalf of the main contractor (who has won the contract for the supply of goods to the projects financed by the UN or an international organization and approved by the Government of India) for execution of the said project, subject to compliance of other specified conditions, if any.

IV. PROCEDURAL MEASURES

1) Rules prescribing procedure for domestic procurements of goods at concessional excise duties subject to actual use condition were simplified.

2) The number of returns to be filed by a central excise assessee, above a certain threshold, from 27 to 13 that is, one annual and 12 monthly returns. Monthly returns are already being e-filed. CBEC will provide for e-filing of annual return also. The annual return will also have to be filed by service tax assessees, above a certain threshold, taking total number of returns to three in a year for them was reduced.

9.2.11 MOVEMENT TOWARDS GST AND BROADENING OF TAX BASE

9.2.11.1 TEXTILE

Excise duty on all branded readymade garments and made ups, having a retail sale price of Rs.1000 or more, was changed from 'Nil without ITC or 6%/12.5% with ITC' to '2% without ITC or 12.5% with ITC'.

9.2.11.2 JEWELLERY

1) Excise duty exemption on Articles of Jewellery [excluding silver jewellery, other than studded with diamonds or other precious stones namely, ruby, emerald and sapphire] was withdrawn and '1% without ITC or 12.5% with ITC' was imposed on them, with a higher threshold exemption upto Rs. 6 crore in a year and eligibility limit of Rs.12 crore, along with simplified compliance procedure.

2) 1% excise duty (without input and capital goods credit) on parts of articles of jewellery falling under heading 7113 of the Central Excise Tariff Act, 1985 (5 of 1986) was prescribed. Further, a criteria for classification of an articles of jewellery or part of articles of jewellery or both as that of a particular precious metal was prescribed.

2) Central Excise duty on articles of jewellery falling under heading 7113 of the Central Excise Tariff Act, 1985 (5 of 1986) manufactured by:

(a) re-conversion of jewellery given by the retail customer, or;

(b) mounting of precious stone given by the retail customer, was partially exempted

4) SSI Exemption limit and the SSI Eligibility limit for articles of jewellery or parts of articles of jewellery or both, falling under heading 7113 of the Central Excise Tariff Act, 1985 (5 of 1986) was increased.

5) Handicrafts falling under heading 7113 of the Central Excise Tariff Act, 1985 (5 of 1986), from the purview of excise duty exemption for "handicrafts" were excluded.

6) Tariff values for articles of jewellery or parts of articles of jewellery or both, falling under heading 7113 of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986) were notified.

7) The Articles of Jewellery (Collection of Duty) Rules, 2016, applicable to articles of jewellery or parts of articles of jewellery or both falling under heading 7113 of the Central Excise Tariff Act, 1985 (5 of 1986) were notified.

8) The Central Excise Rules, 2002 in relation to articles of jewellery or parts of articles of jewellery or both, falling under heading 7113 of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986) were amended.

9) CENVAT Credit Rules, 2004 in relation to articles of jewellery or parts of articles of jewellery or both, falling under heading 7113 of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986) were amended.

10) A modified format for quarterly return, ER-8, for

return of excisable goods cleared at the Central Excise duty rate of 1% [including articles of jewellery or parts of articles of jewellery or both, falling under heading 7113] or 2% was provided.

11) Provisions were made so as to:

i. provide that a person engaged in the manufacture of articles of jewellery or parts of articles of jewellery or both, falling under chapter heading 7113 of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986) may get himself registered by 31st day of July, 2016;

ii. exempt a person engaged in the manufacture of articles of jewellery or parts of articles of jewellery or both, falling under chapter heading 7113 of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986) from the requirement to submit plan of the factory premises under simplified registration procedure.

12) A manufacturer or principal manufacturer of articles of jewellery or parts of articles of jewellery or both, falling under heading 7113 of the Central Excise Tariff Act, 1985 (5 of 1986) was exempt from taking central excise registration upto the full exemption limit and from filing of annual return.

9.2.12 SWACHH BHARAT

9.2.12.1 EXCISE

I. ENERGY SECTOR

The name of 'Clean Energy Cess' levied on coal, lignite and peat to 'Clean Environment Cess' was changed and its rate was increased from Rs.200 per tonne to Rs.400 per tonne.

II. MISCELLANEOUS

Excise duty on sacks and bags of polymers of ethylene as well as other plastics was rationalized at 15%.

9.2.13 RELIEF MEASURES

9.2.13.1 CUSTOMS

I. AGRICULTURE & FOOD PROCESSING

1) Concessional 5% Basic Customs Duty as presently available under project imports for cold storage, cold room (including for farm level pre-cooling) to project imports for 'cold chain including pre-cooling unit, pack houses, sorting and grading lines and ripening chambers' was also extended.

2) Basic Customs Duty on refrigerated containers was reduced from 10% to 5%.

II. MISCELLANEOUS

1) The present duty free import allowance for bona fide gifts imported by post or air or by courier service was increased from Rs.10000 to Rs.20000.

2) Excise duty exemption on remnant kerosene, presently available for manufacture of Linear alkyl Benzene [LAB] and heavy alkylate [HA] to N-paraffin. This exemption is restricted to manufacturers of LAB and HA was extended.

3) Exemption from Basic Customs Duty on Braille paper was extended.

4) "Foreign Satellite data" on storage media when imported by National Remote Sensing Centre (NRSC), Hyderabad from Basic Customs Duty, CVD and SAD was exempted.

5) Disposable sterilized dialyzer and micro barrier of artificial kidney was exempted from Basic Customs Duty, excise duty / CVD and SAD.

9.2.13.2 EXCISE

I. AGRICULTURE & FOOD PROCESSING

1) Excise duty on refrigerated containers was reduced from 12.5% to 6%.

2) Excise duty exemption on ethanol produced from molasses generated in the sugar season 2015-16 (i.e. 1st October, 2015 to 30th September 2016), for supply to the public sector OMCs for blending with petrol was withdrawn.

II. PETROLEUM

1) The rate of Oil Industries Development Cess, on domestically produced crude oil [OIDB Cess under the Oil Industry (Development) Act, 1974], from Rs. 4500 PMT to 20% ad valorem was reduced.

2) A concessional rate of Basic Excise Duty of 2% was prescribed for Aviation Turbine Fuel drawn by operators or cargo operators from the Regional Connectivity Scheme (RCS) airports for a period of 3 years.

III. **FERTILISERS**

1) Excise duty on micronutrients [covered under S. No. 1(f) of Schedule 1 Part (A) of the Fertilizer Control Order, 1985 and manufactured by the manufacturers which are registered under the FCO, 1985] was reduced from 12.5% to 6%.

2) Excise duty on physical mixture of fertilizers, out of chemical fertilizers on which duty of excise has been paid, by Co-operative Societies, holding

certificate of manufacture for mixture of fertilizers under the Fertilizer Control Order 1985, for supply to the members of such Co-operative Societies was exempted.

IV. MISCELLANEOUS

1) Excise duty on improved cookstoves including smokeless chulhas for burning wood, agrowaste, cowdung, briquettes, and coal was exempted unconditionally.

2) Clean Energy Cess / Clean Environment Cess on coal, lignite or peat produced or extracted as per traditional and customary rights enjoyed by local tribals without any license or lease in the State of Nagaland was exempted.

3) Excise duty exemption, presently available to Concrete Mix manufactured at site for use in construction work at such site to Ready Mix Concrete [3824 50 10] manufactured at the site of construction for use in construction work at such site, and to define the expression 'site' in the exemption notification was extended.

4) Solar lamp was exempted from excise duty.

5) Entry "5A" was inserted for transportation of passengers embarking from or terminating in a Regional Connectivity Scheme (RCS) airports, with abatement of 90%, for a period of one year from the date of commencement of operations of the Regional Connectivity Scheme (RCS) airport, with condition of without taking any CENVAT credit.

9.2.14 PUBLIC HEALTH

9.2.14.1 EXCISE

1) Excise duty on cigarettes was increased by about 10% across all lengths of non-filter and filter cigarettes. Similar increases are also proposed on cigars, cheroots and cigarillos and others of tobacco substitutes.

2) Basic excise duty on pan masala, gutkha, unmanufactured tobacco, chewing tobacco, jarda scented tobacco and filter khaini was increased by about 15%. Accordingly, deemed production and duty payable per machine per month are being notified with reference to the speed slabs in which the maximum speed of a packing machine falls was increased.

9.2.15 ANTI-AVOIDANCE MEASURES

9.2.15.1 CUSTOMS

1) Basic Customs Duty exemption on imports of Plans, drawings and designs was withdrawn.

2) Concessional CVD was increased from 8% to 8.75% on gold dore bars. Concessional CVD was increased from 7% to 7.75% on silver dore. Accordingly, other consequential changes.

3) Actual user condition for the imports of Phosphoric Acid and Anhydrous Ammonia for manufacture of Fertilizers was prescribed.

4) Actual user condition in respect of LCD/LED/OLED Panels for manufacture of LCD/LED/OLED TVs was prescribed.

9.2.15.2 EXCISE

1) Excise duty payable per machine per month on 'chewing tobacco without lime tube / lime pouches' and 'jarda scented tobacco' was aligned by providing the same speed slabs for both the products.

2) The concessional excise duty on refined gold bars manufactured from such gold dore was changed from 9% to 9.5%, maintaining an advantage of 0.75% for the existing units in excise exempt areas. The concessional excise duty on refined silver manufactured from such silver dore was changed from 8% to 8.5%. Other consequential changes were also made. Excise duty exemption was prospectively withdrawn under the existing area based exemptions on refined gold and silver.

9.2.16 IMPROVEMENT OF OFFICE INFRASTRUCTURE

Archived records, files and documents available in the TRU Section of Department of Revenue were digitized and made available as searchable files on CD as well on designated secure computers in TRU. Archived files of past about 30 years were taken up for digitization on high speed automatic document feeder scanning machines. Individual files were unbound, individual sheets segregated and fed into the scanning machines and scanned in PDF format. Scanning in PDF format preserves the document in its original state i.e. not only is the text of the document/record preserved but also the notings etc. on the face of the documents or in the margins.

This would greatly enhance the research capabilities of the unit and is also likely to free up space. Moreover, digitization ensures that the files/records are preserved for posterity and never mis-placed/lost. The initiative was also featured in the World Customs Organisation (WCO) Photo Competition 2016-17.

9.3 CUSTOMS FACILITATION MEASURES

Steps taken by Indian Customs for ensuring "Ease of Doing Business" are as under:-

9.3.1. Facility of deferred payment: Customs, Deferred Payment of Import Duty Rules,2016 have been notified to come into effect from 16.11.2016. Further, importers certified under AEO Programme (Tier-Two) and (Tier-Three) respectively have been notified for availing the benefit of these Rules.

9.3.2. Introduction of Revised Authorised Economic Programme(AEO): As a further step towards trust based compliance, Indian Customs has introduced the new Authorised Economic Operator(AEO) Programme wherein extensive benefits, including greater facilitation and self certification, have been provided to those entities who have demonstrated strong internal control system and compliance with CBEC.

9.3.3. Relaxation in Insurance cover/Bond/BG: Requirement of Insurance cover to be taken by Customs Cargo Service Providers(CCSP) in respect of goods stored in Customs Areas has been brought down from 30 days to 10 days.

Similarly, requirement of submitting a Bond equal to the value of imported goods stored in a Customs Area for a period of 30 days has been brought down to 10 days. Due to this measure, the Bank Guarantee(BG) amount to be tendered was linked to duty of goods likely to be stored for 30 days. By reducing the period to 10 days, the BG amount would also come down thereby, reducing the transaction cost.

9.3.4. Setting Up of Customs Clearance Facilitation Committee (CCFC): High level administrative Committee i.e. 'Customs Clearance Facilitation Committee' (CCFC) has been set-up at every major Customs seaport and airport under the chairmanship of Chief Commissioner of Customs/Commissioner of Customs. Its membership includes the senior-most functionary of all the departments/agencies/ stakeholder at the particular seaport/airport. CCFCs have now been ordered to be set up for ICDs and Land Customs Stations.

9.3.5. Amendments in Warehousing provisions for introducing record based controls:The department has made significant amendments in warehousing provisions to leverage the benefits of automation for facilitating trade and to enable the department to monitor the permitted period for which goods remain in the warehouse. The amended provisions provide a single point for the importer or owner to seek extension of the warehousing period and pay duties online.

9.3.6. Indian Customs Single Window Project -Indian Customs has introduced SWIFT (Single Window Interface for Facilitating Trade) for ensuring ease of doing business. Under Indian Customs Single Window Project, the importers electronically lodge their Customs clearance documents at a single point only with the Customs. The required permission, if any, from other regulatory agencies (such as Animal Quarantine, Plant Quarantine, Drug Controller, Textile Committee etc.) is obtained online without the importer/exporter having to separately approach these agencies. Benefits of Single Window Scheme include:

a) Reduced cost of doing business;

b) Enhances transparency;

c) Integration of regulatory requirements at one common platform reduces duplicity and cost of compliance;

d) Optimal utilization of man power;

9.3.7. Reduction in mandatory documents for imports and exports : In order to simplify procedures to facilitate genuine trade, CBEC has reduced the number of mandatory documents and prescribed only three mandatory documents for general import/export. Packing list and commercial invoice has been merged into a single document for Customs purposes. Also SDF form required to be submitted along with shipping bill (export declaration) is no longer required. However, for import and export of special nature under preferential agreements etc, other documents may be required to be submitted by the importer/exports.

9.3.8. Adoption of Digital Signature:In order to encourage paper less working and dispense with the requirement of physical submission of documents 'Digital Signature' has been introduced for importers, exporters, airlines, shipping lines etc

9.3.9. 24x7 Customs Clearance: CBEC has introduced the facility of 24x7 Customs clearance for 'facilitated' Bills of Entry and factory stuffed containers and goods exported under free Shipping Bills at

9.3.10. Abolition of Mate Receipt: With the automation of Customs procedures, manual issuance of mate receipt for containerized cargo has become redundant and therefore dispensed with.

9.3.11. Reducing/eliminating printouts in Customs Clearance: With the aim of ease of doing business' and promoting paperless clearance, Board has decided to do away with routine print-outs of several documents including GAR 7 Forms/ TR 6 Challans, TP copy, Exchange Control Copy of Bill of Entry and Shipping Bill, and Export Promotion copy of Shipping Bill.

9.3.12. The Courier Imports and Exports (Clearance) Amendment Regulations,2016: Several reforms have been initiated in Courier regulations including liberalization of norms for outsourcing and CSB form. A new automated system known as Express Cargo Clearance System has been developed on PPP model by Express Industry Council of India to speed up clearance process of courier consignments. The new system has been introduced as a pilot project at Courier Terminal, CSI Airport, Mumbai w.e.f. 5th December, 2016

9.3.13. National Committee on Trade Facilitation(NCTF): NCTF has been constituted for implementation of WTO Trade Facilitation agreement. Its first meeting was held on 28-10-2016. The Cabinet Secretary and the Chairman of the NCTF, Mr.P.K.Sinha in his key note address stressed the need to continuously move towards higher standards of excellence so that the trade eco system becomes more growth oriented. He emphasized that since the TFA may become a binding Agreement shortly, India had to be in a state of readiness, especially for the Category 'A' commitments. He summed up the significant areas of TFA as simplification of procedures, reduction in time and cost, augmentation of infrastructure and greater use of technology. He also directed that the Steering Committee, working under NCTF, will be co-chaired by the Revenue Secretary and the Commerce Secretary. He decided that in the initial phase the NCTF and the Steering Committee may meet more frequently to firm up the contours of TFA implementation plan

9.3.14. Import Data Processing and Management System (IDPMS) has been jointly launched with RBI to facilitate efficient data processing for payment of imports and effective monitoring.

9.3.15. Email notification service to importers for all important stages related to import clearances has been initiated.

9.3.16. Passenger Facilitation at the Airport: Multiple steps have been taken by the department to facilitate passengers at the International Airports. Earlier requirement of filling Customs Declaration Form by domestic passengers travelling in the domestic leg of the International has been done away with. Further, the Customs declaration forms are mandatory only for passengers carrying dutiable or prohibited goods. Two major airports, namely Mumbai and Bangalore have conducted Passenger satisfaction survey to analyse the perception of passengers towards Customs clearance. A mobile app in English was launched displaying Baggage Rules and Customs clearance procedure which has made it easier for passenger to source information on Customs clearance in their mobile phones. Another multi-lingual mobile app has been launched. There are ongoing efforts to display Customs duty related information prominently at the airports. Local initiatives have been taken by some of the international airports by way of pamphlets, installing feedback kiosks and maintaining dedicated social media pages for complaints and feedback.

9.4 CENTRAL EXCISE: Various Circulars/ Notifications issued to simplify/clarify issues in order to reduce disputes and simplify procedures, which are as follows:-

a) 1022/10/2016-CX dated 06-04-2016 Classification pertaining to Micronutrients, Multi-micronutrients, Plant Growth Regulators and Fertilizers was clarified to reduce litigation and ambiguity on the i

b) 1023/11/2016-CX dated 08- Procedure to be followed in case of CERA/CRA objection was clearly laid down.

c) 1028/16/2016-CX dated 26-04-2016 Clarification was issued on disposal of call book cases decided by courts or on which the Board has issued clarification

d) 1029/17/2016-CX dated 10-05-2016 Clarification on segregation of impurities viz. iron, steel, rubber, plastic, dust etc. from honey grade brass scrap issued to reduce litigation.

e) 1032/20/2016-CX dated 28-06-2016 issued for ease of doing business a facilitation measure was provided to an importer who is also a first stage dealer of having an option of taking Common registration and filing common return.

f) 1034/22/2016-CX dated 01-07-2016: As a facilitation measure procedure was prescribed for supply of bunker fuel to Indian ship/vessel carrying containerized cargo

g) 1035/23/2016-CX dated 04-07-2016: Clear procedure was prescribed to the field formations on recovery of confirmed demands during the pendency of stay application in light of the Court's orders.

h) 1036/24/2016-CX dated 06-07-2016 Scope of word 'site' appearing in Notification No. 12/2012-Central Excise, dated 17.03.2012 was clarified for reducing litigation and ambiguity.

i) 1037/25/2016-CX dated 19-07-2016 For uniformity in the practice of assessment classification of Tamarind Kernel Powder was provided.

j) 1038/26/2016-CX dated 19-07-2016 issued to clarify that manual signatures on digital signed invoices by manufacturers or service providers, are valid documents for taking CENVAT credit if customers are unable or unwilling to receive goods or services on digitally authenticated invoices, Such invoices would be authenticated by two signatures ,digital as well as manual.

k) 1039/27/2016-CX dated 21-07-2016 Clarification was issued on classification of Micronutrients, Multi-micronutrients, Plant Growth Regulators and Fertilizers-clarification regarding classification of Glyphosates.

l) 1046/34/2016-CX dated 16-09-2016 Issued to clarify that the second proviso to para 6 of the noti.no.22/2003 CE dated 31.03.2013 and the proviso to para 3 of noti.no.52/2003-CUS dt 31.03.2003 would not be applicable, in case of supply of goods by EOU to advance licence/ Authorisation holders in DTA.

m) 1047/35/2016-CX dated 16-09-2016 Clarification issued to remove difficulty of trade in availing drawback of customs portion and rebate of duties of excise on raw material used in the manufacture or processing of export goods.

n) 1048/36/2016-CX dated 20-09-2016 to provide for procedure for availing CENVAT Credit of service tax paid on transportation of goods by rail.

o) 1049/37/2016-CX dated 29-09-2016: Monetary limits for adjudication of show cause notices in central excise and service tax was revised by this circular.

p) Notification No. 23/2016-CENT dated 01.04.2016 By this notification, CENVAT Credit Rules, 2004 was amended to make changes in Rule 6.

q) Notification No 30/2016-CENT dated 28.06.2016 issued to provide that a person who is registered as an importer shall not be required to take registration as an first stage dealer and vice versa.

r) Notification No 31/2016-CENT dated 04.07.2016 was issued to amend the notification no. 17/ 2004-CE (NT) dated 04.09.2004 for supply of exempted bunker fuel to the specified Indian Ships / Vessels from the warehouse.

s) Notification No 44/2016-CENT dated16.09.2016 was issued to amend Form ARE-2 which was prescribed by principal notification no. 21/2004 CENT dated 06.09.2004.

t) Notification No 45/2016-CENT dated 20.09.2016 was issued to amend CENVAT Credit Rules, 2004 to mitigate the procedural difficulty faced in taking CENVAT Credit.

9.5 SERVICE TAX

9.5.1 In the 2016 Budget provisions have been made for the liberalisation and simplification of the input credit scheme, increase the prosecution limit to Rs 2 crores, raise the limit of arrest to 2 crores only in cases of collecting Service Tax and not depositing it with the Government, extending the benefit of closure of proceedings against the main noticee to the co noticees also, reduction in the rate of interest to 15% and having a higher rate of 24% only in cases of collection of service tax and not depositing it with the Government. E payment of refunds and rebates are being done through RTEGS/ NEFT

9.5.2 As part of the continuing efforts for bring clarity on contentious issues, Circulars were issued on: the principles to be followed in order to determine whether the right to use is transferred; Service Tax liability in case of hiring of goods without the transfer of the right to use goods ; construction of tube wells getting covered by the exemption to services provided by way of water supply; Service Tax on freight forwarders on transportation of goods from India; guidelines for arrest in relation to the offences punishable under the Finance Act, 1994 and Central Excise Act , 1944; and provisional attachment of property under Section 73C of the Finance Act, 1994.

9.5.3 Keeping the larger national interest in mind, exemption has been given to services by way of transportation by educational institutions to students, faculty and staff for the period starting from the first of

April 2013 to the tenth of July 2014; services by way of advancement of Yoga for the period commencing on the first of July 2012 and ending with the twentieth day of October 2015; and the services provided by the specified organisations in respect of a religious pilgrimage facilitated by the Ministry of External Affairs of the Government of India, under bilateral arrangement for the period from the first day of July 2012 to the nineteenth day of August 2014.

9.5.4 With an aim to wipe out the pendency of litigation and to help the public and to augment revenue, adjudication limits have been raised for all the adjudicating authorities other than Commissioners.

9.5.5 To give a fillip to digital transactions, an instruction has been brought out not to reopen cases for reassessment for increased turnover alone due to digital transactions.

9.6 ANTI-SMUGGLING PERFORMANCE

9.6.1 The Anti-Smuggling Unit assists the Central Board of Excise & Customs (CBEC) in the formulation of the policy and provisions of logistics for effective implementation of anti-smuggling measures through the Directorate of Revenue Intelligence (DRI), Directorate of Logistics (DoL) and other Customs Field Formations. The Anti-Smuggling Unit coordinated with other Ministries, National Security Council Secretariat (NSCS), Central Economic Intelligence Bureau (CEIB), Economic Intelligence Counsil (EIC), National Committee on Strengthening Maritime and Coastal Security (NCSMCS), etc. on issues relating to economic, marine, coastal and national security.

9.6.2. Anti-Smuggling performance (up to November, 2016)

	F.Y.2016-17 (up to November, 2016)		Upto the corresponding month of previous F.Y. 2015-16	
Seizures effected	**No. of cases**	**Value (Rs. In Crores)**	**No. of cases**	**Value (Rs. In Crores)**
Outright Smuggling Cases	28025	3536.78	23473	1253.41
Commercial Fraud Cases	876	1522.95	449	883.05
	No. of cases	**Duty involved Rs. In Crores**	**No. of cases**	**Duty involved Rs. in Crores**
Duty Evasion Cases	1500	1192.83	2149	2023.97
	No. of cases	**Duty in Crores**	**No. of cases**	**Duty in Crores**
Amount Recovered	1716	656.75	947	849.55

9.6.3 Disposal of Goods

The total disposal target was fixed during the F.Y. 2016-17 is Rs.1153.19 crore. Out of which, as a result of intense monitoring in this Financial Year (April-October, 2016), so far a total Rs.300.14 Crore (book value) out of pro-rata target Rs.672.69 Crore has been realized up to October, 2016 which is 44.62% of the target fixed up to this period. Actual sale proceeds during this period of this Financial Year is Rs.311.40 Crore. Remaining target of Rs. 853.05 crore is to be achieved in the remaining period of F.Y. 2016-17.

9.6.4. Measures for strengthening enforcement capabilities:-

i). The following measures were taken during the year 2016-17 (up to October, 2016:-

a) Notification No.103/2016 dated 25.07.2016 was issued under Section 123(2) of the Customs Act, 1962. This Section shifts the burden of proof that the goods are not smuggled on the person from whom the goods are seized.

ii). Circular No.394/66/2016-Cus dated 23.08.2016 wherein guidelines for boarding & rummaging of vessels, aircraft and vehicles was issued to streamline the practice and to avoid harassment to trade. Participated in the multilateral/ international co-operation initiatives like 7th conference of parties of WHO, FCTC held in Greater Noida, 15th Export Control Conference held in Prague, Czech Republic. Officers of CBEC participated in training programmes held in USA, Abu Dhabi, Australia, Vietnam, Netherlands, Singapore, Maldives etc.

iii). Collaborated with other ministries like MEA and MoH&FW in capacity building initiatives within and outside the country.

9.7 RISK MANAGEMENT SYSTEMS (RMS)

9.7.1 The Central Board of Excise and Customs (CBEC) has implemented a state-of-the-art Risk Management System (RMS) for its Customs operations. The RMS is managed by a dedicated Risk Management Division operating from Mumbai. RMS is a risk based targeting system which flags high risk consignments for verification of assessment and examination, whereas consignments posing little or no risk are allowed clearance without intervention by Customs. The Indian Customs' RMS has three main modules, viz RMS Imports Module, RMS Exports Module, and Container Selection Module.

9.7.2 RMS IMPORTS MODULE: RMS in Imports was introduced vide CBEC circular no. 43/2005- Cus. dated 24.11.2005 and has been operational since December, 2005. It has been implemented in 113 Customs locations in the country so far. 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 are marked for verification of assessment or examination or both depending on the evaluation of risk by the Import module of RMS. As of December'2016, only around 14% of import consignments are interdicted by the RMS for examination by the customs officers. From amongst consignments which are not interdicted by the RMS, a specified percentage is selected for Post Clearance Audit based on certain risk criteria.

9.7.3 RMS EXPORTS MODULE: RMS in Exports was introduced vide CBEC circular no. 23/2013- Cus. dated 24.06.2013 and has been operational since July, 2013. It has been implemented in 123 Customs locations in the country till December, 2016. The Exports module has enabled expeditious clearance of compliant export consignments by way of interdicting only risky shipments for verification of assessment and examination. Currently around 75% of the export consignments are facilitated by the RMS.

9.7.4 CONTAINER SELECTION MODULE: CBEC has installed Container Scanners for scanning of Cargo containers at some of the major ports of the country including JNPT (Nhava Sheva), Chennai Port, Tuticorin Port and Mumbai Port. To make an informed decision regarding which containers ought to be scanned, the Risk Management Division introduced a Container Selection Module (CSM) in the RMS. The Container Selection Module processes the Import General Manifest (IGM) data and associated risk parameters to come up with the list of containers to be scanned.

9.7.5 ARTS FOR ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS: Besides the above mentioned three main modules, the Risk Management Division also manages a separate web based facility, Automated Recording and Targeting System (ARTS) module for enforcing Intellectual Property Rights (IPR) of individual right holders at International borders. This facility allows a right holder to register and record its Intellectual Property Right with Indian Customs. This 24X7 web based facility is accessible to all the right holders and designated customs officers at all the Indian Ports. It stores information about all the IPRs registered with Indian Customs and provides real time access to Customs officers about the same. Owing to to certain security vulnerabilities and performance issues with the existing application, RMD has developed a New IPR Application with the assistance of NIC. The New IPR Application has been developed while incorporating a number of innovative and state-of-the-art features and value additions for both official users and right holders. Security Audit of the New IPR Application has been completed and the new application is expected to be launched during the current FY 2016-17.

9.7.6 REFERENTIAL TREATMENT FOR AEO STATUS HOLDERS: A major component of the Indian Customs' Risk Management System was the facilitation programme administered by CBEC, namely, the Accredited Clients Programme (ACP). ACP entities formed a separate category to which assured facilitation was being provided. ACP status holders were being allowed clearance on the basis of self-assessment i.e. as a matter of course, clearance was being allowed on the basis of the importer's declarations, and without examination of goods. The ACP scheme provided due recognition and incentive of facilitation and facility of direct delivery from port to importers who maintained high levels of compliance. Department was simultaneously administering AEO scheme with almost similar benefits to the Authorised Economic Operators. However, during the month of July 2016, the ACP and AEO schemes were merged and a new AEO scheme with three tiered structure was launched by way of issuing of the circular no 33/2016 dated 22.07.2016. RMS gives preferential treatment to the importers registered as Authorized Economic Operators (AEO) depending upon the tier to which they belong. As of December 2016, 395 entities have been recognized as AEO and are being given higher level of facilitation.

9.7.7 COMPULSORY COMPLIANCE REQUIREMENTS (CCRs): Apart from implementation of the Customs Act, 1962, Indian Customs is also instrumental in implementation of around 50 allied acts. These allied acts require their compliance by importers and exporters in respect of various import and export items. To assist the officers and the trade, the Risk Management Division compiles and frequently updates Compulsory Compliance Requirements (CCRs). CCRs are a consolidated database of compliance requirements arising out of the Customs Act, 1962 and various other allied enactments administered by other government departments (OGDs) and implemented by Customs at borders. CCRs are printed on Bills of Entry and Shipping Bills for guidance of trade and officers. CCRs have also been made available to public through the CBEC website. With the help of this database, an importer can know the compliance requirements to be met under various enactments as applicable to the commodity to be imported/ exported.

9.7.8 BENEFITS OF RMS TO THE TRADE: The Risk Management System has served as a great measure of trade facilitation. As of now around 99% of India's international trade is processed under RMS. The implementation of RMS has revolutionized the Customs import/ export clearance processes by limiting Customs intervention only in cases of perceived risks determined on the basis of objective risk evaluation criteria. As of December 2016, facilitation levels are 86% in respect of the Import consignments and 76% in respect of Export consignments. By creating trust based environment, this measure has encouraged voluntary compliance and has also brought about drastic reduction in the dwell time of cargo and transaction costs for importers and exporters, and improved their global competitiveness. Further, the compulsory compliance requirements have proved to be highly educative for the trade. Also, the non-intrusive inspection by way of container scanners has obviated the need for higher degree of examination.

9.7.9 BENEFITS OF RMS TO THE DEPARTMENT AND OFFICERS: The implementation of RMS has enabled the Department to optimize the scarce staff resources. The Customs field staff can now concentrate on verification of assessment and examination of cargo which is determined to be really risk rather than routine verification and examination of all inbound or outbound cargo. Thus the quality of verification and examination has significantly improved. Further, only because of RMS, Indian Customs has been able to effectively cope with the exponential growth in the volume of cargo which has come about in the past decades. The Department has been able to balance the mandates of trade facilitation and effective enforcement through the RMS. The officers in the field have also immensely benefited in the process of examination and verification of assessment as in respect of each consignment, the RMS sends the Appraising and Examination instructions to the assessing and examining officers besides Compulsory Compliance Requirements. These are crucial and vital inputs for the officers increasing their capacity to deliver and efficiency.

9.7.10 RECENT ADVANCES IN RMS

i) Integrated RMS: With the launch of Indian Customs Single Window christened SWIFT (Single Window Interface for Facilitation of Trade), integrated risk management covering 6 partner agencies has been launched w.e.f. 1st April, 2016. Besides Customs, the partner agencies are:

- Plant Quarantine (PQIS)
- Food Safety and Standards Authority of India (FSSAI)
- Drug Controller
- Wildlife Crime Control Bureau
- Animal Quarantine (AQCS)

ii) Express Cargo Clearance System (ECCS) Application: Express cargo clearance system (ECCS) is an application for automation of clearance of the cargo imported through courier mode. Courier RMS application is also part of the ECCS. The project is in its final stages of testing and is expected to go live during the month of January'2017.

iii) Refined IPR Application: As mentioned above, the refined IPR application is likely to be launched by the end of FY 2016-17.

iv) Run up to the establishment of a National Targeting Centre: In the maturity process of management of risks in cross border movement of goods and people, many of the Customs Administrations have felt the need to develop National Targeting Centres with enlarged scope and Authority to ensure an effective and comprehensive border management. India is also considering establishing such a Centre. CBEC has accorded an in principle approval for the same.

9.8 LOGISTICS

9.8.1 This wing addresses the logistical requirements of Field Formations pertaining to Anti-Smuggling, Communications and Marine Equipment. The Directorate of Logistics caters to the needs of about 66 operational Customs Stations along with our international border, 94 ports including 12 Major Ports and 36 International Airports handling cargo and baggage, besides Foreign Post Offices and Land Customs Stations and ICDs. Thus, the Directorate provides logistics support to prevent smuggling, both at the land and at the sea. Work relating to allocation of funds for the different schemes/projects under 1% incentive scheme is also assigned to this Directorate. In the year 2016 the following projects were implemented:-

9.8.2 The Department has procured 109 boats of different categories from 2009 onwards. These boats have been deployed at different field formations depending upon the threat perceptions. These include Jamnagar (5), Kandla (4), Ahmedabad (4), Mumbai (13), Pune (8), Mangalore (7), Goa (5), Cochin (11), Trichy (14), Chennai (5), Vizaq (3), Bhubneswar (4), Kolkata (13), Patna (3), Shillong (6) and Vijayawada (4).

9.8.3 Presently, 22 sniffer dogs have been deployed at 9 airports at Mumbai (7), Delhi (2), Amritsar (1), Cochin (2) Trichy (2), Trivandrum (2), Ahmedabad (1), Pune (2) and Kolkata (3) after their training along with the handlers from the respective Commissionerate at National Training Centre for Dogs (NTCD), Tekanpur, Gwalior.

9.8.4 Directorate of Logistics has signed a Memorandum of Understanding (MoU) with M/s Rail Tel Corporation of India on 04.07.2016 for setting up of a dedicated video conference facility for the CBEC.

(i) Four fixed X-ray Container Scanners have been installed in Mumbai in July, 2015, at Tuticorin during December, 2016 and Chennai and Kandla in August, 2016.

(ii) 155 X-Ray Baggage Inspection Systems (XBIS) including one system with Z-Backscatter Technology have been procured and installed at Airports, ICD, LCS and FPO functional under various field formations of Customs & Excise.

(iii) Carat Meters have been procured and supplied at the designated 12 Customs field formations in December, 2015. This equipment is used to test the purity of gold, silver and platinum etc.

9.8.5 The following projects are under implementation.

(i) Procurement, installation and maintenance of three Drive-through Container Scanners (Road) at an estimated cost of Rs125 crores have been finalized. These will be installed at JNPT, Mundra and Cochin ports.

(ii) Procurement of 90 Videoscopes at an estimated cost of Rs.80.82 crores to enable the Customs officers to view inaccessible areas in cargo containers, Air Cargo Complexes, Inlan Container Depots etc. to detect attempt to smuggle contraband.

(iii) 26 Radionuclide Identification Devices (RID) and 130 Personal Radiation Detectors (PRD) are proposed to be procured to protect frontline officers from hazardous radioactive substances.

(iv) The Board has approved the proposal to provide laboratory equipments for upgradation of seven CRCL laboratories and 2 laboratories of Govt. Opium and Alkaloid Works at an estimated expenditure of Rs. 29.88 crores.

9.9 INTERNATIONAL CUSTOMS DIVISION

9.9.1 International Cooperation/FTAs

1) A meeting of the Heads of BRICS Customs Administrations was held in Goa on 15-16 October, 2016 coinciding with the 8th BRICS Summit. The Regulation on Customs Cooperation Committee of the BRICS was signed on the occasion. The Regulation provides for the constitution of a Committee at the level of Heads of Customs Administration and has provisions relating to the administration and organisation of the Committee.

2) The Agreement between the Government of the Republic of India and the Government of the State of Qatar on Co-operation and Mutual Assistance in Customs Matters was signed on 5.6.16 during the visit of the Hon'ble Prime Minister of India to Qatar. The Agreement provides a legal framework for sharing of information and intelligence between the

Customs authorities of the two countries to help in the proper application of Customs laws, prevention and investigation of Customs offences and for facilitation of legitimate trade.

3) The Agreement on Establishment of International Transport and Transit Corridor between India-Iran-Afghanistan (popularly referred to as the Chabahar Agreement) was signed on 23.5.16 with active participation of the CBEC, Department of Revenue.

4) Sikta, in West Champaran, Bihar has been notified as Land Customs Station on the Indo-Nepal Border on 18.02.2016. Kakrawah on the Indo-Nepal Border has been notified as a Land Customs Station on 29.03.2016 for the purpose of clearance of baggage, passenger vehicles and tourist vehicles. This would facilitate visit to the important places of pilgrimage such as Lumbini and Kapilvastu.

5) The barter trade along the Indo Myanmar border has been replaced by normal trade. To facilitate the same, Notification no. 03/2016-Cus dated 11.01.2016 has been issued. The barter trade had a very restricted list of commodities and with the onset of normal trade, such restrictions would not be applicable.

6) A trial run under the Motor Vehicles Agreement for the Regulation of Passenger and Cargo Vehicular Traffic between and among Bangladesh, Bhutan, India and Nepal (BBIN MVA) was undertaken in August-September 2016 between Dhaka and Delhi. The truck from Dhaka moved seamlessly under GPS e-seal and the customs clearance accorded at an ICD in Delhi instead of being done at the Land Customs Station of entry at Petrapole.

7) The India-ASEAN Trade in Goods Agreement (Safeguard Measures) Rules, 2016 were notified vide Notification no. 37/2016-Cus (NT) dated 4.3.2016 providing for investigation into serious injury to domestic industry as a consequence of increased preferential imports under the India ASEAN Trade in Goods Agreement.

8) Instructions regarding implementation of Rules of Origin under Free/Preferential Trade Agreements and the verification of preferential Certificates of Origin were issued vide Instruction 31/2016-Cus dated 12.9.16 for integrating various prior instructions and for streamlining the process.

♦ **Procedural Simplifications/Trade Facilitation Measures**

9) The provisions of Customs bonded warehouses have been rationalized and modernized in the budget 2016-17. Physical control has been removed from public and private warehouses.

10) Procedural simplifications were undertaken to facilitate the regime for temporary importation of goods for displays, fairs, exhibitions and other events and also for temporary importation under the ATA Carnet by issuance of notifications.

11) Circulars 04/2016 and 05/2016, both dated 09/02/2016 were issued regarding related party transactions and Special Valuation Branches. The fresh guidelines and procedures address long pending concerns of the trade and industry by discontinuing the pre deposit of 1% EDD. Further, provisions were made to facilitate quick disposal of cases currently pending with SVBs for renewal.

12) Circular 34/2016 dated 26/07/2016 was issued simplifying valuation and assessment of bulk liquid cargo.

13) The Customs (Provisional Duty Assessment) Regulations, 2011 were rescinded and replaced with simpler guidelines to facilitate provisional assessment under Section 18 of the Customs Act, 1962. These guidelines issued vide CBEC circular 38/2016-Customs dated 22/08/2016 shall facilitate uniformity of practice and ensure transparency and predictability for the tax payer.

14) The requirement of warehousing for Export oriented units was removed through a notification on 29.07.2016 with a view to reduce regulatory control.

15) To ensure energy security, the Government of India has set up 5.33 million metric tons (MMT) of strategic crude oil reserves. To facilitate storage of the same, a notification granting remission of duty on account of natural loss has been issued on 11.01.2016.

9.9.2 A one day conference titled "Combating Counterfeits in Electronic Commerce - Evolving a Voluntary Code of Practice" was organised on 2.2.2016 with wide participation from the e-retail companies, the International Trademarks Association, right holders, IP law practitioners, payment gateways and diplomatic representations in New Delhi. A working group was set up to evolve a draft voluntary code.

9.10 DRAWBACK DIVISION:

9.10.1 The 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) Liasoning 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).

9.10.2 Achievements during the year:- The major work done by the Drawback Division during the period 01.01.2016 to 31.12.2016.

(A) Issues raised in representations and feedback received from trade relating to All Industry Rates of Duty Drawback that were made effective from 23.11.2015 were redressed on priority by certain amendments to the All Industry Rates were made (effective from 11.02.2016) vide Notification no. 22/2016-Customs (NT) and dated 08.02.2016.

(B) To provide and maintain competiveness of export goods in the international market, All Industry Rates (AIR) of Duty Drawback were revised w.e.f. 15.11.2016 vide notification no. 131/2016-Customs (NT) dated 31.10.2016 taking into account certain average parameters including prevailing prices of inputs, input output norms, share of imports in input consumption, rates of Central Excise and Customs Duties, incidence of Service Tax paid on taxable services which are used as input services in manufacturing and processing of export goods, value of export goods etc. For ease of the trade and the field formations, Circular No. 50/2016-Cus dated 31.10.2016 issued highlighting some of the important changes in the AIR of Duty Drawback Schedule.

(C) While revising AIR w.e.f. 15.11.2016, many products were differentiated for improved representation of average incidence of duty/tax e.g. surimi fish paste, belts, leather woven/ braided hand-bag, hand-bags/wallets etc. of plastic and/or textile material, wrist bands/tie-pins/necklaces made of leather, fishnets/sports nets made of different materials, kurta and salwar/salwar suits/salwar-kameez/churidar-kameez, with or without dupatta, blankets etc of blend containing cotton and MMF, glass artware/ handicrafts with chatons, tube or pipe fittings of alloy/stainless steel, motor cars, based on four categories of engine capacity each with sub-categories of manual or automatic transmission, cycle frames made of aluminium, soft toys.

(D) Notification No. 45/2016-Customs dated 13.8.2016 issued to operationalize the new para 4.04A of Foreign Trade policy announced by DGFT for import of fabric only under Special Advance Authorization Scheme in combination with All Industry Rates of Duty Drawback. Notification no. 110/2016-Customs (NT) dated 13.08.2016 issued for prescribing AIRs of Duty Drawback on exports of garments made in discharge of export obligation in terms of the Notification no. 45/2016-Customs dated 13.08.2016. For ease of trade and field formations Circular No. 37/2016 dated 13.8.2016 issued to provide salient features of the Scheme.

(E) Circular nos. 43/2016-Cus dated 31.08.2016 and 51/2016-Cus dated 09.11.2016 are issued to implement Rebate of State Levies (RoSL) Scheme of the Ministry of Textile to disburse the Rebate of State Levies in a Drawback like mechanism.

(I) Circular no. 45/2016-Customs dated 23.09.2016 issued to implement the scheme of DGFT to give option to exporters to return either benefit in cases of incorrect simultaneous issuance of dual benefit of 0% EPCG and SHIS under FTP 2009-14.

(J) Instruction dated 28.09.2016 regarding discontinuation of practice of making manual debits on physical copy of Advance Authorization registered at EDI ports.

(K) Circular no. 54/2016-Cus dated 22.11.2016 has been issued to further rationalized the procedure to dispense with requirement of submitting original duty paying documents for endorsing/ defacement by verifying officer.

(L) Instruction no. 605/71/2016-DBK dated 03.10.2016 issued for verification of export obligation discharge certificates and time limit of 30 days provided for customs to cancel bond executed by exporters under Advance Authorization scheme. This will reduce verifications and duplication of work in substantial number of cases.

(M) Notification No. 36/2016-Customs dated 01.06.2016 issued to amends various Customs Notifications pertaining to EP Schemes to include ICDs Hosur and Nattakkam. Notification no. 54/ 2016-Cus dated 03.10.2016 issued to include ICDs Kalinganagar and Tumb village.

(N) Instruction no. 605/71/2015-DBK dated

14.10.2016 has been issued to rationalize the procedure in handling exporters obligation under EPCG authorizations.

(O) Circular No. 49/2016-Cus dated 27.10.2016 issued to provide transferability of goods imported/procured by debiting duty in SFIS scrips.

9.10.3 Ministry's final Action Taken Note on observations/recommendations of 29th Report of the Public Accounts Committee (16th Lok Sabha) on Duty Drawback Scheme has been submitted to Hon'ble PAC on 29.08.2016.

9.11 PUBLIC ACCOUNTS COMMITTEE

9.11.1 During this financial year 2016-17, 269 Draft Audit Paras (DAPs) of A, B & D category (Central Excise & Service Tax) and 35 Audit Paras in respect of Central Excise & Service Tax were received from C&AG office. The reply of all the Draft Audit Paras and Audit Paras have been sent to C&AG Office except two Audit Paras reply of two Audit Paras is not required.

9.11.2 Out of 269 DAPs, reply on 267 DAPs have been sent to C&AG office of India. Ministry's Comments on 02 DAPs are pending. Out of 35 Audit Paras, reply on 33 Action Taken Note (ATN) has been sent to C&AG office. Two Audit Paras, Action Taken Note is not required.

9.11.3. During the year, 5 Draft Review Paras were received from C&AG office, and Ministry's Comments on all of them have been sent to C&AG Office.

9.11.4. Audit Report No. 2 of 2016 of Central Excise and Audit Report No. 1 of 2016 of Service Tax was laid in the Parliament 11.3.2016. Audit Report No. 10 of 2016 Cenvat Credit was laid in the parliament 26th July, 2016. The Audit Report No. 22 of 2016 VCES, 2013 laid in the Parliament 12.8.2016. The Ministry's Action Taken Notes on these Audit Reports has been sent to Audit.

9.11.5. During the year, PAC had selected 5 Audit Reports for detailed examination and Ministry's Detailed Background Note was sent in all the reports to Lok Sabha Secretariat well in time. The details of the audit reports are as follows:-

S. NO.	AUDIT REPORT NO.	SUBJECT	DATE OF SENDING DBN TO LOK SABHA
1.	10 of 2016 (Para 2.2, 2.3, 2.4 and Chapter 4)	Cenvat Credit Scheme	31.10.2016
2.	2 of 2016	Tax Accounting and Reconciliation in Central Excise, Service Tax and Customs	21.11.2016
3.	22 of 2016	VCES 2013	7.12.2016
4.	26 of 2015	Levy and collection of service tax on Works Contract	6.6.2016
5.	46 of 2015	Automation of Central Excise & Service Tax	1.4.2016

9.11.6. Further, it may be stated that after finalisation of ATN/settled by C&AG, the same will be upload in the portal of Monitoring Cell during the year on the direction of Committee of Secretaries (CoS).

9.12 DIGITILIZATION INITIATIVES AND MILESTONES by DG SYSTEM AND DATA MANAGEMENT

9.12.1 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.

9.12.2 Efforts are being made to make an overview of the Department available over the internet and through various service centres. 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. The details of completed Activities / Services are as below:-

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 Commissionerates.] (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 Commissionerates. (119 Central Excise Commissionerate + 22 Service Tax Commissionerate + 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] (119 Central Excise Commissionerate + 22 Service Tax Commissionerate + 5 LTU)
4.	Online filing of Central Excise Returns	To enable the taxpayer to file their Central Excise Returns over the Internet. **On the website www.aces.gov.in** [Currently available to users in 146 Commissionerates.] (119 Central Excise Commissionerate + 22 Service Tax Commissionerate + 5 LTU)
5.	Online filing of Service Tax Returns	To enable the taxpayer to file their Service Tax Returns over the Internet. **On the website www.aces.gov.in** [Currently available to users in 146 Commissionerates. (119 Central Excise Commissionerate + 22 Service Tax Commissionerate + 5 LTU)

S.No	Activity	Brief Account
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** (119 Central Excise Commissionerate + 22 Service Tax Commissionerate + 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.] (119 Central Excise Commissionerate + 22 Service Tax Commissionerate + 5 LTU)
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 30.11.2016 , 14,24,294 issues have been received out of which 14,24,230 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).
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.

S.No	Activity	Brief Account
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. In the FY 2009-10 ICEGATE handled a total of 8.3 million documents. More than 9.15 Million documents have been filed during 2015-16 up to Dec. 2015 Presently, the 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 136 major customs locations are covered in Customs EDI System. In addition, the upgraded ICEGATE also allows filing, Amendments and Query Reply Messages Online through ICEGATE for ICES 1.5 locations and also gives the facility to take the printout of the 1st Copy of the Bill of Entry and the Challan for Duty payment at the Service Centre as well as at the user's preferred location such as house / office etc.
16.	Electronic filing options	There are three options for filing the documents 1. E-Mails (SMTP – Simple Mail Transfer Protocol) 2. Web Upload 3. FTP (File Transfer Protocol)
17.	Online acknowledgement	Acknowledgements of the documents filed through RES are electronically communicated to the users at their email addresses.
18.	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.
19.	Web-tracking of status of Documents filed electronically	Tax payers/ users can view their document 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 • Challan tracking • IEC tracking • License status tracking etc. • CHA PAN based enquiry • DBK scroll tracking and • SB wise DBK enquiry

S.No	Activity	Brief Account
20.	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 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
21.	Online information sharing with other Govt. Agencies	Customs shares information with following Govt. Agencies online: • RBI • DGFT • DGCI&S (Ministry of Commerce) • Pr. CCA • Ministry of Steel etc.
22.	Customs Duty Calculator	As a measure of facilitation, Customs Duty Calculator has been provided at the ICEGATE and CBEC website, which not only provides rate and calculation of different types of customs duty (chapter headings wise), but also gives details of Compulsory Compliance Requirement and relevant Notifications etc.
23.	Automation of Manual Procedures Reduction in Dwell time:	a. **Nepal CTD Module** was launched in January 2016. This module enables automation of the transit procedure for movement of cargo from gateway port to land customs border with Nepal. b. **Single Window (SWIFT):** Pilot was launched at Air Cargo, Mumbai and Delhi in January 2016 and fully implemented at all EDI sites on 1st April 2016 As of now 6 Government Agencies are part of Single window system. In order to facilitate faster clearance of imported cargo, a risk assessment feature has been built which facilitates clearance of cargo without examination and only 10% of the cargo are examined based on the risk assessment. c. **I4C (Indian Customs Compendium on CODES & Compliance):** A collection of all CODEs used in ICES 1.5, tariff heading-wise rate of duties, Customs duty calculator, Export CCR and Feedback was implemented in March 2016 immediately after incorporating the budgetary changes. It was updated in May 2016 to incorporate the information on CTH-wise PGA clearances required under Single Window as a trade facilitation. d. **Sea to Sea Export Transshipment Module**: was implemented in March 2016. This Module is intended to facilitate Sea to Sea Transshipment and help India become a transshipment hub. e. **PCCC module:** for clearance of precious cargo, was implemented in Surat Hira Bourse in August 2016, thus eliminating the need for filing manual bill of entry for precious cargo. The same had already been implemented at Mumbai and Delhi. Hence, now this Module covers all major centres of Precious cargo except Jaipur. f. Utilisation of Reward scrips to debit Central Excise duty & Service Tax has been enabled as a measure of trade facilitation.

S.No	Activity	Brief Account
		a. Special Advance Authorisation Scheme online in ICES 1.5 was implemented in August 2016. b. **RoSL Module:** Was launched in September 2016 to implement Cabinet Decision of ROSL scheme for facilitation of online payment of textile rebate in EDI. With this Module, the requirements of the Textile Ministry, such as, obtaining declaration from exporters, standardization of item wise rebate rates, applying it to the value all textile items in export document (shipping bill), sending the rebate amount to the exporter, etc have been streamlined and the workflow has been made online by integrating them in ICES. Now, there is **no need for the exporters to file separate application or supporting documents except for making a specific choice** in the Shipping bill. The rebate amount would be credited into the Exporter's account mentioned for drawback automatically after processing. c. **SEIS Module:** was implemented in October 2016 for Service Export from India Scheme (SEIS) scheme (Code : 37) . This enables online transmission of SEIS scrips from DGFT to Customs through Electronic Message Exchange System and its processing & integration with ICES 1.5. It is a trade facilitation measure which ensures that SEIS scrips are transmitted online and integrated automatically in the database. The practice of manual feeding before registering Scrips/Licenses in EDI at the port, which was prone to error and misuse, is dispensed with. d. **ICD to Air transshipment of Exports:** was implemented in November 2016 to facilitate Export from ICD via Gateway airport e. **Deferred Duty Module:** has been implemented in November 2016 to enable the specified importers to pay duty on specified dates as per Deferred Payment of Import Duty Rules, 2016. It is intended as a great Trade facilitation measure by expediting Customs clearance through delinking the process from Duty payment. f. **Towards Paperless Customs:** From December onwards, the need to print the copies of GAR/TR6 Challans, Transshipment permit copy, Shipping Bill (Exchange Control and Export Promotion Copy), Bill of Entry (exchange Control) copy have been dispensed with as these are transmitted online to various stakeholder thus facilitating faster and reducing paper for clearance of Cargo. **g. New EDI sites**: During 2016, a total number of 13 Customs locations were brought into EDI system. This has increased the number of ICES locations from 130 to 143 in this year as on 21st Dec 2016.

S.No	Activity	Brief Account
	Enhanced public interface	a. **AEO Module:** for registration of Authorized Economic Operator was launched in November 2016. This enables an Authorized Economic operator to register themselves with ICES and obtain unique code which will help them to avail various facilitations like reduced Customs Examination, reduced bank guarantee etc. It would also expedite their export cargo in some of the destination countries through Mutual Recognition Agreement (MRA). **b. Knowledge sharing** A 5 days ICES Hands on Awareness and Simulation training (i-Hast) for IRS Officers Trainee at NACEN, Faridabad was facilitated by deputing resources and closely coordinating with NACEN from 24.10.2016 to 28.10.2016
	Enhanced monitoring mechanism and thereby reduced verification	a. **Import Data Processing and Monitoring System (IDPMS)**: has been operationalised From October 2016 and Customs import transactions data has started to flow from ICES to IDPMS on daily basis for AD banks, to log all subsequent activities and monitor the import transactions. IDPMS is as per the recommendations of SIT on Anti-Money Laundering. IDPMS has been developed by RBI in consultation with Customs authorities and other stakeholders In order to enhance ease of doing business and facilitate efficient data processing for payment of import transactions and effective monitoring thereof. ICES 1.5 BE format was modified to display the AD Code of bank with effect from April 1, 2016 and SEZ from June 1, 2016 respectively. Primary import transaction data (from Customs/SEZ) with effect from the above mentioned dates will be made available to respective AD banks in the IDPMS database for further processing. b. **EQUIP**: To improve compliance and encourage EDI sites, an Enhanced Quality Index of Performance (EQUIP) program was initiated with mark based performance parameters, such as, Use of email, UARV tool, implementation of SEZ module, Import dwell time, Post Clearance Audit, Drawback dwell time etc. This has resulted in greater awareness among the officers / system managers at site and their improved performance.
24.	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
25.	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.

S.No	Activity	Brief Account
26.	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**
27.	EASIEST	The Electronic Accounting System in Excise and Service Tax (EASIEST) project was launched in March 2007 with the objective of making 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. As on date, **29** banks are authorized and have got linked with this portal. During the financial year 2015-16, about 87.14 Lakh challans were uploaded by the banks. In respect of the current financial year 2016-17 (upto 30th November, 2016), 57.68 Lakh challans have been uploaded. In the current year, 100% of the revenue in Central Excise and Service tax was through e-payment (in terms of volumn). Of course, few challans are paid through physical mode due to some exigencies accepted by the jurisdictional AC/DC. **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 CBEC. Web- based MIS have been developed to monitor the tax collection. 2. Further, as per RBI data feed, Report on Gross Revenue, Refunds and Net Revenue as per fund settlement by the agency banks is also provided to CBEC. 3. Capture of the unique Assessee Code in EASIEST data enables accounting of the tax paid by each taxpayer. 4. 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. **5.** 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. **6.** In order to handle Post-Cadre Review revenue, a modified MIS report indicating revenue of the post-CR locations for the current and previous 2 years. Also Top Assessee Report is also modified to suit Post-CR requirements.

9.12.3 Brief details of on-going Projects are as under:

S.No	On- Going Projects	Brief Account
1.	Automation of Central Excise and Service Tax(ACES)	ACES is a centrally-hosted, web-based and workflow-based software application to automate the entire business processes relating to Central Excise and Service Tax that includes online registration, online filing and processing of returns, claims, intimations and permissions, filing and processing of excise related export documents, dispute resolution , audit etc. ACES has been rolled out in all 104 Commissionerates on 23.12.2009. 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 30.11.2016, 89,95,404 Central Excise Returns and 1,10,54,173 Service Tax Returns have been filed in ACES. Also 2,09,977 Registration applications in Central Excise & 20,72,277 Registration applications in Service Tax have been filed in ACES. Further, 3,43,208 claims of Refund and 5,86,301 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. Close monitoring by the CBEC team has resulted in a very high degree of resolution***. Till 30.11.2016; 14,24,294 issues were received in Service Desk, out of which 14,24,230 (99.99%) issues have been resolved.*** MOUs have been signed 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 1599 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 holds 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.

S.No	On- Going Projects	Brief Account
2.	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 – (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 712.70 Lakh (for ACES only_ hits in the current FY 2016-17 till 30.11. 2016.***

9.12.4 ICEGATE PROJECT: ICEGATE stands for the Indian Customs Electronic Commerce/Electronic Data Interchange (EC/EDI) Gateway. ICEGATE is a portal that provides e-filing services to the trade and cargo carriers and other clients of Customs Department (collectively called Trading Partner). At present, about 4912 users are registered with ICEGATE who are serving about 6.72 lacs importer/exporter. ICEGATE links about 28 broad types partners with Customs EDI through message exchanges enabling faster Customs clearance and in turn facilitating EXIM Trade. ICEATE 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 is an infrastructure project that fulfils the department's EC/EDI and data communication requirements. Through this facility the department offers a host of services, viz.,

1. Document upload - Digitally signed electronic filing of the Bill of Entry (import goods declaration), Shipping Bills (export goods declaration).
2. Document Tracking System
3. Single Window
4. E-Payment
5. Enquiry modules
6. Message Exchange
7. Data Exchange
8. Help Desk

9.12.5 The following e-services are provided by CBEC through ICEGATE website to the Importers, Exporters, and Shipping Agents etc. Services are-

1) Online filing of Bill of Entry by Importers
2) Online filing of Shipping Bill by Exporters
3) Online filing of Import General Manifest (IGM)
4) Online filing of Export General Manifest (EGM)
5) Online filing of Consol
6) Customs Duty Calculator
7) Online information on Compulsory Compliance Requirements from CBEC and other government departments/agencies
8) Online Information on Customs Act, Rules, Notifications, Circulars etc.
9) Online information on foreign exchange rates
10) Challan Enquiry
11) Job Status Enquiry
12) Document Status Enquiry
13) Drawback Enquiry

14) DGFT Shipping Bill Status Enquiry

15) Status in RBI EDPMS Enquiry

16) Check IE Code/BIN Status

17) IEC-wise Summary Report

18) CHA-wise Summary Report

19) Enquiry about License received from DGFT

20) Enquiry about Month-wise DBK Scroll

21) Custom Registration Status

22) ICEGATE Registration

23) DBK Enquiry

24) DBK Sanctioned Status

25) DBK Pending Status

26) Tracking at ICES - Enquiries

27) Bill Of Entry

28) Shipping Bill

29) AIR IGM

30) SEA IGM

31) AIR CONSOL

32) ICD BL Status

33) SEZ BE Ack Status

34) SEZ SB Ack Status

35) Other Govt. Agencies (PQIS/FSSAI)

36) e-Payment of Customs Duties and Cess

37) 24x& e-Grievances redressal system

38) SMTP service to Shipping lines

39) MOS - Share Import, export information

40) DOV - Share Import, export information

41) DGCIS - Share Import, export information

42) RBI - Share Import and export information, Receive FE Realization report

43) PQIS - Share Import information, Receive Release Order information

44) FSSAI - Share Import information, Receive Release Order information

45) BANKS - Share Challan, Drawback and Cess Challan information, Receive Challan, Cess Challan Receipt

46) DGFT - Share Export (SB) information, Receive License, MEIS License and IEC information

47) PRCCA - Share Import (BE and Baggage Declaration), export (SB) information

48) SEZ - Share Import (IGM, Release of goods), Export (EGM), Receive Import (BE), Export(SB)

49) CRIS - Share Import (Transshipment Permit)

9.12.6 List of messages of icegate with trading partners:

Agencies	Inbound Messages	Outbound Messages	Total
Airlines Agents	6	6	12
Banks	4	5	9
Central Railways Information System (CRIS)		1	1
Custodian - Air	1	8	9
Custodian - Port	1	7	8
Custodians - CONCOR	4	10	14
Custodians - CONCOR/Shipping Agents	1	1	2
Custodians - LCS	2	2	4
DGCIS		4	4
DGFT	4	6	10
Directorate of Valuation		4	4
Exporter/CHA	6	6	12
Importer/CHA	7	9	16
Ministry of Steel		4	4
NSDL / SEZ	4	7	11
Other regulatory agencies	2	6	8
RBI	2	6	8
Shipping Agents	6	9	15
Grand Total	**50**	**101**	**151**

9.12.7. ICEGATE statistics performance trend:

9.12.7.1	Annual Statistics Reports 2016-17					
Month	**Documents Filed**	**Drawback disbursed (In Crore)**	**Duty Collected (In Crore)**	**No. of Challans handled**	**Unique Visitors at ICEGATE Website**	**HIT Received at ICEGATE**
Apr-16	971777	2556.90	18177.70	269737	555087	186835078
May-16	1028831	1983.90	18839.31	287662	589902	198409839
Jun-16	1030732	2136.00	18699.75	291230	597221	178183054
Jul-16	997440	2423.10	17433.50	285115	594027	191120162
Aug-16	1070220	3708.80	19201.08	303605	612703	210626124
Sep-16	1010438	2918.77	18424.72	286328	576252	186270870
Oct-16	1019898	2644.18	19008.61	278714	620820	184096673
Nov-16	1007576	2271.94	20232.07	290641	1430997	173909284
Total 2016-17	**8136912**	**20643.59**	**150016.74**	**2293032**	**5577009**	**1509451084**

9.12.7.2 Yearly Statistics Trend for ICEGATE:

Yearly Statistics Trend						
Month	**Documents Filed**	**Drawback disbursed (In Crore)**	**Duty Collected (In Crore)**	**No. of Challans handled**	**Unique Visitors at ICEGATE Website**	**HIT Received at ICEGATE**
FY 2012-13	9229620	16894.23	157106.27	2525892	4045066	1987909574
FY 2013-14	10070358	23362.96	166431.91	2545633	4664733	1868948585
FY 2014-15	11160297	26615.94	186461.11	2823014	5660751	1861849642
FY 2015-16	11704937	31919.70	214758.76	3129882	6278740	2072688870
Total	**42165212**	**98792.83**	**724758.06**	**11024421**	**20649290**	**7791396671**

9.12.7.3 Single window statistics of ICEGATE:

Single Window Bill of Entry Statistics Reports								
BE Count	**Apr'16**	**May'16**	**Jun'16**	**July'16**	**Aug'16**	**Sep'16**	**Oct'16**	**Nov'16**
	519996	465718	472897	459294	486443	460651	462942	478355

9.12.7.4 ICEGATE Grievance Redress Trend:

Financial Year wise ICEAGTE Grievance Redress Trend						
Description	**2010-11**	**2011-12**	**2012-13**	**2013-14**	**2014-15**	**2015-16**
E-mails (In Lac)	1.36	1.37	1.32	1.32	1.02	1.4
Calls on Toll Free (In Lac)	1.34	1.07	1.69	2.97	2.11	3.84
Tickets	7100	8552	10950	12515	15644	17134

ICEGATE Grievance Redress Trend 2016-17			
Month	**No. of Calls served by Helpdesk**	**No. of e-mails served by Helpdesk**	**No. of Tickets served by Helpdesk**
Apr-16	47847	18317	1983
May-16	21998	19560	1870
Jun-16	21716	19599	2208
Jul-16	18847	19423	1000
Aug-16	19010	18198	2368
Sep-16	19636	14815	1397
Oct-16	25045	15293	1868
Nov-16	24871	12397	1707
Total 2016-17	**198970**	**137602**	**14401**

9.12.8 Initiatives launched:

I. Digital Signature

II. Single Window for Imports

III. Rebate of State Levies-Textiles

IV. AEO-Duty Deferment Scheme

V. IDPMS with RBI including the enquiry module

VI. TR6 Challan in PDF format

9.12.9 Initiatives under process:

I. E mails to be pushed to Importers / Exporters on completion of various stages in Import / Export process

II. IDPMS / EDPMS - further message exchange for receiving Incremental Data from RBI

III. Message Exchange with Terminal Operators/ CFSs

IV. Document management system for Paperless Customs

V. Issue of Digitally Signed files of OOC and LEO messages to Custodians to eliminate physical print outs

VI. Automatic Rotation Number Generation

VII. ICEGATE GSTN Integration

VIII. Export Single Window Project (SWP)

IX. Compliance Information Portal

X. Russia Message Exchange

XI. SEZ II Module - ICD to SEZ transshipment

XII. DGoV - New Messages

9.12.10 The Annual Statistics of the e-Payment for FY 2016-17 till November'2016 is:

Annual Statistics Trend for 2016-17		
Month	**Duty Collected (In Crore)**	**No. of Challans Handled**
Apr-16	18177.70	269737
May-16	18839.31	287662
Jun-16	18699.75	291230
Jul-16	17433.50	285115
Aug-16	19201.08	303605
Sep-16	18424.72	286328
Oct-16	19008.61	278714
Nov-16	20232.07	290641

9.12.11 E-Payment yearly statistics

Yearly Statistics Trend		
Year	**Duty Collected(In Crore)**	**No. of Challans Handled**
FY 2012-13	157106.27	2525892
FY 2013-14	166431.91	2545633
FY 2014-15	186461.11	2823014
FY 2015-16	214758.76	3129882
Total	**724758.06**	**11024421**

9.12.12 ICEGATE has handled data exchange between Customs and Trade Partners with the help of 151 types of messages. More than 99% of customs duties are paid at 152 EDI locations through e-payment gateway of 24 Authorized Banks.

9.12.13 ICEGATE also provides 24X7X365 helpdesk / support Services to the trades and industries. The helpdesk is functioning through toll free No. 1800-3010-1000 and email icegatehelpdesk@icegate.gov.in.

9.12.14 one day activities at ICEGATE in a normal day:

Duty collected-700 Crores, Document filed-50,000, Hits received at ICEGATE Website-60 Lakhs, Importers / Exporters facilitated-6.72 lakhs, Drawback disbursed-100 crores, Unique visitors at ICEGATE website-17000, Email served by Helpdesk-600, Calls served-1200.

9.12.15 Initiative / Achievement of 2016:

i). Launch of New ICEGATE registration module on 1 January 2016: The new Registration module which was launched on 28th December, 2015 to upgrade the old Registration was integrated with web method on 1st January, 2016.

ii). Launch of Single Window Integrated Declaration on 01.04.2016: Single Window is a new integrated import declaration (Bill of Entry) comprising of all the information sought by the Participating Government Agencies (PGAs) for import clearance. Importers will get online clearance by Customs and other partner Govt. Agencies like PQ, FSSAI, Drug Controller, AQCS, WCCB etc thereby eliminating the physical submission of applications to PGAs.

iii). CHA Inquiry added to Enquiry Module at ICEGATE website 25th January 2016: Customs House Agents inquiry has been added to the Enquiry Module at ICEGATE Website on 25th January, 2016 for the convenience of users.

iv). Development of Single Window Completed on 13 May 2016: Single Window is a new integrated Bill of Entry has been introduced from 1st April, 2016 where separate application for import has been replaced by a single integrated declarations and importers will get online clearance by Customs and other partner Govt. Agencies like PQ, FSSAI, Drug Controller, AQCS, WCCB etc. To eliminate physical submission of supporting documents and uploading of documents digitally and through scanned copies facility has been created.

v). SEIS message live on 20 October 2016: Services Exports from India Scheme is one of the new announced by the department of Commerce which provide incentive to exporters. The SEIS is to encourage to export notified services from India. The scheme has come into force from 1st April, 2015

vi). Import Data Processing and Management System (IDPMS) was jointly launched with RBI for monitoring the outward foreign exchange remittances: In order to enhance ease of doing business and facilitate efficient data processing for payment of import transactions and effective monitoring thereof, Import Data Processing and Monitoring System (IDPMS) has been developed in consultation with the Customs authorities and other stakeholders.

vii). IDPMS Enquiry module made live on ICEGATE website: 24 November 2016: This is an enquiry module for Import Data Processing and Management System (IDPMS) in order to update the status in the system

viii). ROSL: Rebate of State Levies launched: In order to initiate measures for reforms to boost employment generation in the employment intensive textile and apparel sector, and approval of a new scheme for remission of State Levies on garments, the Ministry of Textiles has notified the scheme to provide for the remission of State levies on export of garments through the mechanism of rebate. The scheme is called the Scheme for Rebate of State Levies (ROSL) on Export of Garments 2016. It is applicable to exports with Let Export dates from 20th Sept 2016 as per Circular No.43/2016-Customs.

ix). E-mail to Exporter and Importer: Document status messages are sent to importers through Secure File Transfer Protocol (SFTP) mails updating the status of documents filed on 09.12.2016. This would also be extended to Exporters soon.

x). Digital Signature

xi). AEO - Duty Deferment Scheme

9.12.16 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.

9.12.17 The e-governance projects of CBEC have helped in making the process of assessment of goods transparent due to the following features:-

(a) Document status information through use of Tele-enquiry system, Touch Screen Kiosks, SMS, display of Document status on TV monitors and on local web sites leading to greater transparency in the monitoring of shipments by trade.

(b) Transparency engendered through Document Tracking, Status Query and Help Desks at ICEGATE.

(c) Information dissemination through departmental websites: www.cbec.gov.in, www.icegate.gov.in, www.aces.gov.in .

9.12.18 Advance Passenger Information System (APIS)

On account of an increase in the number of passengers travelling on international flights, the challenges before the Air Customs to prevent smuggling of commodities such as gold, fake Indian currency notes, narcotic drugs & psychotropic substances etc. have increased in recent times. To assist the Air Customs officers in profiling of international passengers, the Directorate General of Systems, Central Board of Excise and Customs has developed a software application called 'Advance Passenger Information System' (APIS). This application helps in profiling of international passengers so that the clearance of the bona-fide passengers can be facilitated and the suspects can be identified for suitable action. The application has been implemented at all major international airports in the country and has proved to be of immense help to the Customs Authorities in detecting cases of smuggling. It has emerged as an important tool to safeguard the economic frontiers of the country and to protect national security.

9.13 DIRECTORATE OF LEGAL AFFAIRS

9.13.1 To function as the co-ordinating agency:

- Between field formations and the Hon'ble Supreme Court Registry through Central Agency Section (CAS) of Law Ministry.
- Between the Legal and Judicial Cell of the Board i.e. CBEC and Central Agency Section (CAS) of Law Ministry. The directorate also co-ordinates between Govt. Advocates, Law Officers, Attorney General, Solicitor General, Additional Solicitor Generals, Sr. Counsel and Counsels.

a) To ensure proper representation of cases before the bench by way filing of counter affidavits / rejoinders, curing of defects, proper and timely briefing of counsels etc.

b) Special Monitoring Cell (SMC) to keep track of the cases in the Hon'ble Supreme Court and keep the concerned field formations updated about daily proceedings in their cases. Officers regularly attend court proceedings and upload the outcomes on the CBEC website.

c) In the current year i.e. 2015-16 the Hon'ble Supreme Court had set up Special Bench for Taxation Matters from 09.03.2015. Till 30th November, 2015 total number of cases heard and disposed of is above 1100.

d) Functional Owner (FO) of MIS database with respect of litigation matters. Reports regarding present status of pending cases at different fora are now uploaded directly by the Commissionerates, but the same is regularly monitored by this directorate.

e) The information in respect of decision of the various High Courts and Tribunal (CESTAT), which are received from field formations, are compiled and uploaded on the CBEC website for wider dissemination of the same.

9.13.2 Pendency upto November, 2016

DLA-1 (Department Appeals)

(Rs. In Lakhs)

S No	Forum	Central Excise		Service Tax		Customs		Total	
		No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.
1	Supreme Court	985	459374.74	494	575153.42	349	152861.05	**1828**	**1187389.2**
2	High Court	3288	988830.46	867	301321.68	1428	138006.66	**5583**	**1428158.8**
3	CESTAT	7700	1005734.69	5726	1506846.51	4221	270214.21	**17647**	**2782795.4**
4	Commissioner Appeal	2232	47366.40	2539	38536.90	880	15489.99	**5651**	**101393.29**
	Total	**14205**	**2501306.29**	**9626**	**2421858.51**	**6878**	**576571.91**	**30709**	**5499736.7**

9.13.3 Pendency upto November, 2016

DLA-2 (Party Appeals)

(Rs. In Lakhs)

SNo	Forum	Central Excise		Service Tax		Customs		Total	
		No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.
1	Supreme Court	558	219603.46	212	107362.75	300	200797.37	**1070**	**527763.58**
2	High Court	3600	898276.39	2225	618270.67	2475	344912.42	**8300**	**1861459.5**
3	CESTAT	31096	6465264.08	20900	7162218.69	16163	1716151.42	**68159**	**15343634**
4	Commissioner Appeal	12395	268471.59	15429	555797.85	10388	137858.01	**38212**	**962127.45**
	Total	**47649**	**7851615.52**	**38766**	**8443649.96**	**29326**	**2399719.22**	**115741**	**18694985**

9.14 Directorate General of Performance Management

9.14.1 Analysis of Part V of Monthly Performance Report (MPR) :

As per the Board's instructions issued under F. No. 296/236/2014-CX.9 (Pt.II) dated 17.09.2015 and Member's DOF No. 296/236/2014-CX.9 dated 24.12.2014, the Directorate General of Performance Management (DGPM) is the Functional Owner of the reports prescribed under Part V of the MIS Monthly Performance Report (MPR) of Customs, Central Excise & Service Tax. The monthly reports in Part V in the three streams of Central Excise, Customs & Service Tax are downloaded from MIS web-based utility, compiled and analyzed.

The Monthly Performance Report for Central Excise covers Key Areas viz. Adjudication, Call Book, Provisional Assessments, Refund-Rebate & Bank Guarantee. Monthly Performance Report for Customs covers all the Key Areas in Customs viz. Adjudication, Call Book, Provisional Assessments, Refund Bank Guarantee, monitoring of Bonds, Drawback, Monitoring of fulfillment of Export Obligation-EPCG & AA/DFIA. Monthly Performance Report for Service Tax covers all the Key Areas in Service Tax viz. Adjudication Cases, Major Adjudication, Call Book, Provisional Assessments & Refunds. The reports are compiled on the basis of the data of all the Zones and DG-CEI/DRI and every month a note containing our analysis and comments on the performance of various Zones on the above mentioned Key Areas is sent to the Member (Central Excise)/ (Customs)/(Service Tax) & Commissioner (Coordination). A copy is also marked to the Chairman. The analysis indicates top 5 Zones showing highest pendency in each of the Key Area.

9.14.2 Monitoring of Key Areas of Performance:

To monitor the performance of the Zones in key areas, DGPM has been communicating with the Zonal Chief Commissioners exhorting them to supervise the areas where their Zones are lagging in performance viz:- Central Excise/ Customs/ Service Tax.

9.14.3 Implementation of BAMS (Biometric Attendance Monitoring System):

DOPT vide Office Memorandum No.11013/9/ 2014- Estt (A-III) dt. 21.11.2014 has instructed that AADHAR Enabled Bio-metric Attendance System (AEBAS) needs to be used in all offices of the Central Government including attached/ subordinate offices, in India. This office is continuously monitoring the performance of the Zones for implementation of BAMS/ mapping of all the officers/ procurement of devices under the approved Action Plan, 2016-17

9.14.4 Action Plan of CBEC for the year 2016-17.

To monitor the performance of the Zones as per approved Action Plan, 2016-17. This office is communicating individually with each Zone exhorting them to supervise the areas where they are lagging in performance on the following points:

1. Revenue mobilization:

- A1. Pending investigations
- A2. Adjudication
- A3. Call Book
- A4. Appeal
- A5. Prosecution proceedings
- A6. Tax Arrears Recovery
- A7. Finalization of Provisional Assessment in Customs
- A8. Monitoring of bonds.
- A9. Monitoring of fulfillment of Export obligation

2. Promoting ease of doing business:

- B1. Refunds/ Rebates
- B2. Drawback
- B3. Annual review of the exemption notifications, circulars and instructions and subject-wise indexation/ consolidation
- B4. Enhancing the service delivery standards
- B5. Dispute management for reducing litigation

3. Administration

- C1. Implementation of Biometric Attendance Monitoring System.
- C2. Finalization of pending vigilance inquiries (Group B & C officers.)

9.14.5 Grant commendation Certificate on Central Excise Day

The processing of nominations for award of

Commendation Certification on Central Excise day 2015 and 2016 was done by DGPM. As per the letter F.NO. 296/51/2012-CX 9 dated 18.02.2016, the Board had decided that "award of Commendation Certificate should be institutionalised and DGPM will be incharge of seeking the proposals from the subordinate/attached offices of CBEC every year. This process may be initiated in January itself so as to have sufficient time for all the formations to send the proposals in time."

9.14.6 Inspection of field formations:

9.14.6.1 The DGPM 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 also sent to the zonal Chief Commissioner. The field Commissionerate is required to send its compliance to ensure that the shortcomings are removed in a time bound manner.

9.14.6.2 Board has revised the norms of frequency for inspection of field formation Central Excise, Customs and Service Tax vide BMB No. 32/ 2010 dated 12.5.10. As per the new norms, DGPM is to inspect the Commissionerate headquarter once in three years. Additional inspections would be based on careful profiling of the risk parameters. Each Commissionerate shall be inspected each year by either DGPM or jurisdictional Chief Commissioners. For this DGPM shall form annual inspection plan allocating Commissionerates for inspection to DGCCI or Chief Commissioner. Accordingly an annual plan is prepared for the year.

9.14.7 Central Excise & Service Tax

9.14.7.1 As per approved annual action plan for the year 2016-17, 54 Central Excise & Service Tax Commissionerates have been scheduled for inspection by DGPM (H.Q. and its Regional Units). The remaining 92 Central Excise formations have been allocated to jurisdictional Chief Commissioners.

9.14.7.2 At all India level there are 119 Central Excise and 22 Service Tax Commissionerates and 05 Large Tax Units which need to be inspected during the current financial year 2016-17.

9.14.7.3 Chart showing Numbers of Inspection allotted and conducted:

Formation	Allotted (2016-17)	Conducted (Upto December 2016)
CX		
CX HQ	12	09
NRU	10	08
SRU	07	06
ERU	07	06
CRU	05	05
WRU	13	11
Jurisdictional C.C.	92	16 *
Total	**146**	**61**

**16 Central Excise & Service Tax Commissionerates have been inspected as per the information received from jurisdictional Chief Commissioners.*

9.14.8 Customs Section:

9.14.8.1 As per approved Annual Customs Action Plan for the year 2016-17, 21 Customs Commissionerates have been scheduled for inspection by Headquarters and its Regional Units, The remaining 39 Customs formations have been allocated to jurisdictional Chief Commissioners for inspection.

9.14.8.2 Chart Showing Numbers of Inspection allotted and conducted:

Formation	Allotted (2016-17)	Conducted (Upto December 2016)
Customs		
Customs, HQ	07	05
NRU	03	02
ERU	01	01
CRU	01	01
SRU	03	03
WRU	06	03
Jurisdictional C.C	39	26*
Total	**60**	**41**

**26 Customs Commissionerates have been scheduled to be completed as per the information received from jurisdictional Chief Commissioners.*

9.14.9 Implementation of official language policy:

9.14.9.1 As per the letter F. No. A-11019/34/2001-AdIV (Pt) dated 02.08.2005 issued Ad. IV Section, Department of Revenue, DGPM is required to function as the nodal agency of Central Board of Excise and Customs for implementing various works relating to Hindi (Rajbhasha) in the field formations and to coordinate with GrihMantralya (Rajbhashavibhag). These directions have been approved by the Chairman (CBEC).

9.14.9.2 In the year 2015-16 (From 01/04/2015 to 31/12/2015) the following major work for promotion of the Official Language was undertaken:-

- 100 inspections of different field formations with respect to implementation of Official Language policy during the year are proposed 14 inspection out of these have been conducted and remaining 86 inspections have to be conducted.
- Translation of Customs House Agent Model paper/ Recruitment Rules of IRS in Hindi.
- Translation of various materials in Hindi.
- Hindi week was celebrated and various competitions were held.
- Workshops on Unicode were conducted in DGPM.
- Official Language Implementation Committee meetings were organized in DGPM.
- Incentive scheme regarding Official Language was implemented.
- Ministry's requisition with regard to Official Language was fulfilled.
- Correspondences with diverse offices were made.
- Periodic reports received from Commissionerates and Directorates were reviewed, consolidated and forwarded to Official Language section of Revenue Department.
- Quarterly Progress Report of DGPM was prepared and forwarded to Ministry.
- Orders & instructions received from Official Language section of Revenue Department were circulated amongst the field formations.
- Eight meetings of Hon'ble Parliamentary Committee on Official Language were coordinatedand attended. Full help was given in preparation of questionnaire.

9.14.9.3 Implementation Plan for the year 2016-17

- Official language inspections of the offices under CBEC are proposed to be conducted as per the Annual Targets 2016-17 of Department of Official Language, Ministry of Home Affairs.

- Participation in forthcoming meetings of Hon'ble Parliamentary Committee on Official Language.
- Hindi workshops will be conducted.
- Official Language Implementation Committee meetings will be organized as per the Annual Targets of Department of Official Language.
- Hindi week/Hindi fortnight will be organized.
- Periodical review of Quarterly progress report on Official Language received from Commissionerates and Directorates will be done.
- Apart from these all types of works related to Nodal agency of CBEC for Official Language will be performed.

9.14.10 Process and Sanction refund to Government of Bhutan

9.14.10.1 Government of India 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 DGPM. The documents regarding claim of refund from Bhutan are sent from MEA to the Board which in turn are sent to DGPM.

Year (Jan - Dec)	Amount of refund (in Rs.)
Amount claimed for the year 2015	**Rs. 300,24,84,964**
Amount Finalized	**Rs. 291,69,23,214**

9.14.11 Conduct of examination for issuance of license to Customs Brokers (CB):

9.14.11.1 Customs Brokers examination at all India level is being conducted by the DGPM 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 examination & 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 DGPM 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.

9.14.11.2 In 2016, written examination under Customs Brokers Licensing Regulation, 2013 was conducted on 28.01.2016 throughout India wherein 1124 candidates appeared. The oral examination was conducted during 11th to 13th , July, 2016 wherein 625 candidates appeared. The marksheets for the examination were communicated to the concerned Custom Houses/Commissionerates accordingly.

9.14.11.3 To conduct the CBLR examination for the year 2017, an advertisement was published in different Newspapers at all India level in the month of May, 2016. The next written examination is scheduled for 20.01.2017.

9.14.12 Implementation of Authorized Economic Operator(AEO)programme in CBEC

9.14.12.1 The Indian AEO programme has been launched by the CBEC with issue of the Circular No.37/2011, dated 23.08.2011and DGPM has been designated as the Nodal Office for implementation of the AEO Programme. ADG (DGPM) HQ Delhi is the programme implementation Manager. The full fledge AEO Programme was roll out by CBEC vide Circular No. 28/2012, dated 16.11.2012.

1.	AEO Status Granted	59
2.	♦ In the category of AEO Tier-3	00
	♦ In the category of AEO Tier-2	13
	♦ In the category of AEO Tier-1	03
	♦ In the category of LO	33

9.14.12.2 A total 350 applications have been received for grant of AEO certificate from inception of the programme in revised format till 15.12.2016. 59 entities have been awarded with AEO certificate in different categories as follows:

9.14.13 Mutual Recognition Arrangements / Agreements (MRA):-

- ♦ MRA between India and Hong Kong has been signed in November, 2013
- ♦ MRA between India and Korea has been signed in October, 2015
- ♦ Exercise for signing of MRA between Indian and USA & India and Taiwan are under process.
- ♦ China, Australia & Turkey have shown their interest for signing MRA with India.

9.14.14 Steps taken towards Implementation of "Right To Information(RTI) Act' 2005":

- CPIO and First Appellate Authority are posted in Headquarters and all regional units of this office. For NRU the work is looked after by the CPIO and First Appellate Authority of Headquarters.
- All the application received under RTI Act, 2005 are dealt promptly and replies are given as per the provisions of the Act and well within the time prescribed under the Act.
- As per the provision of the Act, no application fee is charged from applicants of BPL Category.
- All monthly reports and quarterly reports are submitted in time and quarterly reports are also uploaded on the site of Chief Information Commissioner.

9.15 PUBLICITY AND OUTREACH FOR STAKEHOLDERS ENGAGEMENT

9.15.1 In terms of Board's Order No. 02/Ad.IV/ 2015 dated 27.8.2015, publicity work of CBEC is handled by Directorate General of Taxpayer Services (DGTS). The Directorate General is entrusted with the task of coordinating taxpayer services and publicity & publication requirements of the Central Board of Excise & Customs. The Directorate has its headquarters at New Delhi.

9.15.2 The Directorate undertook massive multi-media campaigns in English, Hindi & major regional languages with the objective of creating & enhancing awareness on important legal and procedural provisions and facilitation measures for taxpayer education, guidance and assistance and to inculcate a culture of voluntary compliance among taxpayers. Publicity covered GST apart from Indirect Taxes. Publicity campaign highlighted the Department's role as a facilitator and fostering an atmosphere of mutual trust between the assessees and the department while underscoring the importance of Indirect taxes in nation building. Procedural information, simplified and transparent compliance measures and 24x7 online filing of returns and duty payment were communicated to the taxpayers. A mixed media policy was utilized to reach the wide & varied target groups through print media (newspapers, magazines), electronic media (TV); Outdoor/Misc. Media (Websites, Bus Shelters, Hoardings/Unipoles/Bridge Panels, Kiosks, Street Furniture, Metro Properties, Buses, 3600 LED Screens at Out-Of-Home media at locations viz. Airline Coaches, Restaurants, Hotels, Gyms, Clubs etc. on a pan-India basis. In print media, with the Constitution amendment paving the way for implementation of GST, campaign was also chalked out to place the salient features & benefits of GST in public domain. Some of the other topics covered are: Last dates of e-filing/e-payment/e-return; Ombudsman Scheme; Indirect Tax-Dispute Resolution Scheme-2016; Authorised Economic Operator Programme; Simplified Refund Scheme; Central Excise on Jewellery; Service Tax on restaurant bills; Single Window Project; World Intellectual Property Day-2016; Smoother Passenger facilitation; International Customs Day-2016; Central Excise Day-2016; Vigilance Awareness Week, 2016; World Environment Day; 'Indian Customs' on CBEC objective to provide efficient & judicious tax administration; Draft Model GST - Inviting Feedback/Comments thereon; Awareness against fraudulent activities in the name of Customs; Advisory against Illegally imported firecrackers; Taxpayer Perception Survey covering taxpayers' response to department's functioning. Flagship schemes of the Government like 'Make in India' 'Digital India' 'Swachh Bharat' 'Beti Bachao, Beti Padhao',and 'PM Kaushal Vikas Yojana' were appropriately used in consonance with the campaigns undertaken.

9.15.3 Communication with Trade Associations

9.15.3.1 Over 130 major trade associations addressed to inform their members about availability of Model GST law in public domain and seeking their comments on Draft Model GST; Indirect Tax-Dispute Resolution-2016; and AEO Programme.

9.15.3.2 In electronic media, a 45-sec TV commercial (TVC), on role of indirect taxes in nation building and development, exhorting taxpayers to pay their indirect taxes placed on DD National, DD News & Lok Sabha TV. Two TVCs - one 45-sec, and one 30-sec 'Pay your taxes' featuring cine-star Akshay Kumar placed for DD National during Feb-March, 2016. Five TVCs 'Mary Kom-Pay your Service Tax'; 'Sushil Kumar-Pay your Service Tax' (Hindi);'Akshay Kumar-Pay your taxes' (Hindi); and 'Service Tax-Payable on turnover over 10 lac' (Hindi & English) (all 30-sec); and one 45-sec 'Pay Your Indirect Taxes' placed for major TV channels. Two 30-sec bilingual TVCs (one Marathi/Hindi and another in Tamil/Kannada), 'All Services are Taxable' placed for Marathi, Gujarati, Tamil & Kannada TV News/GEC Channels.Production & telecast of 50-sec TVC on GST in Hindi & English News/Business channels during Sept-Oct, 2016.

9.15.4 Radio

9.15.4.1 Production & broadcast of a 30-sec jingle on GST over 100 FM stations covering 21 states and 1 UT during Aug-Sept, 2016. Production & broadcast of 30-sec jingles on GST, in regional languages viz. Marathi, Gujarati, Tamil, Telugu, Kannada, Malayalam, Bengali, Odiya, Assamese & Punjabi, through 134 All India Radio stations, pan-India. Broadcast of 30-sec jingle on GST during 'Man Ki Baat' in September-November, 2016.

9.15.4.2 Among external communication initiatives, 2 Standees on the role of Indian Customs as Sentinels of Nation's Economy and on non-Revenue functions of Customs as Sentinel of Nation's Environment were produced and displayed at Airports, Custom Houses and other places across the country.

9.15.5 CBEC Pavilion at IITF-2016

9.15.5.1 The Directorate set up a CBEC Pavilion at India International Trade Fair - 2016 at New Delhi (14-27.11.2016) as part of department's initiatives to bring its policy & procedures, transparent and efficient functioning in public domain with aim to promote voluntary compliance, and more importantly to address queries, clarifications of members of public. Helpdesks manned by departmental officers addressed the public queries on Customs, Central Excise & Service Tax. Special Help Desks manned by senior officers were also set up to educate & update the visiting trade & public on various aspects of GST. A special session on GST was taken by senior officers and drew very good response from trade & professionals. Information on various topics on Customs, Central Excise, Service Tax & GST was displayed through panels, translites, blowups & digital screens displaying departmental films/audio-visuals. Updated booklets/pamphlets on various topics were made available for distribution to visitors. Painting competitions for kids, quiz contests, magic shows & interactive sessions were regularly held through the fair period. Attractive gifts with departmental logo were given to winners & participants. The Pavilion drew huge response and was quite successful in promoting public awareness about the indirect taxes and GST.

9.15.5.2 Make in India Week: The Make in India Week (MIIW) was celebrated from 13-18 February, 2016 in Mumbai as a landmark event of the Government's Make in India initiative. Following important actions were taken in connection with (both prior to and during) this event: (i) A brief note in the matter was circulated to all the Zones for briefing the local trade/industry in the RAC/PTFC/Open House meetings; (ii) A brochure was published enlisting the measures taken for facilitating investment and improving ease of doing business for distribution; (iii) Informational material was placed on CBEC website; (iv) Advertisements issued highlighting the steps taken by CBEC in the aforesaid areas with MIIW logo; (v) A Taxpayers' Lounge setup at the event site and attended by senior officers for providing information & assistance to visiting trade & public and the same was a huge success; (vii) An interactive session on measures taken for ease of doing business, automation and GST was organized during the week.

9.15.5.3 Interaction with students in schools: Children are the future of the nation. In order to raise their awareness about nature and rationale of Taxation and to enhance perception of the work being done by the department, workshops were held at various schools during the year. The workshop comprised a presentation explaining the history of taxation, nature, role & purpose of Indirect Taxes and benefits to the society. The sessions were followed by a quiz to make the session interesting for the students. The initiative has since been extended on all India basis by involving the field formations of CBEC in this exercise.

9.15.6 Projections for the period December, 2016 to March, 2017

The Directorate will continue multi-media campaigns on various legal and procedural matters and measures taken for improving ease of doing business relating to Indirect taxes and GST, apart from campaigns to be undertaken under the directions of the Board/Ministry and in respect of important budgetary changes for taxpayer's information. Print advertisements to be placed on the occasion of International Customs Day (26.1.2017) and Central Excise Day (24.2.2017); last date for deposit of Central Excise Duty and Service Tax and other topical issues. New/updated editions of departmental publications/manuals etc. would be brought out.

9.15.7 RTI And Public Grievances

This Directorate is the nodal agency 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. It was ensured that all the field formations under CBEC uploaded their RTI Quarterly Returns on the CIC website. During the period, applications received under the RTI Act, 2005 were efficiently handled. Public Grievances received by this Directorate were processed/forwarded to the appropriate formations for further action.

9.15.8 Taxpayer Service Centres

One of the mandates of DGTS has been to set up Taxpayer Service Centres in all Commissionerates. Vigorous follow-up has ensured setting up of Taxpayer Services Centres in the Commissionerates of Customs, Central Excise & Service Tax.

9.15.9 Public Grievance Officers

Public Grievance Officers have been designated in all the Commissionerates across the country and the details are available on the CBEC website. The Citizens' Charter provides for an appeal to the superior officer in the event of unsatisfactory response from the Public Grievance Officer. Accordingly, contact details of the superior officer have also been posted on the website for the benefit of taxpayers.

9.15.10 Publications

9.15.10.1 The Directorate brought out following publications at the behest of CBEC and other formations:

9.15.10.2 Taxpayer Information Publications

- Guide for Travellers; Reward Scheme for Informers; Green Customs; Advance Ruling Scheme; Convenience @ ACES; ICEGATE; Appellate Procedures in Customs, Central Excise& Service Tax; Duty Drawback Schedule, w.e.f. 15.11.2016; Brochure on initiative taken towards promoting domestic manufacturing and improving ease of doing business; Brochure on Automation Initiatives; Service Tax at a Glance; FAQs on Baggage Rules; Standees on simplification of processes in Central Excise & Service Tax, initiatives towards Make in India, ACES, & SWIFT.
- An important publication on FAQs on GST was also brought out in English. This was placed on the CBEC website for the benefit of public. The FAQs on GST has also been translated in Hindi and a number of regional languages namely Assamese, Bengali, Gujarati, Kannada, Marathi, Malayalam, Oriya, Punjabi, Tamil & Telugu and made available on the CBEC website.

9.15.11 Departmental Publications

Sampark- 2016; Departmental Wall & Desk Calendars for 2016; Manual on Infrastructure; Indian Customs Declaration Forms (ICDF); Civil List-2016; Central Excise & Service Tax Audit Manual; Sanctioned & Working Strength and Vacancy Position under CBEC (as on 1-7-2015 and on 1-1-2016); ECS Law Reporter Vol.4 2015 - No.2, No.3, and No. 4; Compilation of best practices devised and implemented by CBEC field formations titled 'The Journey Towards Excellence' and released by Hon'ble PM at Chief Commissioners' Conference in June, 2016; Booklet on trade facilitation measures, CBEC Performance in revenue collection, anti-evasion, audit, dispute management etc.; Manual for Quality Assurance Review. The Departmental journal ICE Magazine was brought out in April, 2016, August, 2016 and November, 2016; Brief for the CCs & DGs Conference, June, 2016; Posters & banners on 'Vigilance Awareness Week, 2016'.

9.16 Gender Issues/Empowerment of Women and girl child

9.16.1 A Committee has been constituted in each Commissionerate/ Directorate on the recommendations of Hon'ble Supreme Court and the National Commission for Women, to look after the complaints of women employees regarding sexual harassment.

9.16.2 The Directorate General of Human Resource Development has also taken specific initiatives for welfare of women.

9.16.3 The amount granted as ex-gratia financial assistance to the widows/dependents of the Departmental officials (in case of death during anti-evasion/anti-smuggling/anti-narcotics operations or death in harness) has been enhanced w.e.f 03.10.2012. During the financial year 2016-17, an amount of Rs.1,77,00,000/- was sanctioned in 92 cases as ex-gratia financial assistance to the widows of the deceased employees who died while in service.

9.16.4 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 2016-17, out of total 3973 Cash Awards granted, 2298 Cash Awards involving an amount of Rs. 1,37,88,000/- were granted to the girl children.

9.16.5 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 2016-17, out of total of 115 Scholarships granted, 51 scholarships involving an amount of Rs. 9,53,900/- were granted to the girl children.

9.17 Activities undertaken for Disability Sector, SCs & STs and Other Weaker Section of Society

9.17.1 The policy of reservations for SCs/STs/OBCs and disabled persons in Government employment, in direct recruitment and promotion, has been followed in letter and spirit. The matters concerning representation of SCs/STs/OBCs and Persons with Disabilities in CBEC are attended on priority and their grievances are redressed. Two statements showing representation of Scheduled Caste, Scheduled Tribes and other Backward Castes and representation of the persons with disabilities, as on 1 January, 2016 in CBEC, are given in Annexure I & II.

9.17.2 Cash Award Scheme: the meritorious children of departmental officials are given Cash Awards on the basis of their performance in Board Examinations of class 10th & 12th. Under that scheme, the eligibility criterion has been relaxed for SC/ST/OBC categories. The eligibility criterion has been relaxed by 10% for SC/ST category and 6% for OBC category.

9.17.3 During the current financial year 2016-17, out of 3973 total Cash Awards granted, 1492 Cash Awards involving an amount of Rs. 82,95,000/- have been granted to the children of Department officials belonging to SC/ST/OBC categories.

9.17.4 Scholarship Scheme: A scholarship scheme is in operation in which scholarship to the children of officers/staffs of the Department are granted for pursuing under graduate professional courses. Under Scholarship Scheme, the eligibility criterion has been relaxed for the children of Departmental officers/staff belonging to SCs/STs/OBCs categories, i.e they are eligible for grant of scholarship irrespective of ranks once they secure admission on the basis of common entrance test.

9.17.5 Scholarships are also granted to the children of the Departmental officials where admissions have been secured by them on the basis of the percentage secured in the 12th exams. The eligibility criterion has been relaxed for the children belonging to the SC/ST/OBC categories, wherein the SC/ST category candidates require 10% lower, and that of OBC category 6% lower, than the percentage required for general category for grant of scholarships.

9.17.6 During the financial year 2016-17, out of total 115 scholarships granted, 47 scholarships involving an amount of Rs. 8,45,441/- have been granted to the children of Departmental officials belonging to SC/ST/OBC categories.

9.18 QUALITY SERVICE DELIVERY THROUGH SEVOTTAM IMPLEMENTATION IN CBEC

9.18.1 As a part of the Central Government initiative to improve the quality of public services, the Central Board of Excise & Customs (CBEC) was identified as one of the organizations with large citizens' interface to implement the quality management system for public services. This is based on Indian standard IS 15700:2005, prepared by the Bureau of Indian Standards (BIS), under the name "SEVOTTAM".

9.18.2 The Citizens' Charter, revised in terms of the requirements of IS 15700:2005 (Quality Management Systems - Requirements for Service Quality by Public Service Organizations) was prepared and issued on 1st December, 2008 after approval of the Board. The service organizations are also required to establish a documented procedure for complaints handling process. Improvements in the delivery infrastructure to meet promises made in Citizens' Charter has been identified as sine qua non to sustain services. After detailed deliberations, CBEC has adopted the Centralized Public Grievance Redress and Monitoring (CPGRAM) Systems in May, 2009. A Service Quality Manual (SQM) has already been circulated by CBEC for creating capability in all the field formations.

9.18.3 Present Status:

CBEC is taking steps for early certification of its field formations under Sevottam by BIS. At present 68 Commissionerates are Sevottam certified with 20 more at BIS audit stage for Sevottam certification. The overall position as on 31.12.2016 is as under:

Sl. No.	Formation	No. of Commissionerates/ formations after cadre re-structuring	No. of Commissionerates/ formations already Sevottam Certified	No. of Commissionerates applied for BIS certification
1.	Central Excise & Service Tax	141	43	13
2.	Customs	60	24	7
3.	Directorate General of Performance Management (DGPM)	1	1	-
	Total	**202**	**68**	**20**

10. CUSTOMS, EXCISE & SERVICE TAX APPELLATE TRIBUNAL (CESTAT)

10.1. Functions/ working of the Organization

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. Now, Service Tax appeals are filed before this Tribunal under Finance Act, 1994. 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. In order to ensure the speedy disposal of appeals and for the benefit of the litigants and cater to the needs of the industries of various regions, the Ministry of Finance, vide notification no. 7/2013 has notified the creation of additional three benches of Customs Excise & Service Tax Appellate Tribunal at Chandigarh, Allahabad and Hyderabad and three additional Benches each at Delhi, Mumbai and Chennai. The additional benches at Allahabad, Chandigarh and Hyderabad have been set up and they started functioning w.e.f. 01.10.2015, 01.12.2015 and 14.12.2015 respectively.

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 order of the Commissioner (Appeals). 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.

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	Appeal	Stay
From Jan. 2016 to Nov. 2016	16277	692	24167	1793

10.2.1. Effective steps have been taken to dispose appeals wherein high stakes are involved, by setting up of circuit benches at various centers thereby reducing the pendency of appeals. The additional benches of the Tribunal at Chandigarh, Allahabad and Hyderabad have also become functional from October/ December 2015, onwards, thereby the disposal rate can be increased and pendency of appeals will be reduced considerably.

10.2.2. Speedy disposal of appeals is a major measure to curtail the pendency. Ever since new President Hon'ble Justice Satish Chandra has taken charge, the disposal rate has shoot up and early disposal of all pending appeals are expedited.

10.2.3. 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.

10.2.4. 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.

10.2.5. 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 (J), CESTAT, has been constituted.

10.2.6. The website of the Tribunal was launched in August 2003 and now the cause lists and orders of the Tribunal are being displayed on it. Important judgments are being highlighted specially in separate ICON. Efforts are being made to streamline all the benches of the Tribunal. As for developments, which have taken place in the current financial year are like timely updating of judgments and cause list and other information on day to day basis. The same can be accessed by parties, advocates, litigants etc. on cestat.gov.in. Apart from this, the reply to the RTI applications is also being uploaded in the website. To put more information in the website, this Tribunal has undertaken the task in close coordination with NIC. Of late, the NIC has developed a new dynamic website for CESTAT which intends to proactively disclose all information including daily updation of Court proceedings. 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.

10.2.7. The Tribunal is trying to strictly adhere to the FRBM Act and rules and limit its expenditures to the budget allocated for the Tribunal. However, due to escalation in prices of various items/ services and sanction of additional benches, the Tribunal had some problem in restricting expenditures to the overall ceiling. However, sincere efforts are being put forward to control the budget for the coming year.

11. CUSTOMS, CENTRAL EXCISE & SERVICE TAX SETTLEMENT COMMISSION

11.1. Function & Working of the Organization

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 Vice Chairman with 2 Members in each Bench. The Commission functions under the Department of Revenue in the Ministry of Finance.

The Settlement Commission has been set up to expedite recovery of Customs, Central Excise & Service Tax revenue locked up in adjucation proceedings. It offers a one time opportunity for tax payers to make a true and full disclosure of their liabilities. Settlement Commission has also been empowered to grant immunities from penalty and from prosecution, thus offering an opportunity to tax payers to settle the disputes expeditiously.

11.2 Highlights of the Performance and achievements

No. of applications received from April to Nov. 2016	No. of applications disposed from April to Nov. 2016	Duty Settled (Rs. in crores) from April to Nov. 2016
529	608	531.32

11.3 Year-Wise Performance / achievements of the Settlement Commission:-

Year	No. of Applications Received	Disposal		
		No. of Applications Rejected	No. of Application Settled	Duty settled (Rs. 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
2010-11	885	103	770	114.33
2011-12	959	247	702	462.48
2012-13	1610	74	934	198.06
2013-14	1623	156	1680	482.99
2014-15	1525	353	1469	743.32
2015-16	1262	208	1154	654.31
2016-17 (up to Nov, 16)	529	92	516	531.329
Total	**18687**	**2839**	**15546**	**4786.35**

12. AUTHORITY FOR ADVANCE RULINGS (CENTRAL EXCISE, CUSTOMS & SERVICE TAX)

12.1 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 & clarity to intending investors. Statutory changes have been made from time to time to expand the ambit of the Authority over a period of time.

12.2 Authority for Advance Rulings (Central Excise, Customs & Service Tax), is a high level National 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.

12.3 Under the scheme of Advance Rulings the following categories of investors are eligible to apply for a ruling:

a) a non-resident investor setting up a joint venture in India in collaboration with a non-resident or a resident;

b) a resident setting up a joint venture in India in collaboration with a non- resident;

c) a wholly owned subsidiary Indian company of which the holding company is a foreign company;

d) a joint venture in India, that is to say a contractual arrangement whereby two or more persons undertake an economic activity which is subject to joint control and one or more of the participants or partners or equity holders is non-resident having substantial interest in such arrangement.

e) A resident falling within any such class or category of persons as the Central Government may by notification in the official gazette specify in this behalf. The Central Government has specified the following categories of persons as being eligible to seek advance rulings:-

i). Any Public Sector Company;

ii). Residents proposing to import goods under the project import facility (heading 9801 of the Customs Tariff) for seeking rulings under the Customs Act,1962;

iii). Residents proposing to import goods from Singapore under the Comprehensive Economic Co-operation Agreement for seeking rulings on origin of goods under the Customs Act, 1962.

iv). Resident Public Limited Company.

v). Resident Private Limited Company

vi). Resident Firm

12.4 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

12.5 Advance rulings can be sought in respect of the following questions/issues:-

a) 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;

b) Principles of valuation under the Customs Act, 1962, and the Central Excise Act, 1944 & under the provisions of Chapter V of the Finance Act, 1994;

c) Valuation of taxable services for charging service tax under the Finance Act, 1994;

d) 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;

e) Admissibility of input-tax credit under Central Excise Law;

f) Admissibility of credit of Service Tax ;

g) Determination of origin of goods in terms of the rules notified under the Customs Tariff Act, 1975 and matter related thereto;

h) Determination of liability to pay duties of excise on any goods under Central Excise Act, 1944;

i) Determination of the liability to pay service tax on a taxable service under the provisions of Chapter V of the Finance Act, 1994.

j) Application of notification issued under sub-section (1) of section 25 of Customs Act, 1962 having a bearing of the rate of duty.

k) Applicability of notification issued under sub-section (1) of section 5 A of Central Excise Act1944 having a bearing of the rate of duty.

l) Applicability of notification issued under Chapter V of the Finance Act, 1994.

12.6 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.

12.7 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.

12.8 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).

12.9 Highlights of the performance and achievements during the year

- For the period from 01.01.2016 to 30.11.2016, 32 (Thirty Two) applications seeking advance ruling were received.
- The first application for seeking an advance ruling was received on 11.01.2016. During the period 20.11.2002 to 30.11.2016, 294 applications were received. During the calendar year 2016, the following applications were disposed off.

	Customs	Central Excise	Service Tax	Total
Rulings	5	6	16	**27**
Orders	6	3	6	**15**

12.10 Significant developments/Policy decision taken during the year

During the period, constitution has been suitably amended to provide for GST law. The model GST law has been drafted and is being scrutinized by the competent authorities. The model GST law provides for advance ruling authorities for GST as well as an appellate advance ruling authority. So going forward, it is expected that there will be separate advance ruling authority for customs.

The Authority maintains website *http://www.cbec.gov.in/aar/aar.html.* All the Rules, Acts Regulations, Procedures & guidelines are available on the website for guidance for the users.

13. CENTRAL BOARD OF DIRECT TAXES

13.1 ORGANIZATION AND FUNCTIONS

The Central Board of Direct Taxes (CBDT), created by the Central Boards of Revenue Act 1963, is the apex body entrusted with the responsibility of administering direct tax laws in India. The CBDT consists of a Chairman and six Members. It is the cadre controlling authority for the Income Tax Department. In its functioning, the CBDT is assisted by the following Directorates:

1. Principal Directorate General of Income Tax (Administration & TPS)
   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)
2. Principal Directorate General of Income Tax (Systems)
3. Principal Directorate General of Income Tax (Logistics)
   a) Directorate of Income Tax (Expenditure Budget)
   b) Directorate of Income Tax (Infrastructure)
   c) Directorate of Income Tax (O&MS)
4. Principal Directorate General of Income Tax (Legal & Research)
5. Principal Directorate General of Income Tax (Training)
6. Principal Directorate General of Income Tax (HRD)
7. Principal Directorate General of Income Tax (Vigilance)
8. Directorate General of Income Tax (Risk Assessment)

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) supervises the investigation machinery, which is tasked to curb tax evasion and unearth unaccounted money. DGIT (Intelligence and Criminal Investigation) supervises the intelligence gathering and investigation in tax related crimes. CCIT (Exemptions) supervises the work of exemption 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 Director Generals/Director Generals of Income Tax are assisted by Principal Directors/ Directors of Income Tax within their jurisdictions. Commissioners of Income Tax posted as CIT (Appeals) perform appellate functions, adjudicating disputes between taxpayers and assessing officers. The Income Tax department has its presence in 530 cities and towns across India, having a tax base of around 7.41 crore (AY 2015-16).

With modern information technology as a key driver, the CBDT is implementing a comprehensive computerization programme in the Income Tax Department. The programme is aimed to establish a taxpayer friendly regime, increase the tax-base, improve supervision and generate more revenue for the Government. The endeavor is to promote voluntary compliance by taxpayers and create a non-intrusive and non-adversarial tax administration.

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

The Principal Chief Controller of Accounts, CBDT with the assistance of Zonal Accounts Officers is responsible for accounting the revenue collections as well as expenditure incurred by the Income Tax Department.

13.2 Direct Taxes Collections

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:

- The collection of direct taxes has increased from Rs. 4,93,987 crore in FY 2011-12 to Rs. 7,42,295 crore in FY 2014-15 at an average annual growth of 10.75%. The net direct taxes collection during the current financial year i.e. 2016-17 (up to 30th November, 2016) is Rs. 4,12,287 crore. During the FY 2015-16, the share of Direct Taxes to the total Central Taxes Collection (excluding Taxes on Union territories) was 51.05%.
- The Direct Tax-GDP ratio was 5.47% in FY 2015-16.
- The cost of collection measured in terms of total administrative cost as a ratio of the revenue generated was 0.62% in 2015-16.

- During the FY 2015-16, the department collected Rs. 31,534 crore from arrear demand. With respect to current demand, collection for FY 2015-16 was Rs. 34,452 crore. Up to October, 2016 the Department has collected 19,728 crore (Arrear + Current).
- The TDS administration has been showing an impressive performance over the past few years. For FY 2015-16, total collection from TDS was Rs. 3, 15,131 crore (Provisional) registering a growth of 21.62% over the previous year's collections under the same head. TDS revenues have now grown to be 42.45% of the gross total tax collections. In the current year (up to November, 2016) TDS collections stood at Rs. 2, 30,143 crore which is 15.51% higher than the collections in corresponding period of pervious year which stood at Rs. 1, 99,234 crore.

Table: Budget Estimate and Actual Collection of Direct Taxes during the Financial Years 2013-2014, 2014-15 & 2015-16 (in Crore)

Sl No	Taxes	FY 2013-14		FY 2014-15		FY 2015-16#	
		Budget Estimates	Actual Collections	Budget Estimates	Actual Collections	Budget Estimates	Actual Collections#
1	Corporate Tax	419520	394677	451005	428925	470628	454419
2	Personal Income Tax	247639	242859	284266	265787	327365	286801
3	Wealth Tax	950	1007	950	1085	-	1075
	Total	**668109**	**638543**	**736221**	**695797**	**797993**	**742295**

Note: * Personal Income Tax collection includes collection under Security Transaction Tax, Fringe Benefit Tax and Banking Cash Transaction Tax, etc

Figures for the F.Y. 2015-16 are provisional.

	Head	Financial Year 2014-15	Financial Year 2015-16
A	Total Outstanding Demand at the beginning of the year	827680	929972
B	Reason wise Analysis 1. Amount Not Fallen Due 2. Amount difficult to recover including, amounts stayed by I.T. Authorities, Courts etc.	 127532 673032	 105761 802256
C	Net Collectible Demand (A-B)	27116	21955

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
						(Rs. in Crore)
2000-01	72105	74467	68305	17.85%	94.73%	91.73%
2001-02	85275	73972	69198	1.31%	81.15%	93.55%
2002-03	91585	82445	83088	20.07%	90.72%	100.78%
2003-04	95714	103400	105088	26.48%	109.79%	101.63%
2004-05	139510	134194	132771	26.34%	95.17%	98.94%
2005-06	177077	170077	165216	24.44%	93.30%	97.14%
2006-07	210684	229272	230181	39.32%	109.25%	100.40%
2007-08	267490	304760	312213	35.64%	116.72%	102.45%
2008-09	365000	345000	333818	6.92%	91.46%	96.76%
2009-10	370000	387008	378063	13.25%	102.18%	97.69%
2010-11	430000	446000	446935	18.22%	103.94%	100.21%
2011-12	532651	500651	493947	10.71%	92.73%	98.66%
2012-13	570257	565835	558658	13.10%	97.97%	98.73%
2013-14	668109	636318	638543	14.30%	95.58%	100.36%
2014-15	736221	705628	695797	8.96%	94.50%	98.60%
2015-16*	797995	752021	742295	6.68%	93.02%	98.71%
*** The figure for the year 2015-16 are provisional.**						

COST OF COLLECTION

			(Rs.in crore)
FINANCIAL YEAR	**TOTAL COLLECTIONS**	**TOTAL EXPENDITURE (Revenue)**	**Exp as % of Colln**
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%
2014-15	6,95,797	4101	0.59%
2015-16*	742295	4593	0.62%

* The figures for the year 2015-16 are provisional

DIRECT TAX GDP RATIO

(Rs.in crore)

FINANCIAL YEAR	NET COLL.OF DIRECT TAXES.	GDP CURRENT MARKET PRICE	DIRECT TAX GDP RATIO	GDP GROWTH RATE%	TAX GROWTH RATE	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	493,947	9009722	5.48%	15.58%	10.52%	0.69
2012-13	5,58,658	10113281	5.52%	12.25%	13.10%	1.07
2013-14	6,38,543	11355073	5.62%	12.28%	14.31%	1.17
2014-15	695797	12541208	5.55%	10.45%	8.97%	0.86
2015-16*	742295	13567192#	5.47%	8.18%	6.68%	0.82

*The figure for the year 2015-16 is provisional

Advance Estimates as per Press Released dated 08.02.2016 of MOSPI

13.3 Results Framework Document 2016-17 (RFD)

The Results Framework Document (RFD) for the Income Tax Department for the F.Y. 2016-17 carries measurable objectives designed to be achieved through a set of action points. Major objectives were better communication with Taxpayers, better management of Human Resources for enhancing Taxpayer services, strengthening Taxpayer services by enhancing Information Technology, efficiency in Tax Administration and implementing recommendations of TARC. The performance of Department is to be evaluated against these objectives assigned to different Responsibility Centres of CBDT.

13.4 *Rajasva Gyan Sangam*

Annual Conference of Tax Administrators, 2016 was held at Vigyan Bhavan, New Delhi on 16th and 17th June, 2016. This was the first time that the Hon'ble Prime Prime Minister was addressing a joint conference of CBDT and CBEC. In the conference, Hon'ble Prime Minister stressed on the need for tax administrators to engender trust in the system. He added that the tax base could be increased significantly. The Prime Minister outlined a five-point charter for tax administrators – RAPID: R for Revenue, A for Accountability, P for Probity, I for Information and D for Digitization. The Hon'ble Finance Minister underlined the importance of revenue collection and improving the culture of tax payment in nation building. The twin objectives of identifying and penalizing evaders and projecting a taxpayer friendly image had to be met simultaneously. In the last two years, many steps like providing further opportunities to recalcitrant taxpayers to pay taxes on unaccounted income stashed abroad and in India, multiple initiatives for quick settlement of disputes and improved services for compliant taxpayers had been taken in this regard.

13.5 Direct Taxes Advisory Committees

With a view to encouraging mutual understanding between taxpayers and Income tax officials and to advise the Government on measures for removing the difficulties of general nature pertaining to Direct Taxes, a Central Direct taxes Advisory Committee (CDTAC) at Delhi and 64 Regional Direct Taxes Advisory Committees (RDTAC) exist at important stations. Representatives of Trade and Professionals Associations are also nominated to these Committees. The term of these Committees is two years from the date of their constitution.

13.6 Investigation Division

13.6.1 Action against Black Money

Drive against black money is an on-going process. Appropriate action under direct tax laws including levy of penalty and launching of prosecution in appropriate cases is taken whenever any instance of tax evasion is detected. The Government has taken various measures under a multi-pronged strategy to further strengthen and streamline the enforcement mechanism of the Income-tax Department (ITD).

- **Search & Seizure and Survey:**

Search and seizure and survey are the primary mechanisms used by ITD for detection of tax evasion. Broad Statistics on search & seizure and surveys conducted in the last three years and financial year 2016-17 are as under:

Financial Year	Number of groups searched	Total assets seized (In Rs. crore)	Undisclosed income admitted u/s 132(4) of the Income-tax Act, 1961 [in Rs. crore]
2013-14	569	807.84	10791.63
2014-15	545	761.70	10288.05
2015-16	445	712.68	11066.24
2016-17*	366	689.61	9923.01

* *Provisional figures up-to 30th November 2016*

It is important to note that comparison of figures of Search & Seizure of the current financial year till November, 2016 with the figures of corresponding period of the previous financial year shows 47% increase in number of groups searched & seizure of assets and 61% increase in admission of undisclosed income.

SURVEYS

Financial Year	No. of surveys conducted	Undisclosed income detected (in Rs. crore)
2013-14	5327	90390.71
2014-15	5035	12820.33
2015-16	4422	9654.80
2016-17*	4587	8017.08

* *Provisional figures up-to 30th November 2016*

Prosecution

Serious violations of the provisions of the Income-tax Act, 1961, including willful attempt to evade tax attract criminal consequences in the form of prosecutions. It is one of the most important tools of deterrence. Several measures have been taken in the recent past to strengthen the prosecution mechanism with a view to identify the prosecutable cases at the earliest and pursue the same with due seriousness. The table below gives year-wise details of number of cases in which prosecution were launched by the ITD:

Financial Year	No. of cases in which prosecutions launched	Cases compounded	No. of persons convicted
2013-14	641	561	41
2014-15	669	900	34
2015-16	552	1019	28
2016-17*	323	404	13

* *Provisional figures upto 31st October, 2016*

13.6.2 Investigation into foreign assets cases

Investigations are being conducted by the ITD in several cases where information is available. As a result of systematic investigations, undisclosed income of about Rs.8202 crore (including protective assessment of Rs. 1497 crore) has been brought to tax on account of deposits made in unreported foreign bank accounts in HSBC bank, Switzerland. Concealment penalties have also been levied in 160 of these cases and 190 prosecution complaints have been filed in 77 cases. In ICIJ cases, undisclosed income of more than Rs.8000 crores have been detected, leading to filing of 64 prosecution complaints in 28 cases. Investigations are also on into cases of Indian entities that found mention in the Panama and Bahamas paper leaks. A The Multi-Agency Group (MAG) has been constituted by the Government to ensure speedy and coordinated investigation in the cases of persons whose names have appeared in Panama paper leaks.

13.6.3. Monitoring by the SIT

The Hon'ble Supreme Court in its Order dated 4th July, 2011 read with 1st May 2014 in Writ Petition (Civil) No. 176 of 2009, ordered constitution of a Special Investigation Team (SIT). Following the directions of the Hon'ble Supreme Court, the SIT on black money was constituted by the Government under the chairmanship of Justice Mr. M. B. Shah and vice chairmanship of Justice Mr. Arijit Pasayat, retired Judges of Hon'ble Supreme Court through Notification dated 29th May 2014. The SIT has so far submitted 5 reports to the Hon'ble Supreme Court. Cases involving substantial unaccounted income, more particularly those involving undisclosed foreign assets (including bank accounts), are under close monitoring of the SIT.

13.6.4. The Benami Transactions (Prohibition) Amendment Act, 2016

The Benami Transactions (Prohibition) Amendment Act, 2016 has been enacted w.e.f. August 2016 by the Government to curb the menace of domestic black money and the amended law has come into force w.e.f 1st November, 2016. The Act, inter alia, seeks to specify the implementation authorities, empower them to conduct investigation, create appellate machinery and provide for management of confiscated property. The Act enables confiscation of Benami property and provides for prosecution, thus blocking a major avenue for generation and holding of tax evaded money in the form of Benami property, especially in real estate.

13.6.5. The Income Declaration Scheme, 2016

The Government brought in the Income Declaration Scheme (IDS) in the Budget 2016 to provide opportunity to Indians to declare their undisclosed income and pay 45% tax, surcharge and penalty on such undisclosed income declared. About 71,726 declarations disclosing undisclosed income of Rs.67,382 crore were made under this scheme.

13.6.6. Action taken by the Income-tax Department post-demonetization of the Specified Bank Notes of Rs.500/- and Rs.1000/- denomination

- Vide CBDT's Notification Dated 15.11.2016 PAN was made mandatory for all cash deposits above Rs. 50,000/- and aggregating to more than 2.5 Lakhs for the period from 9 November to 31 December, 2016. Prescribed reporting entities were asked to report all cash deposits above Rs. 2.5 Lakhs in savings accounts and Rs. 12.5 Lakhs in current account during the above period.

- RBI, vide Circular dated 15.12.2016, directed all Regulated Entities (RE) to ensure compliance regarding quoting of PAN/obtaining of Form 60 for all transactions in terms of I.T. Rule 114 B which included opening of accounts with banks, NBFCs, etc. No debit transaction, transfer or otherwise is allowed in accounts which do not comply with these requirements.

- The Taxation Laws (Second Amendment) Act, 2016 has been enacted, which enables levy of tax at a higher rate of tax on undisclosed income. The Act also provides for Taxation and Investment Regime for **Pradhan Mantri Garib Kalyan Yojana, 2016 (PMGKY)** in which a person can declare his undisclosed cash by paying tax, surcharge & penalty totaling to 50% of the undisclosed income. Besides, he will have to keep 25% of the undisclosed income in Pradhan Mantri Garib Kalyan Deposit Scheme, interest free, for 4 years. If the person fails to disclose under PMGKY but discloses under return of income, the undisclosed cash/assets etc. will attract about 77.25% in the form of tax, surcharge and penalty. Non-disclosure under PMGKY and in the return of income will attract 85% in the form of tax, surcharge and penalty besides prosecution.

- The Income-tax Department has adopted a multi-pronged approach to detect and seize undisclosed assets since the announcement of the demonetization scheme on 8 November, 2016. This includes collection of high quality intelligence, identification and prioritisation of high risk cases, creating deterrence while ensuring professionalism and integrity in investigators.

- More than 785 intrusive actions have been taken by the Income-tax Department since 8 November, 2016. These include surveys, searches and requisitions under various provisions of the Income Tax Act. Besides, 3647 notices have been issued for verification of suspicious transactions of high value cash deposits. These actions have led to seizure of valuables of more than Rs 522 crore which includes cash of Rs. 433 crore. New currency of more than Rs 98 crore is part of the cash seizure. The total undisclosed income detected in these actions till 22nd December 2016 is more than 3651 crore.
- Close coordination is being maintained with ED/CBI/RBI. More than 200 cases have been referred to ED/CBI so far.

13.7. WIDENING OF TAX BASE AND REFUNDS

(i) Tax base as on 01.04.2015 and 01.04.2016

(ii) New Taxpayers added during FY 2015-16 and FY 2014-15

	PAN Category Description	Tax Base			New Taxpayers Added		
		As on 1/4/2015	**As on 1/4/2016**	**As on 30/11/2016**	**F.Y. 2014-15**	**F.Y. 2015-16**	**F.Y. 2016-17 (upto 30/11/2016)**
A	AOP	198,347	219,877	*222,122*	29,505	34,970	*18,473*
B	BOI	9,228	10,252	*10,128*	1,315	1,651	*745*
C	COMPANY	816,408	850,655	*856,543*	72,808	62,280	*41,167*
F	FIRMS	1,292,326	1,367,130	*1,364,107*	135,407	156,889	*87,005*
G	GOVERNMENT	549	838	*976*	202	308	*195*
H	HUF	1,052,016	1,091,466	*1,089,038*	58,208	69,415	*29,743*
J	AJP	12,392	12,624	*12,276*	1,187	1,009	*585*
L	LOCAL AUTHORITY	10,437	11,402	*10,807*	1,772	1,843	*799*
P	INDIVIDUALS	65,414,736	70,687,156	*70,344,786*	7,515,861	9,643,716	*4,814,339*
T	AOP (TRUST)	245,361	259,232	*259,741*	21,466	26,147	*14,308*
TOTAL		**69,051,800**	**74,510,632**	***74,170,524***	**7,837,731**	**9,998,228**	***5,007,359***

DATA OF REFUNDS ENCASHED, FOR THE CURRENT YEAR AND PAST 5 FINANCIAL YEARS

(Rupees in Crores)

F.Y.	Manual Refund		Paper Refund through Refund Banker		e- Refund through Refund Banker		Total paid refunds	
	Number of refunds	Amount	Number of refunds	Amount	Number of refunds	Amount	Number of refunds	Amount
2011-12	3,71,161	60,396	66,04,669	22,234	35,69,890	14,590	1,05,45,720	97,221
2012-13	66,733	36,612	47,81,685	27,521	33,67,134	17,028	82,15,552	81,161
2013-14	41,501	39,960	49,19,551	28,183	53,99,041	20,757	1,03,60,093	88,900
2014-15	22,517	53,761	35,80,243	36,365	99,75,845	22,072	1,35,78,605	1,12,198
2015-16	13,162	35,658	26,03,346	50,464	1,84,05,614	36,144	2,10,22,122	1,22,266
2016-17 (Nov 2016)	6,924	29,915	9,96,441	46,623	1,36,83,211	28,158	1,46,86,576	1,04,696

* Note : For estimation of figures for FY 2016-17, % increase taken from the corresponding period of previous year (2015-16)

13.8 Judicial Work

The judicial division of CBDT handles work mainly related to the litigation of the Income Tax Department by monitoring the work of CsIT (Appeals), appointment of Counsel to represent the department at various judicial fora and taking necessary steps to ensure that the litigation of the Income Tax Department is minimized and effectively handled.

- **Direct Tax Dispute Resolution Scheme (DTDRS), 2016**

For the financial year 2016-17, the division was tasked with the responsibility of effectively implementing and monitoring the progress of the DTDRS. The scheme was provided for in the Finance Act, 2016, to reduce tax payer grievance and uncertainty caused due to long pending litigation before the Commissioner of Income Tax (Appeals). The scheme provides for various benefits if certain conditions are fulfilled. Several steps have been taken to popularize/ publicize the scheme including publicity campaigns, holding of seminars and conferences with CAs and other associations. As a result of these efforts, till 30.11.2016, a total of 3,357 applications have been received in the scheme involving tax arrears of Rs. 551 Crore (approx.), out of which Rs. 74.5 Crore has been collected. A total of 901 applications have been disposed of till date.

- **Central Technical Committee and settled view Circulars.**

Central Technical Committee (CTC) is a platform to formulate Departmental view on contentious issues. The CTC examines contentious issues and suggests issue of Circulars or amendments in the Act. Till date 19 Circulars clarifying the Departmental View on contentious issues have been issued by the CBDT on the basis of inputs provided by the CTC. The details of some of the Circulars issued in F.Y. 2016-17 are mentioned below.

S. No	Circular No.	Issue	Date
1.	9/2016	Commencement of limitation for penalty proceedings under sections 271D and 271E of Income-tax Act, 1961.	26.04.2016
2.	10/2016	Limitation for penalty proceedings under sections 271D and 271E of Income-tax Act, 1961.	26.04.2016
3.	11/2016	Payment of interest on refund under section 244A of excess TDS deposited under section 195 of Income-tax Act, 1961.	26.04.2016
4.	15/2016	Additional Depreciation under section 32(1)(iia) of Income-tax Act, 1961.	18.05.2016
5.	12/2016	Bad debts under sections 36(1)(vii) and 36(2) of Income-tax Act, 1961.	30.05.2016
6.	37/2016	Eligibility for Chapter-VIA deduction for profits enhanced by assessing officers	2.11.2016
7.	38/2016	Admissibility of expenditure incurred by a firm on keyman insurance policy in the case of a partner	22.11.2016
8.	39/2016	Deductibility of revenue subsidies for sections 80-IB, 80-IC etc.,	29.11.2016

Further, till date 21 references have been made to the TPL Division of CBDT, suggesting amendments on issues emanating out of the CTC. Also steps are being taken to identify issues which have been accepted by the Department and to give wide publicity of these issues so that the officers of Department as well as the assessees are aware thereof and litigation is thereby reduced.

- **Processing of SLP proposals**

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 proposals for filing Special Leave Petitions in the Supreme Court against the adverse judgments of High Courts that are not acceptable. A Chart indicating the number of SLP Proposals received / processed and cases out of such proposals where SLPs were not filed, year-wise is as under:

Year	No. of SLP proposals received	Proposals Not Approved
2011	2288	852
2012	1576	496
2013	1875	704
2014	1519	748
2015	1730	795
2016 (till 30.11.2016)	**1506**	**538**

- **Appeal Matters**

The data of the Income Tax appeals disposed by CsIT (A) is presented here.

Financial Year		2014-15	2015-16	2016-17 upto October '16
No. of appeals disposed off	Partially confirmed/ partially allowed	29,028 (38.6%)	33,684 (35%)	23,306 (36%)
	Fully confirmed/ appeals dismissed	25,594 (34%)	29,917 (32%)	19,090 (29.49%)
	Fully allowed	20,330 (27%)	30,828 (32.6%)	22,120 (34.17%)
	Other	366 (0.5%)	397 (0.4%)	209 (0.32%)
	Total	**75,318**	**94,091**	**64,725**

The data of pendency of appeals and amount locked in various years before various fora is as given under.

PENDENCY OF APPEALS AND AMOUNT LOCKED UP FOR THE LAST THREE YEARS AND FOR THE CURRENT F.Y.

(Rs. in crores)

F.Y.	CIT (A)		ITAT		HC		SC		Total	
	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount
2013-14	2,15,174	2,87,444	35,266	143,254	35,696	33,128	5,960	3,201	292,096	4,67,027
2014-15	2,32,126	3,83,797	37,506	145,534	34,281	37,683	5,661	4,654	309,574	5,71,668
2015-16	2,58,898	5,16,250	32,834	135,983	32,138	1,61,417	5,399	7,091	329,269	8,20,741
2016-17*	2,64,129	6,56,573	31,466	148,435	30,197	1,73,523	5,232	11,485	331,024	9,90,014

The figure for pendency of appeal for the Year 2016-17 of cases before CIT (A) is up to 31.10.2016 and for the other appellate for a i.e., before ITAT, HC& SC is upto the quarter ending June 2016.

Matters relating to appointment of Standing Counsel, Special Public Prosecutors and Special Counsel.

Instruction No. 6/2016 and Instruction No. 7/2016. These instructions, both issued on 7.9.2016, have provided for revised guidelines for engaging the Special Public Prosecutors and Standing Counsel, respectively, to effectively represent the Income Tax Department before various Courts. The Instructions have also increased the rates of fee payable to the counsels, thereby ensuring quality representation before the courts.

The data of the number of Counsel appointed year-wise for the recent years is provided below.

Category of Counsel	F.Y. 2014-15	F.Y. 2015-16	F.Y. 2016-17 (till date)
Standing Counsel	17	63	13
Special Public Prosecutors	14	9	10
Special Counsel	36	14	13

- **National Judicial Reference System (NJRS):**

The Central Board of Direct Taxes has taken up an initiative to create an electronic database containing all appeals and decisions of the ITAT, High Courts and the Supreme Court of India in Direct tax matters. The software for this NJRS has been completely developed and the project achieved a "Go-Live" state on 1st September, 2015. About 8441 officers of the Department are already registered for use of NJR5. Over 1,58,000 Direct Tax Appeals have been scanned under NJR5 till date. More than 1,92,026 judgments and data of close of 5,84,239 appeals have also been made available in NJRS. This will go a long way in assisting the officers in taking a consistent view in tax matters and in avoiding litigation on already settled issues. The project also involves scanning of appeal documents. This will help in ready retrieval of appeal records over the lifecycle of the appeal and will also save storage space required for multiple copies of appeals.

NJRS utilizes appeal data taken from the IT-systems of the courts. The data of Supreme Court of India, the 27 ITATs and 12 High Courts (viz. Delhi, Mumbai, Gujarat, Karnataka, Andhra Pradesh, Kerala, Punjab & Haryana, Madhya Pradesh, Sikkim & Gangtok, Madras, Chhattisgarh and Orissa) has already been successfully integrated in NJRS. Permissions have been obtained from several other High Courts for taking data from their computer systems and efforts are on to integrate such data in NJRS.

- **Further steps taken to ensure effective litigation management**

Circular no. 8/2016. This Circular has revised the earlier instructions relating to the guidelines and procedures for attending to Revenue Audit objections. In this Circular, it is clarified that remedial action will not be taken where the Pr. Commissioner of Income Tax finds the audit objection not acceptable. Further, appeal should not be preferred on revenue audit objections if the first appellate order is justified either in law or no facts. This is also a step towards reducing the litigation by the Income Tax Department.

Absolute pendency of Appeals: After reviewing the pendency of appeals pending for disposal before CsIT (Appeals) it was found that the absolute number of appeals pending in certain charges was very large. Consequently, the field formations were instructed to not only meet the Action Plan targets but also to reduce the absolute number of appeals pending.

High Demand Appeals: There are 624 high demand appeals pending before CIT (Appeals), each of which has a disputed demand in excess of Rs. 100 Crore. The total demand locked up in these 624 appeals is Rs. 3,55,867 Crore, which forms nearly 40% of the total demand locked up before the CIT(A). Field formations had been given firm directions to ensure disposal of these 624 appeals by 31.12.2016.

Early Hearings: Field formations were directed to move applications for early hearings, in consultation with the Counsel, in cases which are pending before various appellate forums. Also directions were issued to ensure that the Departmental Counsel do not take adjournments unless there are pressing circumstances.

The report of the **committee to finalize the comprehensive roadmap to minimize litigation and strengthen litigation management** has been received by the Board. As recommended by the committee various steps towards litigation management have been examined and are under consideration for implementation.

13.9 TPL Division

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 proposals for the Budget 2016-17 have been to provide for clarity in tax laws, a stable tax regime, a non-adversarial tax administration leading to widening and deepening of tax base and a fair mechanism for dispute resolution. The notable changes introduced by Finance Act, 2016 include introduction of a tax regime conducive to Start-ups, implementation of plan of phase-out of deductions and exemptions along with phased reduction of corporate tax rates, introduction of Country-by-Country Reporting provisions in respect of international groups, introduction of the concept of paperless assessment/e-assessment and introduction of the Income Declaration Scheme, 2016 to give all persons who have not declared their income correctly over the years an opportunity to declare such undisclosed income. Further, vide the Taxation Laws (Second Amendment) Act, 2016, the taxation and penalty provisions of unaccounted income have been strengthened and a Taxation and Investment Regime for Pradhan Mantri Garib Kalyan Yojana, 2016 introduced for declaration of undisclosed income held in the form of cash and bank deposits.

13.10 FT&TR Division

13.10.1 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 twin purpose 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 30.12.2016, 93 DTAAs are in force.

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. During the year 2016,

√ Protocol amending the DTAC was signed with Armenia on 27.01.2016 and is yet to enter into force.

√ The Agreement between India and Maldives for avoidance of double taxation of income derived from International Air Transport was signed on 11.04.2016 and has entered into force on 01.08.2016.

√ The revised DTAA between India and Kenya was signed on 11.07.2016 and is yet to enter into force.

√ Protocol amending the DTAC was signed with Slovenia on 17.05.2016 and is yet to enter into force.

√ Third protocol amending the DTAA between India and New Zealand was signed on 26.10.2016.

√ The revised DTAA between India and Korea was signed on 18.05.2015 and has entered into force on 12.09.2016.

√ The revised DTAA between India and Indonesia was signed on 27.07.2012 and has entered into force on 05.02.2016.

√ The Protocol amending the DTAA between India and the Government of the Socialist Republic of Vietnam was signed on 03.09.2016. The same is yet to enter into force.

√ India and Japan signed a Protocol amending the DTAA on 11.12.2015 and has come into force from 29.10.2016. The Protocol provides that the information received from Japan in respect of a resident of India can be shared with other law enforcement agencies with the authorization of the competent authority of Japan and vice versa.

There were three DTAAs with Mauritius, Cyprus and Singapore which provided for residence based taxation of capital gains of shares in a company. These provisions of these treaties have been misused by the tax evaders for round tripping of their unaccounted income. During the FY 2015-16, Government of India has successfully amended all three DTAAs to provide for source-based taxation of capital gains arising from alienation of shares in a company resident in India.

The Protocol for amendment of the India-Mauritius Convention signed on 10.05.2016 and came into force on 19.07.2016, provides for source-based taxation of capital gains arising from alienation of shares acquired from 1st April, 2017 in a company resident in India. Simultaneously, investments made before 1st April, 2017 have been grandfathered and will not be subject to capital gains taxation in India. Where such capital gains arise during the transition period from 1st April, 2017 to 31st March, 2019, the tax rate will be limited to 50% of the domestic tax rate of India. However, the benefit of 50% reduction in tax rate during the transition period shall be subject to the Limitation of Benefits Article. Taxation in India at full domestic tax rate will take place from financial year 2019-20 onwards.

The revised DTAA between India and Cyprus signed on 18.11.2016, and came into force on 14.12.2016 provides for source based taxation of capital gains arising from alienation of shares, instead of residence based taxation provided under the DTAA signed in 1994. However, a grandfathering clause has been provided for investments made prior to 1st April, 2017, in respect of which capital gains would continue to be taxed in the country of which taxpayer is a resident. It also provides for assistance between the two countries for collection of taxes and updates the provisions related to Exchange of Information to accepted international standards. India and Singapore amended the DTAA by signing a Third Protocol on 30.12.2016. The Third Protocol amends the DTAA with effect from 1st April, 2017 to provide for source based taxation of capital gains arising on transfer of shares in a company. Investments in shares made before 1st April, 2017 have been grandfathered subject to fulfillment of conditions in Limitation of Benefits clause as per 2005 Protocol. Further, a two year transition period from 1st April, 2017 to 31st March, 2019 has been provided during which capital gains on shares will be taxed in source country at half of normal tax rate, subject to fulfillment of conditions in Limitation of Benefits clause. The Third Protocol also inserts provisions to facilitate relieving of economic double taxation in transfer pricing cases.

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 30.12.2016, 19 TIEAs are in force. During the year 2016,

- √ TIEA with St. Kitts and Nevis has entered into force on 02.02.2016.
- √ TIEA with Marshall Islands was signed on 18.03.2016 and is yet to enter into force.
- √ TIEA between India and Maldives was signed on 11.04.2016 and the said agreement entered into force on 02.08.2016.
- √ TIEA between India and Seychelles signed on 26.08.2015 and it entered into force on the 28.06.2016.

India has also joined the Multilateral Convention on Mutual Administrative Assistance in Tax Matters (Multilateral Convention) which came into force for India on 01.06.2012 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 with other countries to join this Convention. As on 30.11.2016, 108 countries/jurisdictions have signed/ joined the Multilateral Convention and it has come into force for 93 countries/jurisdictions as on 22.12.2016.

The SAARC Countries have signed agreement on Mutual Administrative Assistance in tax matters on 13.11.2005 which came into effect for India from 01.04.2011. It provides wide range of administrative assistance.

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 as in the case of recently amended DTAA between India and Japan.

13.10.2 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 offshore financial centers, 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 137 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:

- 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 Switzerland Delegation to India in June & September, 2016 and visit of Indian delegation to UAE in July 2016 and Switzerland in August 2016 and to resolve exchange of information issues.

- Bilateral meetings with other tax authorities have also been held on side lines of other international meetings such as those with the tax authorities of British Virgin Islands, Japan, Jersey, Liechtenstein, Mauritius and Singapore. These bilateral meetings will help us in making targeted and specific requests for information and to understand the problems, if any, which prevent them in providing the information, and how the same can be addressed.

- India and Switzerland also signed the 'Joint Declaration' for the implementation of Automatic Exchange of Information (AEOI) between the two countries on 22.11.2016. As a result, it will now be possible for India to receive from September, 2019 onwards, the financial information of accounts held by Indian residents in Switzerland for 2018 and subsequent years, on an automatic basis.

- The Central Action Plan issued by the CBDT in June 2016, read with Manual on Exchange of Information, explains the process and emphasizes the need to make exchange of information references seeking information under the tax treaties. The Central Action Plan 2016 also mandates that every CIT charge will organize training and sensitization programme for making proper references under tax treaties.

- Regular trainings programs have also been held at places like Bengaluru, Chandigarh, Delhi etc. to equip the officers with requisite knowledge and skills to make appropriate requests/enquiries under the prevailing tax-treaties of India, to address the issue of offshore-based tax evasion and Black Money stashed abroad.

a) Steps are also being taken to ensure that the information received from our treaty partners are effectively utilized to combat tax evasion and avoidance.

b) Efforts are also being made to complete investigations quickly and file complaints/ prosecutions in appropriate cases expeditiously.

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, number of information received under this route is not many 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 are not in a standard format and thus are 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 48 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 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.

The other form of administrative assistance possible under tax treaties are tax examination abroad, simultaneous examination, joint audit, service of notices, etc. which are presently not being used much.

13.10.3 Tax Issues in G20

India is a leading contributor to the discourse on international tax issues at G-20 in all its meetings at the level of Leaders (represented by Hon'ble PM of India), Finance Ministers, Central Bank Governors and Deputies. The International Tax Issues features prominently in the G20 Agenda and primarily consist of BEPS and AEOI. The paragraph on tax issues in the recent communique of the G-20 Leaders at the Hangzhou, China Summit in September, 2016 states as follows:

"We will continue our support for international tax cooperation to achieve a globally fair and modern international tax system and to foster growth, including advancing on-going cooperation on base erosion and profits shifting (BEPS), exchange of tax information, tax capacity-building of developing countries and tax policies to promote growth and tax certainty. We welcome the establishment of the G20/OECD Inclusive Framework on BEPS, and its first meeting in Kyoto. We support a timely, consistent and widespread implementation of the BEPS package and call upon all relevant and interested countries and jurisdictions that have not yet committed to the BEPS package to do so and join the framework on an equal footing. We also welcome the progress made on effective and widespread implementation of the internationally agreed standards on tax transparency and reiterate our call on all relevant countries including all financial centers and jurisdictions, which have not yet done so to commit without delay to implementing the standard of automatic exchange of information by 2018 at the latest and to sign and ratify the Multilateral Convention on Mutual Administrative Assistance in Tax Matters. We endorse the proposals made by the OECD working with G20 members on the objective criteria to identify non-cooperative jurisdictions with respect to tax transparency. We ask the OECD to report back to the finance ministers and central bank governors by June 2017 on the progress made by jurisdictions on tax transparency, and on how the Global Forum will manage the country review process in response to supplementary review requests of countries, with a view for the OECD to prepare a list by the July 2017 G20 Leaders' Summit of those jurisdictions that have not yet sufficiently progressed toward a satisfactory level of implementation of the agreed international standards on tax transparency. Defensive measures will be considered against listed jurisdictions. We encourage countries and international organizations to assist developing economies in building their tax capacity and acknowledge the establishment of the new Platform for Collaboration on Taxation by the IMF, OECD, UN and WBG. We support the principles of the Addis Tax Initiative. We recognize the significant negative impact of illicit financial flows on our economies and we will advance the work of the G20 on this theme. We emphasize the effectiveness of tax policy tools in supply-side structural reform for promoting innovation-driven, inclusive growth, as well as the benefits of tax certainty to promote investment and trade and ask the OECD and IMF to continue working on the issues of pro-growth tax policies and tax certainty. In this connection, China would make its own contribution by establishing an international tax policy research center for international tax policy design and research."

India has taken the following position in G20 in relation to Automatic Exchange of Information (AEOI):

- There is a need to ensure that the CRS on AEOI should be implemented on a fully reciprocal basis on a global basis and those countries which have not yet committed to the timeline of 2017 or 2018 should do it without any further delay. The problem of black money and illicit flow to offshore jurisdictions and tax havens can be addressed only when CRS based on AEOI is implemented consistently at a global level.
- The Global Forum should monitor the implementation of CRS on AEOI and ensure that every country/jurisdiction is effectively implementing and have necessary legal and regulatory framework and are also exchanging information in practice.
- Global Forum should also ensure that the bilateral route for effecting AEOI should progress with clear timelines and also ensure that a level playing field among all participating jurisdictions is maintained. The adoption of bilateral route as opposed to the multilateral route for implementation of AEOI should not frustrate the overall objectives of AEOI with all relevant partners.
- The implementation of AEOI as per the timelines committed to G-20, by all the jurisdictions (in September 2017, 2018) should be adhered by all the committed jurisdictions.

13.10.4 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 and expected outcome are summarized below:

Action	*Expected Output*
1- Address the Tax Challenges of the Digital Economy	Report identifying key issues raised by the digital economy and possible actions to address them
2- Neutralise the effects of hybrid mismatch arrangements	Changes to the Model Tax Convention
	Recommendations regarding the design of domestic rules
3- Strengthen CFC rules	Recommendations regarding the design of domestic rules
4- Limit Base Erosion via Interest Deductions and other financial payments	Recommendations regarding the design of domestic rules
	Changes to the Transfer Pricing Guidelines
5 - Counter harmful tax practices more effectively, taking into account transparency and substance	Finalise review of member country regimes
	Strategy to expand participation to non-OECD members
	Revision of existing criteria
6- Prevent Treaty Abuse	Changes to the Model Tax Convention
	Recommendations regarding the design of domestic rules
7- Prevent the artificial avoidance of PE status	Changes to the Model Tax Convention
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
	Changes to the Transfer Pricing Guidelines and possibly to the Model Tax Convention
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
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
11- Establish methodologies to collect and analyse data on BEPS	Recommendations regarding data to be collected and methodologies to analyse them
12- Require taxpayers to disclose their aggressive tax planning arrangements	Recommendations regarding the design of domestic rules
13- Re-examine Transfer Pricing Documentation	Changes to Transfer Pricing Guidelines and Recommendations regarding the design of domestic rules
14- Make dispute resolution mechanisms more effective	Changes to the Model Tax Convention
15- Develop a Multilateral Instrument	Report identifying relevant public international law issues
	Develop a multilateral instrument

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, 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 CFA has a Bureau consisting of 12 members. The Bureau oversees the progress of the Project and participate 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. Accordingly, India, Brazil, China and South Africa now represent the eight non-OECD G20 countries in the Bureau Plus.

The Indian delegates participated 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 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 input has 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.

Current Status of BEPS Project and Role of India

After an elaborate exercise and discussions in Focus Groups, Working Parties and the Committee of Fiscal Affairs, a holistic package of measures have been agreed upon, and have been made public on 5th October, 2015, and the same was presented to G20 Finance Ministers during the meeting in Lima, Peru on 8th October, 2015 and were endorsed by the G20 Leaders at Antalya, Turkey in November, 2015.

It may be noted that India participated in the BEPS Project on an equal footing engaging constructively and extensively through different mechanisms including direct participation in Working Parties and Focus Groups set up under the Committee on Fiscal Affairs (CFA) of OECD in finalizing the deliverables with the twin purpose of:

- collaborating with other countries in development of recommendations to prevent base erosion and profit shifting; and
- safeguarding the interests of India and other developing countries in development of new standards.

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. A summary of the recommendations in the final reports, with regard to the 15 Action Points, is placed at **Annexure-2**.

The recommendations made under the BEPS Project will be implemented through domestic legislations and treaty provisions in a coordinated manner, and will be supported by targeted monitoring and strengthened transparency. These measures include the following:

a) Adoption of minimum standards to tackle issues in cases where no action by some countries would have created negative spill overs (inclusive adverse competitiveness impacts) on other countries such as consistent implementation in the areas of treaty shopping, country by country reporting, fighting harmful tax practices and improving dispute resolution.

b) Agreement on common approaches for changing domestic legislation relating to neutralizing hybrid mismatches and limiting interest deductibility.

c) Providing guidance based on best practices for countries which seek to strengthen their domestic legislation relating to mandatory disclosure by taxpayers of aggressive or abusive transactions, arrangements, or structures, and the building blocks of effective Controlled Foreign Company (CFC) rules.

d) Development and analysis of options to tackle the problems posed by digital economy including digital presence test, introduction of a withholding tax and equalization levy in addition to identification of implementation mechanism to facilitate VAT collection in the country where the consumer is located which is particularly relevant for online ordering and delivery of goods and services.

e) Launch of an innovative mechanism to update the global network of more than 3 500 bilateral tax treaties. 90 countries had joined an ad hoc group to draft a multilateral instrument which has been finalized and adopted in November 2016. This will implement the treaty-related BEPS measures and facilitate the modification of bilateral tax treaties in a synchronized and efficient manner, without the need to invest resources to bilaterally renegotiate each treaty.

Countries are sovereign and it is therefore up to them to implement these changes but it is expected that they will implement their commitments in the case of the standards, and that they will seek consistency and convergence when deciding upon the implementation of the other measures. G20 and OECD countries will continue to work on equal footing to complete the areas which require further work in 2016 and 2017. G20 and OECD countries will keep working on an equal footing to monitor the implementation of the BEPS measures. The monitoring will consist of an assessment of compliance with the minimum standards in the form of a periodic and public report on what countries have done to implement the BEPS recommendations. It will involve some form of peer review which will have to be defined and adapted to the different actions with a view to establishing a level playing field by ensuring all countries implement their commitments so that no country would gain unfair competitive advantage.

In Ankara in September 2015, the OECD was mandated by the G20 Finance Ministers to build an inclusive framework for implementation and to report to them by early 2016. The architecture for the inclusive framework was agreed at the January and March meetings of the CFA and welcomed by G20 Finance Ministers at their meeting in Shanghai on 26-27 February and 14-15 April 2016 at Washington D.C. In the April meeting, the G20 Finance Ministers, noting that the first meeting on inclusive framework was to be held in June 2016, encouraged all relevant and interested jurisdictions to join the new inclusive framework on an equal footing. The work of Inclusive Framework will include consideration of the manner in which non-OECD countries will consider themselves committed to the agreed rules and their implementation. India continues to contribute to this important phase of the BEPS Project.

The first meeting of the CFA and BEPS Inclusive Framework was held in Kyoto, Japan from 30th June 2016 and 1st July 2016. In this meeting several governance issues for the inclusive framework as well as future road map were discussed and decided. As on December 7, 2016, total 91 members have joined the Inclusive Framework. The Steering Group of the Inclusive Framework comprises members from 20 countries. India has a representation in the Steering Group of the Inclusive Framework. India strongly supports the inclusive approach of the framework to monitor and review the success of implementation of the BEPS recommendations, and would collaborate with all the G-20, developing countries and international organizations to ensure that there is a level playing field amongst various economies. India shall actively participate in the Inclusive Framework to also ensure that the concerns of the developing countries are appropriately addressed in the implementation phase.

13.10.5 Automatic Exchange of Information (AEOI)

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. Government of India is emphasising at various international fora, 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.

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. Some jurisdictions have joined later and the number of jurisdictions committed to first exchanges by 2017 has now increased to 54. As on 30.12.2016, 101 countries/ jurisdictions, including India, have expressed their commitment to implement CRS on AEOI as per the following timeframe:

JURISDICTIONS UNDERTAKING FIRST EXCHANGES BY 2017 (54)
Anguilla, Argentina, Barbados, Belgium, Bermuda, British Virgin Islands, Bulgaria, Cayman Islands, Colombia, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Estonia, Faroe Islands, Finland, France, Germany, Gibraltar, Greece, Greenland, Guernsey, Hungary, Iceland, India, Ireland, Isle of Man, Italy, Jersey, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, 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
JURISDICTIONS UNDERTAKING FIRST EXCHANGES BY 2018 (47)
Albania, Andorra, Antigua and Barbuda, Aruba, Australia, Austria, The Bahamas, Bahrain, Belize, Brazil, Brunei Darussalam, Canada, Chile, China, Cook Islands, Costa Rica, Dominica, Ghana, Grenada, Hong Kong (China), Indonesia, Israel, Japan, Kuwait, Lebanon, Marshall Islands, Macao (China), Malaysia, Mauritius, Monaco, Nauru, New Zealand, Panama, Qatar, Russia, Saint Kitts and Nevis, Samoa, Saint Lucia, Saint Vincent and the Grenadines, Saudi Arabia, Singapore, Sint Maarten, Switzerland, Turkey, United Arab Emirates, Uruguay, Vanuatu

Eighty-seven countries/jurisdictions joined a Multilateral Competent Authority Agreement ("MCAA") as on 30.12.2016 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.

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. India has signed MCAA on 3rd June 2015.

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.

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.

13.10.6. Inter-Governmental Agreement (IGA) with USA for purposes of FATCA

India entered into Inter-Governmental Agreement (IGA) with the USA under the Foreign Account Tax Compliance Act (FATCA) on 9th July 2015. This will obligate the Indian financial institutions to provide financial information to Indian tax authorities, which will then be transmitted to USA automatically. Similarly, under the IGA the USA financial institutions will also be providing information to USA tax authorities, which will be transmitted to India automatically. The USA had enacted the FATCA in 2010 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.

Under IGA, India will receive information about Indian tax residents who have financial accounts in the USA, which will include,

- The name, address and Indian TIN of any person that is resident of India and is an account holder of the account;
- Account number;
- Gross amount of interest, US source dividends or other income paid or credited, depending on the nature of the financial account.

Information exchange under IGA has already taken place in September 2015 and September 2016. Information received from USA is currently being analysed for further action.

Implementation of AEOI and FATCA

For implementation of FATCA and CRS, necessary legislative changes were made through Finance (No. 2) Act, 2014, by amending section 285BA of the Income-tax Act, 1961. Income-tax Rules, 1962 were amended vide Notification No. 62 of 2015 dated 7th August, 2015 by inserting Rules 114F to 114H and Form 61B to provide a legal basis for the Reporting Financial Institutions (RFIs) for maintaining and reporting information about the Reportable Accounts.

A Guidance Note was released on 31st August 2015 to provide guidance to the Financial Institutions, Regulators and officers of the Income Tax Department for ensuring compliance with the reporting requirements provided in Rules 114F to 114H and Form 61B of the Income-tax Rules, 1962. The Guidance Note is intended to explain the complex reporting requirements and provide further guidance wherever required. To address the evolving issues in the implementation the Guidance Note has been updated on 31.12.2015, 31.05.2016 and 30.11.2016.

13.10.7. Country-by-Country (CbC) Reporting

Action 13 of the BEPS Action Plan required the development of rules regarding transfer pricing documentation that would enhance transparency in business models employed globally by Multi National Enterprises (the "**MNEs**"), for the benefit of tax administrations, taking into consideration the compliance costs for business. The rules to be developed were to include a requirement that the MNEs provide all relevant governments with needed information on their global allocation of the income, economic activity and taxes paid among countries according to a common template.

The final report on Action 13 recommends a three-tiered standardized approach, which requires the MNEs to provide (i) information of their global business operations and transfer pricing policies in a "Master File", (ii) detailed transfer pricing documentation specific to each country in a "Local File" and (iii) a Country-by-Country Report (the "**CbC Report**").

The CbC Report will provide annually and for each tax jurisdiction in which they do business, the profits declared, tax effects, capital involved, employee strength, assets employed, and details of business activities. The CbC Reporting is required to be adopted by all participating countries as a "minimum standard" and implemented in a consistent manner, in respect of the MNE fiscal years commencing on or after 1st January, 2016. In respect of Indian enterprises, accordingly, such reporting is to be implemented with effect from the accounting period 2016-17.

The CbC Reports would provide vital and valuable information to the Indian tax administration about the MNE Groups operating in India, which were hitherto not available. This would strengthen India's ability to undertake risk analysis of transfer pricing and other BEPS issues and would go a long way in preventing the erosion of the Indian tax base.

To facilitate the implementation of the exchange of CbC Reports among tax administrations on the basis of the Multilateral Convention, the BEPS report on Action 13 specifies a Multilateral Competent Authority Agreement on the Exchange of Country-by-Country Reports (the **"CbC MCAA"**), which has to be signed by the Competent Authorities of agreeing countries. India has signed this agreement in May 2016.

13.10.8. 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 is 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 2016, 46 Indian officers participated in 24 events abroad. Further, training events are hosted in NADT, Nagpur and OECD experts are invited to lead these events. During the year 2016, following two events were held at NADT:

- BEPS: Seminar on Transfer Pricing from 4th- 8th July, 2016
- BEPS: Workshop on Advance Tax Treaties from 22nd - 26th August, 2016.

(b) Tax Inspectors Without Borders (TIWB)

Tax Inspectors Without Borders (TIWB) is a joint initiative of the OECD and the United Nations Development Programme (UNDP), designed to support developing countries to build tax audit capacity. The objective of the programme is to enable transfer of tax audit knowledge and skills to tax administrations in developing countries through a real time "learning by doing" approach. It aims at facilitating the sharing of expertise by deployment of tax auditors on demand basis to support developing countries build tax audit capacity. The concept was initially proposed by OECD Taskforce on Tax and Development in 2012. The project concept received the strong support of the G20 Leaders in their August 2013 St Petersburg Declaration and from the G8 Leaders at their summit in

June 2013. The partnership between OECD and UNDPon TIWB was officially launched on 13th July, 2015 during the Third International Conference on Financing for Development in Addis Ababa, Ethiopia. Pilot projects and international tax workshops are underway, including in Albania, Ghana and Senegal, through deployment of experts to provide real-time tax audit assistance to developing countries.

(c) Forum on Tax Administration (FTA)

Actively participation of India was ensured in the various activities for tax cooperation undertaken by the Forum on Tax Administration (FTA), which is an international forum for co-operation between revenue bodies. The activities and projects undertaken by FTA aim 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. In particular, India has been actively participating in the development of Common Transmission System(CTS) being developed under the aegis of FTA, which will establish an architecture for secure and rapid exchange of information among countries, so as to facilitate Automatic Exchange of Information.

Active participation of India was also ensured in the Joint International Taskforce on Shared Intelligence and Collaboration(JITSIC), which is a network under the aegis of FTAthat enables coordinated action among member states to jointly tackle tax evasion and avoidance.

(d) Forum on Harmful Tax Practices (FHTP)

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. India's newly introduced patent regime, namely Sec 115BBF was subjected to review by FHTP during 2016. FT&TR Division defended the regimes before FHTP, which on the basis of such presentation concluded that regime reviewed was not potentially harmful as per FHTP criterion.

(e) OECD's Working Party 2

India participated in Working Party 2 (WP2) meeting in the capacity of being a G¬20 member. India's engagement with Working Party No.2 of OECD started in the year 2011. In the changing international tax environment, a number of countries expressed concern about how international standards, on which bilateral tax treaties are based, allocate taxing rights between source and residence States. The G20 finance ministers called on the OECD to develop an action plan to address BEPS issues in a co-ordinated and comprehensive manner. OECD therefore formulated Action Plan focused on addressing Base Erosion and Profit Shifting (BEPS).

One of the main items in the agenda is Base Erosion and Profit Shifting (BEPS)'s Action Item No.11. The object of this action item is to develop recommendations regarding indicators of the scale and economic impact of BEPS and ensure that tools are available to monitor and evaluate the effectiveness and economic impact of the actions taken to address BEPS on an ongoing basis. This will involve developing an economic analysis of the scale and impact of BEPS (including spillover effects across countries) and actions to address it.

India has been regularly attending the previous meetings of Working Party 2 and provided inputs for Measuring and Monitoring the Scale of BEPS and its Countermeasures. The Working Party No. 2 provides us an opportunity to convey India's views on BEPS Action 11 recommendations and next steps. Engagement with WP2 will help us in learning international best practices and sharing valuable experience.

13.10.9. Global Forum on Transparency and Exchange of Information for Tax Purposes

The Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum) carries out in-depth monitoring and peer review of the standards of transparency and exchange of information (EOI) for tax purposes. The peer review is done over two phases: Phase 1 dealing with the legal and regulatory framework of the assessed jurisdiction and Phase 2 relating to actual implementation of the standards in practice. India is a Vice Chair of the Peer Review Group of the Global Forum and has actively participated in all Global Forum meetings and discussions on the peer review reports. The Steering Group of the Global Forum steers and guides the work of the Global Forum and provides policy direction to the various activities carried on by it. India has also been an active participant in the deliberations and decisions of the Steering Group of the Global Forum.

The 9th Plenary meeting of the Global Forum took place at in Tbilisi Georgia, from 02-04 November 2016 with participation of 85 jurisdictions, including India, and 12 international organisations and regional groups with the following key outcomes:

- Recognition of the achievements of those committed to lead and begin automatically exchanging financial account information in 2017 under the Global Forum's Automatic Exchange of Information (AEOI) Standard. Almost all of these jurisdictions have the necessary domestic and international legal frameworks in place and their financial institutions are currently collecting the information to exchange next year. Good progress has also been made by those committed to start exchanging in 2018, although there is work to do over the coming months to ensure a level playing field. To that end, the Global Forum agreed to increasingly detailed monitoring and reporting of delivery against commitments, including assessments of whether agreements are being put in place with all interested appropriate partners. The Global Forum, therefore, agreed that the monitoring and reporting process should continue in increasing detail to ensure the delivery of a level playing field. To identify any gaps at an early stage, the Global Forum asked the AEOI Group to deliver a monitoring report by the end of the year on the progress made by all committed jurisdictions in relation to the putting in place of their domestic legislative frameworks and agreements with all interested appropriate partners within the agreed timetables.
- Finalisation of the first round of peer reviews on the Exchange of Information on Request (EOIR) Standard. The last ratings of the first round were assigned, and the final peer review reports were published. The results are very encouraging, with 99 jurisdictions out of a total of 116 jurisdictions which have received ratings being rated as Compliant or Largely Compliant, a number of which have made improvements since their initial rating.
- The Global Forum reaffirmed its role as the leading international body on issues of transparency and exchange of information for tax purposes. In order not to undermine the efforts made by jurisdictions to comply with its standards, a call was made for all initiatives relating to tax transparency, such as the listing of non-cooperative jurisdictions, to be fully aligned with the work of the Global Forum, including the results of the fast-track review process. Communication and cooperation between the Global Forum and other relevant bodies should be enhanced to ensure accurate, coherent and consistent recognition of the Global Forum's work and increase its overall effectiveness.
- Reiteration of the pledge to support developing countries in benefitting from the international tax transparency environment.
- Agreement to take forward further work on beneficial ownership.

Global Forum work on AEOI

Recognizing that the Global Forum has a proven track record of fair and effective implementation of the standards of transparency through a process where members participate on an equal footing, the G20 countries have requested the Global Forum to take on the work of implementation of the new global standard on automatic exchange of information, the CRS on AEOI. In order to carry out the review of the implementation of AEOI based on CRS, the Global Forum has set up an AEOI Group to develop the methodology and terms of reference for monitoring the implementation of the CRS. At present, 68 countries/jurisdictions are part of AEOI Group. India is one of Vice-chair of the AEOI Group. The work of Global Forum presently being carried out in this regard has the following components:

(a) Committing to the new standards: Almost all the members of the Global Forum, except developing countries which are not financial centres, have committed to the new standards and have agreed to exchange information automatically from 2017 or 2018.

(b) Monitoring the implementation of CRS: The AEOI Group follows a peer review process. Work has commenced for the creation of new Terms of Reference and a new Methodology, which will allow for Global Forum member and relevant non-member jurisdictions to be evaluated for the effectiveness of the implementation, including the meeting of confidentiality and data safeguard requirements. These reviews will ensure a globally consistent implementation of the CRS. AEOI Group is also carrying out preliminary assessment of domestic legislation through AEOI Implementation Checklist.

(c) Supporting developing countries: The Global Forum is also taking steps to support developing countries and increase their capacity to participate in the new standard on AEOI which would be essential for preventing tax evasion. At the request of the G20 Development Working Group, the Global Forum has prepared a Roadmap describing a stepped approach for participation of the developing countries in the new standards, which also include an outline for pilot projects to be undertaken between developing and G20/developed country partners.

13.10.10. United Nations Committee of Experts or International Cooperation in Tax Matters

A Committee of Experts comprising 25 members nominated by various countries and appointed by Secretary General, ECOSOC, United Nations work towards updating the United Nations Model Convention, UN Transfer Pricing Practical Manual etc. During 2016 the Committee of Experts met twice – the 12th meeting of the Committee took place in Geneva in October, 2016 and the 13th meeting took place in December, 2016 in New York. A delegate nominated by India is also a member of the Committee of Experts. The Committee of Experts finalized an article on 'Fees for Technical Service' for adoption in UN Model Convention. The G-20/OECD BEPS action reports were also examined by the Committee for updating the UN Model Convention as well as its Transfer Pricing Practical Manual. The draft of new chapters on Intra-grant services, Intangibles, cost-contribution arrangement etc were also finalized. Besides, the 'Country Chapter' forming part of the UN Transfer Pricing Manual was updated. 'India Chapter' as revised by the Indian Government has been accepted by UN Committee of Experts for its adoption in the Transfer Pricing Practical Manual. The Committee of Experts also finalized guidance notes for Extracting Industries. The work done by the Committee of Experts strikes balance between the allocation of taxing rights between the developing and developed countries.

13.10.11. Cooperation with BRICS Countries on Tax Matters

As part of India's BRICS chairmanship for the year 2016, a meeting of the BRICS Heads of Revenue and Experts on Tax Matters was held at Mumbai on the 5th and 6th of December, 2016. Delegations from Brazil, Russia, India, China and South Africa participated in this two day meeting. In the meeting the following issues/topics were discussed:

(i) Non-intrusive methods to improve tax compliance- Best practices in BRICs countries.

(ii) United Nations- The voice of developing and emerging economies in setting international tax rules.

(iii) CbC Repoting implementation.

In the meeting the importance of BRICS cooperation in ensuring fair and consistent implementation of BEPS package was stressed upon and the importance of Automatic Exchange of Information, Common Reporting Standard in the fight against illicit wealth was reiterated. The meeting concluded with the signing and issues of a Joint Communiqué wherein cooperation in the following areas were reiterated:

(i) Combating Base Erosion and Profit Shifting.

(ii) Implementing the Automatic Exchange of Information.

(iii) Extending the reach of tax cooperation and building capacity.

(iv) International Tax Cooperation.

13.10. 12. 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.

13.10.13. 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 fulfil this objective, CIAT organizes different activities, studies, workshops, seminars etc. wherein tax administrations can share their suggestions, practices, experiences, etc. During2016, Indian delegates participated in General Assembly and Technical Conference of CIAT. Indian delegations made presentations during these events on topics allocated to India.

Commonwealth Association of Tax Administrators (CATA) was established as a result of decision taken at the meeting of the Commonwealth Finance Ministers in Barbados in 1977. India has been an important member of Commonwealth Association of Tax Administrators (CATA) since 1979. CATA's activities include organizing annual technical workshops, high quality training programmes for tax officials, in country training programmes tailored to meet specific needs of members, publication of a quarterly newsletter, provision of consultancy services and research facilities for members upon request, supply of information to members, etc. India participated in Technical Conference of CATA held in Barbados this year and presented a paper.

Talks with Commonwealth Association of Tax administrators (CATA) are at an advanced stage to conduct capacity building programs in partnership with CATA for the member countries of the region at NADT, Nagpur.

3.10.14. 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 2016, a total of 151FIPB proposals and 19 DIPP Proposals were processed in the FT&TR division and inputs on these proposals were sent to Foreign Investment Promotion Board.

13.10.15. Income Tax Overseas Units

During the financial year 2016, Income Tax Overseas Units (ITOUs) remained functional in eight Indian Missions viz. Mauritius, Singapore France, Japan, Netherlands, UK, Germany and USA. IRS officers have been posted as First Secretary (Economic), in these Income Tax Overseas Units (ITOUs). 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.

13.10.16. Mutual Agreement Procedure

Multinational Enterprises (MNEs) operating across the world are subjected to transfer pricing audit in various countries to ensure that their related party international transactions are priced at arm's length. Sometimes, the income of the group is taxed in various jurisdictions and disputes arise due to economic double taxation of the same income in the hands of different taxpayers of the same MNE group. Similarly, MNEs also face juridical double taxation where the same income is taxed in the hands of the same taxpayer in different jurisdictions. To resolve such disputes, the Double Taxation Avoidance Agreements (DTAAs) provide a mechanism through the "Mutual Agreement Procedure" Article of such DTAAs. Under this mechanism, the competent authorities of countries having a DTAA between them may consult each other and reach an understanding to avoid double taxation.

India has a wide network of DTAAs and has been able to successfully resolve double taxation issues with various treaty partners by effectively using the Mutual Agreement Procedure (MAP) Article. The largest number of tax disputes is with the United States of America, which is not surprising because both countries have a very high volume of trade and American MNEs have significant business presence in India. This calls for a constant and deep engagement by the Indian competent authority with the American competent authority. India also has a number of tax disputes with United Kingdom, Japan, China, Netherlands, Canada, Switzerland, Australia, Denmark, Sweden, Finland, etc. Both the Joint Secretaries in the Foreign Tax and Tax Research (FT & TR) Division of CBDT (JS, FT & TR-I and JS, FT & TR-II) are the two Indian competent authorities. While JS, FT & TR-I is the competent authority for North American and European countries, JS, FT & TR-II is the competent authority for the rest of the world.

Between 1st April, 2016 to 30th November, 2016, bilateral meetings for resolving tax disputes under MAP have been held with the competent authorities of USA (twice), UK, Japan, China, Finland, etc. More such meetings have been scheduled till 31st March, 2017 with countries like Netherlands, Japan, Canada, UK, etc. The meetings have proved to be very successful in resolving various disputes relating to double taxation. In October, 2016 meeting between the competent authorities of India and USA at Washington D.C., more than 100 pending disputes of double taxation were agreed to be resolved. Similarly, a number of disputes were agreed to be resolved during meetings with Japan and UK. During the year, one MAP case with Japan was resolved. Three cases with China have been resolved. In one MAP request from Singapore, positions have been exchanged during the year. Bilateral MAP negotiations with Australia are going on in 6 cases. Further, under MAP 52 cases involving non transfer pricing issues were resolved or agreed to be resolved during the year. The Mutual Agreement Procedure (MAP) has proved to be a very useful instrument for India in resolving long-standing and complex issues of double taxation.

13.10.17. Advance Pricing Agreement

Advance Pricing Agreement (APA) provisions were introduced in the Income-tax Act, 1961 through the Finance Act 2012. Sections 92CC and 92CD were introduced in the Act to provide the legislative backing to the APA Scheme, while the rules were notified in the Income-tax Rules, 1962 on 30th August, 2012 [Rules 10F to 10T]. These rules lay down the detailed procedures for filing of pre-filing consultation application; pre-filing consultation; payments of fees; filing of APA application; processing of APA application; withdrawal of APA application; terms and conditions of APA; filing of Annual Compliance Report; Compliance Audit; revision, cancellation and renewal of APA; etc. Besides, Rule 44GA was inserted to provide for procedural aspects while dealing with bilateral or multilateral APAs. In May 2013, a Taxpayers Information Series on "Advance Pricing Agreement Guidance with FAQs" was released to provide clarifications on certain issues.

The Advance Pricing Agreement (APA) Scheme was introduced to reduce litigation in transfer pricing matters and provide tax certainty to Multinational Enterprises (MNEs) doing business in India. It was provided that APAs could be entered into with taxpayers for a maximum period of 5 years in respect of international transactions between Associated Enterprises (AEs) within a MNE group. The APAs would determine the Arm's Length Price (ALP) of such international transactions and/or specify the manner in which the ALP is to be determined.

Legislative provisions for Rollback of APAs were brought into the Income-tax Act, 1961 through the Finance (No. 2), Act 2014 in July, 2014. The Rules governing the Rollback of APAs were notified in the Income-tax Rules, 1962 on 14th March, 2015 [Rules 10 MA and 10 RA] and the existing APA Scheme got amended accordingly. Subsequently, CBDT issued a Circular on 10th June, 2015 [Circular No. 10/2015] to provide clarifications on certain issues related to the Rollback provisions in a question and answer format.

The Rollback provisions allow the terms and conditions of the APA to be rolled back for a maximum of 4 years prior to the first year of the APA period. Thus, a taxpayer would be able to have certainty in matters of transfer pricing for a maximum period of 9 years by applying for an APA with Rollback.

Under our APA Scheme, APAs can be multilateral or bilateral (involving CBDT and 1 or more countries and the taxpayers) or unilateral (involving the CBDT only and the taxpayer). Over the last four and a half years, more than 700 APA applications have been filed in India. A large majority of these applications (about 85%) are for unilateral APAs between the Indian taxpayer and the CBDT. Till 30th November, 2016, 115 agreements have been entered into and it is expected that another 50 APAs could possibly be entered into by 31st March, 2017. The average time taken by CBDT to conclude an APA is about 30 months, which is less than the average time taken by advanced tax jurisdictions like USA and UK.

The details of APA applications received and APAs entered into have been provided in the two tables below.

Table 1: Details of APA Applications Received and Disposed

Financial Year	No. of Applications Filed	No. of Agreements Signed till 30th November, 2016	No. of Applications disposed of due to withdrawal or other reasons till 30th November, 2016	No. of Applications under Processing as on 30th November, 2016
2012-13	146	58	11	77
2013-14	232	45	5	182
2014-15	206	10	1	195
2015-16	132	2	1	129
2016-17*	10	-	-	10
Total	726	115	18	593

* Till 30th November, 2016

Table 2: Details of Agreements Signed

Financial Year	Unilateral APA	Bilateral APA	Total
2013-14	5	-	5
2014-15	3	1	4
2015-16	53	2	55
2016-17*	47	4	51
Total	108	7	115

* Till 30th November, 2016

With Japan, during the year, one bilateral APA with rollback giving certainty of tax treatment for 9 years has been signed. Three more bilateral APAs with rollback have been negotiated by the two competent authorities and are at final stage. Bilateral APA negotiations with Australia are going on in 3 cases.

The CBDT expects more APAs to be concluded and signed in the near future. APA along with MAP has come to be recognised as an effective and efficient alternate dispute resolution mechanism. Together, APA and MAP have helped in reducing tax disputes, fostering a non-adversarial tax regime and have helped in creating a conducive taxation environment in India. The approach and functioning of the officers in the MAP and APA teams have been appreciated and acknowledged by the industry in India and abroad.

13.10.18. Dispute Resolution Panels (DRPs)

Dispute Resolution Panel (DRP) as a new dispute resolution mechanism, in the Income Tax Department, was put in place from 1st April, 2009. Each DRP is a collegium comprising of three Commissioners of Income-tax constituted by the Board for this purpose. Prior to 1St January, 2016, the Commissioners of Income Tax (CsIT) were functioning as members of DRPs in addition to their regular duties.

A new scheme for the DRPs has come into force with effect from 1st January, 2016 whereby 5 permanent DRP benches have been created at 3 cities i.e., 2 at Delhi, 2 at Mumbai and 1 at Bengaluru with deployment of 15 CsIT for this purpose. It may be mentioned that this new scheme proposed to establish permanent DRPs (CIT level officers functioning exclusively as Members of DRPs) as against the earlier scheme of non-permanent DRPs manned by CsIT performing functions of members of DRP in addition to their regular duties.

13.10.19. Policy Issues on International Taxation

13.10.19.1 Issuance of a Circular regarding benefits of the India-United Kingdom (UK) Double Taxation Avoidance Agreement to UK partnership firms

With respect to the recently amended India-UK Double Taxation Avoidance Agreement (DTAA), apprehensions were raised that even after the amendment by which the earlier definition of "person" which excluded UK partnership firms from its scope has been modified, the benefits of the treaty may still not be accorded to UK partnership firms, which are fiscally transparent entities in that country, by the Income-tax authorities, since the term "partnership" is not specifically included in the amended definition of "person".

To give further clarity on whether the provisions of the treaty are applicable to a partnership, Circular 2 of 2016 was issued, clarifying that the provisions of the India-UK DTAA would be applicable to a partnership that is a resident of either India or UK, to the extent that the income derived by such partnership, estate or trust is subject to tax in that State as the income of a resident, either in its own hands or in the hands of its partners or beneficiaries.

13.10.19.2 Committee on Taxation of e-Commerce and Equalization Levy

A Committee on Taxation of E-Commerce, headed by JS (FT&TR-I), was constituted in 2015 as per directions of Chairperson, CBDT to examine the business models for e-commerce, the direct tax issues in regard to e-commerce transactions and suggest approach to deal with these under different business models. Following the recommendations of the Committee, "Equalization Levy" has been introduced at a rate of 6% on online advertisements by the Finance Act, 2016 and has already come into effect from June 2016.

13.10.19.3 Committee constituted by the Board by order dated 28.8.2014 for consideration of cases involving indirect transfer of assets

JS(FT&TR-I) is the convener of the Committee constituted by CBDT under Section 119 of the Income-tax Act by order dated 28.8.2014 for consideration of cases involving indirect transfer of assets in terms of amendments made with retrospective effect by the Finance Act, 2012. Joint Secretary (TPL-I) and Commissioner of Income Tax (ITA-I) are the other members of the Committee. Director (FT&TR-I) is the Secretary to the Committee and the FT&TR-I Division provides secretarial services to the Committee. During the year, the Committee considered several references made by assessing officers, seeking approval for initiating proceedings in cases involving indirect transfer of assets.

In May 2016, a High Level Committee (HLC) chaired by Revenue Secretary and having Chairman, CBDT and an expert from outside as its members was constituted to oversee all fresh cases where action is proposed by the assessing officer(AO) in respect of indirect transfers by applying the amendment of Finance Act, 2012. After the constitution of the HLC, the committee constituted by CBDT on 28.8.2014 was given the role of making recommendations to it after examining the references received from the AOs and thereafter the HLC will take the decisions.

Annexure - 1 : India's DTAA/TIEA/Multilateral Agreement as on 30th December, 2016

No.	Jurisdiction	Type of EOI agreement	Date signed	Date from which in force
1.	Afghanistan	SAARC Multilateral Agreement	13.11.2005	
2.	Albania	Double Taxation Avoidance Agreement ("DTAA")	08.07.2013	4.12.2013
		Multilateral Convention on Mutual Administrative Assistance in Tax Matters ("Multilateral Convention")	1.3.2013	1.12.2013
3.	Andorra	Multilateral Convention	05.11.2013	Not yet in force in Andorra
4.	Anguilla	Multilateral Convention	Extension by the United Kingdom	01.03.2014
5.	Argentina	Taxation Information Exchange Agreement ("TIEA")	21.11.2011	28.01.2013
		Multilateral Convention	03.11.2011	01.01.2013
6.	Armenia	DTAA	31.10.2003	09.09.2004
7.	Aruba	Multilateral Convention	Extension by the Netherlands	01.09.2013
8.	Australia	DTAA	25.07.1991	30.12.1991
		Protocol	16.12.2011	02.04.2013
		Multilateral Convention	03.11.2011	01.12.2012
9.	Austria	DTAA	08.11.1999	05.09.2001
		Multilateral Convention	29.5.2013	01.12.2014
10.	Azerbaijan	Multilateral Convention	23.5.2014	01.09.2015
11.	Bahamas	TIEA	11.02.2011	01.03.2011
12.	Bahrain	TIEA	31.05.2012	11.04.2013
13.	Bangladesh	DTAA	27.08.1991	27.05.1992
		Protocol	16.02.2013	13.06.2013
		SAARC Multilateral Agreement	13.11.2005	19.05.2010
14	Barbados	Multilateral Convention	28.10.2015	01-11-2016
15.	Belarus	DTAA	27.09.1997	17.07.1998
		Amending Protocol	03.06.2015	19.11.2015
16.	Belgium	DTAA	26.04.1993	01.10.1997
		Multilateral Convention	04.04.2011	01.04.2015
17.	Belize	TIEA	18.09.2013	25.11.2013
		Multilateral Convention	29.05.2013	01.09.2013
18.	Bermuda	TIEA	07.10.2010	03.11.2010
		Multilateral Convention	Extension by United Kingdom	01.03.2014
19.	Bhutan	SAARC Multilateral Agreement	13.11.2005	19.05.2010
		DTAA	04.03.2013	17.07.2014
20.	Botswana	DTAA	08.12.2006	30.01.2008

No.	Jurisdiction	Type of EOI agreement	Date signed	Date from which in force
21.	Brazil	DTAA	26.04.1988	11.03.1992
		Multilateral Convention	03.11.2011	01-06-2016
22.	British Virgin Islands	TIEA	09.02.2011	22.08.2011
		Multilateral Convention	Extension by United Kingdom	01.03.2014
23.	Bulgaria	DTAA	26.05.1994	23.06.1995
24.	Canada	DTAA	11.01.1996	06.05.1997
		Multilateral Convention	03.11.2011	01.03.2014
25.	Cameroon	Multilateral Convention	25.06.2014	01.10.2015
26.	Cayman Islands	TIEA	21.03.2011	08.11.2011
		Multilateral Convention	Extension by United Kingdom	01.01.2014
27.	China	DTAA	18.07.1994	21.11.1994
		Multilateral Convention	27.08.2013	01.02.2016
28.	Chinese Taipei (Taiwan)	DTAA	12.07.2011	12.08.2011
29.	Chile	Multilateral Convention	24.10.2013	01-11-2016
30.	Colombia	DTAA	13.05.2011	07.07.2014
		Multilateral Convention	23.05.2012	01.07.2014
31.	Costa Rica	Multilateral Convention	01.03.2012	01.08.2013
32.	Croatia	DTAA	12.02.2014	06.02.2015
		Multilateral Convention	11.10.2013	01.06.2014
33.	Curacao	Multilateral Convention	Extension by the Netherlands	01.09.2013
34.	Cyprus	DTAA	13.06.1994	21.12.1994
		Amending Protocol	18.11.2016	14.12.2016
		Multilateral Convention	10.07.2014	01-04-2015
35.	Czech Republic	DTAA	01.10.1998	27.09.1999
		Multilateral Convention	26.10.2012	01.02.2014
36.	Denmark[1]	DTAA	08.03.1989	13.06.1989
		Protocol	10.10.2013	01.12.2015
		Multilateral Convention	27.05.2010	01.06.2011
37.	Egypt (United Arab Republic)	DTAA	20.02.1969	30.09.1969
38.	Estonia	DTAA	19.09.2011	20.06.2012
		Multilateral Convention	29.05.2013	01.11.2014
39.	Ethiopia	DTAA	25.05.2011	15.10.2012
40.	Faroe Islands	Multilateral Convention	Extension by Denmark	01.06.2011
41.	Fiji	DTAA	30.01.2014	15.05.2014
42.	Finland	DTAA	15.01.2010	19.04.2010
		Multilateral Convention	27.05.2010	01.06.2011
43.	France	DTAA	29.09.1992	01.08.1994
		Multilateral Convention	27.05.2010	01.04.2012

No.	Jurisdiction	Type of EOI agreement	Date signed	Date from which in force
44.	Georgia	DTAA	24.08.2011	08.12.2011
		Multilateral Convention	03.11.2010	01.06.2011
45.	Germany	DTAA	19.06.1995	26.10.1996
46.	Ghana	Multilateral Convention	10.07.2012	01.09.2013
47.	Gibraltar	TIEA	01.02.2013	11.03.2013
		Multilateral Convention	Extension by the United Kingdom	01.03.2014
48.	Green Land	Multilateral Convention	Extension by the Denmark	01.06.2011
49.	Greece	DTAA	11.02.1965	17.03.1967
		Multilateral Convention	21.02.2012	01.09.2013
50.	Guernsey	TIEA	20.12.2011	11.06.2012
		Multilateral Convention	Extension by the United Kingdom	01.08.2014
51.	Hungary	DTAA	03.11.2003	04.03.2005
		Multilateral Convention	12.11.2013	01.11.2014
52.	Iceland	DTAA	23.11.2007	21.12.2007
		Multilateral Convention	27.05.2010	01.02.2012
53.	Indonesia	DTAA	07.08.1987	19.12.1987
		Multilateral Convention	03.11.2011	01.05.2015
54.	Ireland	DTAA	06.11.2000	26.12.2001
		Multilateral Convention	30.06.2011	01.09.2013
55.	Isle of Man	TIEA	04.02.2011	17.03.2011
		Multilateral Convention	Extension by the United Kingdom	01.03.2014
56.	Israel	DTAA	29.01.1996	15.05.1996
57.	Italy	DTAA	19.02.1993	23.11.1995
		Multilateral Convention	27.05.2010	01.05.2012
58.	Japan	DTAA	07.03.1989	29.12.1989
		Protocol	11.12.2015	29.10.2016
		Multilateral Convention	03.11.2011	01.10.2013
59.	Jersey	TIEA	03.11.2011	08.05.2012
		Multilateral Convention	Extension by the United Kingdom	01.06.2014
60.	Jordan	DTAA	20.04.1999	16.10.1999
61.	Kazakhstan	DTAA	09.12.1996	02.10.1997
		Multilateral Convention	23.12.2013	01.08.2015
62.	Kenya	DTAA	12.04.1985	20.08.1985
63.	Korea (Republic of)	DTAA	19.07.1985	01.08.1986
		Protocol	18.05.2015	12.09.2016
		Multilateral Convention	27.05.2010	01.07.2012
64.	Kuwait	DTAA	15.06.2006	17.10.2007

No.	Jurisdiction	Type of EOI agreement	Date signed	Date from which in force
65.	Kyrgyz Republic	DTAA	13.04.1999	10.01.2001
66.	Latvia	DTAA	18.09.2013	28.12.2013
	Multilateral Convention		29.05.2013	01.11.2014
67.	Liechtenstein	TIEA	28.03.2013	20.01.2014
	Multilateral Convention		21.11.2013	01-12-2016
68.	Liberia	TIEA	03.10.2011	30.03.2012
69.	Libya	DTAA	02.03.1981	01.07.1982
70.	Lithuania	DTAA	26.07.2011	10.07.2012
	Multilateral Convention		07.03.2013	01.06.2014
71.	Luxembourg	DTAA	02.06.2008	09.07.2009
	Multilateral Convention		29.05.2013	01.11.2014
72.	Macau, China	TIEA	03.01.2012	16.04.2012
73.	Macedonia	DTAA	17.12.2013	12.9.2014
74.	Malaysia	DTAA	14.05.2001	14.08.2003
		Revised DTAA	09.05.2012	26.12.2012
75.	Maldives	SAARC Multilateral Agreement	13.11.2005	19.05.2010
76.	Malta	DTAA	28.09.1994	08.02.1995
		Revised DTAA	08.04.2013	01.04.2015
		Multilateral Convention	26.10.2012	01.09.2013
77.	Mauritius	DTAA	24.08.1982	06.12.1983
		Protocol	10.05.2016	19.07.2016
78.	Mexico	DTAA	10.09.2007	01.02.2010
		Multilateral Convention	27.05.2010	01.09.2012
79.	Moldova	Multilateral Convention	27.01.2011	01.03.2012
80.	Monaco	TIEA	31.07.2012	27.03.2013
81.	Mongolia	DTAA	22.02.1994	29.03.1996
82.	Montenegro	DTAA	08.02.2006	23.09.2008
83.	Montserrat	Multilateral Convention	Extension by the United Kingdom	01.10.2013
84.	Morocco	DTAA	30.10.1998	20.02.2000
85.	Mozambique	DTAA	30.09.2010	28.02.2011
86.	Myanmar	DTAA	02.04.2008	30.01.2009
87.	Namibia	DTAA	15.02.1997	22.01.1999
88.	Nauru	Multilateral Convention	28.06.2016	01.10.2016
89.	Nepal	DTAA	18.01.1987	01.11.1988
		Revised DTAA	27.11.2011	16.03.2012
		SAARC Multilateral Agreement	13.11.2005	19.05.2010
90.	Netherlands	DTAA	30.07.1988	21.01.1989
	Protocol	10.05.2012	02.11.2012	
		Multilateral Convention	27.05.2010	01.09.2013
91.	New Zealand	DTAA	17.10.1986	23.12.1986
	Multilateral Convention		26.10.2012	01.03.2014
92.	Nigeria	Multilateral Convention	29.05.2013	01.09.2015
93.	Niue	Multilateral Convention	27.11.2015	01.10.2016

No.	Jurisdiction	Type of EOI agreement	Date signed	Date from which in force
94.	Norway	DTAA	02.02.2011	20.12.2011
		Multilateral Convention	27.05.2010	01.06.2011
95.	Oman	DTAA	02.04.1997	03.06.1997
96.	Pakistan	SAARC Multilateral Agreement	13.11.2005	19.05.2010
97.	Philippines	DTAA	12.02.1990	21.03.1994
98.	Poland	DTAA	21.06.1989	26.10.1989
	Protocol	29.01.2013	01.06.2014	
	Multilateral Convention		09.07.2010	01.10.2011
99.	Portugal	DTAA	11.09.1998	30.04.2000
		Multilateral Convention	27.05.2010	01.03.2015
100.	Qatar	DTAA	07.04.1999	15.01.2000
101.	Romania	DTAA	10.03.1987	14.11.1987
	Revised DTAA	08.03.2013	26.12.2013	
		Multilateral Convention	15.10.2012	01.11.2014
102.	Russia	DTAA	25.03.1997	11.04.1998
		Multilateral Convention	03.11.2011	01.07.2015
103.	San Marino	TIEA	19.12.2013	29.08.2014
		Multilateral Convention	21.11.2013	29.08.2014
104.	Saint Kitts and Nevis	TIEA	11.11.2014	02.02.2016
		Multilateral Convention	25.08.2016	01.12.2016
105.	Saint Vincent and the Grenadines	Multilateral Convention	25.08.2016	01.12.2016
106.	Samoa	Multilateral Convention	25.08.2016	01.12.2016
107.	Saudi Arabia	DTAA	25.01.2006	01.11.2006
		Multilateral Convention	29.05.2013	01-04-2016
108.	Serbia	DTAA	08.02.2006	23.09.2008
109.	Senegal	Multilateral Convention	04.02.2016	01.12.2016
110.	Seychelles	TIEA	26.08.2015	18.06.2016
		Multilateral Convention	24.02.2015	01.10.2015
111.	Singapore	DTAA	24.01.1994	27.05.1994
		Protocol	29.06.2005	01.08.2005
		Protocol	24.06.2011	01.09.2011
		Protocol	30.12.2016	
		Multilateral Convention	29.05.2013	01.05.2016
112.	Sint Maarten	Multilateral Convention	Extension by the Netherlands	01.09.2013
113.	Slovak Republic	DTAA	27.01.1986	25.05.1987[2]
		Multilateral Convention	29.05.2013	01.03.2014
114.	Slovenia	DTAA	13.01.2003	17.02.2005
		Multilateral Convention	27.05.2010	01.06.2011
115.	South Africa	DTAA	04.12.1996	28.11.1997
		Protocol	26.7.2013	26.11.2014
		Multilateral Convention	03.11.2011	01.03.2014

No.	Jurisdiction	Type of EOI agreement	Date signed	Date from which in force
116.	Spain	DTAA	08.02.1993	12.01.1995
		Multilateral Convention	11.03.2011	01.01.2013
117.	Sri Lanka	DTAA	27.01.1982	24.03.1983
		Revised DTAA	22.01.2013	22.10.2013
		SAARC Multilateral Agreement	13.11.2005	19.05.2010
118.	Sudan	DTAA	22.10.2003	15.04.2004
119.	Sweden	DTAA	24.06.1997	25.12.1997
		Protocol	07.02.2013	16.08.2013
		Multilateral Convention	27.05.2011	01.09.2011
120.	Switzerland	DTAA	02.11.1994	29.12.1994
		Protocol	30.08.2010	07.10.2011
		Multilateral Convention	15.10.2013	01.01.2017
121.	Syria	DTAA	06.02.1984	25.06.1985
		Revised DTAA	18.06.2008	10.11.2008
122.	Tanzania	DTAA	27.05.2011	12.12.2011
123.	Tajikistan	DTAA	20.11.2008	10.04.2009
124.	Thailand	DTAA	22.03.1985	13.03.1986
		Revised DTAA	29.06.2015	13.10.2015
125.	Trinidad and Tobago	DTAA	08.02.1999	13.10.1999
126.	Tunisia	Multilateral Convention	16.07.2012	01.02.2014
127.	Turkey	DTAA	31.01.1995	01.02.1997
128.	Turkmenistan	DTAA	25.02.1997	07.07.1997
129.	Turks & Caicos	Multilateral Convention	Extension by the United Kingdom	01.12.2013
130.	Uganda	DTAA	30.04.2004	27.08.2004
		Multilateral Convention	04.11.2015	01.09.2016
131.	Ukraine	DTAA	07.04.1999	31.10.2001
		Multilateral Convention	27.05.2010	01.09.2013
132.	United Arab Emirates	DTAA	29.04.1992	22.09.1993
		Protocol	26.03.2007	03.10.2007
		Protocol	16.04.2012	12.03.2013
133.	United Kingdom	DTAA	25.01.1993	26.10.1993
		Protocol	30.10.2012	27.12.2013
		Multilateral Convention	27.05.2010	01.10.2011
134.	United States	DTAA	12.09.1989	18.12.1990
135.	Uruguay	DTAA	08.09.2011	21.6.2013
		Multilateral Convention	01.06.2016	01.12.2016
136.	Uzbekistan	DTAA	29.07.1993	25.01.1994
		Protocol	11.04.2012	20.07.2012
137.	Vietnam	DTAA	07.09.1994	02.02.1995
138.	Zambia	DTAA	05.06.1981	18.01.1984

[1] Under a protocol, the DTC with Denmark is extended to apply in its entirety to the territory of the Faroe Islands.
[2] The older treaty with Czechoslovakia has been notified to be applicable to Slovak residents with retrospective effect.

Annexure-2

Summary of Outcome under BEPS Project

Action 1 – Address the Tax Challenges of the Digital Economy

The Action 1 report concludes that the digital economy cannot be ring-fenced as it is the economy itself. The report analyses BEPS risks exacerbated in the digital economy and shows the expected impact of the measures developed across the BEPS Project. Rules and implementation mechanisms have been developed to help collect value-added tax (VAT) in the country where the consumer is located in the case of cross-border business-to-consumers transactions. This will help to level the playing field between domestic and foreign suppliers and facilitate the efficient collection of VAT due on these transactions. Technical options to deal with the broader tax challenges raised by the digital economy such as nexus and data have been discussed and analysed. As both the challenges and the potential options raise systemic issues regarding the future framework for the taxation of cross-border activities that go beyond BEPS issues, OECD and G20 countries have agreed to monitor developments in this regard.

Action 2 – Neutralise the Effects of Hybrid Mismatch Arrangements

A common approach which will facilitate the convergence of national practices through domestic and treaty rules have been developed under Action 2 to neutralise hybrid mismatch arrangements. This will help to prevent double non-taxation by eliminating the tax benefits of mismatches and to put an end to costly multiple deductions for a single expense, deductions in one country without corresponding taxation in another, and the generation of multiple foreign tax credits for one amount of foreign tax paid. By neutralising the mismatch in tax outcomes, but not otherwise interfering with the use of such instruments or entities, the rules will inhibit the use of these arrangements as a tool for BEPS without adversely impacting cross-border trade and investment.

Action 3 – Strengthen CFC rules

The report on CFC rules establishes guidance based on best practices for the building blocks of effective CFC rules, while recognizing that the policy objectives of these rules vary among jurisdictions. It identifies the challenges to existing CFC rules posed by mobile income such as that from intellectual property, services and digital transactions, and allows jurisdictions to reflect on appropriate policies in this regard. The work emphasises that CFC rules have a continuing, important role in tackling BEPS, as a backstop to transfer pricing and other rules.

Action 4 – Limit base erosion via interest deductions and other financial payments

A common approach to facilitate the convergence of national rules has been elaborated in the area of interest deductibility. The influence of tax rules on the location of debt within multinational groups has been established in a number of academic studies and various media reports have shown how groups can easily multiply the level of debt at the individual group entity level via intra-group financing. At the same time, the ability to achieve excessive interest deductions including those that finance the production of exempt or deferred income is best addressed in a coordinated manner given the importance of addressing competitiveness considerations and of ensuring that appropriate interest expense limitations do not themselves lead to double taxation. The common approach aims at ensuring that an entity's net interest deductions are directly linked to the taxable income generated by its economic activities and fostering increased coordination of national rules in this space.

Action 5 - Counter Harmful Tax Practices More Effectively, Taking into Account Transparency and Substance

Current concerns on harmful tax practices are primarily about preferential regimes which can be used for artificial profit shifting and about a lack of transparency in connection with certain rulings. The Action 5 report sets out a minimum standard based on an agreed methodology to assess whether there is substantial activity in a preferential regime. In the context of IP regimes such as patent boxes, consensus was reached on the "nexus" approach. This approach uses expenditures in the country as a proxy for substantial activity and ensures that taxpayers benefiting from these regimes did in fact engage in research and development and incurred actual expenditures on such activities. The same principle can also be applied to other preferential regimes. In the area of transparency, a framework has been agreed for mandatory spontaneous exchange of information on rulings that could give rise to BEPS concerns in the absence of such exchange. The results of the application of the elaborated substantial activity and transparency factors to a number of preferential regimes are included in the report.

Action 6 - Prevent Treaty Abuse

The Action 6 report includes a minimum standard on preventing abuse including through treaty shopping and new rules that provide safeguards to prevent treaty abuse and offer a certain degree of flexibility regarding how to do so. The new treaty anti-abuse rules included in the report first address treaty shopping, which involves strategies through which a person who is not a resident of a State attempts to obtain the benefits of a tax treaty concluded by that State. More targeted rules have been designed to address other forms of treaty abuse. Other changes to the OECD Model Tax Convention have been agreed to ensure that treaties do not inadvertently prevent the application of domestic anti-abuse rules. A clarification that tax treaties are not intended to be used to generate double non-taxation is provided through a reformulation of the title and preamble of the Model Tax Convention. Finally, the report contains the policy considerations to be taken into account when entering into tax treaties with certain low or no-tax jurisdictions.

Action 7 – Prevent the Artificial Avoidance of PE Status

Tax treaties generally provide that the business profits of a foreign enterprise are taxable in a State only to the extent that the enterprise has in that State a permanent establishment to which the profits are attributable. The definition of permanent establishment included in tax treaties is therefore crucial in determining whether a non-resident enterprise must pay income tax in another State. The report includes changes to the definition of permanent establishment in Article 5 of the OECD Model Tax Convention, which is widely used as the basis for negotiating tax treaties. These changes address techniques used to inappropriately avoid tax nexus, including via replacement of distributors with commissionaire arrangements or via the artificial fragmentation of business activities. Together with the changes to tax treaties proposed in the reports on Actions 2 and 6, the changes will restore taxation in a number of cases where cross-border income would otherwise go untaxed or would be taxed at very low rates as result of the current provisions in tax treaties.

Actions 8-10 Assure that transfer pricing outcomes are in line with value creation

Transfer pricing rules, which are set out in Article 9 of tax treaties and the Transfer Pricing Guidelines, are used to determine on the basis of the arm’s length principle the price for transactions within an MNE group. The existing standards in this area have been strengthened, including the guidance on the arm’s length principle and an approach to ensure the appropriate pricing of hard-to-value-intangibles has been agreed upon within the arm’s length principle. The work has focused on three key areas. Action 8 looked at transfer pricing issues relating to controlled transactions involving intangibles, since intangibles are by definition mobile and they are often hard-to-value. Misallocation of the profits generated by valuable intangibles has heavily contributed to base erosion and profit shifting. Under action 9, contractual allocations of risk are respected only when they are supported by actual decision-making and thus exercising control over these risks. Action 10 has focused on other high-risk areas, including the scope for addressing profit allocations resulting from controlled transactions which are not commercially rational, the scope for targeting the use of transfer pricing methods in a way which results in diverting profits from the most economically important activities of the MNE group, and the use of certain type of payments between members of the MNE group (such as management fees and head office expenses) to erode the tax base in the absence of alignment with the value-creation activity undertaken. The combined report contains revised guidance which responds to these issues and ensures that the Transfer Pricing Guidelines secure outcomes that see operational profits aligned with the economic activities which generate them.

BEPS creates additional transfer pricing challenges for developing countries beyond those also experienced by developed countries. The report contains guidance on transactions involving cross-border commodity transactions as well as on low value-adding intra-group services, two areas identified by developing countries as of critical importance. This guidance will be supplemented with further work mandated by the G20 Development Working Group, which will provide knowledge, best practices, and tools for developing countries to price commodity transactions for transfer pricing purposes and to prevent the erosion of their tax bases through common types of base-eroding payments.

Action 11 – Measuring and monitoring BEPS

There are hundreds of empirical studies finding evidence of tax-motivated profit shifting, using different data sources and estimation strategies. While measuring the scope of BEPS is challenging given the complexity of BEPS and existing data limitations, a number of recent studies suggest that global CIT revenue losses due to BEPS could be significant. Action 11 assesses currently available data and methodologies and concludes that significant limitations severely constrain economic analyses of the scale and economic impact of BEPS and improved data and methodologies are required. Noting these data limitations, a dashboard of six BEPS indicators has been constructed, using different data sources and assessing different BEPS channels. These indicators provide strong signals that BEPS exists and suggest it has been increasing over time. New OECD empirical analyses estimate, while acknowledging the complexity of BEPS as well as methodological and data limitations, that the scale of global corporate income tax revenue losses could be between USD 100 to 240 billion annually. The research also finds significant non-fiscal economic distortions arising from BEPS, and proposes recommendations for taking better advantage of available tax data and improving analyses to support the monitoring of BEPS in the future, including through analytical tools to assist countries to evaluate the fiscal effects of BEPS and countermeasures for their countries. Going forward enhancing the economic analysis and monitoring of BEPS will require countries to improve the collection, compilation and analysis of data.

Action 12 – Require taxpayers to disclose their aggressive tax planning arrangements

The lack of timely, comprehensive and relevant information on aggressive tax planning strategies is one of the main challenges faced by tax authorities worldwide. Early access to such information provides the opportunity to quickly respond to tax risks through informed risk assessment, audits, or changes to legislation. The Action 12 report provides a modular framework of guidance drawn from best practices for use by countries with mandatory disclosure rules which seeks to design a regime that fits host countries' need to obtain early information on aggressive or abusive tax planning schemes and their users. The framework is also intended as a reference for countries that already have mandatory disclosure regimes, in order to enhance the effectiveness of those regimes. The recommendations provide the necessary flexibility to balance a country's need for better and more timely information with the compliance burdens for taxpayers. It also sets out specific best practice recommendations for rules targeting international tax schemes, coupled with the development and implementation of more effective information exchange and co-operation between tax administrations.

Action 13 – Re-examine Transfer Pricing Documentation

Improved and better-coordinated transfer pricing documentation will increase the quality of information provided to tax administrations and limit the compliance burden on businesses. The Action 13 report contains a minimum standard based on a three-tiered standardised approach to transfer pricing documentation. First, the guidance on transfer pricing documentation requires multinational enterprises (MNEs) to provide tax administrations with high-level information regarding their global business operations and transfer pricing policies in a "master file" that is to be available to all relevant tax administrations. Second, it requires that detailed transactional transfer pricing documentation be provided in a "local file" specific to each country, identifying material related-party transactions, the amounts involved in those transactions, and the company's analysis of the transfer pricing determinations they have made with regard to those transactions. Third, large MNEs are required to file a country-by-country report that will provide annually and for each tax jurisdiction in which they do business the amount of revenue, profit before income tax and income tax paid and accrued and other indicators of economic activities. Country-by-country reports should be filed in the ultimate parent entity's jurisdiction and shared automatically through government-to-government exchange of information. In limited circumstances, secondary mechanisms, including local filing can be used as a backup. An agreed implementation plan will ensure that information is provided to the tax administration in a timely manner, that confidentiality of the reported information is preserved and that the Country-by-Country reports are used appropriately.

Taken together, these three documentation tiers will require taxpayers to articulate consistent transfer pricing positions, and will provide tax administrations with useful information to assess transfer pricing risks, make determinations about where audit resources can most effectively be deployed, and, in the event audits are called for, provide information to commence and target audit enquiries. By ensuring a consistent approach to transfer pricing documentation across countries, and by limiting the need for multiple filings of country-by-country reports through making use of information exchange among tax administrations, MNEs will also see the benefits in terms of a more limited compliance burden.

Action 14 – Make dispute resolution mechanisms more effective

Countries recognize that the changes introduced by the BEPS Project may lead to some uncertainty, and could, without action, increase double taxation and MAP disputes in the short term. Recognizing the importance of removing double taxation as an obstacle to cross-border trade and investment, countries have committed to a minimum standard that will address obstacles that currently prevent the effective and efficient resolution of double taxation cases. In particular, this includes a strong political commitment to the effective and timely resolution of disputes through the mutual agreement procedure. The commitment also includes the establishment of an effective monitoring mechanism to ensure the minimum standard is met and countries make further progress to rapidly resolve disputes. In addition, a large group of countries has committed to quickly adopt mandatory and binding arbitration in their bilateral tax treaties.

Action 15 - Develop a Multilateral Instrument

Drawing on the expertise of public international law and tax experts, the Action 15 report explores the technical feasibility of a multilateral instrument to implement the BEPS treaty-related measures and amend bilateral tax treaties. It concludes that a multilateral instrument is desirable and feasible, and that negotiations for such an instrument should be convened quickly. Based on this analysis, a mandate has been developed for an ad-hoc group, open to the participation of all countries, to develop the multilateral instrument and open it for signature in 2016. So far, 87 countries are participating in the work on an equal footing.

13.11 Audit &PAC Division

General Functioning

The Performance Audit Reports and draft paras reported by the Comptroller and Auditor General and the report of PAC on the subjects selected by the PAC are examined in the Ministry and Action Taken Notes (ATNs) are prepared and furnished to the C & AG on which C & AG issues vetting comments, either finalizing 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.

Besides sending manual reply to C & AG and MC, ATNs are uploaded on APMS (Audit Para Monitoring System) portal. Earlier final ATNs were submitted to Monitoring Cell manually but from November 2016, physical submission of ATNs has been dispensed with.

Performance

During the year, compliance report No. 3 of 2016 [Tabled before Parliament on 11/03/2016] having 459 draft paras was dealt. There is no draft paras/performance audit report ATR pending for furnishing and uploading draft ATNs.

Besides the draft compliance report having 465 draft paras are being dealt in this year and present status is as under

Status of Draft Para for Audit Year 2016-16 ie. Current DP Cases

Particulars	PAC-I	PAC-II	Total
Total DP from C & AG	137	328	465
Present Status break up – as on 13/12/2016			
Letters sent to C & AG (disposed off)	77	211	288
Pending	60	117	177

As per Guidelines issued by COS, the Draft paras are required to be liquidated within 120 days from the date; the report is tabled before Parliament. The report is yet to be tabled before the Parliament.

The status of the PAC's reports for the year is as under:

S. No	Report Number	Number of paras	Subject	Remarks
1	Report No. 10 (16th LS)	5	Tax Administration	ATRs in both Hindi and English, after giving counter comments on C & AG's vetting comments have been submitted on 10/08/2016
2	Report No. 26 (16th LS)	4	IT Application in Income Tax Deptt	ATRs in both Hindi and English, after C & AG's vetting comments have been submitted on 10/08/2016.
3	Report No. 27 (16th LS)	23	Exemptions to Charitable Trusts and Institutions	Advance copies of ATRs have been submitted on 20/07/2016. It is pending for vetting comments of C & AG
4	Total	32		

Performance audit of allowance of deduction to the assessees engaged in infrastructure development – Report no. 28 of 2016 has been tabled before parliament on 22/11/2016. The report is under consideration and necessary ATRs will be submitted.

The Ministry has submitted a background note on the subject selected by PAC on the "WRITE-OFF OF ARREAR DEMANDS" emerging from Report No. 3 of 2016 on 16/08/2016.

For starting a performance audit, the C & AG takes an entry conference to discuss the modality. In this year, following entry conferences were held:

S. No	Subject	Date of Entry Conference
1	**"Payment of tax by certain companies under special provisions of section 115JB under Income Tax Act, 1961"**	09/08/2016
2	**"The Assessment of Private Hospitals, Nursing Homes/Medical Clinics, Medical Colleges/Research Institutes, Diagnostic Centre, Pathological Labs and other Medical supplies Agencies/Stores"**	09/08/2016

Besides above exit conference has been held on following subject during the year:

S. No	Subject	Date
1	**"Audit of Centralized Processing Centre, Bengaluru'**	28/10/2016
2	**Allowance of deduction to the assessees engaged in Infrastructure Development**	27/06/2016

Periodic report monthly and quarterly are regularly prepared and submitted. During the year review meetings of audit objections resulted in the settlement of 4339 Audit Objections upto October, 2016. Besides monthly and quarterly reports on internal audit, similar report on Revenue Audit is also prepared and sent.

COS Meeting: In this year, meeting of Committee of Secretaries was held on 07/10/2016.

SAC Meeting: In the year meeting of Standing Audit Committee was convened on 19/08/2016.

I. 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 the then DGIT (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 Department to perform the audit work, with no overlapping between assessment and audit functions. 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 who, alongwith their teams look into the audit work. There are 2 CsIT (Audit) each in the 4 metro cities and there is one CIT (Audit) with each Pr. CCIT in all the other charges. The CIT (Audit) is in charge of the entire audit wing and functions under the administrative control and supervision of the Pr. CCIT. The audit work is carried out by the special audit parties (SAP), headed by the DCIT, and internal audit parties (IAP) headed by the ITOs. Performance targets for these audit parties are assigned by the Board. The norms of auditable cases, for internal audit, have been prescribed by the Board (Instruction no. 3 of 2007).

ii) The list of auditable cases is sent by the AOs to CIT (Audit) concerned by 10th of the following month. As per AST Instruction No. 132 dated 27.11.2014, the Directorate of Income Tax (Systems) has provided functionality to generate MIS report of the auditable cases (u/s 143(3), 144 & 147) falling under each CIT (CO). This functionality empowers the CIT (Audit) to obtain the list of Auditable Cases through regional CsIT

(CO). This helps CsIT (Audit) to make an informed choice of the cases to be audited by the lower echelons as the list of auditable cases is readily available from the database. The internal audit of the selected cases is prescribed to be completed within 30 days. The objections, if any, are sent to the range head and the AO within a week of the audit. Thereafter the AO proceeds to take remedial actions and do settlement of the objections with the audit wing as per the prescribed timelines.

iii) During the F.Y. 2016-17, upto quarter ending on 30.09.2016*, details of work done by the different authorities are given below:-

Cases Audited by the authorities			
Addl. CIT	**SAP**	**IAP**	**Total**
731	**2162**	**65706**	**68599**

* Although actual figures upto Nov., 2016 were called for, figures are available with Directorate upto September, 2016, as this reporting is done quarterly.

(iv) A statement of Internal Audit Objections which are pending, raised and Settled with revenue effect is given below:-

Objection Raised/Settled & Balance for the period 01.04.2016 to 30.09.2016* (F.Y. 2015-16)

No. of Objections		
	No.	**Amt. (Rs. In lakh)**
Opening balance as on 01.04.2016	19338	1217092.67
Raised	4730	60281.01
Total	**24068**	**1277373.68**
Settled	3517	86605.95
Outstanding as on 30.09.2016*	20551	1190767.73

During the F.Y. 2016-17, upto quarter ending on 30.09.2016*, details of work done by the different authorities are given below:-

Cases Audited by the authorities			
Addl. CIT	**SAP**	**IAP**	**Total**
731	**2162**	**65706**	**68599**

* figures upto September, 2016, as this reporting is done quarterly.

(v) **Review of Settlement of Objections**: With the introduction of Instruction No. 15/2013 issued on 18.10.2013, Review Meetings by CsIT (Admn.) in the office of the Pr. CCsIT with CsIT (Audit) have become on ongoing exercise towards sensitization of the field charges towards Audit and Settlement of Objections raised. Such review meetings have resulted in the settlement of **4339** Audit Objections upto October, 2016

(vi) **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.

(vii) **Statement XVI:** Statistical Data for inclusion in the Report of C&AG (Statement XVI) is sent annually.

(viii) **Inspection of work of Audit Parties:** The Audit Manual mandates Inspection of work done by Audit Parties in different charges. During the F.Y. 2016-17, the Inspection of work of Audit Parties has been carried out at 3 stations Delhi-I, Jaipur and Nagpur. In the last quarter of January-March, 2017, it is proposed that Inspection of work would be conducted in charges at Hyderabad, Bengaluru, Guwahati and Bhopal.

(ix) **Workshops on Internal Audit**: The workshops/ seminar are periodically held by the Pr. CCsIT to sensitize the assessing officers on the common/ repeated mistakes pointed out by audit.

(x) **Initiative for improvement in the functioning of Audit Wing: -** With a view to make an updated Audit Manual, the CBDT has constituted a Review Committee to submit a revised draft instructions incorporating charges made subsequent to introduction of Audit Manual in 2011, ITBA (Income Tax Business Applications) functionality for Audit, effect of cadre-restructuring and prescribe and prescribe Standard Office Procedure for dealing with Audit Objections. The draft instructions proposed by the Committee are likely to be discussed by the Board in the month of December, 2016.

II. Revenue Audit Work

During the current Financial Year 2016-17, upto November, 2016, 403 Action Taken Notes have been sent to the Audit and PAC Division of CBDT. These are then forwarded 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 and 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 scheduled 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 proper monitoring of the work.

13.12 Pr. DGIT (SYSTEMS)

1. Project Name: PAN

(a) Permanent Account Number (PAN)

PAN (Permanent Account Number) is a 10 digit alpha-numeric number allotted by the Income Tax Department to taxpayers and to the persons who apply for it under the Income Tax Act, 1961. Permanent Account Number (PAN) enables the department to link all transactions of the “person” with the department. The transactions linked through PAN 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.

(b) Common Business Identification Number (CBIN or BIN)

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. PAN is leveraged to become Common Business Identification Number (CBIN) or simply Business Identification Number (BIN) for providing registration to a number of government departments and services.

(c) One Person One PAN

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 having phonetic matching algorithm. In order to leverage the biometric data collected through Aadhaar enrolment it was decided to include Aadhaar Card as a valid Proof of Identity (POI), Proof of Date of Birth (PDOB) and Proof of Address (POA) document for allotment of PAN under Income Tax Rules, 1962. In order to further strengthen the de-duplication process the PAN database is being seeded with Aadhaar number for Individuals and Company Identification Number (CIN) for Corporate Entities.

(d) PAN Service Providers

The services related to PAN such as receiving PAN application forms, verification of the documents submitted, digitizing the PAN application form, uploading the data on the NCC (National Computer Centre), printing PAN cards and dispatching of PAN cards have been outsourced to two PAN Service Providers, M/s UTIITSL and M/s NSDLeGov. The Service Providers through their network of more than 17,500 front offices (PAN centres), receive and process the PAN application submitted by applicants. However, the PAN is generated centrally in the department's database through robust software at National Computer Centre (NCC) of the Income Tax Department and thereafter printed and dispatched through service providers.

(e) PAN Verification Facility

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 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.

Service for PAN verification is also provided by income tax PAN Service Providers (UTITSL and NSDLeGov) to agencies such as (i) Financial Institutions (RBI/Banks), (ii) Government Agencies, (iii) Persons/Entities required to file Annual Information Returns, (iv) Credit Card Companies/Institutions (v) Companies and Government Deductors of TDS for the purpose of verifying PAN of TDS/TCS deductees (vi) Department of Commercial Taxes of various States (vii) Insurance Companies (viii) Educational Institutions established by Regulatory Bodies (ix) KYC Registration Agency (KRA) (x) Depositories and Depository Participants (xi) Mutual Funds (xii) Stock Exchanges/Commodity Exchanges/Clearing Corporations (xiii) Credit Information Companies approved by RBI (xiv) Non-Banking Financial Companies approved by RBI (xv) Insurance Repositories (xvi) DSC Providers and (xvii) GSTN Network etc. The PAN verification facility provided by PAN service Providers is on chargeable basis.

(f) 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 Redressal and Monitoring System (CPGRAMS). All grievance related to PAN are downloaded 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 NSDLeGov. 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.

(g) New Initiatives

√ **Integration with e-Biz portal of DIPP**

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. L1 and L3 integration of PAN and TAN services with e-Biz portal of DIPP has been completed. In L1 integration the applications for PAN and TAN are received through e-Biz portal and forwarded to PAN Service Providers. In L3 integration five services of CIN, PAN, TAN, EPFO and ESIC have been combined through common application form INC-29 for corporate entities. The applications received through L3 integration will be serviced in T+1 day by the Income Tax Department i.e. PAN and TAN will be allotted within 24 hours.

√ **Adoption of PAN as BIN**

PAN has been adopted as Business Identification Number(BIN) for which integration of PAN and Ministry of Corporate Affairs(MCA) portal has been taken up for issue of PAN in 4 hours of registration of a company by the Registrar of company and issue of Corporate Identification Number(CIN).

√ **Paperless Application using Digital Signature Certificate**

An online paperless procedure for application of PAN using Digital Signature Certificate has been launched at websites of both service providers M/s NSDL and M/s UTIITSL. In this procedure a person having Digital Signature Certificate can apply for PAN through online form 49A and upload digitally signed application with scanned copies of Proof of Identity, Proof of Date of Birth, Proof of Address, Photograph and Signature without any need for sending physical documents by post.

√ **Paperless Application using Aadhaar based eKYC and eSignature**

An online paperless procedure for application of PAN using Aadhaar based eKYC and eSignature has been launched at website of PAN service provider M/s NSDL. In this procedure Aadhaar data is used for allotment of PAN and PAN applicant has no need to upload any documents.

√ **Integration with Aadhaar based Digital Locker**

Integration of DSC based on-line PAN application process with Aadhaar based Digital Locker facility of DeitY is available for use by PAN applicants by PAN service provider UTIITSL & NSDL eGov. In this facility PAN applicant is able to upload scanned copies of their POI, POA and PDOB documents from their Digital Locker to On-line PAN application.

√ **PAN Camps**

PAN camps were held on 27.10.2015 by M/s NSDL and M/s UTIITSL at 43 remote and rural sites across the country for providing ease of access for obtaining PAN in view of mandate for quoting of PAN for financial transactions. Seven of these camps were inaugurated by the Hon'ble Finance Minister through a video conference. Also, after initial phase, PAN camps are regularly held during the current financial year to increase the coverage of PAN.

PAN database has shown steady growth in tune with economic progress. The progressive **number of PANs** allotted up to 30th December, 2016 (cumulative) is **26,80,02,808**. During the current year (up to 30th December, 2016) **26,88,019** PANs have been allotted.

2. Project Name: E-filing of Income Tax Returns

Project Description

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:

- Status of returns – Processing/Demand/Refund
- Rectification uploads and status after processing
- Refund Re-issue Request
- Request for Intimation u/s 143(1) and 154
- Outstanding Tax Demand
- Tax Credit Mismatch Summary
- View Form 26AS
- ITR-V Receipt Status
- Register as Legal Heir
- Add / Disengage CA and ERI
- Profile Settings -Change Password, Update Contact details etc
- Reset Password additional options
- Using PINS (OTP to mobile number and e-mail id)
- Login through Net Banking
- Verification and Validation of Contact details of Taxpayers
- Compliance Module updated with NMS-3 (FY 2012) data
- Filing of Form 6 (Disclosure of Foreign Income & Assets)
- Submitting Response to Outstanding Tax Demand
- Submitting CPC Grievance through e-Filing Portal
- Schematron Implementation – ITR Validation Rule engine
- Electronic Verification Code for filing of ITRs(EVC)
- Aadhaar and PAN linking

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 **433.43** Lakh in Financial Year 2015-16. In Financial Year, 2016-17, nearly 366.35 Lakh returns were received up to 29th December, 2016 as compared to 307.34929 Lakh returns for same period in Financial Year 2015-16, representing a growth of around 19.2%. The progressive achievement of e-filing scheme is as under:

Financial Year	Number of e-returns(in lacs)	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	341.73	15.13%
2015-16	433.43	26.83%
2016-17 (up to 29th December)	366.35	19.2% (over corresponding period).

There has been significant growth in the New PANs getting registered on the e-filing site, showing increased use of the e-filing and other facilities through the e-filing website. The number of registered users of the e filing portal as on 29th December is 5.877 Crore.

Online filing of audit reports has been made mandatory since 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 2016-17, 53.5 Lakh audit forms were e-Filed (up to 29th Dec 2016).

3. Project Name: CPC, Bengaluru Central Processing Center for Income Tax Returns

CPC has achieved following landmarks:—

- CPC has processed 3.07 crore returns of income during Financial Year 2014-15 with a year on year growth rate of 26%, (2.44 crores processed during Financial Year 2013-14). Further,till 30th November 2016, CPC has processed 3.65 crore returns in Financial Year 2016-17.
- CPC has achieved a peak processing capacity of 6.41 lakhs returns per day.
- CPC has processed 170,977,990 E-Returns till 30th November 2016, as against the target of 2.7 crore e-filled returns, that CPC was to process in 5 years.
- Electronic Verification Code (EVC) process implemented in April 2015 is successful and more than 50 lakh taxpayers have adopted this Green Initiative. CPC has already processed 169.81 lakhs returns validated through EVC.
- Average processing time is reduced to 57 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 October 2016 - December 2016 and Actuals as on 31st March 2016 are as under:-

Activity	Projections for Oct 2016 -Dec 2016 (in Lakhs)	Achievements during 01-04-2015 to 31-03-2016 (in Lakhs)
Processing of Returns	104	414
Rectifications	2	7.05
Calls handling	2	7.93
E-mail Communications	581	2,323
SMS Communications	550	2,182

- Till date, CPC has sent around 55.75 Crore digitally signed PDF based intimations by email, around 48.04 Crore SMS alerts and around 3.37 Crore intimations sent by Speed Post all over the country. Savings due to e-delivery as compared to postage is Rs. 836.29 crore.

Description	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17 (Upto 30th November 2016	%age Growth over last year	Total Savings in 6 FYs
Communications via email sent to tax payers	5,927,080	36,769,270	42,943,613	65,630,267	93,941,486	232,366,069	79,950,968	147%	
Postage cost daved (Rs. crores)#	8.89	55.15	64.42	98.45	140.91	348.55	119.92		836.29

Average cost of speed-post/ordinary post taken as Rs.15/-.

- 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 and used.
- 90 call center agents attend to over 5,000 calls daily in 3 languages. Around 50.88 lakh calls attended till 30th November 2016.
- CPC, call center made 197,235 outbound calls for Demand Management to Assessing Officers.
- CPC has enabled Web based Taxpayer Grievance Mechanism in the last Financial year. 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. Up to 30th November 2016, 5.83 lakh grievances have been received out of which 5.80 (99%) grievance have been addressed.
- Rectification requests received from taxpayers are processed within the statutory limits. For financial year 2016-17(till 30.11.2016) CPC has processed 3.98 lakh rectification request out of 3.65 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 involving amount of Rs. 134.80 cr. for A.Y. 2016-17 wereprocessed. 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 has processed 122,982 Wealth Tax Returns Form BB filed electronically.
- 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. As on 30th November 2016, AO has acted on 748,488 entries involving arrear demand of Rs. 91,777.86 Crore. CPC has also facilitated Tax payers to revert on the demand position by agreeing/disagreeing to the demand through E filing website. Responses received in 2,719,324 entries totaling to Rs. 153,339.12 Crores have been received from Taxpayers through efiling website.
- **CPC has stored over 15.17 Crore 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.**

- **CPC has been awarded ISO9001 Certification for the implementation of Quality 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 e-filing are Eco friendly Projects
  - Ø CPC and e-filing is leading the Income Tax Department to
  - Ø Paper-less office,
  - Ø Paper-less delivery by phasing out paper based notices, intimations, letters and replacing them by emails, SMS and website driven delivery to taxpayers.
  - Ø Marks an effort made by department to reduce carbon imprint and "GO GREEN".

4. Project Name: .e- Sahyog

The "e-Sahyog" project launched in Oct'2015 on a pilot basis, is aimed at reducing compliance cost, especially for small taxpayers. The objective of "e-Sahyog" is to provide an online mechanism to resolve any mismatch or discrepancy in information as per Income-tax return of the taxpayer vis-à-vis third party information collected by the Department. Under this initiative the Department will provide an end to end e-service using SMS, e-mails to inform the taxpayers of the mismatch. The taxpayer has to login to the e-filling portal to view mismatch related information and submit online response on the issue. Based on the responses by the taxpayers, the issue may be closed or processed for further action. The taxpayer can also check the updated status. The tax payers would also be informed of closure of cases through SMS & e-mail. Statistics on first cycle of e-sahyog as on 02.12.2016 is as under:

Number of taxpayers selected under e-sahyog	91,113
Number of taxpayers who have submitted their response on efiling portal under e-sahyog	23,323
Number of taxpayers who filed Revised Return of Income after launch of e-sahyog	2,366

The results of first cycle of e-sahyog were analysed and modifications were carried out in seven scenarios to improve the effectiveness of online verification. In addition, Board has approved expansion in the scope of e-sahyog by including two additional scenarios. In the second cycle of e-sahyog, 57,785 taxpayers have been identified for online resolution.

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 sends ECS or Direct Credits to the bank accounts, where the refunds have been processed for electronic payment. In case of paper refunds, Refund Banker prints and dispatches the refund cheques (payable at par through Core Banking all over India) by speed post to the tax-payers. The electronic method of payment has reduced 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, 2016- 17 (up to November, 2016), the percentage of refunds issued through the scheme is 99.95% 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	1,35,56,088	22,517	1,35,78,605	99.84%
2015-16	21,008,960	13,162	2,10,22,122	99.93%
2016-17 (upto 30 Nov)	14,679,652	6,924	1,46,86,576	99.95%

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 44AB audit cases.

E-payment facility has been now extended to 30 agency banks collecting direct taxes. SBI has started the e-payment facility online through its debit cards as well. Facility of payment of direct taxes has been launched through ATMs of Corporation Bank, Bank of Maharashtra, Axis Bank, Central Bank of India, 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 the percentage of such count and amount went up to 69.20 % and 87.10% respectively. In F Y 2015-16, the percentage of count and amount of such payment was 74% and 88% respectively. In F Y 2016-17, (upto 30-Nov), the percentage of count and amount of such payment has gone upto 77% and 89% respectively.

7. Project Name: Project Insight

In the last decade, Income Tax Department (ITD) embarked on an ambitious computerization plan which developed voluminous databases of IT returns, IT forms, TDS/TCS statements, Annual Information Return (AIR) etc. The Department faced technical and operational challenges in effective utilisation of information.

The scope of Project Insight was conceptualized to enable the Department in meeting the three goals namely (i) to promote voluntary compliance and deter noncompliance; (ii) to impart confidence that all eligible persons pay appropriate tax; and (iii) to promote fair and judicious tax administration.

The Project envisages the creation of an Income Tax Transaction Analysis Centre (INTRAC) for data integration, data processing, data quality monitoring, data warehousing, master data management, data analytics, web/text mining, alert generation, compliance management, enterprise reporting and research support. This new platform would play a key role in developing following capabilities:

i. Enable capture, linkage and analysis of structured data, unstructured data and localised information for discovering non-filers with potential tax liabilities, identifying potential under-reporting taxpayers, applying risk-based collection strategies, detecting frauds etc.

ii. Use wide range of analytics methods and technologies to understand what happened (descriptive analytics), why did it happen (diagnostic analytics), what will happen (predictive analytics), and what is required to make it happen (prescriptive analytics).

iii. Use collaborative approach for information and knowledge sharing.

iv. Conduct analysis at transactional, operational (case) and strategic (macro) levels.

v. Pre-process information to free resources for effective analysis and investigation.

vi. Develop a dynamic and flexible system with ability to learn from events, feedback and results.

The new technical infrastructure will also be leveraged for implementation of requirements under the Foreign Account Tax Compliance Act Inter Governmental Agreement (FATCA IGA), Common Reporting Standard (CRS) and Automatic Exchange of Information (AEOI).

A new Compliance Management Central Processing Centre (CMCPC) will also be set up under this project for adopting non-intrusive information driven approach for compliance management by leveraging campaign management, compliance portal, preliminary verification, generation of bulk letters/notices and follow-up for greater productivity and efficiency. This initiative focuses on use of electronic means of communication and online portal for resolution of issues.

The Request for Proposal (RFP) for selection of Managed Service Provider for Project Insight was issued on 12-06-2015 after getting approval of the competent authority. The financial bids of the three technically qualified bidders were opened on 27.11.2015 and L&T Infotech Ltd emerged as the L1 bidder.

The contract for implementation of the Project was signed with the Managed Service Provider (MSP) L&T Infotech Pvt. Ltd on 19th of July 2016 for implementation of Project Insight of Income Tax Department for a period of 88 months (28 months of implementation and 5 years of operations). The broad scope of work of the selected Managed Service Provider (MSP) includes development of technical solution, establishment of INTRAC and CMCPC facilities and managing operations of INTRAC and CMCPC to support relevant business processes. The Project will be rolled out in a phased manner during the period 2016-18. Phase I of the project is expected to Go-live in May, 2017 and project would be operational in November 2018.

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 potential non-filers about whom specific information was available in AIR, CIB data and TDS/TCS Returns. The number of non-filers with potential tax liabilities identified in various NMS cycles is as under:

- NMS Cycle 1 (2013): **12.19 lakh**
- NMS Cycle 2 (2014): **22.09 lakh**
- NMS Cycle 3 (2015): **44.07 lakh**
- NMS Cycle 4 (2016): **58.95 lakh**

Prioritization 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. 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 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. '

A 'Compliance Module' has 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.

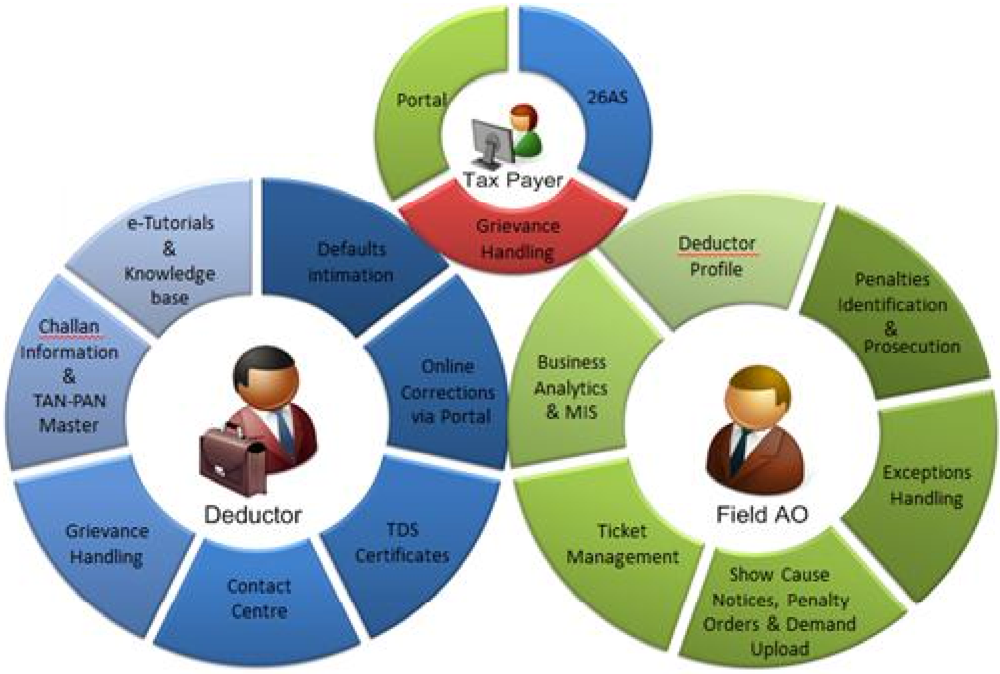
NMS Cycle 5 has identified **67.54** lakh potential non-filers for AY 2015-16. These cases have been pushed to the compliance module.

9. Project Name: E-TDS (Tax Deduction at Source)

Project Features

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 17.35 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, 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/ 16B& 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 coredeductee 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:-

Ø **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.

Ø **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.

Ø **Correction Enabling System** – TRACES enables correction systems to the deductors for correcting the challans, statements, etc. This facilitates resolution / closure of defaults. **– GEAPHICAL AND**

Demgraphic

COVERAGE- GEOGRAPHICAL AND DEMOGRAPHIC

The CPC-TDS services have stakeholders who are **spread across the country**. Itworks on the "HUB-SPOKE" model, withCPC-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 <u>ALL</u> 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 4.5 crores Taxpayers** including corporates, individuals, business entities and others. 37 banks are linked to the CPC-TDS System for online access to Tax Credit Statement (26AS). Around 4.3 Crore registered users of e-filing website of the Income tax Department have online access to Tax Credit Statement (26AS) with over 42.9 crore 26AS viewed till date**.**
- **More than 17.35 Lakh Deductors** including more than 1,75,000 offices of the Central & State Governments.
- **More than 5,000 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. More than 76.35 Crore digital TDS certificates have been downloaded by deductors from TRACES website till date.

The matching of TDS credits, while processing of Income Tax Returns has improved upto 96%. 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 deductors' convenience. More than 26 lakh corrections were received and resolved by the CPC-TDS till date.

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 Departmen**t 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. More than 2.46 Crores intimations have been issued since inception of CPC-TDS.

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 4.37 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. More than 11.5 lakhs grievances have been responded by CPC-TDS since inception.

Data for Policy Formulation and Social Policy Planning

Using data mining and analytics tools, CPC-TDS providesan 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 and Offline 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.

Recent Quality Services provided by CPC (TDS):

(i) Intermediate Communication in the course of processing of TDS Statements:

CPC (TDS) has implemented the functionality to identify PAN and Challan related errors in the Original TDS

Statement filed by the deductors during preliminary scanning and to communicate the same to the respective deductors through SMS text and email registered at TRACES. The deductor is given an opportunity to rectify mistake pointed out by the System in 7 days. CPC (TDS) has sent over 19 lakh Intermediate Communications so far.

(ii) Institutionalized Constant Feedback process: CPC (TDS) connects with the Deductors as part of its "Good Governance" Programme to continuously assess satisfaction levels for various services offered by CPC (TDS). CPC (TDS) connected with over 99,000 end-users as part of this exercise to take their feedbacks.

Following Satisfaction results have been achieved by the end of November, 2016 with the Good Governance Programme of CPC (TDS):

(iii) Call Back facility provisioned by CPC(TDS): Being sensitive to end-users' requirements, the Inbound Helpdesk IVR facility at CPC (TDS) has provisioned for a call back facility on "Node 8" on the toll free number 1800 103 0344. CPC(TDS) connected with over 78,000 users who used the above facility on IVR. The above facility has been applauded by the deductors, which is extremely convenient and saves their time and effort.

In addition to the above, all end users, who tried to connect with CPC(TDS) over its toll free number, however, could not speak to the Helpdesk Agent and dropped the call, are also called back within the next working day to provide assistance on any possible query.

(iv) Deductor Awareness Programme: CPC (TDS), in order to drive Proactive dissemination of Information and promote voluntary compliance, reaches out to the Deductors through email campaigns on a regular basis.

The Income Tax Department has earlier been relying on traditional methods of advertisements, postal letters and seminars to disseminate information. The communications sent out by the department were generic and did not deliver focused message to specific audience. The inception of CPC-TDS marks a paradigm shift in TDS administration towards achieving a Non-Adversarial, Non-Intrusive Tax administration. More than 4.37 Crore educational e-mails on relevant contemporaneous issues have been sent by CPC-TDS to the deductors.

(iii) Capability Building Programmes: CPC (TDS) adopted effective strategy for Organisational Capacity building and skills upgradation for resources at all levels to ensure success of the implementation in e-Governance. To achieve this, CPC(TDS) initiated an extensive exercise to conduct workshops spread across all 26 TDS charges spread across the country, educating the deductors and Filed Assessing Officers on better usage of the facilities offered by TRACES in improving TDS compliance. Workshops were conducted in over 22 major cities across India in the first half of the Financial Year 2016-17. Apart from the above, 2-day seminars for Officers of the Computer Operations division were conducted at CPC(TDS), Vaishali, covering over 120 officers.

(iv) Secure Corporate Integration: TRACES website allows Deductor Banks registered on TRACES to access the website functionalities through direct integration facility, through which the users can Login on their bank site and navigate to TRACES through 3rd party integration and approved successful validations. This is extremely useful for banks in integrating their application with website TRACES. The objectives of the integration are:

- To have cost effective, secured and authentic access to TRACES portal by the banks/ corporates having multiple branches.
- To engage corporate/bank head quarter as a responsible partner for proper authentication of their branches.
- To eliminate risk of unauthorized access.
- Ease of use for TRACES users by relaxed KYC for use of facilities offered by TRACES.

Currently approximately 38 banking corporates are availing the facilities of TRACES, out of which 18 banks have been directly integrated. CPC(TDS) has received excellent feedback from the users due to the ease, security and convenience of the above facility.

(vii) Data Quality Errors and Resolution: Centralized Processing Cell (TDS) observed from its records that the deductors often reported "Structurally Correct, however Invalid PANs" in their TDS Statements, due to manual statement preparation procedures. This results in incorrect reporting of PAN related information and consequently correct Tax Credits not being available to the deductees timely. CPC (TDS) Analytics provides for the facility of correcting the PANs through suggestions based on PAN reporting history, using the Data Quality tool. Such tickets are created in the CPC(TDS) systems, which are first reviewed and approved by internal resources, which are made available to the deductors for acceptance of correct PANs, while submitting Online PAN Corrections at TRACES.

The deductors are communicated through email campaigns for such correction suggestions for PAN errors available in their TDS statements to perform corrections online. In Financial Year 2016-17, over 2.5 lakh PAN correction suggestion were implemented in the system and communicated to relevant deductors. There has been over 30% improvement in the deductors using the above facility and correcting their records.

The performance of CPC(TDS) since the beginning of its operations is presented below:

a. Overall performance:

Description	From 1st April,2016 to 13th December, 2016
TDS statements processed for 26AS / TDS certificates	64.38 Lakh
TDS statements processed for defaults	30.97 Lakh
No. of intimations issued	Via Email – 74.05 Lakh (For TDS statements/26QB statements/RUD/Reprocessing of statement) Via Print – 9.62 Lakh

b. Download statistics

Download Type	From 1st April 2016 to 13th Dec., 2016
Form 16A	15.48 Crores
Form 16	3.93 Crores
Form 16B	2.69 Lakhs

c. 26AS views:

No of Taxpayer viewing 26AS : Over 2.6 Crores

(From 1st April, 2016 to 13th Dec, 2016)

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 of30 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/Pr. 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, 2016-17 (till Nov 30 2016) the count and amount of tax payment challans handled through OLTAS was 3.18 crore and Rs 5,18,993.69 crore respectively.

11. Project Name: AayakarSampark Kendra (ASK)

Project Description

AayakarSampark 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. Besides, ASK caters to the taxpayers' queries regarding new Long Term & Short Term Schemes such as IDS, E-Nivaran, E-Sehyog etc.

Deliverables

Deliverables from AayakarSampark 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 regarding New Schemes, Laws and Procedures

Achievements

The Department has setup AayakarSampark 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.2013-14, F.Y.2014 -15, F.Y. 2015-16 and during the current year till 30th Nov 2016 are as follows:-

ASK Data of Calls and Emails for the FY 2013-14, FY 2014-15,FY2015-16 & FY2016-17 (till Nov.16)				
	FY 2013-14	**FY 2014-15**	**FY 2015-16**	**Current FY 2016-17 till Nov-16**
Calls Received	1422169	1377786	1318453	837550
Calls Answered	1377353	1339903	1277140	818513
Call Success Ratio	96.89%	97.25%	96.87%	97.73
Emails Received	101464	51625	46846	30626
Emails Responded to	101464	51625	46846	30626

12. Project Name: National Website of the Income Tax Department http:/ incometaxindia. gov.in- for inclusion in Annual Report of Ministry of Finance 2016-17: -

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). The same was revamped in November' 2015 and services incorporated keeping in mind feedback received from various users, trade associations and other stakeholders. The feedbacks received on the website are analysized by a team of the officers on regular basis and suitable follow up is done wherever required. Several new functionalities, features and services that have been incorporated to make it more user friendly, informative and useful, are -

Ø **Tax Payer Services: -** It contain list of all the e-services including services relating to PAN, TAN, TDS, Tax Payments, View your Tax Credit, Know your jurisdiction, e-filing of returns/statements, and status of refunds/rectification etc provided by Income-Tax Department along with a lot of new features. Now, Tax Payer can use all the contents of the web site on a single page itself. All the services and contents will be available on maximum two-three clicks.

Ø Website is now one of the most educative sites, built on state of the art technology, having a rich repository of more than 100 Tax and Allied Laws, Rules, approximately 10,000 Circulars and Notifications which are cross-referenced & hyperlinked for users' convenience.

Ø **International Taxation related contents includes.**

- o More than 125 Tax Treaties which India had entered into with Foreign Countries- (With Unique Facility of Treaty Comparison)
- o International Business- Sections to be remembered.
- o Tax rates as per Income Tax Act vis-à-vis Tax Treaties.
- o Relevant provisions under Income-Tax Act, Companies Act, Service Tax and FEMA for Non-resident

Ø **Providing information to the Tax Payer in the form of FAQs/Tutorials/Tax Information series booklets.**

Ø **Cross linking: -** Cross linking across all the sections of Income-Tax Act 1961, has been provided. Further, all related Income-Tax Rules 1962, FAQs, Tax Services, Income-Tax from are available on that page itself.

- **Services centric information Page for various services such as** PAN/TAN, Return Filing, Tax Payment, Tax calendar, Tax Chart & Tables, Tax utilities, Tax Helplines and more have been provided.
- **Optimization and Enhancement of Search Engine: -** Contents are searchable as per choice & requirement of user such as section wise search, text search, chapter wise, phrase wise search, and DTAA Treaty comparison utility.
- **A > Z Index page** has been provided. Users will be able to navigate all the pages alphabetically.
- **Website is disabled friendly,** The website is disabled friendly and is for blind users, users with partial or poor sight including color blind users and deaf users.
- **Website is bilingual and Raj Bhasa compliant.**
- **Separate corner for Senior Citizen.**
- Interestingly web site is having information and videos for Kids.
- **Latest News & Press Release are updated on real time basis.**
- **Other facilities**
  - Income Tax Office Locator (Covers more than 650 Offices)
  - Separate pages of Pr. CCIT/DGIT- Includes information about field offices, Grievance Redressal Mechanism, respective CPIOs, Appellate Authorities under RTI Act.
  - Tenders from Department.
- Complete information regarding '**Income Disclosure Scheme 2016'** on a single click is provided on the home page of the website.
- Complete information regarding **"Pradhan Mantri Garib Kalyan Yojana 2016 (PMGKY 2016)"** is provided on home page.

From April 2016 to 15th Dec' 2016, total 4,20,98,721 visitors accessed the website as against no. of visitors in Financial Year 15-16 were 4,15,43,281 which shows increasing usefulness and popularity of new layout of the National website. There were 1,57,427 visitors of Hindi Version also. The new layout of the website has been widely appreciated by a large number of Tax Payers.

13. Project Name : AST

AST refers to the existing core module of the ITD Application and takes care of Assessment related functions. It interacts with several modules including PAN (ITBA), TDS (Tax Deduction At Source), OLTAS (Online Tax Accounting System), E-filing, CPC-ITR Bengaluru, CIB (including AIR) etc for obtaining vital information required for its functioning. This also 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 either in AST or CPC-ITR or returns selected for scrutiny assessment are finally captured in AST and all the results of these proceedings are posted in the IRLA (Individual Running Ledger Account) of an Assessee (taxpayer). The System architecture ensures that processing in different systems are undertaken in a coordinated fashion and discrepancies, if any, are resolved in a time bound manner. The AST has to develop applications for processing of ITR both paper & e-filed for the relevant Assessment Year and fine tune modules like the IRLA to capture all amendments to the Income Tax Act.

In addition to processing of returns, AST module also caters to several other functions like maintenance of online registers, post processing activities such as passing of scrutiny assessment orders, order giving appeal effects, rectification and penalty proceedings.

Amendments to the Finance Act are duly incorporated to provide for changes in the legal position on an annual basis whereas important circular/instruction issued by Board, from time to time, clarifying certain procedural/ administrative issues are also timely incorporated to facilitate the field offices to comply with same.

An indicative list (not exhaustive), of functionalities that have been incorporated this year include the following:

(i) Changes in the approval procedure for reopening of assessment proceedings

(ii) Orders u/s 119 issued by CBDT condoning the delay in furnishing of ITR-V by the tax payers and Order condoning delay in processing of returns.

(iii) Changes in time limits for completing of scrutiny assessment including cases where there is an extension of time limit when the case is referred to valuation officer.

(iv) Changes in the TDS related functionality to cater to allowance of TDS credit where the TDS is deducted on PAN (Sec 194IA).

(v) Changes related to calculation of age in case of senior /very senior citizens for claiming benefits of exemption.

14. NEW APPLICATION FOR BUSINESS PROCESS OF INCOME TAX DEPARTMENT

Income Tax Business Application (ITBA) 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 new application is being designed especially keeping the end user experience and the efficiency of tax administration in mind. It will be a paradigm shift in the way technology enables ease and efficiency of tax administration. Some of the features of the new application illustrating this shift are workflow based management system, alert and notification services, consolidated view of tax payers, capability to generate a large number of standard and customized reports for all (authorized users), a uniform mailing solution to all , a full scale HRMS etc. The very landing page (portal after log-in) will make all statistics (customizable by the user)relevant to him/her for the day visible to a user (AO, Range head, CIT, CCIT), enabling him not only to keep updated about statistical details of his charge but also to take better on the spot decisions. Dashboard feature of the application is another powerful tool in the hands of the users to keep them in better control of their work. With better hardware infrastructure and better software tools, users will have a faster access to various functionalities. To ensure that the services to users do not get interrupted, the service provider performance will be monitored through a separate EMS (Enterprise Management Solution) tool.

Project Timelines: The new application is scheduled to be rolled out by Mid 2016 and has been currently envisaged to be run for 5 years with the same technology.

Present Status of Project

- Physical infrastructure for Technology Training Centre completed
- Data Centre Services has been migrated from IBM to TCS
- E-mailing solution, helpdesk has been rolled out.
- New RSA tokens and antivirus installation has been initiated in September 2014
- Design and testing of the application is in progress.
- Digitization of service books in progress.
- Portal, PAN, TAN, Hindi Quarterly Report and CIT Appeal Modules have already been rolled out in 2015.

e-verification of ITR-V using EVC : -

Electronic Verification Code has enabled the tax payers and auditors to verify the Income Tax Returns and Audit Certificates without digital signature, saving them the cost and time for sending paper verification to the Department. As on 29th December 2016, 1,87,74,650 ITRs and certificates were e- verified using Internet Banking, ATM OTP, Aadhaar OTP, D Mat Account and Mobile OTP.

e-Nivaran:-

e-Nivaran is the online grievance redrassal system of the Income Tax Department. All types of Grievances such as PAN application, processing, assessment, appeals, TDS etc can be filed by tax payers. It is a cent percent paperless system, were communication is enabled through, e- mail, SMS also. Apart from Income Tax Department network, other related agencies such as NSDL, UTIITSL, SBI Refund Banker etc are also roped in the scheme. CPC-ITR, CPC-TDS and E- Filing Portals are also there, and is addressing grievances filed by the tax payers. Grievances filed with CPGRAMS will also be integrated soon. As on 29th December 2016 1,45,576 have been filed online and 72.25% , that is 1,05,176 have been resolved already.

13.13 Vigilance

Contribution of Vigilance Section of CBDT in Good Governance

(1) Streamlining of Work through development of customized software:

Efforts were made to get customized software for proper and timely action in time bound manner in vigilance litigation cases for timely disposal of court matters, as well as issue of vigilance clearance, disciplinary proceedings matters etc. As a result of use of this software as many as 70 different types of letters are generated automatically resulting into fast disposal. This has also lead to transparency and accountability of work. This is a humble step towards digitalization and paperless governance.

(2) Steps to ensure probity in Government Servants:

In order to ensure probity in Income Tax Department following steps have been taken:

- Ø (Review of Officers under FR 56(j) is now being done for all Officers between 50 to 60 years of age.
- Ø In review meetings of FR56(j) not only IPR, APAR but also secret note in integrity column, doubtful reputation etc. are made basis of examination.
- Ø Separate efforts is being made to bring comprehensive data updation on absconding / resigned / expired Officers.
- Ø Offices of Pr. CCIT (CCA) have been asked to conduct review under FR 56(j) for grade B&C employees with due seriousness.

13.14 Grievance Redressal Machinery:

A comprehensive and multilayered Grievance Redressal Machinery is functioning in the CBDT and its subordinate offices all across the country as detailed 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 Deputy Secretary/Director to the Government.

(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 Commissioners, the Regional Grievance Cell functions under the Cade Controlling Principal Chief Commissioner of Income Tax. A Commissioner of Income Tax (Helpline) is also functional in the four metropolitan cities for settlement of public grievances.

(iii) Out station Grievance Cells which function under Commissioners/Directors of Income Tax in all other places, where there is no Chief Commissioner or Director General of Income Tax.

(iv) Income-tax Ombudsmen are functioning in 12 cities for speedy and independent resolution of complaints relating to public grievances against the Income-tax Department. The 12 cities where Income tax Ombudsmen 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 250 Aaykar Sewa Kendras(ASKs) in various buildings of the Department in identified stations all over India. Out of these, 56 ASKS have been granted accreditation under IS:15700 by Bureau of Indian Standards(BIS) and 25 more are pending for accreditation. During the Financial Year 2015-16, 58 new ASKs are proposed to be established out of which total 47 have been established. During 2016-17, 65 ASKs are proposed to be established. 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 Centralized 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. 56 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 made further communication with him, if required. If the grievance is not redressed even after month of making the application, the applicant may address the grievance to the Regional Grievance Cell functioning under the concerned Principal CCIT or the Chief Commissioner of Income Tax. Nodal Officer hae 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, Deputy Secretary(Hqrs)CBDT who is the designated Nodal Officer for grievances in CBDT, is responsible for the activities of the Central Grievance Cell, CBDT.

The number of grievances received and disposed of by the Central Grievance Cell during the year 2016-17 (from 1.4.2016 to 13.12.2016) is as under:

No. of grievances B/f	Number of grievances received	Number of grievances disposed of*
5104	45790	46624

* *Figures given will be updated as on 31.03.2017 and intimated to ITCC again subsequently.*

13.15 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 (ADP) 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:-

14.3. "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".

14.4. 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.

14.5. 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.

14.6. Each bench has three Members. The Principal Bench is presided over by the Chairman and each Additional Bench is presided over by the Vice Chairman. The Chairman is of the rank of 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 cit 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.

14.7. An assessee *is* required to make an application to the Settlement Commission in the prescribed form to get his case settled. He has to disclose an Additional Income not disclosed before the assessing officer and the Additional Tax Payable on the Additional Income should be more than Rs. 50 lakhs in search cases and Rs. 10 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, 1961and 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 1^{5t} June, 2007. Further details about the Commission are available on its Website. *[www.itscindia.gov.in].*

14.8. A Statement showing the number of Application files and disposal of is as under:

Disposal and Pendency of cases u/s 245 D(4)				
FY	**Pendency (Opening + received during the year**	**Disposal**	**Balance**	**Percentage Disposal**
2014-15	1017	523	494	51.42
2015-16	840	242	598	28.80
2016-17(upto 30.11.2016	834	455	379	54.50

15. AUTHORITY FOR ADVANCE RULINGS (INCOME TAX)

The Authority for Advance Rulings (Income-Tax) (in short “the Authority”) is a quasi-judicial body under the Ministry of Finance, Department of revenue chaired by a retired Supreme Court Judge. It was established through introduction of Chapter XIX-B of the Income-Tax Act, 1961 (in short “the Act”) vide 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 expanded further vide notification dated 28.11.2014 and now a resident taxpayer can also seek ruling in relation to his Income tax liability arising out of one or more transactions valuing rupees one hundred crore or more in total.

The ruling given by the Authority is of binding nature and no further appeal against this is provided under the Act.

15.1. Central Sales Tax Appellate Authority

The Authority for Advance Rulings (Income-tax) has also been notified vide notification dated 17.03.2005 (as amended vide 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 w.e.f. 01.03.2006.

15.2. Performance

Statistical information about the performance of the Authority from financial year 2016-17 upto August 16, 2016 is given in **Table 1 and 2 below**:

Table-1

Pendency Position of Income Tax Cases as on 30th November, 2016

Financial year	Opening balance	Applications Received	Total	Disposed off	C/f
2016-17	540	27	567	125	442

Table-2

Pendency Position of Central Sales Tax Cases as on 30th November, 2016

Financial year	Opening balance	Applications Received	Total	Disposed off	C/f
2016-17	99	88	187	17	170

16. CENTRAL ECONOMIC INTELLIGENCE BUREAU (CEIB)

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 Director General who is assisted by two Additional Directors General (JS-Equivalent), Joint Secretary (COFEPOSA), Additional/ Joint Directors (DS/Director equivalent), Under Secretaries, Deputy Directors (US equivalent) and other staff. The Bureau has a sanctioned strength of 113 Officers & Staff. At present, its working strength is 59 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). acts as the Secretariat to the Economic Intelligence Council (EIC) and the Working Group on Intelligence Apparatus (WGIA);

iv). 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;

v). 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 was held under the Chairmanship of Hon'ble Finance Minister on 06.04.2016 in which several issues relating to intelligence sharing and coordination, policy and regulatory gaps, regulatory overlaps, issues of economic security impinging on national security, performance of REICs, etc were discussed and decisions were taken.

16.1.6. The Working Group on Intelligence Apparatus pertaining to EIC met under the Chairmanship of Revenue Secretary on 27.09.2016. During this meeting, action taken on the decisions arrived in the previous meeting 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 2016-17 (upto Nov. 2016) 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, Excise Duty and Service Tax evasion, Income Tax evasion, Bank Loan Frauds, illegal mining, Multi-level marketing, corrupt and suspicious activities by Officials and 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, use of Fake Bills/ Bogus invoices, 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, use of fake bills/ bogus invoices, misuse of financial channels like Commercial 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 (REICs): The Bureau monitors the functioning of 30 REICs which are Nodal Agencies at the Regional level for coordinating action of the Enforcement/Intelligence Agencies at the field level. Information shared by the Member Agencies in the REIC and during 2016-17 (upto July 2016) led to additional revenue realization of Rs.20.82 crores.

16.2.4. Coordination:

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 is fully operationalised in the Bureau. Through SIEN, twelve Member Agencies can communicate with each other in a secured environment. Two more agencies are scheduled to be added to the network shortly.

16.2.5. Studies in the Bureau and Reports of Inter-Ministerial Groups

A. Cross Border Money Laundering (CBML)/Trade Based Money Laundering (TBML):

- An issue of Cross Border Money Laundering (CBML)/ Trade Based Money Laundering (TBML) had come to the notice of Bureau that there exists a regulatory gap on the payments made for goods imported into India and cleared but no remittances have been sent outside India. In such cases, either the remittances might have gone through Hawala Channels or have been 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 Inter-Ministerial Group (IMG) was constituted under the Chairmanship of Director General, CEIB with representation from DRI, RBI, ED, CBI, DGFT, and CBDT.
- After studying the problem and various typologies of TBML in depth, the IMG submitted its Report to the EIC which approved its recommendations in its meeting held on 06.04.2016.

B. Non-sharing of Export Outstanding (XOS) Statement by RBI:

It has come to notice of the Bureau that RBI was not sharing the Export Outstanding (XOS) Statement (which is a statement of cases where the exporter exported the goods but has not brought into India the corresponding remittance of foreign exchange) with concerned Law Enforcement Agencies so as to enable them to take necessary action. This had left a large gap which one could use to park their forex abroad. The issue was raised during the EIC meeting dated 06.04.2016 and on the direction of Finance Minister, a group was constituted in CEIB with representation from RBI, ED, DFS and IBA. The group met and deliberated the issue at length and it has been decided that RBI would share the XOS data with CEIB and CEIB would transmit the data to ED and also examine the matter from the angles of non-receipt of remittance, blocking exporters with remittance outstanding over two years, action against defaulters under FT (D&R) Act etc. and take up the matter with the concerned agency as deemed fit after examination.

C. Economic Frauds by Bogus Invoices/ Fake Bills:

It came to the notice of the Bureau that producing and using fake/ bogus bills is a common method of committing economic fraud by submitting them before one or more agencies to avail loan, to claim CENVAT credit, VAT credit, to inflate expenses to pay lower income tax etc. The issue was raised during the WGIA meeting dated 23.12.2015 and on the direction of WGIA, a Group was constituted in CEIB with representation from DGCEI, CBDT, DFS, RBI, ED, various State Commercial Tax authorities and commercial Banks. The Group has met are interim decision was taken that a threshold of Rs.25 crores should be adopted for sharing the cases of bogus invoices / fake bills with CEIB and cases below this amount can be shared in respective REICs.

D. Sharing of data on FETERS:

CBEC had desired various types of data from FETERS (Foreign Exchange Transaction-Electronics Reporting System) database of RBI. The matter was raised during the WGIA meeting dated 27.09.2016 and on the direction of WGIA, a group was constituted in CEIB with representation from DRI, FIU-IND and RBI to study and come to a decision for meeting the requirements of DRI. It has been decided by the group that Authorized Dealers would be instructed by RBI for pushing data as required by DRI to DRI and FIU on real time basis.

16.2.6. Disclosure of the Source of undisclosed Income: A mechanism is being designed to share potential and relevant cases, wherein, the source of undisclosed income has been reflected in the IT Returns by field formations of CBDT in REICs. The Bureau is coordinating with CBDT on the issue.

16.2.7. Some Major cases coordinated by the Bureau relate to: Dissemination of cases culled out from reports received in the Bureau

a) On account of sharing of the information having inter Agency implication, an amount of Rs. 9.73 Crores have been realized by various Commissionerates of CBEC and demands to the tune of Rs. 17.46 Crores were raised. During the period January 2016 to November 2016, Bureau has developed and shared 54 intelligence inputs having estimated amount involved more than Rs.2500 Crores and covering new tactical modus operandi and issues with concerned law enforcement agencies like IB, CBEC, CBDT, CBI, ED and State Government Authorities.

b) During the period January 2016 to November 2016, 298 cases related to Service Tax/Central Excise duty/ Customs duty evasion amounting Rs. 7785.23 Crores have been shared with 30 Regional Economic Intelligence Council (REIC) fora.

c) Seventy Seven (78) cases of Service Tax/ Central Excise duty/ Customs duty evasion amounting to Rs. 2676.07 Crores have been shared with Income Tax Department.

d) CEIB has been developing intelligence inputs on corrupt activities being adopted post-demonetization and disseminating the same to the concerned law enforcement agencies.

16.2.8. Bank Fraud

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 has 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 has been able to establish that the Group Companies has purchased machinery/fabrics to the tune of Rs. 502.44 crores from non-existing concerns. On verification, these purchase bills have been found to be bogus. As per details with Bureau DGCEI has issued 16 Show Cause Notice (SCNs) demanding duty**.**

16.2.9. Money Stashed in Overseas Accounts:

The Bureau had forwarded to 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.

CBDT has informed that 542 Indian persons have been traced so far and 431 persons found to be 'Resident's. On verification of Income Tax Returns in these cases, it was found that details of offshore entities/ transactions were not disclosed to the Income Tax Department. During the course of investigation, 183 persons have admitted their relationship with such offshore entities/transactions. An amount of about Rs. 135 Crore has been admitted by certain assesses as their undisclosed income relatable to offshore transactions. Out of these, in 3 cases prosecution complaints have been filed under Income Tax Act 1961.

16.2.10. Information sought from CEIB

CEIB receives requests from Agencies like IB, FIU, SFIO, RBI, CBDT and DGCEI seeking information on economic offenders/ offence(s), which are promptly responded to. The Bureau has sensitized the field formations across the country, through the REICs, on the information available in CEIB, urging them to maximize its use.

Further, as per the guidelines on detection, reporting, investigation etc. relating to large value bank frauds of more than Rs. 50 Crores, report on borrowers are being sought from CEIB by Public Sector Banks such as UCO Bank, Oriental Bank of Commerce, Union Bank and United Bank of India. Such reports are being furnished by CEIB as and when such references are received from banks. During the period January 2016 to November 2016, 644 such references were replied to.

In addition, RBI is also seeking information regarding setting up of Bharat Bill Payment Operating Units (BBPOUs) and Trade Receivable Discounting System (TReDS) in connection with adverse information regarding conduct of applicants for BBPOUs/TReDS. The Bureau is regularly furnishing reports on the same. In this connection, during the period January 2016 to November 2016, 35 such communications were received and replied to.

16.2.11. Other steps taken by Bureau

i). Memorandum of Understanding (MoU) has been signed on 19.07.2016 between the Bureau and RBI for sharing of relevant extracts of Inspection Reports by RBI with the Bureau where gross violation of KYC norms are noticed or where money laundering / FEMA violations or any other legal infractions are suspected. This will enhance Bureau's intelligence data base and improve the quality of analysis of intelligence inputs for making them actionable.

ii). CEIB has suggested to Ministry of Home Affairs to make PAN details mandatory for the registration of the NGOs and also requiring the existing NGOs to furnish PAN details within a stipulated period which are required to enable the concerned Law Enforcement Agency to take prompt action in case of mis-utilisation of funds by the NGOs.

iii). To curb down any possibility of use of fake Bills of Entry/Shipping Bills, CEIB has suggested to CBEC to direct its Officers to invariably check the authenticity of the Bills of Entry and Shipping Bills online and not act simply on the basis of printouts. Also, Department of Financial Services was advised to direct all banks to verify every Shipping Bill online before discounting such Bills.

iv). Bureau has been providing its opinion/ suggestions/comments as and when sought by other Ministry/ Department on various draft bills/ reports/ schemes with the prospective of protecting revenue and curbing the economic offences. During this period comments/ inputs for on following were provided by the Bureau:

a) Proposal for Padma Awards-2016 received from Ministry of Home Affairs.

b) Companies Law Committee Report on issues arising from the implementation of the Companies Act, 2013 and on the recommendations received from the Bankruptcy Law Reforms Committee, the High level Committee on CSR, the Law Commission and other Agencies,

c) National Policy on Narcotics Drugs and Psychotropic Substances (NDPS),

d) Report of National Team for Threat and Vulnerability Assessment for Money Laundering for National Risk Assessment exercise,

e) National Investigation Agency's proposal to specify and quantify a threshold limit under Rule 5 (a) of Investigation of High Quality

Counterfeit Indian Currency Offences Rules, 2013 for the purpose of invoking the relevant provisions of the UA (P) Act, 1967,

f) Interconnection Security Agreement (ISA) between Ministry of External Affairs, Govt. of India and Department of Homeland Security, Govt. of USA,

g) Draft "Banning of Unregulated Deposit Schemes and Protection of Depositors' Interest Bill" "(the Banning Bill)".

16.2.12. 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 more than 6500 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 31,000 offence cases, booked by various Agencies. The Database of dossiers maintained in CEIB has been designed to capture the data subject-wise and stored accordingly which could be instantly retrieved and viewed for the purposes of 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 National Security Advisor (NSA), MEA, MHA, CBI, IB, ED, DRI and the Regional Economic Intelligence Councils operating in different parts of the country. Last report on FICN was circulated on 14.10.2016.

16.4. Administration of COFEPOSA Act

Smuggling, foreign exchange racketeering and related activities have a deleterious effect on the national economy and thereby a serious adverse effect on the security of the state. To deal with this menace, the Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974 (COFEPOSA Act, 1974) has been enacted to provide for preventive detention law to detain smugglers and foreign exchange manipulators from indulging in these prejudicial activities. The COFEPOSA Division functioning under the Central Economic Intelligence Bureau administers this Act. During the year 2016, Preventive Detention Orders were passed against 21 persons and 22 persons (including some absconders from Detention Orders of previous years) were detained under the COFEPOSA Act.

16.5. Coordination with FIU-IND

There is a regular inflow of inputs from FIU-IND, which are analysed and disseminated for further action by the Bureau after due process. The inputs are found useful for economic intelligence and are also kept in the data base.

16.6. Training

The Bureau organized training courses at various specialized training institutions to enhance the investigative skills and intelligence gathering techniques for the Revenue Officers. The following programmes have organized in the year 2016:

1) "Intelligence Gathering & Intelligence Tradecraft" at Cabinet Secretariat Training Institute, Gurgaon.

2) "Capsule course on legal aspects/court matters" at National Law University, Delhi.

3) "Investigating Economic Crime in Securities Market" at NISM, Mumbai.

4) "Banking Operations & Fiscal Law Enforcement" at State Bank Staff College, Hyderabad.

5) "Intelligence Gathering & Intelligence Tradecraft" at Intelligence Bureau Central Training School, New Delhi.

6) "Department of Revenue Intelligence Course (DRI-21), at Military Intelligence Training School & Depot (MINTSD), Pune.

17. DIRECTORATE OF ENFORCEMENT

17.1. Organization and Functions

Organization setup

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 13 Sub Zonal Offices.

The total sanctioned strength of the Directorate is now 2064, as under:-

Post	Sanctioned Strength	In position (as of 30.11.2016)
Executive	1218	497
Ministerial	376	198
Computer Staff/Official Language Staff	69	06
Operational Staff	375	91
Legal Staff	26	07
Total	**2064**	**799**

I. 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 Prevention of Smuggling Activities Act (COFEPOSA) in respect of contraventions under FEMA.

viii) To initiate investigations under PMLA to ascertain whether proceeds of crime have been generated from the Scheduled offences in the cases booked by the concerned Law Enforcement Agencies and such proceeds have been laundered. If a prima facie case of money laundering is made out, Enforcement Directorate attaches the property derived from the proceeds of crime for its ultimate confiscation.

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.

II. Functions of Legal Wing

i). The Legal Wing in the Directorate of Enforcement is headed by the Additional Director (Prosecution) which is lying vacant and Deputy Legal Adviser is presently discharging giving all such function/duties. The Deputy Legal Adviser is assisted by the ALA and AD Legal in the Headquarter and the Zones.

ii). The Officers in the Legal Wing render 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 angle.

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 AG, SG and ASG on case to case basis as and when so required.

v). The Legal Wing monitors the **Legal Cases Monitoring System (LCMS)** for its day to day updates for effective and speedy disposal of PMLA cases pertaining to Adjudicating Authority/ Appellate Tribunal under PMLA/High Courts and the Supreme Court.

17.2. Highlights of the performance and achievements during the year 2016-17 (1st January-30th November)

The performance and achievements of the Directorate during the year 2016-17 (up to November, 2016) are as per **Table-1** (in respect of FEMA and FERA) and **Table-2** (in respect of PMLA).

17.3. Performance/ achievements upto the last year (2015-16)

The performance and achievements of the Directorate during the financial year 2015-16 are as per **Table- 3** (in respect of FEMA and FERA). The performance and achievements of the Directorate during the financial year 2015-16 are as per **Table -4** (in respect of PMLA).

Comparison in performance of the cases viz-a-viz the corresponding period of 2015-16 is as under: -

FEMA	Cases under Investigation									
	Pending at beginning of the year		Registered during the year		Disposed off		Pendency		Percentage disposal w.r.t. pendency	
	As on 01.01.16	As on 01.01.15	**From 01.01.16-30.11.16**	**From 01.01.15-30.11.15**	**From 01.01.16-30.11.16**	**From 01.01.15-30.11.15**	**From 01.01.16-30.11.16**	**From 01.01.15-30.11.15**	**From 01.01.16-30.11.16**	**From 01.01.15-30.11.15**
	4758	5222	1355	1269	1525	1427	4588	4758	32.05	27.32

PMLA	Cases under Investigation									
	Pending at beginning of the year		Registered during the year		Disposed off		Pendency		Percentage disposal w.r.t. pendency	
	As on 01.01.16	As on 01.01.15	**From 01.01.16-30.11.16**	**From 01.01.15-30.11.15**	**From 01.01.16-30.11.16**	**From 01.01.15-30.11.15**	**From 01.01.16-30.11.16**	**From 01.01.15-30.11.15**	**From 01.01.16-30.11.16**	**From 01.01.15-30.11.15**
	1336	1445	122	133	337	270	1121	1308	25.76	18.68

17.4. E- Governance

Enforcement Directorate, Headquarters Office and zonal offices have their own LAN, which is connected to NICNET WAN, ED HQ and Zonal offices are using the office automation tool like Microsoft Office, to accomplish the day to day activities like preparing letter, excel sheet and graphs

Some e-governance initiatives taken by the Directorate of Enforcement are

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) **Comp DO:** A pay roll system has been implemented for managing the salary of its employees.

iii) **E-mail:** NIC email id has been provided to officials.

iv) **Video Conferencing:** A web based Video Conferencing system has been introduced in the Directorate. The Directorate of Enforcement has also developed an internal website for its internal use.

v) **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.

vi) **MIP (Monthly Integrated Proforma):** A web based application has been developed to enter and consolidate the information related to monthly Integrated Proforma for PMLA.

vii) **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.

viii) **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.

ix) **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.

x) **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.

xi) **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.

xii) **National Risk Assessment Monitoring System:** This is a web based application developed for creating a database with respect to National Risk Assessment exercise being undertaken at the Directorate. The basic objectives of this application is to provide the option for capturing the offender's details such as ECIR No., FIR No., Predicate offence and its corresponding section, status of predicate offence and total value of POC accessed by LEA and ED, status of LR sent to foreign countries and modus operandi used by the offenders/conspirator.

xiii) **Discussion forum:** This is a web based application for collaboration or discussion where officials can hold conversations in the form of posted messages/ replies. A discussion forum is an area where participants can discuss a topic or a group of related topic. Within each subject, participants can create multiple threads. A thread includes the initial post and all replies to it. Users can participate in any available topics relevant to the department.

xiv) **FTS:** FTS application is being reconfigured to meet the requirement of the Directorate. A new instance of data base and application has been created on the existing server. New sections and users are being created as per the requirement of the Directorate.

17.5. Grievances Redressal Machinery

Grievance officers have been nominated at Headquarters Office and Zonal / Sub-Zonal Offices of the Directorate for re-dressal of public/staff grievances and prompt action is being taken to redress their grievances.

17.3. Gender Budgeting / Empowerment of Women:

01 case has been reported regarding sexual harassment at work place during the year 2016-17.

Table - 1

(FERA & FEMA)

STATISTICAL DATA FROM JAN, 2016 TO NOV, 2016

A	**Searches & Seizures**	**FEMA**			
1	Searches Conducted	141			
2	FE seized (Rs. in Lakhs)	1047.6			
3	IC seized (Rs. in Lakhs)	1128.53			
B	**Investigation**	**FEMA**			
1	Initiated	1355			
2	Disposed	1525			
3	Pending	4588			
4	SCNs issued	668			
C	**Adjudication**	**FERA**		**FEMA**	**Total**
1	Cases Adjudicated	132	+	652	784
2	Cases pending adjudication	434	+	1370	1804
3	Confiscation of Foreign Exchange	60.028	+	79.34	139.368
4	Confiscation of Indian Currency (Rs. in Lakhs)	6.11	+	448.66	454.77
D	**Penalties**	**FERA**		**FEMA**	**Total**
1	Imposed (Rs. in Lakhs)	676.63	+	2359.96	3036.59
2	Realized (Rs. in Lakhs)	118.15	+	701.21	819.36
3	Pending for realization (Rs. in Lakhs)	864273.27	+	181283.8	1045557.07
E	**COFEPOSA**	**FERA**		**FEMA**	**Total**
1	Orders issued	0	+	0	0
2	Detained	-2	+	1	-1
F	**Prosecutions**	**FERA**			**Total**
	Disposal	133			133
	Conviction	6			6
	Acquittal	13			13
	Discharge	9			9
	Withdrawn	1			1
	Otherwise disposed off	97			97
	Cases reduced	7			7
	Pending	2369			2369

Table - 2

(PMLA)

STATISTICAL DATA OF PMLA CASES FROM JAN, 2016 TO NOV, 2016

Sl. No.	ACTIONS	Total at the end of the month
1.	No. of ECIRs	122
2.	No. of provisional Attachment Orders issued	126
3.	Value of properties under attachment (in Lacs of Rupees)	841548.89
4.	No. of PAOs confirmed	90
5.	Value of assets under PAO confirmed by the Adjudicating Authority (in Lacs of Rupees)	128526.81
6.	No. of PAOs not confirmed by the Adjudicating Authority	0
7.	Value of Assets in respect of PAOs not confirmed by the Adjudicating Authority (in Lacs of rupees)	0
8.	No. of Appeals before Tribunal	
	a) Filed by the party	181
	b) Filed by the Directorate	-1
	Total:	180
9.	No. of persons arrested	3
10.	No. of cases in which prosecution complaints filed	78

Table - 3

(FERA & FEMA)
STATISTICAL DATA FROM JAN, 2015 TO NOV, 2016

A	**Searches & Seizures**	**FEMA**			
1	Searches Conducted	75			
2	FE seized (Rs. in Lakhs)	527.88			
3	IC seized (Rs. in Lakhs)	3497.77			
B	**Investigation**	**FEMA**			
1	Initiated	1269			
2	Disposed	1427			
3	Pending	5064			
4	SCNs issued	535			
C	**Adjudication**	**FERA**		**FEMA**	**Total**
1	Cases Adjudicated	257	+	609	915
2	Cases pending adjudication	602	+	1264	1866
3	Confiscation of Foreign Exchange (Rs. in Lakhs)	0.62	+	125.78	126.4
4	Confiscation of Indian Currency (Rs. in Lakhs)	24.54	+	607.91	635.29
D	**Penalties**	**FERA**		**FEMA**	**Total**
1	Imposed (Rs. in Lakhs)	2634.12	+	10240.96	12928.23
2	Realized (Rs. in Lakhs)	53.71	+	4243.59	4349.13
3	Pending for realization (Rs. in Lakhs)	875979.8	+	182211.6	1058196.61
E	**COFEPOSA**	**FERA**		**FEMA**	**Total**
1	Orders issued	0	+	3	3
2	Detained	1	+	7	8
F	**Prosecutions**	**FERA**		**FEMA**	**Total**
1	Disposal	20	+	0	20
i)	Conviction	4	+	0	4
ii)	Acquittal	4	+	0	4
iii)	Discharge	6	+	0	6
iv)	Withdrawn	1	+	0	1
v)	Otherwise disposed off	5	+	0	5
vi)	Cases reduced	0	+	0	0
2	Pending	2865	+	0	2865

Table - 4

(PMLA)
STATISTICAL DATA OF PMLA CASES FROM JAN, 2015 TO NOV, 2015

Sl. No.	ACTIONS	Total at the end of the month
1.	No. of ECIRs	133
2.	No. of provisional Attachment Orders issued	125
3.	Value of properties under attachment (in Lacs of Rupees)	34810.23
4.	No. of PAOs confirmed	119
5.	Value of assets under PAO confirmed by the Adjudicating Authority (in Lacs of Rupees)	272260.61
6.	No. of PAOs not confirmed by the Adjudicating Authority	2
7.	Value of Assets in respect of PAOs not confirmed by the Adjudicating Authority (in Lacs of rupees)	14.59
8.	No. of Appeals before Tribunal	
	a) Filed by the party	98
	b) Filed by the Directorate	3
	Total:	101
9.	No. of persons arrested	39
10.	No. of cases in which prosecution complaints filed	74

18. FINANCIAL INTELLIGENCE UNIT – INDIA (FIU-IND)

18.1. Background and function of FIU-IND

Financial Intelligence Unit-India (FIU-IND) was set up by the Govt. of India to coordinate and strengthen collection and sharing of financial intelligence through an effective national, regional and global network to combat money laundering and related crimes.

18.2. 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.

18.3. Highlights of the Performance/achievements during 2016-17 (Upto October 2016)

- **Collection of information**
  - Ø 1,02,79,396 Cash Transaction Report (CTRs) received.
  - Ø 1,16,224 Suspicious Transaction Reports (STRs) received
  - Ø 2,93,396 Counterfeit Currency Reports (CCRs) received.
  - Ø 4,43,612 NPO Transaction Report (NTRs) received.
- **Analysis and dissemination of information:-**
  - Ø 33,467 STRs processed.
  - Ø 24,286 STRs disseminated.
- **Collaboration with domestic Law Enforcement and Intelligence Agencies:-**
  - Ø Regular interaction and exchange of information.
  - Ø Received 569 requests for information from intelligence and Law Enforcement Agencies.
  - Ø Provided information in 530 cases requested by the agencies.
- **Regional and global AML/CFT efforts**
  - Ø 63 requests received from foreign FIUs as on 30.09.2016 and 120 projected as on 31.03.2017.
  - Ø 80 requests sent to foreign FIUs as on 30.09.2016 and 160 projected as on 31.03.2017.
- **Increasing awareness about money laundering and terrorists financing**
  - Ø Contribution in 13 seminars and training RE/ workshops covering 277 participants
  - Ø Arranged 03 trainings programmes with LEAs and attended by 110 participants.
- **Improving compliance with the PMLA**
  - Ø 07 review meetings held with Reporting Entities.
- **Strengthening legislative and regulatory framework**
  - Ø Regular interaction with the Department of Revenue and Regulators
  - Ø Involvement in framing of the amendments to Prevention of Money laundering Act, 2002 and PML (maintenance of records) rules, 2005.
  - Ø Participated in proceedings of the AML Steering Committee for evolving Risk based approach and framing of the National ML/ TF Risk Assessment.

18.4. Strengthening IT information:

- Ø Strengthening of data validation so as to improve the quality of data reported by various reporting entities.
- Ø Successful implementation of Cross Wire Boarder Transfer Reports from end-to-end flow of information.
- Ø Introduction of user-friendly features in FInex as per the feedback received from various agencies.

18.5. e- Governance Activities

- FIU-IND initiated project FINnet in 2006 with the objective to ‘Adopt Industry Best Practices and appropriate technology to collect, analyze and disseminate valuable financial information for combating money laundering and related crimes.
- The first phase commenced in March, 2007 during which the functional and technical specifications of project FINnet were finalised and a detailed Request for Proposal (RFP) for selection of System Integrator (SI) was also finalised.
- The second phase started with signing of contract with SI on 25th February, 2010. All the phases of the implementation of the project have been completed and the Gateway Portal became live on 20th October, 2012.
- FIU-IND has provided report generation utility and report validation utility to facilitate Reporting Entities in submission of reports through the FINnet Gateway Portal. FINnet Exchange (FINex) enables seamless exchange of information with domestic agencies. FINex also enables the users i.e. Domestic Intelligence/Law Enforcement Agencies to make requests for information to FIU utilising the portal.
- During the current year efforts were made to increase the usefulness of functionality by incorporating, the user-friendly suggestions made by various agencies. Accordingly, FINnet Exchange portal was upgraded so as provide better functionality to the user agencies. Changes were made in FINnet Gateway Portal so as to strengthen the data validation for improving the quality of data filed by various reporting entities.

19. INTEGRATED FINANCIAL UNIT (IFU)

Integrated Finance Division of the Department of Revenue is under the direct supervision of Joint 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 JS&FA (Fin).

19.1. Activities undertaken by the Integrated Finance Unit

All offices under the Department of Revenue, which *inter-alia* include Revenue headquarters, Central Board of Direct Taxes, Central Board of Excise & Customs, Narcotics Control Division, Central Bureau of Narcotics, Chief Controller of Factories, Central Economic Intelligence Bureau, Financial Intelligence Unit (FIU-IND), Enforcement Directorate, Customs, Excise & Service Tax Appellate Tribunal (CESTAT), Settlement Commission (IT/WT), Authority for Advance Rulings, Appellate Tribunal for Forfeited Property, Adjudicating Authority under PMLA, Income Tax Ombudsman, National Committee for Promotion of Social & Economic Welfare, all field offices of Income Tax Department which include Directorate General of Income Tax (Systems), Directorate General of Income Tax (Legal & Research), Directorate of Income Tax (O&M Services), Directorate of Income Tax (Infrastructure), National Academy of Direct Taxes and other field offices under the Central Board of Direct Taxes, all field offices under Central Board of Excise & Customs which include Directorate General of Systems & Data Management, Directorate General of Human Resource Development, Directorate of Revenue Intelligence, Directorate General of Central Excise Intelligence, Directorate General of Service Tax, National Academy of Customs, Excise & Narcotics, etc., are serviced by the three units of Integrated Finance Division in terms of Budget formulation, allocation, expenditure monitoring, control, enforcing economy, scrutiny and sanction of expenditure proposals beyond the delegated powers of field offices.

19.2. Details of expenditure and financial proposals scrutinized and approved

a) Creation and continuation of posts, construction/ purchase/hiring of offices, as well as residential accommodation for the field formations of Central Board of Excise & Customs and Central Board of Direct Taxes, Department of Revenue and its attached offices.

b) Procurement of goods and services including procurement of anti-smuggling equipments i.e. scanners and marine vessels.

c) Proposals for deputation abroad of officers of the Department, CBDT, CBEC and their field offices.

d) Restructuring proposals, redeployment of personnel in field formations and constituent units.

e) Comprehensive Computerization of Department of Revenue, its field formation including Customs and Central Excise formations and Income Tax field formations.

f) 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), Public Investment Board 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.

(Rs. in crore)				
Details of BE 2016-17 in respect of all the three grants				
Grant	**Gr. No.**	**2016-17**		**2017-18**
		BE	**RE**	**BE**
D/o Revenue	37	11544.48	10839.44	500.68
Direct Taxes	38	5387.00	5702.00	6108.64
Indirect Taxes	39	5340.00	5550.00	6089.51

19.3. The expenditure budget/non-tax revenue receipts of Department of Revenue, Direct Taxes and Indirect Taxes for BE 2016-17 was prepared, however, RE 2016-17 and BE 2017-18 are yet to be finalized and communicated by the Budget Division, Department of Economic Affairs.

19.4 Integrated Finance Division has taken the following steps/initiatives in 2016-17

(i) Implementation of Cash Management Plan as per Monthly Expenditure Plan (MEP) and Quarterly Expenditure Allocations (QEA) as envisaged by Budget Division of Department of Economic Affairs, Ministry of Finance.

(ii) Review of Monthly and Quarterly Expenditure vis-à-vis budgetary allocations and MEP/QEA and report to Revenue Secretary and Expenditure Secretary in compliance to the guidelines of the Department of Expenditure , Ministry of Finance for strict financial discipline.

(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; Government Opium & Alkaloid Works; Acquisition of residential and office accommodation; Strengthening of IT capability for e-governance of CBEC and CBDT; Acquisition of ships and fleets to strengthen Marine capability & Acquisition of Anti-Smuggling equipments.

19.5. In addition, the allocation and monitoring of the budget relating to advances, viz. House Building Advance, Vehicle Advance, Computer Advance etc. was also done.

19.6. The Integrated Finance Division has also been entrusted in the formulation of schemes of important expenditure proposals from their initial stage. It also followed up with the Department/Boards for 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 constituted the National Committee in 1992 for Promotion of Social & Economic Welfare for considering 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 35 AC of Income Tax Act, 1961, wherein 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 a former Chief Justice of India as Chairman of the Committee and 13 other persons of public eminence 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.

20.3. The present National Committee for Promotion of Social and Economic Welfare was reconstituted and notified on 4th March, 2014 for a period of three years. The composition of the same is as follows: -

Sl.No.	Name of the Committee Members	Designation
1.	Justice Mr. R.C. Lahoti, former Chief Justice of India	Chairman
2.	Shri Amardeep Singh Cheema	Member
3.	Shri Amiya Kumar Sharma	Member
4.	Shri BaldevChowdhary	Member
5.	Smt. ChetnaSinha	Member
6.	Shri D.R. Mehta	Member
7.	Shri Enrico Piperno	Member
8.	Shri Habib A. Fakih	Member
9.	Prof. Naladi Samuyelu	Member
10.	Dr. Naresh Gupta	Member
11.	Shri Sanjiv Kumar Arora	Member
12.	Smt. ShameemaRaina	Member
13.	Smt. ShashikalaVamanan	Member
14.	Shri Vinayak Lohani	Member

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.

20.4.1. The National Committee after deliberations and consideration either rejects or grants approval to the project/ scheme of the Trusts/Institutions. The Committee's decision to approve a project or scheme is of recommendatory value and is subject to acceptance by the Central Government. The projects/ schemes of the institutions/ associations are recommended by the National Committee and subsequently accepted by the Competent Authority, the same are notified in the Official Gazette. In the cases where the National Committee does not find the scheme or project convincing for approval, the decision of the National Committee communicated to the applicants.

20.5. During the financial year 2016-17, the present National Committee headed by Justice Mr. R.C. Lahoti has held four meetings till November, 2016. In the 138th Business Meeting held on 7th & 8th May, 2106, a total number of 129 cases were considered out of which 60 were recommended for approval, 49 cases were rejected, 13 cases were deferred and 7 Cases were adjourned for the next meeting. In the 139th Business Meeting held on 5th July, 2016, 70 cases were considered, the Committee approved 54 cases, 23 cases were rejected and 2 cases were deferred for the next meeting. In the 140th BM held on 10th September, 2016. 92 cases were considered out of which 59 cases were recommended for approval, 24 cases rejected, 6 cases were deferred and the 3 case (withdrawal of benefit u/s 35 AC) was recommended. During the 141st Business Meeting held on 12th November, 2016, a total of 95 cases were considered, out of which 49 cases are recommended for approval, 38 cases rejected while 8 cases were deferred. The Minutes of the 141st Business meeting are yet to be approved by the Hon'ble Chairman, National Committee and thereafter by the competent authority i.e. Hon'ble Finance Minister.

21. NATIONAL INSTITUTE OF PUBLIC FINANCE AND POLICY (NIPFP)

21.1. The NIPFP is a premier research organization conducting 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), Chief Economic Adviser of the Ministry of Finance. There are three eminent Economists in the Governing Body and representatives of FICCI and ASSOCHAM. There is an Academic Committee advising the Director.

22. IMPLEMENTATION OF OFFICIAL LANGUAGE POLICY

22.1. The Department of Revenue has a full-fledged Official Language Division which is entrusted with the task of implementing the Official Language Policy of the Government of India. The Division is headed by a 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. 30 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) Website 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 and Official Language Implementation Committee (OLIC) meetings

Joint Hindi Salahkar Samiti of the Departments of Revenue, Expenditure and Investment & Public Asset Management and Office of the Comptroller and Auditor General of India was re-constituted on 09 June, 2016 and its first meeting was held on 16 November, 2016 under the chairmanship of the Minister of State for Finance (Revenue & Financial Services) in which the position regarding implementation of Official Language Policy of the Union in the Department of Revenue was reviewed and discussed in detail. Suggestions were put forth by the Members regarding ways for increasing the use of the Official language in the official work and follow-up action is being taken up by the concerned sections/ offices thereon.

A meeting of the Official Language Implementation Committee of the Department of Revenue (CBDT) was also held on 30 September, 2016. In the meeting the members discussed about the steps required to be taken for effective implementation of the Official Language Policy of the Union.

22.4. Official Language Inspections

The officers of the Hindi Division of the Department also carried out inspections of 06 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 official work in Hindi.

Hindi Pakhwara was celebrated from 01 September, 2016 to 15 September, 2016. 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, Hindi speaking non-gazetted officers as well as the non-Hindi Speaking 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.

22.7. Training

During the year 2016-17, 1 LDC and 7 Stenographers were nominated for training in Hindi typing and Hindi stenography, respectively, in the courses run by the Central Hindi Training Institute, Ministry of Home Affairs.

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 35 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 2016 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
31.03.2016	796	144	1	634
30.06.2016	856	174	18	681
30.09.2016	839	227	11	601

There are 21 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 2016 are given below:-

Quarter ending on	no. of appeals received during the quarter	No. of appeals rejected	No. of appeals accepted
31.03.2016	51	6	42
30.06.2016	58	0	61
30.09.2016	56	6	50

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.)
31.03.2016	1500	7707
30.06.2016	1960	12120
30.09.2016	3011	7472

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 1997 applications from January, 2016 to September, 2016.

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 123 appeals from January, 2016 to September, 2016.

23.2 Authority for Advance Rulings (Central Excise, Customs & Service Tax)

The provision of the Right to Information Act, 2005 is being implemented. In letter and spirit. 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 2016, 35 RTI appeals/ applications were received, 8 were transferred to other Public authorities, 3 Appeal/ Application were rejected, 24 appeals/ applications were accepted.

23.3 Authority for Advance Rulings (Income Tax)

Applications under the RTI Act, 2005 are being disposed of within the prescribed time. No grievance is pending in this regard.

23.4 Financial Intelligence Unit-India (FIU-IND)

During the year 2016-17, 19 RTI applications received, 18 disposed off, NIL denied and 1 are under process under the Right to Information Act, 2005.

23.5 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.

23.6 Set up for Forfeiture of illegally Acquires Property

During the year, the Competent Authorities have taken immediate steps/ initiatives towards receipts under Right to Information Act, 2005. The applications were disposed of within time limit to the satisfaction of the RTI applicants.

23.7 Customs & Central Excise Settlement Commission

Right to information Act, 2005 has been implemented. Twelve manuals, as prescribed under RTI related to the Commission were duly prepared. CPIOs & ACPIOs have been nominated.

23.8 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.

23.9 Directorate of Enforcement

During the year 2016-17, **272** RTI applications were received in the Headquarters office of the Directorate, which were promptly disposed of within the stipulated period**.**

23.10 Central Bureau of Narcotics

A cell in each unit of this organization, such as the factories at Ghazipur and Neemuch, as also at the Delhi and Gwalior office of the CCF have been set up. These cells function directly under the officials designated as CPIO/APIO. The applications received are regularly disposed off within the prescribed time-frame.

23.11 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.

23.12 NIPFP

During the year, the Competent Authorities have taken immediate steps/ initiatives towards receipts under Right to Information Act, 2005. The applications were disposed of within time limit to the satisfaction of the RTI applicants.

24. SWACHH BHARAT CAMPAIGN

24.1. Department of Revenue has taken several steps as a part of Swachh Bharat Campaign initiated by Government of India *on the occasion of 150th Anniversary of Mahatma Gandhi.*

24.2. During 2016-17, to encourage cleanliness in the office complexes, awareness drives for maintaining cleanliness with participation of the officers and employees were started in this Department in addition to routine cleaning, sweeping, mopping of the floor/ corridors including staircases and all the rooms/ halls and placing appropriate warning signs to avoid accidents during cleaning activities including cleaning of toilets and adjoining areas using disinfectors with necessary provisioning of soap, toilet paper, hand dryer, dustbins and necessary items. Collection of all obsolete equipments and removal thereof viz. Newspapers/ magazines, old computers through e-waste auction and general waste through normal auction, disposal pod old cars/ vehicles following due procedure following the provisions of GFR, 2005. Renovation work was done in several rooms as also targeting optimization of office space. Weeding/ recording drive was also undertaken and simultaneously digitization scanning of old records/ files have been done for optimization of office space.

24.3. To increase awareness amongst personnel of the Department & create conducive environment, several competitions were conducted and the winners were honoured with mementos and certificates of appreciation.

Annexure - I

REPRESENTATION OF SC's, ST's AND OBC's for the period of 01/01/2016 to 31/12/2016

Organization: Central Board of Direct Taxes (CBDT)

Groups	Number of Employees				Number of appointment made									
					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	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group B	1651	479	135	228	0	0	0	0	287	65	19	0	0	0
Group C	33856	6162	1918	5893	1455	334	139	547	1589	516	15	40	15	10
Total	**35507**	**6641**	**2053**	**6121**	**1455**	**334**	**139**	**547**	**1876**	**581**	**34**	**40**	**15**	**10**

Annexure - I

Organization: Central Board of Excise and Customs (CBEC)

Groups	Number of Employees				Number of appointments made									
					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	4,003	378	189	409	191	29	15	52	177	27	14	0	0	0
Group B	35,170	5,327	2,150	3,175	2,790	448	142	599	5,057	685	341	74	10	2
Group C	13,564	2,955	792	1,468	675	261	58	217	458	256	50	40	0	0
Total	**52,737**	**8,660**	**3,131**	**5,052**	**3,656**	**738**	**215**	**868**	**5,692**	**968**	**405**	**114**	**10**	**2**

Annexure - I

Organization: Revenue Head Quarter

Groups	Number of Employees				Number of appointments made									
					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	43	7	-	-	-	-	-	-	-	-	-	-	-	-
Group B	146	11	-	2	-	-	-	-	-	-	-	-	-	-
Group C	247	92	16	38	2	-	-	1	-	-	-	-	-	-
Total	**436**	**110**	**16**	**40**	2	-	-	1	-	-	-	-	-	-

Annexure - I

Organization: Financial Intelligence Unit (FIU-IND)

Groups	Number of Employees				Number of appointments made										
					By Direct Recruitment				By Promotion			By Other Methods			
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs	OBCs
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*	*(7)*	*(8)*	*(9)*	*(10)*	*(11)*	*(12)*	*(13)*	*(14)*	*(15)*	*(16)*
Group A	23*	02	-	01	-	-	-	-	-	-	-	23*	02	-	01
Group B	04	-	-	02	-	-	-	-	-	-	-	04	-	-	02
Group C	05	02	-	02	04**	02	-	01	-	-	-	01	-	-	01
Group D *Safai Karamcharis*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total	**32**	**04**	**-**	**05**	**04**	**02**	**-**	**01**	**-**	**-**	**-**	**28**	**02**	**-**	**04**

* FIU-IND is having sanctioned strength of 42 Group A officers out of these 42 posts, 10 are encadered with NIC. Against which posting of the incumbents are made by NIC cadre. Out of remaining 32 posts, 23 are filed as on 30.12.2016

.** 04 MTS posts were filled by the order oh Hon'ble High Court of Delhi vide order dated 09.02.2015.

***Note**: the mode of appointment is deputation only except for posts of 04 MTS (Group C).*

Annexure - I

Organization: Appellete Tribunal for forfeited Property (ATFP)

Groups	Number of Employees				Number of appointments made									
					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	-	-	-	-	-	-	-	-	-	-	-	-	-
Group B	01	-	-	-	-	-	-	-	-	-	-	-	-	-
Group C	07	1	1	-	-	-	-	-	-	-	-	-	-	-
Group D *(Excluding Safai Karamcharis)*	06	3	1	-	-	-	-	-	-	-	-	-	-	-
Total	**20**	**4**	**2**	-	-	-	-	-	-	-	-	-	-	-

Annexure - I

Organization: Competent Authority for Forfeiture of Illegal Acquired Property

Groups	Number of Employees				Number of appointments made									
					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	08	-	-	1	-	-	-	-	-	-	-	1	-	-
Group B	11	1	-	-	-	-	-	-	-	-	-	1	-	-
Group C	17	3	1	-	-	-	-	-	-	-	-	-	-	-
Group D *(Excluding Safai Karamcharis)*	5	1	-	2	-	-	-	-	-	-	-	-	-	-
Group D *(Safai Karamcharis)*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**41**	**5**	**1**	**7**	-	-	-	-	-	-	-	**2**	-	-

Annexure - I

Organization: Customs, Excise & Service Tax Appellate Tribunal (CESTAT)

Groups	Number of Employees				Number of appointments made										
					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	7	2	-	5	-	-	-	-	-	-	-	-	-	-
Group B	11	9	1	1	1	1	-	-	-	-	-	-	-	-
Group C	71	26	6	39	28	8	-	20	-	-	-	-	-	-
Group D *(Excluding Safai Karamcharis)*	34	23	1	10	-	-	-	-	-	-	-	-	-	-
Group D *(Safai Karamcharis)*	1	1	-	-	-	-	-	-	-	-	-	-	-	-
Total	**124**	**61**	**8**	**55**	**29**	**9**	-	**20**	-	-	-	-	-	-

Annexure - I

Organization: Customs & Central Excise Settlement Commission

Groups	Number of Employees				Number of appointments made									
					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	14*	2	1	0	-	-	-	-	-	-	-	-	-	-
Group B	05	2	-	-	-	-	-	-	-	-	-	-	-	-
Group C	14	2	-	3	-	-	-	-	-	-	-	-	-	-
Group D *(Excluding Safai Karamcharis)*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group D *(Safai Karamcharis)*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**33**	**6**	**1**	**3**	-	-	-	-	-	-	-	-	-	-

* *The Posts in Settlement Commission Group "A" are being filled up by Ministry. Group "B" & "C" posts are being filled up on deputation basis.*

Annexure - I

Organization: Central Bureau of Narcotics

Groups	Number of Employees				Number of appointments made									
					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	225	45	15	21	31	3	2	11	22	04	01	-	-	-
Group C	318	69	33	44	01	01	-	-	04	-	-	-	-	-
Group D *(Excluding Safai Karamcharis)*	08	08	-	-	-	-	-	-	-	-	-	-	-	-
Group D *(Safai Karamcharis)*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**551**	**122**	**48**	**65**	**32**	**04**	**02**	**11**	**26**	**04**	**01**	-	-	-

Annexure - I

Organization: Directorate of Enforcement

Groups	Number of Employees				Number of appointments made									
					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	71	03	01	48	35	-	-	-	15	03	-	-	-	-
Group B	439	41	18	30	18	03	04	08	71	12	04	-	-	-
Group C	198	29	08	10	03	02	04	02	06	01	-	-	-	-
Group D *(Excluding Safai Karamcharis)*	91	30	02	-	-	01	-	-	-	-	-	-	-	-
Group D *(Safai Karamcharis)*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**799**	**103**	**29**	**88**	**56**	**06**	**08**	**10**	**92**	**16**	**04**	-	-	-

Annexure - I

Organization: National Institute of Public Finance and policy

Groups	Number of Employees				Number of appointments made									
					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	35	02	-	04	-	-	-	-	-	-	-	-	-	-
Group B	21	-	-	01	-	-	-	-	-	-	-	-	-	-
Group C	19	04	-	05	-	01	-	-	-	-	-	-	-	-
Group D *(Excluding Safai Karamcharis)*	-	-	-	-	-	-			-					
Group D *(Safai Karamcharis)*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**75**	**6**	-	**10**	-	**01**	-	-	-	-	-	-	-	-

Annexure - I

Organization: Central Economic Intelligence Bureau

Groups	Number of Employees				Number of appointments made									
					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	14	-	02	03	-	-	-	-	-	-	-	-	-	-
Group C	05	02	01	-	-	-	-	-	-	-	-	-	-	-
Group D *(Excluding Safai Karamcharis)*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group D *(Safai Karamcharis)*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**21**	**02**	**03**	**03**	-	-	-	-	-	-	-	-	-	-

Annexure - I

Organization: Authority for Advance Rulings (Income Tax)

Groups	Number of Employees				Number of appointments made										
					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	05	-	-	-	-	-	-	-	-	-	-	-	-	-
Group B	05	-	-	-	-	-	-	-	-	-	-	-	-	-
Group C	15	05	01	02	-	-	-	-	-	-	-	-	-	-
Group D *(Excluding Safai Karamcharis)*														
Group D *(Safai Karamcharis)*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**25**	**05**	**01**	**02**	-	-	-	-	-	-	-	-	-	-

Annexure - I

Organization: Authority for Advance Rulings (Central Excise, Customs & Service Tax)

Groups	Number of Employees				Number of appointments made									
					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	1	1	-	-	-	-	-	-	-	-	-	-	-	-
Group D *(Excluding Safai Karamcharis)*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group D *(Safai Karamcharis)*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**1**	**1**	-	-	-	-	-	-	-	-	-	-	-	-

(i) SCs stand for Scheduled Castes
(ii) STs stand for Scheduled Tribes
(iii) OBCs stand for Other Backward Castes

Annexure - II

REPRESENTATION OF THE PERSONS WITH DIABILITIES

Organization: Central Board of Direct Taxes (CBDT)

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'	1651	6	3	36	0	0	0	0	0	0	0	5	7	10	197	0	0	5
'C'	33856	115	78	557	31	42	61	373	14	19	41	84	85	100	810	11	4	44
TOTAL	**35507**	**121**	**81**	**593**	**31**	**42**	**61**	**373**	**14**	**19**	**41**	**89**	**92**	**110**	**1007**	**11**	**4**	**49**

Annexure -II

Organization: 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'	4,003	-	-	-	-	-	-	5	0	2	3	-	-	-	-	-	-	-
'B'	35,170	74	53	333	1	58	65	583	4	17	18	1	1	5	311	0	0	4
'C'	13,564	40	8	63	16	28	36	342	1	4	11	2	9	15	179	0	0	0
TOTAL	**52,737**	**114**	**61**	**396**	**17**	**86**	**101**	**930**	**5**	**23**	**32**	**3**	**10**	**20**	**490**	**-**	**-**	**4**

Annexure -II

Organization: Revenue Head Quarter

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'	43	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
'B'	146	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
'C'	247	1	1	1	1	1	-	2	-	1	-	-	-	-	-	-	-	-
TOTAL	**436**	**1**	**1**	**1**	**1**	**1**	-	**2**	-	**1**	-	-	-	-	-	-	-	-

Annexure - II

Organization: Customs, Excise & Service Tax Appellate Tribunal (CESTAT)

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'	2	-	-	2	-	-	2	-	-	-	-	-	-	-	-	-	-	-
'D'	3	-	-	3	-	-	-	-	-	--	-	-	-	-	-	-	-	-
Total	**5**	-	-	**5**	-	-	**2**	-	-	-	-	-	-	-	-	-	-	-

Annexure -II

Organization: Appellete Tribunal for forfeited Property (ATFP)

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’	01	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
‘C’	07	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
‘D’	06	-	-	-	-	-	-	-	-	--	-	-	-	-	-	-	-	-
Total	**20**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Annexure -II

Organization: Competent Authority for Forfeiture of Illegal 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'	8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
'B'	11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
'C'	17	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
'D'	05	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**41**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Annexure - II

Organization: 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'	71	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
'B'	439	-	-	-	-	-	-	35	-	-	-	-	-	-	15	-	-	-
'C'	198	-	-	02	01	01	01	18	-	-	-	-	-	-	71	-	-	-
'D'	91	-	-	-	-	-	-	03	-	-	-	-	-	-	06	-	-	-
Total	**799**	-	-	**02**	**01**	**01**	**01**	**56**	-	-	-	-	-	-	**92**	-	-	-

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'	35	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
'B'	21	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
'C'	19	-	-	-	-	-	01*	-	-	-	-	-	-	-	-	-	-	-
'D'	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**75**	-	-	-	-	-	**01**	-	-	-	-	-	-	-	-	-	-	-

* *The post has gone under deemed abolition category. Therefore, sanction for revival has been sought from the M/o Finance is awaited.*

Annexure -II

Organization: Central Bureau of Narcotics

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'	225	-	-	-	-	-	-	31	-	-	-	-	-	-	22	-	-	-
'C'	318	1	-	5	-	-	-	1	-	-	-	-	-	-	4	-	-	-
'D'	8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**551**	**1**	**-**	**5**	**-**	**-**	**-**	**32**	**-**	**-**	**-**	**-**	**-**	**-**	**26**	**-**	**-**	**-**

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 (persons suffering from locomotor disability or cerebral palsy).

Annexure - III

Summary of important observations included in Audit Reports presented to Parliament during 2016

(A) Central Board Of Excise And Customs (CBEC)

- During the year, 197 Draft Audit Paras including three long Draft Audit Paras and one Draft Findings on performance Audit were received from the office of C&AG, replies of which were either sent to in the process of being sent to the office of C&AG.
- Audit report no. 5 of 2016 was laid in the Parliament on 11.03.2016. Ministry's Action Taken Notes on this report have been sent to Audit.
- During the year PAC has selected subjects vi. Chapter-II of CAG report no 5 of 2016, Chapter-V of 8 of 2015, CAG report no 13 of 2015 etc. Ministry's detailed background notes on these subjects/ reports have been sent to PAC.
- Further, it may be noted that as per direction of the COS and the SAC, the pendency with regard to Paras/ PA report on which ATNs have not been submitted for the first time has been brought to zero.
- ATN on paras is as in Table below:

Year	No. of paras/PA reports on which ATNs have been submitted to PAC after vetting by Audit	Details of the Paras / PA reports on which ATNs are pending		
		No. of ATNs not sent by the Ministry even for the first time	No. of ATNs sent but returned with observations and Audit is awaiting their 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
2016-17	187	NIL	17	34

(B) Central Board Of Direct Taxes (CBDT)

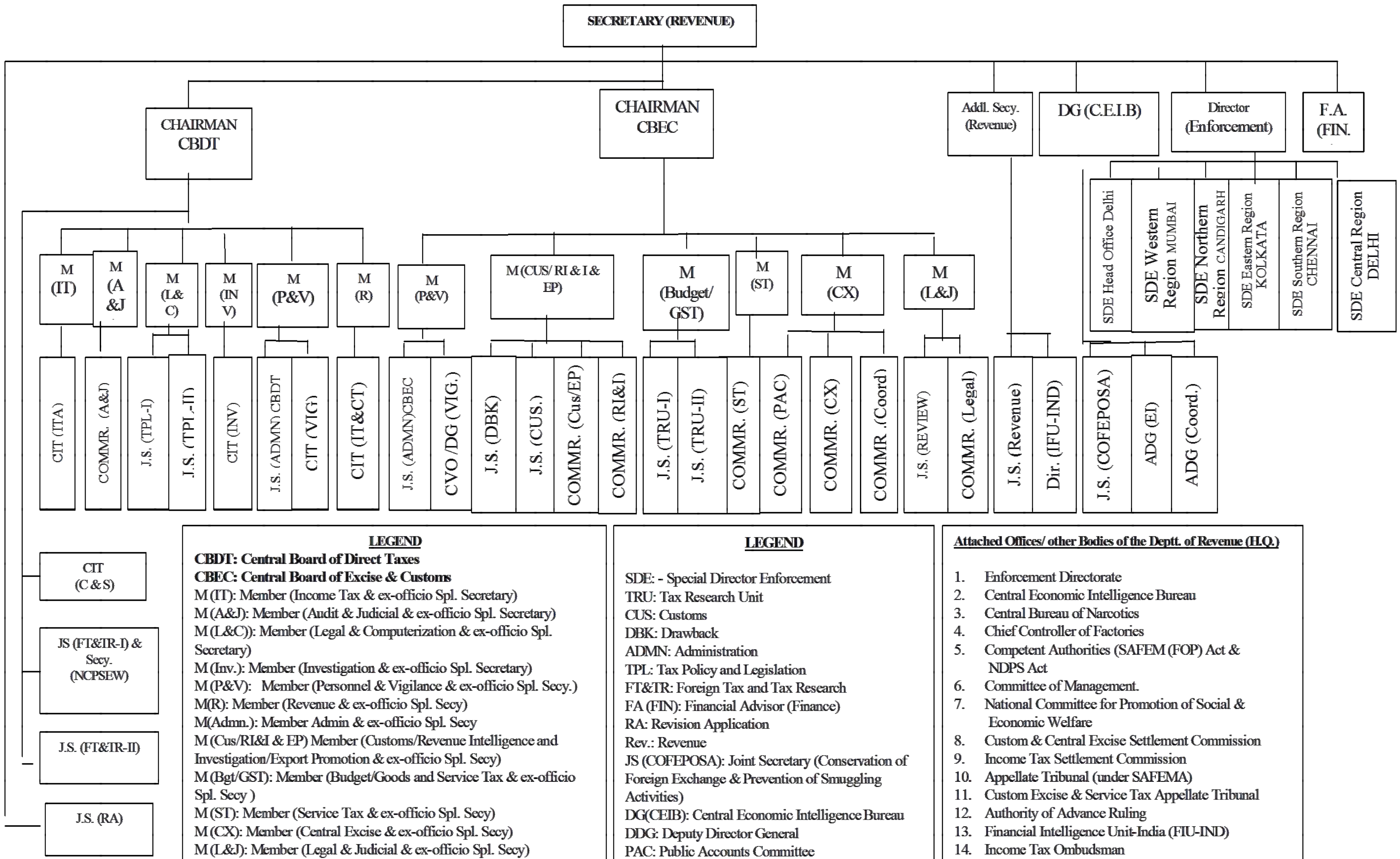
Sl. No.	Year		Details of the Paras / PA reports on which ATNs are pending		
		No. of Paras/PA reports on which ATNs have been submitted to PAC after vetting by Audit	No. of ATNs not sent by the Ministry even for the first time	No. of ATNs sent but returned with observations and Audit is awaiting their 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	2012	3	0	1	0
2	2013	7	0	3	0
3	2014	176	0	1	0
4	2015	458	0	2	1
5	2016	437	0	4	4
	Total	**1081**	**0**	**11**	**5**

(C) INTEGRATED FINANCIAL UNIT (IFU)

The Integrated Finance Unit has been watching the settlement of audit objections, inspection reports, draft audit paras and reports of PAC / Standing Committee. Status of Action Taken Notes of the Audit Paras concerning to Department of Revenue is as under:

Sl. 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	2000				
2	2006				
3	2008			1	
4	2009		1		
5	2011				
6	2014		2		
7	2015	1			
	2016	1	1		
	Total	**2**	**4**	**1**	

ORGANISATION CHART OF DEPARMENT OF REVENUE



LEGEND

CBDT: Central Board of Direct Taxes
CBEC: Central Board of Excise & Customs
M (IT): Member (Income Tax & ex-officio Spl. Secretary)
M (A&J): Member (Audit & Judicial & ex-officio Spl. Secretary)
M (L&C)): Member (Legal & Computerization & ex-officio Spl. Secretary)
M (Inv.): Member (Investigation & ex-officio Spl. Secretary)
M (P&V): Member (Personnel & Vigilance & ex-officio Spl. Secy.)
M(R): Member (Revenue & ex-officio Spl. Secy)
M(Admn.): Member Admin & ex-officio Spl. Secy
M (Cus/RI&I & EP) Member (Customs/Revenue Intelligence and Investigation/Export Promotion & ex-officio Spl. Secy)
M (Bgt/GST): Member (Budget/Goods and Service Tax & ex-officio Spl. Secy)
M (ST): Member (Service Tax & ex-officio Spl. Secy)
M (CX): Member (Central Excise & ex-officio Spl. Secy)
M (L&J): Member (Legal & Judicial & ex-officio Spl. Secy)
NCPSEW: National Committee for Promotion of Social & Economic Welfare
CVO & DG (VIG): Chief Vigilance Officer & Director General (Vigilance)
J.S.: Joint Secretary
CIT : Commisoner 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)
DG(CEIB): Central Economic Intelligence Bureau
DDG: Deputy Director General
PAC: Public Accounts Committee
Enf. : Enforcement.
ITA: Income Tax Assessment

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 (under SAFEMA)
11. Custom Excise & Service Tax Appellate Tribunal
12. Authority of Advance Ruling
13. Financial Intelligence Unit-India (FIU-IND)
14. Income Tax Ombudsman
15. National Institute of Public Finance & Policy (NIPFP)
16. Adjudicating Authority under PMLA

Chapter - IV

Department of Investment and Public Asset Management

I Functions

As per the present Allocation of Business rules, the mandate of the Department is as follows:

1. (a) All matters relating to management of Central Government investments in equity including disinvestment of equity in Central Public Sector Undertakings.

(b) All matters relating to sale of Central Government equity through offer sale or private placement or any other mode in the erstwhile Central Public Sector Undertakings.

Note: All other post disinvestment matters, including those relating to and arising out of exercise of Call option by the Strategic Partner in the erstwhile Central Public Sector Undertakings, shall continue to be handled by the administrative Ministry or Department concerned, where necessary, in consultation with the Department of Investment and Public Asset Management (DIPAM).

2. Decisions on the recommendations of Administrative Ministries, NITI Aayog, etc. for disinvestment, including strategic disinvestment.

3. All matters related to Independent External Monitor (s) for disinvestment and public asset management.

4. (a) Decisions related to relating to Central Public Sector Undertaking for purposes of Government investment in equity like capital restructuring, bonus, dividends, disinvestment of government equity and other related issues.

(b) Advise the Government in the matters of financial restricting of Central Public Sector Enterprises and for attracting investment through capital markets.

5. Financial Policy in regard to the utilization of the proceeds of disinvestment channelized into the National Investment Fund.

6. The Unit Trust of India Act, 1963 (52 of 1963) along with relating to Specified Undertaking of the Unit Trust of India (SUUTI).

II Vision

(i) Promote people's ownership of Central Public Sector Enterprises (CPSEs) to share in their prosperity through disinvestment.

(ii) Efficient management of public investment in CPSEs for accelerating economic development and augmenting Government's resources for higher expenditure.

III Mission

(i) List CPSEs on stock exchanges to promote people's ownership through public participation and improving efficiencies of CPSEs through accountability to its shareholders.

(ii) To bring in operational efficiencies in CPSEs through strategic disinvestment, ensuring their greater contribution to economy.

(iii) Adopt a professional approach for financial management of CPSEs in the national interest and disinvestment aimed at expanding public participation in ownership of CPSEs.

IV Organisational Strcture

(i) Shri Neeraj Kumar Gupta assumed the charge of Secretary, Department of Disinvestment on 4th January, 2016. The Secretary is assisted by four Joint Secretaries and one Economic Adviser. The Department functions on the Desk Officer pattern and the work is handled at the levels of Joint Secretary, Director/Deputy Secretary and Under Secretary.

(ii) The Organizational Structure of the Department is placed at Appendix.

V Policy and Approach to Disinvestment

(i) The salient features of the Current Policy on Disinvestment are:

(a) Public Sector Undertakings are the wealth of the nation and to ensure this wealth rests in the hands of the people, promote public ownership of CPSEs;

(b) While pursuing disinvestment through minority stake sale in listed CPSEs, the Government will retain majority shareholding, i.e. at least 51 per cent of the shareholding and management control of the Public Sector Undertakings;

(c) Strategic disinvestment by way of sale of substantial portion of Government shareholding in identified CPSEs upto 50 per cent or more, alongwith transfer of management control.

(ii) Approach for Disinvestment

(a) Disinvestment through minority stake sale

The approved action plan for disinvestment in profit making Government companies is as follows:

(i) Already listed profitable CPSEs (not meeting mandatory shareholding of 10 per cent which stands revised to 25 per cent) are to be made compliant through offer for sale by the 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 to be listed;

(iii) Follow-on public offers would be considered, taking into consideration the needs for capital investment of CPSEs on a case by case basis, and the Government could simultaneously or independently offer a portion of its equity shareholding;

(iv) All cases of disinvestment are to be decided on a case by case basis;

(v) The Department of Investment and Public Asset Management (DIPAM) is to identify CPSEs in consultation with respective administrative ministries and submit proposal to Government in cases requiring offer for sale of Government equity.

(b) Strategic Disinvestment

(i) To be undertaken through a consultation process among different Ministries/Departments, including NITI Aayog.

(ii) NITI Aayog to identify CPSEs for strategic disinvestment and advice on the mode of sale, percentage of shares to be sold of the CPSE and method for valuation of the CPSE.

(iii) The Core Group of Secretaries on Disinvestment (CGD) to consider the recommendations of NITI Aayog to facilitate a decision by the Cabinet Committee on Economic Affairs (CCEA) on strategic disinvestment and to supervise/monitor the process of implementation.

(c) Comprehensive management of GoI's investment in CPSEs

(i) The Government recognises its investment in CPSEs as an important asset for accelerating economic growth and is committed to the efficient use of these resources to achieve optimum return.

(ii) The Government will achieve these objectives by adopting a comprehensive approach for addressing critical inter-linked issues such as leveraging of assets to attract fresh investment, capital restructuring, financial restructuring, etc.

(iii) Different options for optimal utilization of Government's investment in CPSEs are assessed to adopt suitable investment management strategies to improve investors' confidence in the CPSEs and support their market capitalization which is essential for raising fresh investment from the capital market for their expansion and growth.

(iv) Efficient management of investment in CPSEs is ensured through rationalization of decision making process for all related issues and seamless inter-departmental coordination in the matter.

VI Benefits of Disinvestment

An important objective of listing of CPSEs is to unlock the true value of the company and promote 'people's ownership' by encouraging public participation in CPSEs. Listing of profitable CPSEs on the stock exchanges triggers multilayered oversight mechanism, which not only enhances shareholders' value but also promotes corporate governance norms in such companies. As per the listing requirements of SEBI/ Company Law/Stock Exchanges, CPSEs are required to comply with a number of mandatory disclosure requirements. With general public becoming the shareholder in the company through the listing route, the management is open to public scrutiny and thus become more accountable to its shareholders.

VII Reform Measures and Policy Initiatives

(a) Steps taken to accelerate the disinvestment process:

The Department has taken following measures to accelerate the disinvestment process:

(i) Replacing annual plan with rolling plans.

(ii) Creating a pipeline of proposals for CPSEs to take advantage of better market condition without any loss of time.

(iii) Disinvestment programme made more inclusive by following an approach to reserve 20 per cent of shares on PSUs-OFS transactions for retail investors on a case to case basis.

(iv) Based on the suggestion made by the Department, SEBI has reduced the notice period for an OFS transaction from T-2 to T-1 (T being the transaction day). This will help in minimizing the possibility of price hammering between the notice day and the transaction day and suitably protecting the interest of retail investors by providing them sufficient time to participate in the OFS transaction.

(b) Restructuring and re-naming the Department to comprehensively manage Government's investment in PSUs as DIPAM

(i) The Hon'ble Finance Minister has underlined the need for adopting a comprehensive approach to efficiently manage its investment in CPSEs as highlighted in para 89 of his Budget Speech of 2016-17 as below:

"We will adopt a comprehensive approach for efficient management of Government investment in CPSEs by addressing issues such as capital restructuring, dividend, bonus shares, etc. The Department of Disinvestment is being re-named as the Department of Investment and Public Asset Management (DIPAM)"

(ii) As announced in the Budget, the Department has been re-named as Department of Investment and Public Asset Management(DIPAM) in line with focus of the Government on management of its investment in Central Public Sector Enterprises (CPSEs) for accelerating economic development as well as augmenting Government resources for higher expenditure. It underlines Government's recognition of its investment in CPSEs as an important asset and the commitment to optimize its returns on investment in CPSEs.

(iii) As announced in the Budget, guidelines on "Capital Restructuring of CPSEs" have also been issued by this Department on 27th May, 2016. These guidelines supersede all previously issued guidelines by various Ministries/Departments from time to time and comprehensively deal with the inter-related issues on payment of dividend, buy back of shares, issue of bonus shares and splitting of shares. The focus of these guidelines is on optimum utilization of funds by CPSEs/ Government to spur economic growth

VIII Performance/Achievements

(i) The budget estimate (BE) for disinvestment during the year 2016-17 is Rs. 56,500 crore. This comprises Rs. 36,000 crore as disinvestment receipts from Central Public Sector Enterprises (CPSEs) and Rs. 20,500 crore from strategic disinvestment. During the current financial year, as of 30.11.2016, Government has realised approx. Rs.21,432 crore through minority stake sale of CPSEs and approx.Rs.2096 crore through strategic disinvestment. The total realization of Rs. 21,432 crore, by end-November through CPSEs' disinvestment receipts constitutes around 59.50% of the budget target of Rs. 36000 crores (CPSEs' Disinvestment).

(ii) DISINVESTMENT TRANSACTIONS DURING 2016-17 (As on 30.11.2016):

(a) National Hydroelectric Power Corporation Ltd. (NHPC) : The Government received an amount of Rs.2716.55 crore through disinvestment of its 11.36% paid up equity capital in NHPC through an OFS transaction on 27-28.04.2016.

(b) Indian Oil Corporation Ltd. (IOC) : The Government received an amount of Rs.262.49 crore through disinvestment of its 0.5% paid up equity capital in IOC through Employees OFS transaction on 02-10.5.2016.

(c) National Thermal Power Corporation Ltd. (NTPC): The Government received an amount of Rs. 203.78 crore through disinvestment of its 0.22% paid up equity capital in NTPC through Employees OFS transaction on 27th June to 5th July, 2016.

(d) National Aluminium Company Limited (NALCO) The Government received an amount of Rs. 2831.71 crore through buyback transaction on 30th August to 14th September, 2016.

(e) Hindustan Copper Ltd. (HCL): The Government received an amount of Rs.399.93 crore through disinvestment of its 7% paid up equity capital in HCL through OFS transaction on 29-30.9.2016.

(f) National Mineral Development Corporation Limited (NMDC): The Government received an amount of Rs.7519.15 crore through buyback transaction on19-30.9.2016.

(g) Manganese Ore India Limited(MOIL): The Government received an amount of Rs.793.87 crore through buyback transaction on 19-30.9.2016.

(h) National Buildings Construction Corporation Limited (NBCC) : The Government received an amount of Rs. 2201.14 crore through disinvestment of its 15% paid up equity capital in

NBCC through an OFS transaction on 20-21.10.2016.

(i) **Bharat Electronics Ltd. (BEL)**: The Government received an amount of Rs. 1802.60 crore through buyback transaction on 05-20.10.2016.

(j) **Engineers India Limited (EIL)**: The Government received an amount of Rs.31.38 crore through disinvestment of its 0.5% paid up equity capital in EIL through Employees OFS transaction on 15-23.9.2016.

(k) **Coal India Ltd. (CIL)**: The Government received an amount of Rs. 2638.24 crore through buyback transaction on 7-18.10.2016.

(l) **National Hydroelectric Power Corporation Ltd. (NHPC)** : The Government received an amount of Rs.21.27 crore through disinvestment of its 0.09% paid up equity capital in NHPC through Employees OFS transaction on 04-11.11.2016.

(m) **Dredging Corporation of India Ltd.** : The Government received an amount of Rs.0.93 crore through disinvestment of its 0.09% paid up equity capital in DCIL through Employees OFS transaction on 31st Oct. to 15th November, 2016.

(n) **Container Corporation of India Ltd. (CONCOR)** : The Government received an amount of Rs.9.34 crore through disinvestment of its 0.25% paid up equity capital in CONCOR through Employees OFS transaction on 01-09.09.2016.

(o) **Specified Undertaking of the Unit Trust of India (SUUTI)**: The Government received an amount of Rs. 2096.35 crore through strategic disinvestment of SUUTI Holdings in L&T.

(iii) Keeping in view the budgeted target of disinvestment for 2016-17 and as a part of the strategy to keep stocks readily to take advantage of better market condition without any loss of time, the Government has already identified some CPSEs for disinvestment during the year in sectors like mining and metal, oil, capital goods as well as some mid-size and small stocks. Best efforts are being structured for further divestment through fresh OFS for CPSEs.

(iv) As far as strategic disinvestment is concerned, Government has given 'in-principle' approval for strategic disinvestment of some CPSEs, units of CPSEs and subsidiaries of CPSEs; however, after completion of the process, specific approval of Government will be sought in each case again.

(v) DIPAM 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) and the Revised Estimate (RE) of the Department for non-plan expenditure for the financial year 2016-17 is Rs. 40 crore and Rs. 35 crore respectively.

IX Utilization of Disinvestment Proceeds

(i) The CCEA had approved the constitution of NIF on 27th January 2005. The Government of India constituted the National Investment Fund (NIF) on 3rd November, 2005, into which the proceeds from disinvestment of CPSEs were to be channelized. The corpus of the fund was to be of permanent nature and the same was to be professionally managed in order to provide sustainable returns to the Government, without depleting the corpus. NIF was to be maintained outside the Consolidated Fund of India.

(ii) Pursuant to its subsequent restructuring in January-February, 2013 it has been decided that the disinvestment proceeds will be credited to the existing 'Public Account' under the head NIF with effect from the fiscal year 2013-14 and they would remain there until withdrawn /invested for the approved purpose. It was also decided that the NIF would be utilized for the following purposes:

(a) Subscribing to the shares being issued by the CPSEs including PSBs and Public Sector Insurance Companies, on rights basis so as to ensure 51% ownership of the Government in those CPSEs/PSBs/Insurance Companies, is not diluted.

(b) Preferential allotment of shares of the CPSE to promoters as per SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 so that Government shareholding does not go down below 51% in all cases where the CPSE is going to raise fresh equity to meet its capital expenditure program.

(c) Recapitalization of public sector banks and public sector insurance companies.

(d) Investment by Government in RRBs/IIFCL/NABARD/Exim Bank;

(e) Equity infusion in various Metro projects;

(f) Investment in Bhartiya Nabhikiya Vidyut Nigam Limited and Uranium Corporation of India Ltd.

(g) Investment in Indian Railways towards capital expenditure.

X Initiatives undertaken for persons with Disabilities, Scheduled Castes, Scheduled Tribes and Other Backward Classes:

A Special Reservation Cell for Scheduled Castes, Scheduled Tribes, and 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.

XI 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.

XII 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.

XIII 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.dipam.gov.in) has been migrated to new Content Management Framework (CMF) to make it compliant with the Guidelines for Indian Government Websites (GIGW). The website is updated on a regular basis, in both English and Hindi.

(ii) Maintenance of the Payroll Package

(iii) Maintenance of File Tracking System Software

(iv) Following web based monitoring systems are in place:

a. Rajya Sabha Question, Answer Monitoring System.

b. Public Grievance information system

c. Centralized Tender/Procurement Monitoring System. Tenders are regularly put on the website and e-Publishing in e-procurement portal is being done regularly.

d. Representations of Reserved Categories in Posts and Services in Government of India (RRCPS) Monitoring System (SC/ST Commission Portal).

e. APAR Monitoring system for CSS Officers.

f. Cadre Management System (for CSS Officers).

g. Pension Portal.

h. RTI Annual Return Information Systems.

i. E-Service book.

j. Data Portal (Data.gov.in).

XIV 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 Judgment 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 Investment and Public Asset Management (DIPAM).

XV Vigilance Machinery

A Joint Secretary has been designated as part-time Chief Vigilance Officer in the Department.

XVI 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) An 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 six 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.

XVII 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.

XVIII Audit Paras/Objections

No Audit paras/objections are pending in the Department.

XIX Integrated Finance Unit

The Integrated Finance Unit works under Joint Secretary & Financial Adviser (Finance) and deals with expenditure and Budget related proposals of Grant No. 40 – Department of Investment & Public Asset Management - which includes Secretariat General Services covering the establishment budget for the Department of Investment & Public Asset Management.

The budget allocation under Grant No. 40 is as under:

Grant No.	Budget Estimates 2016-17			Revised Estimates 2016-17		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total
40 - Department of Investment & Public Asset Management	----	40.00	40.00	----	35.00	35.00

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 I

Representation of SCs, STs, OBCs in respect of Department of Investment & Public Asset Management

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
A	21	2	1	0	0	0	0	0	3	0	0	6	0	0
B	18	3	0	1	0	0	0	0	1	0	0	0	0	0
C	12	5	0	5	0	0	0	0	0	0	0	0	0	0
Total	51	10	1	6	0	0	0	0	4	0	0	6	0	0

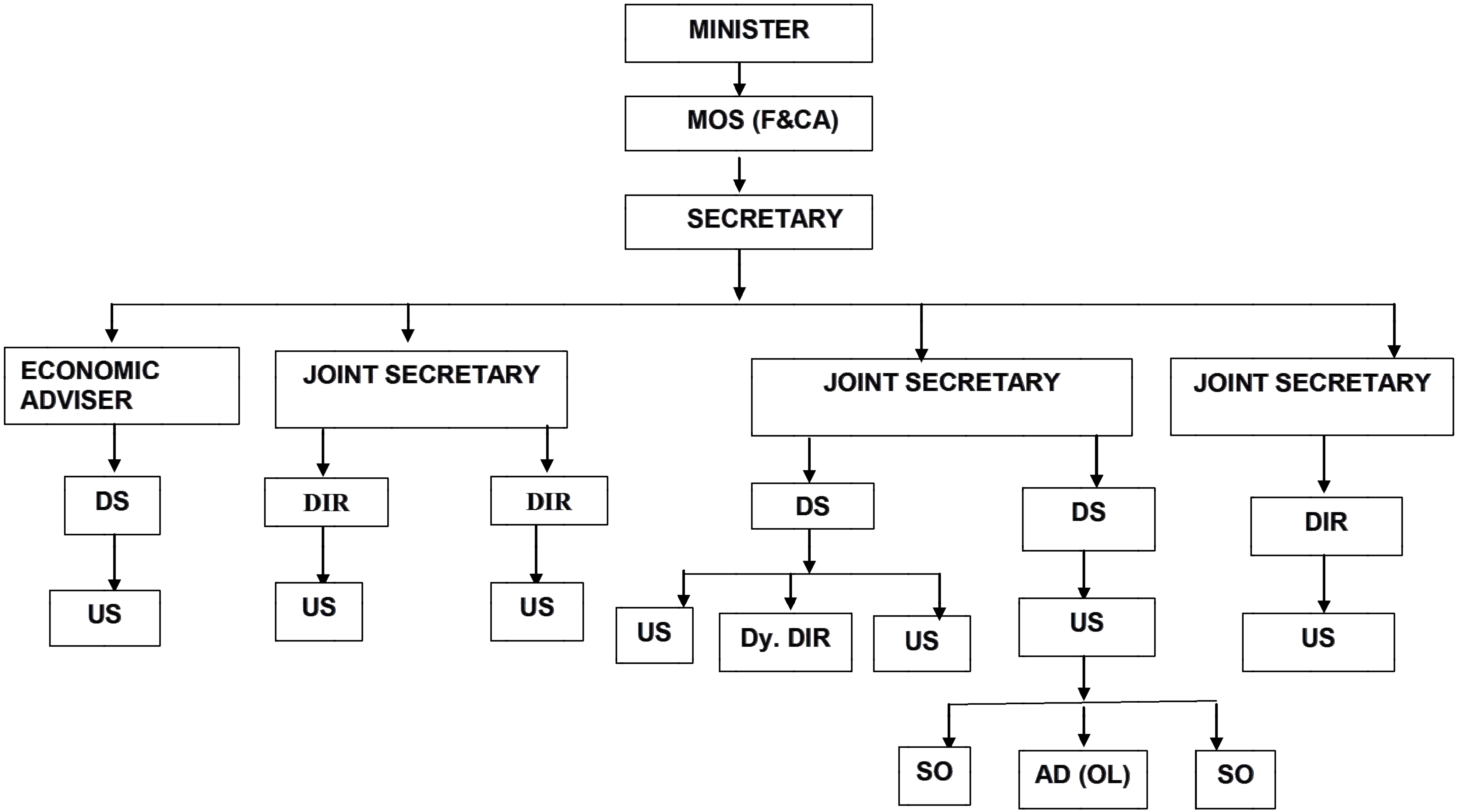
Appendix II

Representation of SCs, STs, Persons with Disabilities & OBC

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
A	21	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
B	18	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
C	12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

ORGANISATIONAL CHART

DEPARTMENT OF INVESTMENT & PUBLIC ASSET MANAGEMENT



Chapter - V

Department of Financial Services

1. Work Allocation among Sections

1.1 Banking Operation-I (BO-I)

Appointment of (a) Governor/Deputy Governor of RBI (b) Chairman & MDs of SBI (c) CMDs and EDs of Nationalised Banks (d) CMDs/MD/Whole Time Directors of NABARD/NHB/ EXIM BANK/SIDBI/IIFCL and IFCI (e) salary allowances and other terms and conditions of Whole Time Directors of PSBs and FIs/ above institutions (f) constitution of Boards of Directors of RBI and PSBs (g) appointment of Workmen Employee Directors (h) appointment of Part Time Non Official Directors and Officer Employee Directors of PSBs.

1.2 Banking Operation-II (BO-II)

1.2.1 Deposit Insurance and Credit Guarantee Corporation (DICGC), policy matters and publicity in Public Sector Banks (PSBs), International Financial Service Centre (IFSC).

1.2.2 Administration of all Acts/Regulations/Rules related to Financial Systems like the Negotiable Instruments Act, 1881, the Chit Funds Act, 1982 and the Prize Chits and Money Circulation Schemes(Banning) Act, 1978, etc. and other miscellaneous Acts/Bills, Payment and Settlement System Act, 2007 for Public as well as Private Sector Banks.

1.2.3 International Relations (Banking, Insurance and Pensions Reforms), Financial Action Task Force (FATF); International Cooperation in Joint Investment Funds-Oman-India Fund and Indo-Saudi Fund. WTO and Border Banking facilities.

1.3 Banking Operation-III (BO-III)

Customer Service in Banks/FI/Ins. All kinds of complaints/representations received from individual/ associations for redressal of their grievances in these institutions such as delay in clearance of cheques, non-payment/non-issue of drafts, non issue/delay in issue of duplicate drafts, misbehaviour/rude behaviour/harassment on the part of staff of the Institution, non settlement/delay in settlement of deceased accounts, non-transfer/delay in transfer of accounts from one office to another, non opening/delay in opening of new accounts, non-compliance with standing instructions of the customers, non-payment of term deposits before maturity, delay in payment to pensioners, including those related to credit cards, ATMs, etc. All kind of complaints received from DARPG/DPG relating to Public/ Private Sector/Foreign Banks/FI/Ins. All kinds of complaints received from MPs/VIPs /PMO against Private Sector & Foreign Banks. Banking Customer Service Centres; Banking Ombudsman.

1.4 Banking Operation & Accounts (BOA)

1.4.1 Preparation of annual consolidated review on the working of Public Sector Banks (PSBs) 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.

1.4.2 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.

1.4.3 Capital restructuring of PSBs *(*including restructuring of weak PSBs*)* 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.

1.4.4 Disputes and arbitration between PSBs and between PSBs and other Govt. Departments,/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.

1.4.5 All Policy matters related to Banking Operations such as Licensing, amalgamation, reconstruction, moratorium funds, and acquisition of private sector banks; overseas branches of Indian banks; operation of foreign banks in India and functioning of PSBs, Banking Sector Reforms.

1.4.6 Notification regarding exemption from various sections of the Banking Regulation Act, 1949 and appointment of Appellate Authority to hear appeals under BR Act and PSBs Act; Administration of all Acts/ Regulations/ Rules related to Public Sector Banks, RBI and State Level Banks. Appellate Authority on NBFCs and NBFCs/ Asset Restructuring Companies.

1.5 Agriculture Credit (AC)

Credit flow to Agriculture and Allied Sectors, matters related to National Bank for Agriculture and Rural Development (NABARD) (except Service Matters), Cooperative Banks (including Urban Co-operative Banks), appeals made by Cooperative Banks, externally aided projects related to agriculture and allied sectors, financial assistance to persons affected by natural calamities, Bank credit to handloom and handicraft sector, citizen charter on NABARD.

1.6 Regional Rural Banks (RRB)

1.6.1 Legislative matters with regard to RRB Act, 1976 and framing of rules there under, nomination of non-official directors on the Board of RRBs, guidelines for appointment of Chairman of RRBs, review of performance of RRBs, wage revision for RRB employees, laying of Annual Reports of all RRBs along with review thereof, formulation of Staff Service Regulation for RRBs, Appointment and Promotion Rules for employees and officers of RRBs, IR matters of RRBs. Citizen's Charter of RRBs.

1.6.2 All matter relating to priority sector lending, lending to weaker sections including SC/ST, PM's New 15 Point Programme for the Welfare of Minorities, Credit to minorities, Follow up action on select parameters recommended by Sachar Committee, credit delivery to women, DRI Scheme.

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/ 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; Staff Meeting of Secretary (FS); Annual Report, monitoring & review of disposal of VIP references, PMO references, coordination with RBI on 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, AAs and Nodal Section for RTI matters of DFS and to deal with CIC for Annual Return etc.; Updation of Induction Material for DFS; Co-ordination of VIP, PMO, President Sectt., etc. references involving more than two Divisions of DFS. Monitoring of updation of Cabinet Decisions/issues on e-Samiksha portal.

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 equipments, 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, President's address to Joint Session of Parliament.

1.13 Hindi

Hindi Section of the Department is responsible to ensure implementation of Official Language Act, 1963 and Official Language Rules, 1976 made there under in the Department as well as in the Banks, Insurance companies, FIs that are under control of the Department and take action to achieve targets fixed in Annual Programme issued by Department of Official Language. 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 (SCT)

Matters relating to recruitment, promotion and welfare measures of SCs/STs/OBCs/PWDs 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)

Reserve Bank of India Credit Policy and selective credit control; financial sector assessment and sectoral credit analysis; Banking Statistics regarding bank deposits and advances; rates of interest on bank deposits and advances; dissemination of results and important information relating to RBI, IBA, studies on banking reforms; analysis of other international reports relevant to banking sector in India; Analysis of Reports of committees on Financial Sector Reforms etc. Management Information System and collation of data related to Banking Industry. Result Framework Document (RFD), Speeches of FM/MOS on different occasions and Monitoring of 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, Matters relating to Exim Bank, IIFCL, IIBI Ltd; IFCI Ltd, IDFC Ltd, IDFC Bank, Board level appointments-Whole Time Directors- IIFCL, and IIBI Ltd; Government Nominee Directors-Exim Bank, IIFCL, IIBI Ltd, IFCI Ltd. and IDFC Ltd; Non-official Directors-Exim Bank, IIFCL, and IIBI Ltd; Sector-specific credit matters like infrastructure, power, textiles, exports; commerce etc.; laying of annual reports of FIs; matters related to Ratnagiri Gas and Power Pvt. Ltd (RGPPL). Citizen's Charter of EXIM Bank and IIFCL.

1.17 Industrial Finance-II (IF-II)

Matters relating to NHB, SIDBI, National Credit Guarantee Trustee Company (NCGTC) and administrative matters of erstwhile AAIFR and BIFR, Sick Industrial Companies (Special Provisions) Act (SICA) and SFCs. Policy issues in Housing Finance, MSME Credit, Education Finance, Pradhan Mantri Mudra Yojana (PMMY) and Stand Up India (SUI).

1.18 Vigilance

1.18.1 Consultation with CVC/CTE; appointment of Chief Vigilance Officer (CVOs) for PSBs/FIs; correspondence with CBI; Annual Action Plan on Anti Corruption measures; Preventive vigilance; vigilance systems and procedures in RBI/PSBs/FIs and Public Sector Insurance Companies; vigilance matters relating to Whole Time Directors (WTDs) of PSBs/PSICs/FIs; complaints against WTDs of PSBs/PSICs/FIs; major frauds in PSBs(in India and abroad); sanction of prosecution in case of WTDs of PSBs/PSICs/FIs; PMO references on anti corruption measures; bank security; robberies & loss prevention in banks; War Book matters; Annual Reports of CVC; CVC/CBI references relating to DRTs/DRATs including complaints against them.

1.18.2 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(RDDBFI Act); framing or amending rules for implementing of the provisions of the Act; filling up of the posts of Chairpersons, Presiding Officers, Registrars, Assistant Registrars, Recovery officers, and other posts in DRTs/DRATs; issuing clarifications/guidelines etc. on administrative matters/review; progress and disposal of cases by DRT/DRATs; budget provisions, monitoring, etc relating to DRTs/DRATs. Administration of SARFAESI Act, registration of ARCs, appointment of Registrar/MD & CEO, CERSAI, ease of doing business agenda- flowing from recent amendments

1.20 Recovery Section

CIBIL; Works relating to monitoring of NPAs and Recovery including compromises and OTS of all PSBs, Parliament matters, VIP/PMO references, Complaints and other matters relating to above works.

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 Cos; 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, Lok Adalats, MACT and Courts etc; Appellate Authority constituted under Section 110H of the Insurance Act 1938. Citizen's Charter of Non Life Insurance Companies.

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.

1.22.7 Coordination work relating to the following Committees- Standing Committee on Finance; Committee on Subordinate Legislation; Petitions Committee; Committee on Public Undertaking (COPU).

1.22.8 Others - WTO multi-lateral/ bilateral agreements; Inter-Government agreement between India and any other country.

1.23 Pension Reforms (PR)

Coordinating and introducing Pension Reforms; Introduction of National Pension System and extension of its coverage to State Governments and unorganised sector; Matters relating to Co-Contributory Swavalamban Scheme; Matters relating to the Investment Pattern for Non-Government Provident Funds, Superannuation Funds and Gratuity Funds. Implementation of co-contributory Atal Pension Yojana (APY). Administrative and legislative matters relating to Pension Fund Regulatory and Development Authority (PFRDA).

1.24 IT Cell

IT cell in this Department which includes the work related to the website, information technology, digitalization, Digital India initiative, liaison/coordination with NIC, etc.

Performance and significant developments.

2. Banking Operations and Accounts

2.1 Capitalization of Public Sector Banks (PSBs)

2.1.1 As of now, the PSBs are adequately capitalized and meeting all the Basel III and RBI norms. However, the Government of India wants to adequately capitalize all the banks to keep a safe buffer over and above the minimum norms of Basel III. Therefore, Government has estimated how much capital will be required this year and in the next three years till FY 2019. If the internally generated profit is excluded which is going to be available to PSBs (based on the estimate of average profit of the last three years), the capital requirement of **extra capital** for the next four years **up to FY 2019 is likely to be about Rs. 1,80,000 crore.** This estimate is based on credit growth rate of 12% for the current year and 12 to 15% for the next three years depending on the size of the bank and their growth ability. It is also presumed that the emphasis on PSBs financing will reduce over the years by development of vibrant corporate debt market and by greater participation of Private Sector Banks.

2.1.2 Out of the total requirement, the Government of India proposes to make available Rs. 70,000 crores out of budgetary allocation for four years as per the figure given below:

(i)	Financial Year 2015-16	-	Rs. 25,000 crore
(ii)	Financial Year 2016-17	-	Rs. 25,000 crore
(iii)	Financial Year 2017-18	-	Rs. 10,000 crore
(iv)	Financial Year 2018-19	-	Rs. 10,000 crore
	Total	**-**	**Rs. 70,000 crore**

The Government had already infused a sum of Rs. 25000 crore in 19 PSBs during financial year 2015-16. As on 19.07.2016, for 13 PSBs, a budgetary provision of Rs. 22,915 crore is made, of which 75% has been allocated in first trench while remaining amount will be released on assessment of performance of PSBs based on their results on the Quarter ending in December. The second trench release is subject to achievement of certain benchmarks relating to cost and efficiency.

2.1.3 Acquisition of Subsidiary banks of SBI, i.e State Bank of Bikaner and Jaipur, State Bank of Hyderabad, State Bank of Mysore, State Bank of Patiala, State Bank of Travancore and Bhartiya Mahila Bank Ltd. by State Bank of India. The Cabinet in its meeting on dated 15th June 2016 has approved the proposal of acquisition of assets and liabilities of subsidiary banks i.e. State Bank of Bikaner & Jaipur, State Bank of Hyderabad, State Bank of Mysore, State Bank of Patiala, State Bank of Travancore and Bhartiya Mahila Bank (BMB).

2.2 Banking Operation-II (BO-II)

2.2.1 The Banning of Unregulated Deposit Schemes and Protection of Depositors' Interests Bill ("Banning Bill")

The Government is in the process of finalization of the "Banning of Unregulated Deposit Schemes and Protection of Depositors' Interests Bill ("Banning Bill") to tackle the menace of illicit deposit taking activity in the country. Version 2 of the proposed legislation was uploaded on the website of the Department of Financial Services to solicit public comments on 17.12.2016. It was circulated to other stakeholders for their comments. Based on the comments / inputs received, the draft legislation will be finalised and introduced in the Parliament.

2.2.2 Amendments to the Chit Funds Act, 1982.

Chit Funds are indigenous financial institutions in India, which satisfy the financial needs of the low-income households. It is a mechanism which combines credit and savings in a single scheme. In a Chit Fund Scheme, a group of individuals come together for a pre-determined duration and contribute to a common pool (savings) at regular intervals. Every month, until the end of the tenure of the scheme, the collected pool of money is loaned out internally through a bidding mechanism to the most deserving member. This way, people who are in need of funds and those who want to save are able to meet their requirements simultaneously. With a view to address some of the challenges being faced and to facilitate orderly growth of the Chit Fund industry, it is proposed to carry out certain amendments to the Chit Funds Act, 1982 by introducing the Chit Funds (Amendment) Bill, 2016 in the Parliament.

3. Regional Rural Banks

3.1 Revitalizing Regional Rural Banks (RRBs):

With a 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 2016-17.

3.1.1 Branch Network of Regional Rural Banks

The number of branches of RRBs has increased from 20024 as on 31st March, 2015 to 20920 as on 31st March, 2016 covering 644 districts. During the year 2015-16, 896 new branches were opened by RRBs. All branches of RRBs are on CBS Platform.

3.1.2 Capital Infusion for Improving CRAR

Dr. K.C. Chakrabarty Committee on "Recapitalization of RRBs for improving CRAR" had reviewed the financial position of all RRBs in 2010 and recommended for recapitalisation of 40 out of 82 RRBs for strengthening their CRAR to the level of 9% by 31st March, 2012. Accepting the recommendations of the Committee, the GoI along with other shareholders decided to recapitalise the RRBs by infusing funds to the extent of Rs.2200 Crore, with proportion of shareholder being 50:35:15 for GoI: Sponsor Bank: State Government.

Further, the Government has approved the proposal to continue the process of recapitalisation of RRBs for next three years beyond 2013-14 i.e. upto

2016-17 for the RRBs who are unable to maintain minimum CRAR of 9%. The Reserve Bank of India made it mandatory for RRBs to maintain CRAR at minimum 9% with effect from 31.3.2014.

3.1.3 Financial Performance

During 2015-16, RRBs recorded net profit of Rs.2018 crore as on 31st March, 2016 as against Rs.2744 crore in 2014-15. However, 6 RRBs viz. Ellaquai Dehati Bank, Jharkhand Gramin Bank, Manipur Rural Bank, Rajasthan Marudhara Gramin Bank, Uttar Bihar Gramin Bank and Nagaland Rural Bank incurred losses aggregating to Rs.188 crore during the year 2015-16. The aggregate reserves of RRBs stood at Rs.20665 crore as on 31st March, 2016 as against Rs.18712 crore as on 31st March, 2015, while their 'owned funds' increased from Rs.25083 crore in 2014-15 to Rs.27149 crore during 2015-16.

3.1.4 Accumulated Losses

The number of RRBs that had accumulated losses remained the same as 8 as on 31st March, 2016 as compared to previous year. However, the aggregate amount of accumulated losses of RRBs decreased from Rs.1072 crore as on 31st March, 2015 to Rs.1050 crore as on 31st March, 2016.

3.1.5 Non-performing Assets (NPA)

The Gross NPA of RRBs, increased from Rs.11128 crore as on 31st March, 2015 to Rs.14040 crore as on 31.3.2016. The Gross NPA as a percentage has increased from 6.15% as on 31st March, 2015 to 6.8% as on 31st March, 2016.

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

The network of Scheduled Commercial Bank branches in the country for the last five years is as under:

(i) Population Group wise number of branches of **Scheduled Commercial Banks (SCBs)** :

	RURAL	SEMI-URBAN	URBAN	METROPOLITAN	TOTAL
31.03.2012	34,063	26,440	18,105	19,985	98,593
31.03.2013	36,935	29,327	19,253	20,991	1,06,506
31.03.2014	41,959	32,591	20,855	22,479	1,17,884
31.03.2015	45,138	34,973	22,346	23,994	1,26,451
31.03.2016	47,307	36,901	23,558	25,397	1,33,163
30.09.2016	47,694	37,266	23,889	25,765	1,34,614

Source: RBI

(ii) Bank group and population group wise **number of functioning branches,** as on September 30, 2016:

	RURAL	SEMI-URBAN	URBAN	METROPOLITAN	TOTAL
SBI and its Associates	7,675	7,096	4,338	4,527	23,636
Nationalised Banks	20,468	17,598	12,757	13,627	64,450
Other Public Sector Banks	417	570	534	526	2,047
Private Sector Banks	4,517	7,454	4,877	6,468	23,316
Foreign Banks	9	11	47	251	318
Regional Rural Banks	15605*	3840*	1318*	157*	20920*

Source: RBI ** Source : NABARD (as on 31.03.2016)*

4.2 Expansion of ATMs

(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
31.03.2015	58763	69902	128665
31.03.2016	62060	80399	142459
30.09.2016*	61071	84583	145654

Source: RBI

(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
31.03.2015	92191	89061	181252
31.03.2016	97149	101950	199099
30.09.2016*	97210	107008	204218

Source: RBI

**Out of the total ATMs, 156 ATMs are deployed overseas by State Bank of India.*

4.3 RuPay Card

RuPay, a card payment scheme *was* 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. The 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 *RuPay* will 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

National Payments Corporation of India (NPCI) has offered the facility of Mobile Banking using Unstructured Supplementary Service Data (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 Service) based Mobile Banking. 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.

4.5 Pradhan Mantri Jan-Dhan Yojana (PMJDY)

With a view to increasing banking penetration and promoting financial inclusion and with the main objective of covering all households with at least one bank account per household across the country, a National Mission on Financial Inclusion named as ***Pradhan Mantri Jan Dhan Yojana*** (PMJDY) was announced by Hon'ble Prime Minister in his Independence Day Speech on 15th August, 2014. The scheme was formally launched on 28th August, 2014 at National level by Hon'ble Prime Minister.

4.5.1 Objectives of PMJDY

(i) Universal access to banking facilities for all households across the country through a bank branch or a fixed point Business Correspondent (BC) within a reasonable distance.

(ii) To cover all households with at least one Basic Bank Account with RuPay Debit card having inbuilt accident insurance cover of Rs. one lakh.

(iii) An overdraft facility upto Rs.5000/- after satisfactory operation in the account for six months.

(iv) A Life Cover of Rs. 30,000/- to those beneficiaries who open their accounts for the first time from 15.08.2014 to 31.01.2015.

(v) Financial literacy programme which aims to take financial literacy upto village level.

(vi) The Mission also envisages expansion of Direct Benefit Transfer under various Government Schemes through bank accounts of the beneficiaries.

(vii) Providing micro –insurance to the people.

(viii) Unorganised sector Pension schemes through the Business Correspondents.

4.5.2 Achievements under PMJDY

(i) As on 18.01.2017:

- 27.11 crore accounts have been opened under PMJDY, of which 16.45 crore accounts are in rural areas and 10.66 crore in urban areas.
- Deposits of Rs. 68,238 crores has been mobilized.
- 21.27 crore RuPay Debit cards have been issued under PMJDY.
- Aadhaar seeding has been done in 15.72 crore PMJDY accounts.
- Zero balance accounts has been reduced to 24.51%.

(ii) Household Coverage: 99.99% households out of the 21.22 crore households surveyed have been covered under PMJDY.

(iii) As on 20.01.2017, out of total requirement of 1,26,364 fixed location Bank Mitras in Sub Service Areas (SSAs), 1,26,151 Bank Mitras have been deployed by banks.

(iv) Overdraft (OD) in PMJDY accounts: As on 20.01.2017, 45.05 lakh accounts have been sanctioned OD facility of which 24.48 lakh account-holders have availed this facility involving an amount of Rs.321.47 crore.

(v) Insurance Claims settled:

(a) As on 20.01.2017, out of 1767 claims lodged, 1700 claims have been disposed of under accidental insurance cover of Rs. 1 lakh under RuPay debit card.

(b) As on 20.01.2017, out of 4013 claims lodged, 4005 claims have been disposed of under Life Cover of Rs.30,000/- to those beneficiaries who opened their accounts for the first time from 15.08.2014 to 31.01.2015.

4.6 Digitisation Initiatives Taken

The banks have provided the mobile banking services like Immediate Payment Service (IMPS) and products like Unstructured Supplementary Service Data (USSD) and Unified Payment Interface (UPI) etc. for facilitating transfer of funds for the customers and thereby facilitating moving towards cashless system.

i Bharat Bill Payment System has also been introduced to facilitate interoperable bill payments in the country thus enabling greater adoption of electronic payments.

ii. Scheduled Commercial Banks have taken various initiatives for expanding card acceptance infrastructure to Semi-urban and Rural areas to provide cashless transaction system.

iii. The Government has advised banks to deploy micro ATMs in rural areas in all Sub Service Areas (SSAs) across the country. There are 113438 micro ATMs have been deployed as on 25.01.2017.

iv. To expand digital payment acceptance infrastructure in rural areas, NABARD will extend financial support to eligible banks for deployment of 2 POS devices in one lakh villages with population of less than 10,000. These POS machines are intended to be deployed at primary agriculture cooperative societies/milk societies/ agricultural input dealers to facilitate small trade and agri-related transactions through digital means.

v. NABARD will also support Rural Regional Banks and Rural Cooperative Banks to procure and issue “Rupay Kisan Cards” to Kisan Credit Card holders to enable them to make digital transactions at POS machines/Micro ATMs/ ATMs.

vi. As on 25.01.2017, 51.44 crore Saving Bank accounts and 43.09 lac Central Pensioners accounts have been seeded with Aadhaar.

5. Agriculture Credit

In order to boost agriculture productivity, farmers need access to affordable and timely credit facilities. As against the farm credit target of Rs.8,50,000 crore for the year 2015-16, an amount of Rs. 8,77,527.05 crore was disbursed during the year. Year wise position of target and achievement under agricultural credit flow is given in the following table:-

(Rs.in Crore)

Year	Target	Achievement
2004-05	1,05,000	1,25,309
2005-06	1,41,000	1,80,486
2006-07	1,75,000	2,29,400
2007-08	2,25,000	2,54,657
2008-09	2,80,000	3,01,908
2009-10	3,25,000	3,84,514
2010-11	3,75,000	4,68,291
2011-12	4,75,000	5,11,029
2012-13	5,75,000	6,07,376
2013-14	7,00,000	7,30,122.62
2014-15	8,00,000	8,45,328.23
2015-16	8,50,000	8,77,527.05
2016-17 (up to 30.9.2016)	9,00,000	7,55,995.16#

 # Provisional figure up to 30 September, 2016
Source: RBI/NABARD/PSBs/IBA

5.1 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, whereas RBI monitors the scheme in respect of Commercial Banks. The scheme has since been revised prescribing the provision for ATM enabled debit card which can be used at ATM/Point of sale (POS) terminal, with, inter alia, facilities of one-time documentation and built-in cost escalation in the credit limit, etc.

The number of live/operative KCCs issued by Cooperative Banks, RRBs and commercial banks are as under:

Number of live/operative KCCs (Provisional Data)

(No. in lakhs)

Cooperative Banks	RRBs	Commercial Banks	Total
375.00#	127.48#	252.08*	754.56

#Source NABARD (Data as on 31.10.2016)
**Source RBI (Data as on 31.12.2016)*

5.2 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), by way of deposits from Scheduled Commercial Banks operating in India from the shortfall in their priority sector lending. The Fund has since been continued, with allocation being made every year. Over the years, coverage under the RIDF has been broad based, in each tranche, and at present, a wide range of 36 activities are financed under various sectors for development of rural infrastructure.

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 2016-17 (RIDF XXII). The aggregate allocations till 2016-17 have reached Rs.2,67,500 crore including the Bharat Nirman component sanctioned to National Rural Roads Development Agency (NRRDA) under RIDF XII-XV.

As against the allocation of Rs. 25,000 crore made for RIDF XXII tranche during 2016-17, sanctions were accorded to the extent of Rs. 22,295.42 crore to various State Governments upto 31.12.2016.

5.3 Financing and supporting Producer Organisations through Producer's Development and Upliftment (PRODUCE)

Recognizing the various constraints and difficulties faced by farmers such as continued fragmentation of farm holdings, declining profitability of small farm holding and farmers' lack of access to technology, credit and market, the Government of India through its Budget Announcement, 2014-15, took a novel initiative by announcing a corpus of Rs.200 crore in NABARD for Producer's Development and Upliftment (PRODUCE) in order to promote 2,000 Farmers' Producers Organizations across the country over the next two years.

In compliance to the announcement made in the Union Budget, 2014-15, an amount of Rs. 200 crore was released to NABARD during 2014-15 for promoting and nurturing 2000 Farmers' Producers Organizations

(FPOs).Under the Scheme, the incremental income to farmers out of collective action would mainly come from the following:

- Production improvement on account of using better technology, better quality of inputs and improved extension services.
- Reduced input cost due to collective sourcing at competitive market price.
- Increased price realization due to value addition, good bargain and improved scale in marketing.

The other economic benefits anticipated are generation of additional employment due to increased farming intensity and various post-harvest activities, reduction in migration due to improved farm viability and reduction in wastage of produce due to scientific storage, handling and processing facilities.

Against the target for forming 2,000 Farmers Producers Organisations (FPOs), NABARD has sanctioned 2172 FPOs as on 31st December, 2016.

5.4 Scheme for Revival of 23 unlicensed DCCBs in 4 States

Recognizing the need to revamp ailing Cooperative Banks so that they are able to cater to the needs of farmers at their door, Government on 5.11.2014 accorded approval for implementation of the Scheme for Revival of 23 Unlicensed District Central Cooperative Banks (DCCBs) in four States viz. 16 in Uttar Pradesh, 3 in Jammu & Kashmir, 3 in Maharashtra and 1 in West Bengal. The total capital infusion required for revival of these 23 DCCBs is to the tune of Rs. 2375.42 crore, of which the commitment from Central Government is Rs. 673.29 crore, from the concerned State Governments Rs.1464.59 crore and from NABARD Rs.237.54 crore. State Governments of Uttar Pradesh, Maharashtra and West Bengal signed the Memorandum of Understanding (MoU) for implementation of the said Scheme before the close of the financial year 2014-15 and accordingly, the GoI's share in respect of these States was released to NABARD during 2014-15.

The MoU with the State Government of Jammu & Kashmir was signed in the second half of 2015-16, i.e. on 4.11.2015. Accordingly, Rs.111.22 crore was released to NABARD during the year 2015-16 towards GoI's share for the State of Jammu & Kashmir under the Scheme.

The Scheme is under implementation and being monitored by NABARD.

6. Debts Recovery Tribunal

The Central Government has established 34 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 Act, 1993 for expeditious adjudication and speedy recovery of debts due to banks & financial institutions and matters connected therewith. The Government had 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 and one new DRT was established by notification at Ernakulam on 9th May 2016.

As per data made available by DRTs, a total number of 15,882 cases (Original Applications) involving Rs. 34,301.36 crores approximately were disposed off by 33 DRTs (excluding DRT – 3 Mumbai) during the period of 01/01/2016 to 30/11/2016.

6.1 'The Enforcement of Security Interest and Recovery of Debts Laws and Miscellaneous Provisions (Amendment) Act, 2016

The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) and the Recovery of Debts Due to Banks and Financial Institutions Act (RDDB & FI Act) have been amended for speedier resolution of defaulted loans through 'The Enforcement of Security Interest and Recovery of Debts Laws and Miscellaneous Provisions (Amendment) Act, 2016 (44 of 2016) and it was notified in the Gazette on 16th August, 2016. Many provisions of the Amendment Act (44 of 2016) have been brought into force through notifications dated 1st September 2016 and 4th November 2016.

The important amendments in the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 made to suit changing credit landscape and augment ease of doing business include (i) registration of creation, modification and satisfaction of security interest by all secured creditors and provision for integration of registration systems under different laws relating to property rights with the Central Registry so as to create Central database of security interest on property rights; (ii) conferment of powers upon the Reserve Bank of India to regulate Asset Reconstruction Companies in a changing business environment; (iii) exemption from stamp duty on assignment of loans by banks and financial institutions in favour of Asset Reconstruction Companies; (iv) enabling non-institutional investors to invest in security receipts; (v) debenture trustees as secured creditors; (vi) specific timeline for taking possession of secured assets; and (vii) priority to secured creditors in repayment of debts.

The important amendments in the Recovery of Debts due to Banks and Financial Institutions Act, include (i) expeditious adjudication of recovery applications; (ii) electronic filing of recovery applications, documents and written statements; (iii) priority to secured creditors in repayment of debts; (iv) debenture trustees as financial institutions; (v) empowering the Central Government to provide for uniform procedural rules for conduct of proceedings in the Debts Recovery Tribunals and Appellate Tribunals.

7. Non-Performing Assets (NPAs)

7.1 Gross Non Performing Assets (GNPAs)

As per the data available, the GPNA ratio of PSBs steadily decline from 13.11 percent in 2000-01 to 2.10 percent in 2008-09 and GNPA ratio of Scheduled Commercial Bank (SCBs) steadily declined from 12.04 percent to 2.45 percent. This reduction is on account of good economic conditions, establishment of DRTs and enactment of SARFAESI Act. The following table depicts the trend of GNPA of PSBs/SCBs during last 3 years.

Period	GNPAs	
	PSBs	SCBs
March, 2014	4.72	4.11
March, 2015	5.43	4.62
March, 2016	9.83	7.79
June, 2016	11.07	8.56
Sept, 2016 (Provisional)	11.84	9.17

Main reasons for increase in NPAs is due to slowdown in recovery in the global economy and continuing uncertainty in the global markets leading to lower exports of various products like textiles, engineering goods, leather, gems etc. taking GNPA and restructured advances together the stress on PSBs is 15.37% to total advances as on June, 2016 and 12.03% to total advances as on June, 2016 in respect of SCBs.

7.2 Measure taken by RBI

RBI has provided the Indian Banking System with numerous tools to tackle stress in their asset portfolio especially after the 2008 wordwide economic crisis. These tools include Scheme for Sustainable Structuring of Stressed Assets (S4A), Strategic Debt Restructuring Scheme (SDR), Flexible Structuring for long term project loans to Infrastructure and Core industries (5/25 Scheme), formation of Joint Lenders' Forum (JLF) for revitalizing stress assets in the system and Corporate Debt Restructuring (CDR) Scheme.

RBI started the process of Asset Quality Review (AQR) to ensure that banks were taking proactive steps to clean up their balance sheets. Loans that are of concern as well as those loans that have potential weaknesses were identified by working with banks. In those accounts where the restructuring has been determined to have failed due to performance issues within the specified period or non-fulfillment of restructuring conditions, prudential provisioning will have to be made before March 2017.

7.3 Measures undertaken by the Government

The government has taken specific measures to address issues in sectors such as Infrastructure (Power, Roads etc.), Steel and Textiles, where incidence of NPAs is high. The government has also approved establishment of six (6) new Debt Recovery Tribunals (DRTs), to speed up the recovery of bad loans of the banking sector, in addition to existing thirty three. The Insolvency and Bankruptcy Code has been enacted and amendments in SARFAESI and RDDBFI Act have been done to improve resolution/recovery of bank loans. The Government has recently issued advisory to banks to take action against guarantors in event of default by borrower under relevant sections of SARFAESI Act, Indian Contract Act & RDDB&FI Act, since in the event of default; the liability of the guarantor is co-extensive with the borrower.

8. Pradhan Mantri MUDRA Yojana (PMMY)

In pursuance of the announcement in the Union Budget 2015-16 of the setting up of a Micro Units Development finance Agency (MUDRA) to refinance last mile financers, the Pradhan Mantri Mudra Yojana (PMMY) has been launched on 8th April, 2015. MUDRA ltd. seeks to offer refinance products having a loan requirement up to Rs.10 lakh and support to micro finance institutions (MFIs) by way of refinance. The products designed under PMMY are categorized into three buckets of finance named Shishu (loan up to Rs.50,000), Kishor (Rs.50,000 to Rs.5 lakh) and Tarun (Rs.5 lakh to Rs.10 lakh) based on the stage of growth/development of the micro business units, wich about 60 per cent of the allocation to Shishu. 'Activities allied to Agriculture', e.g. pisciculture, beekeeping, poultry , livestock , rearing , grading, sorting, aggregation agro industries, diary, fishery, agriclinics and agribusiness centers, food & agro-processing, etc. (excluding crop loans, land improvement such as canals, irrigation, wells) and services supporting these, which promote livelihood or are income generating , have also been included under PMMY from April, 2016 onwards. The total amount disbursed under PMMY as on 16.12.2016 stood at Rs.76,806.29crore against a target of Rs.1,80,000 crore for 2016-17, of which Rs.39,584.18 crore has been disbursed under Shishu, Rs.22,237.10 crore under Kishor and Rs.14,985.01 crore under Tarun. In all 2.08 crore borrowers have been benefitted during 2016-17 (till Dec, 2016), of which 1.66 crore are women, 62.16 lakh are new entrepreneurs and 1.21 crore belong to Scheduled Caste/Scheduled Tribe/Other Backward Classes category.

9. Industrial Finance

9.1 India Infrastruture 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 and paid up capital of the company as on 30th September 2016 stand at Rs. 6,000.00 crore and Rs 4,002.32 crore, respectively.

2. On a standalone basis, till 30th September 2016, IIFCL has made cumulative gross sanctions of Rs 70,799 crore under direct lending and has made cumulative disbursements of Rs 50,989 crore (including disbursements of Rs 6,256 crore under Refinance and Rs 12,759 crore under Takeout Finance).

9.1.1 New Developments

1. **Credit Enhancement:** As part of its vision to provide innovative financing solutions for the infrastructure financing sector, IIFCL became the first organization to successfully operationalize the Credit Enhancement Scheme. IIFCL is also assisting the Department of Economic Affairs, Ministry of Finance, in setting up of a dedicated Credit Enhancement Company, pursuant to Union Budget 2016-17.

2. **IIFCL's appointment as Investment Advisor to the National Infrastructure Investment Fund (NIIF).**

3. **Merger of Irrigation and Water Resources Finance Corporation Limited (IWRCL) with IIFCL.**

9.2 Export-Import Bank of India (EXIM BANK)

Exim Bank ('the Bank'), established as a statutory, apex financial institution in 1982 under an Act of the Parliament of India, for financing, facilitating and promoting India's international trade, for functioning as the principal financial institution for coordinating the working of institutions engaged in financing export and import of goods and services with a view to promoting the country's international trade, and to function as a key policy-input provider to the GOI.

9.2.1 Performance

During April-October 2016, the Bank extended 10 GOI-guaranteed LOCs, to 9 countries, with credits aggregating US$ 2.08 billion. As on October 31, 2016, there are 217 operating LOCs to 60 countries, with credits aggregating US$ 16.25 billion, out of which 211 LOCs to 60 countries, aggregating US$ 16.06 billion are guaranteed by the Government of India. Besides LOCs, the Bank's other flagship product - Buyer's Credit under the National Export Insurance Account (BC-NEIA), aims at catalyzing project exports from India. The Bank has till date sanctioned an aggregate amount of US$ 2.84 billion for 22 projects, and has a robust pipeline of US$ 5.51 billion across 44 projects.

9.2.2 Recent Developments

1. **Bond Issuance under Rule 144A:** In a landmark transaction on July 27, 2016, Exim Bank launched a US$ 1 billion, 10-year bond issue in the 144A / Reg S format, to support long term credit for the GoI-directed Lines of Credit portfolio, Indian project exports, and overseas investment. The transaction marks the Bank's inaugural 144A / Reg S issuance and the largest issuance ever for the Bank. The bond was issued at a significantly tighter margin of 1.875 per cent over US 10-year treasuries, fetching a fixed coupon of 3.375 per cent. The pricing resulted in a negative new issue premium against a very strong market backdrop, in an environment where new issue premia were the order of the day.

2. **Export Development Fund**: Steps have been taken to operationalise the Export Development Fund, a special fund created by the Government of India and administered by Exim Bank. On May 4, 2016, the Fund concluded an umbrella Framework Agreement with seven Iranian banks to enhance a Buyer's Credit facility to finance the export of goods and services from India to Iran, to Rs. 3000 crore. During the visit of the Hon'ble Prime Minister to Iran in May 2016, Exim Bank signed an MOU with Iran's Ports and Maritime Organization on current specific terms for the Chabahar Port project; and a Confirmation Statement with the Central Bank of Iran, confirming availability of credit of Rs. 3000 crore for the import of steel rails from India and the development of the Chabahar port in Iran. Shipments have commenced in October 2016 under the facility; and the first disbursement was effected on November 5, 2016.

9.3 Industrial Finance Corporation of India (IFCI)

IFCI Ltd. is a Systemically Important Non-Deposit taking Non-Banking Finance Company (NBFC-ND-S1) registered with Reserve Bank of India (RBI) as per RBI Act, 1949 and a notified Public Financial Institution under Section 2(72) of the Companies Act, 2013.

The operational Performance of IFCI for the H1 ended as on 30th September, 2016 for FY 2016-17 is indicated below:-

1. Profit before provision for H1 of FY 2016-17 was Rs. 375 crore. However, due to provisions of Rs. 552 crore towards non-performing assets, IFCI incurred loss of Rs. 95 crore during the period;
2. Business Assets as on 30th September, 2016 were Rs. 31,073 crore;
3. CAR as on 30th September, 2016 was 17.3% as against 16.9% as on 31st March, 2016.
4. Debt Equity Ratio as on 30th September, 2016 was 4.1% as against 4.5% as on 31st March, 2016.

9.4 Small Industries Development Bank of India

Small Industries Development Bank of India (SIDBI), set up on April 2, 1990 under an Act of Indian Parliament, acts as the Principal Financial Institution for the Promotion, Financing and Development of the Micro, Small and Medium Enterprise (MSME) sector and for co-ordination of the functions of the institutions engaged in similar activities. The business strategy of SIDBI is to address the financial and non-financial gaps in MSME eco-system. By this way, SIDBI would be complementing and supplementing efforts of banks in meeting diverse credit needs of MSMEs.

9.4.1 Performance review of SIDBI

The total MSME outstanding credit (gross) of the Bank was Rs. 71,544 crore as at end November 30, 2016 as against outstanding credit (gross) of the Bank as on March 31, 2016 of Rs. 65,632 crore.

9.4.2 Addressing Financial Gaps

SIDBI provides financial support to MSMEs by way of (a) indirect finance / refinance to eligible Primary Lending Institutions (PLIs), such as, banks, State Financial Corporations (SFCs) for onward lending to MSMEs and (b) direct assistance with focus on the niche areas like risk capital/equity, sustainable finance, receivable financing, service sector financing, etc.

9.4.3 ADDRESSING PROMOTIONAL & DEVELOPMENTAL GAPS

SIDBI adopts a 'Credit Plus' approach by providing various Promotional & Developmental (P&D) support primarily aimed at capacity building of the MSME sector. SIDBI's promotional and developmental support helped in setting up of about 80,000 enterprises, providing employment to about 1.5 lakh people and benefitting more than 2.3 lakh people in the MSME sector.

9.4.4 SIDBI as Nodal / Implementing Agency for Government Schemes.

SIDBI is the Nodal Agency for implementation of certain MSME related schemes of the Government of India (GoI) for encouraging implementation of technology up-gradation and modernization in the MSME sector. SIDBI provides Nodal Agency services for implementation of Credit Linked Capital Subsidy Scheme (CLCSS) and Technology and Quality Up-gradation Programme (TEQUP) (Ministry of MSME), Technology Up-gradation Fund Scheme for Textile Industry (TUFS) (Ministry of Textiles), Integrated Development of Leather Sector Scheme (IDLSS) (Ministry of Commerce & Industry) and Scheme of Technology Up-gradation of Food Processing Industries (Ministry of Food Processing Industries).

- Since the launching of the CLCS Scheme in October 2000, a total number of 24,136 capital subsidy claims aggregating Rs. 1,417 crore (cumulative) were settled through SIDBI till September 30, 2016.
- Since the launching of the TUF Scheme in April 1999, a total number of 2147 subsidy claims aggregating Rs. 764 Crore (cumulative) were settled through SIDBI till September 30, 2016.
- Since the launching of the IDLSS in November 2005, a total number of 1774 claims aggregating Rs. 296 crore (cumulative) were settled through SIDBI till September 30, 2016.
- Under FPTUFS, subsequent to the decentralization of the scheme from April 2007, 86 claims aggregating Rs. 14 crore till September 30, 2016.
- Regarding TEQUP, towards 85 claims eligible subsidy of Rs. 6.45 crore was disbursed till September 30, 2016.

9.5 National Housing Bank (NHB)

9.5.1 Highlights during 2015-16

1. A capital infusion of Rs. 1,000 crore was given to NHB by way of equity investments from RBI. Total equity share capital at the end of the year stood at Rs. 1,450 crore, fully subscribed to by RBI.
2. Outstanding loans & advances of NHB crossed the Rs. 50,000 crore mark during FY 2015-16 and stood at Rs. 53,573 crore as on 30-06-2016.
3. Refinance assistance of Rs. 36 crore was disbursed to J&K Bank Limited for helping construction/renovation of 700 dwelling units under Special Refinance Scheme for Flood Affected Areas of Jammu & Kashmir.

4. Refinance Assistance for Flood Affected Areas of Tamil Nadu was launched by NHB. Rs. 44.07 crore was disbursed for helping construction / renovation of 1,077 dwelling units.

5. Pradhan Mantri AwasYojana - Credit Linked Subsidy Scheme (PMAY-CLSS) was operationalized and implemented by NHB as a Central Nodal Agency

i) MoUs signed with 145 PLIs (68 Housing Finance Companies, 25 Public Sector Banks, 9 Private Sector Banks, 29 Regional Rural Banks and 14 Co-operative Banks) till 30-06-2016

ii) Subsidy of Rs. 307.44 crore benefitting 17,031 households disbursed to 77 Primary Lending Institutions till 31-12-2016

iii) 17 regional workshops, to sensitize the stakeholders about CLSS, were organized till 31-12-2016 at Guwahati, Chennai, Mumbai, Bangalore, Raipur, Bhopal, Hyderabad, Lucknow, Patna, Srinagar, Thiruvananthapuram and Ranchi

10 Representation of SCs, STs, OBCs and PWDs.

The Representation of SCs/STs/OBCs and Persons with Disabilities (PWDs) in Public Sector Banks/ Financial Institutions and Insurance Companies is at ***Annexure I & Annexure II*** respectively.

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 been mandated for lending to the priority sector by domestic scheduled commercial banks and foreign banks with 20 branches and above. Within this, sub-targets of 18 percent, 10 percent and 7.5 percent of ANBC or Credit Equivalent amount of OBE, whichever is higher, as of preceding March 31st, have been mandated for lending to agriculture, weaker sections, and micro enterprises, respectively. Within the 18 percent target for agriculture, a target of 8 percent of ANBC or Credit Equivalent amount of OBE, whichever is higher, is prescribed for lending to small and marginal farmers. Domestic scheduled commercial banks are also required to ensure that their share of lending to non-corporate farmers does not fall below the system wide average of the last three years of direct lending to non-corporate farmers.

For Foreign Banks with 20 branches and above, the total priority sector target and target for lending to agriculture and weaker sections have to be achieved within a maximum period of five years starting from April 1, 2013 and ending on March 31, 2018. Foreign banks with 20 branches and above have submitted an action plan for achieving the targets over a specific time frame which has been approved by RBI. The sub-targets for small and marginal farmers and micro enterprises for these banks would be made applicable post 2018 after a review in 2017.

For Foreign Banks with less than 20 branches, 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 been mandated for lending to the priority sector, which has to be achieved in a phased manner by the year 2020.

The outstanding priority sector advances of Public Sector Banks increased from **Rs.17,51,229** crore as on March 31, 2015 to **Rs.19,85,036** crore as on March 31, 2016, registering a growth of **13.35** per cent. Advances to agriculture by PSBs amounted to **Rs. 9,05,884** crore constituting **17.91** percent of ANBC, as on March 31, 2016, sector-wise break-up of priority sector advances of PSBs, as on March 31, 2016, is given at ***Annex-III.***

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 PSBs, as on March 31, 2016, the amount outstanding towards credit to women was **Rs. 3,92,962** crore, forming **7.82** per cent of ANBC of public sector banks. Particulars of Credit to women, as reported by Public Sector Banks are given at ***Annex IV - a, b & c.***

11.3 Prime Minister's New 15 Point Programme for the Welfare of Minorities

11.3.1 The following are some of the major instructions/ guidelines issued by RBI vide latest Master Circular dated July 1, 2016 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 publicise 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 reviewed 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.
- 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 the purpose of earmarking of targets and location of development projects under the Prime Minister's New 15 Point Programme for the welfare of minorities.

11.3.2 As per progress reported by Public Sector and Private Sector Banks, total outstanding loans to minority communities as on March 31, 2016 stood at **Rs. 3,21,742.66** crore which works out to **13.9** per cent of total priority sector advances of PSBs and Private Sector Banks. As per progress reported by Public Sector Banks, total outstanding loans to minority communities as on March 31, 2016 stood at **Rs. 2,80,119.09** crore which works out to **15.9** per cent of total priority sector advances of PSBs, in the identified districts (Minority Concentration Districts).

11.4 Lending to Weaker Sections

11.4.1 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 lend 10 per cent of Adjusted Net Bank Credit (ANBC) or Credit Equivalent amount of Off-Balance Sheet Exposure, whichever is higher, to Weaker Sections.

To achieve inclusive growth, priority sector loans to distressed persons (other than farmers) not exceeding Rs.1,00,000 per borrower to prepay their debt to non-institutional lenders and loans to individual women beneficiaries up to Rs.1,00,000 per borrower are allowed to be categorized under Weaker sections.

The performance of PSBs on lending to Weaker Sections as on March 2014, 2015 and 2016 is as under:

(Amount in Rs. crore)

As at the year ended	Amount outstanding	% to ANBC
March 2014	4,33,943.68	10.56
March 2015	4,87,846.85	10.40
March 2016	5,58,240.39	11.04

11.5 Stand Up India Scheme

The Stand Up India Scheme was launched on April 5, 2016. The scheme envisages extending bank loans between Rs. 10 lakh to Rs. 1 crore for greenfield enterprises set up by SC, ST and Women entrepreneurs in manufacturing, services or the trading sector and extending effective handholding support to them. Each bank branch is to extend loans to at least one SC/ST and one woman entrepreneur. The scheme is being implemented through 1.25 lakh bank branches of all Scheduled Commercial Banks. Loans under the scheme shall be composite loans to meet the requirement of fixed assets and working capital. Provision of convergence with State/ Central Government Schemes has been identified in the Scheme. Credit Guarantee Fund Scheme for Stand Up India (CGFSI) is operational with a corpus fund of Rs. 5000 cr. A dedicated portal (www.standupmitra.in) for the Stand Up India Scheme is active. The portal as a virtual market place endeavors to provide 'End to End' solutions not only for credit delivery but also for a host of handholding services. As on 30.12.2016, total number of loans sanctioned under Stand Up India Scheme is 15618 [Women: 12262, SC: 2625 and ST: 731].

12. Education Loan

Every meritorious student should have access to bank credit to pursue higher education, if they so desire. 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 a recognised Institution 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. The last revision of the Model Educational Loan Scheme was carried out on 17.08.2015 and circulated to Banks. The main features of revised Model Educational Loan Scheme are as under.

a) Provision for charging of differential interest rates based on status of collateral, employability and reputation of institutions.

b) Relaxation in margin and security for loans guaranteed by NCGTC.

c) Extension of repayment period (after moratorium) upto 15 years for all loans.

d) Uniform one year moratorium for repayment after completion of studies in all cases.

e) Provision for moratorium taking into account spells of unemployment/under-employment, say two or three times during the life cycle of the loan. Moratorium may also be provided for the incubation period if the student wants to take up a start-up venture after graduation.

12.1 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, circulated vide their 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.

12.2 Performance of Education Loans:

The total outstanding education loans of Public Sector Banks (PSBs) as on September 30, 2016 stood at Rs. 68,783 crore in 24,84,349 accounts. This reflects increase of Rs.3590 crore in total outstanding loans over the correspondence period of the last year. In percentage terms it is an increase of 5.51 per cent.

Year-wise number of outstanding education loans and amount thereof as at the end of financial year is given below:

As on March 31st	No. of A/c	Amt. O/s (Rs. Crore)	Year on Year Growth
2004	3,19,337	4,550	
2005	4,68,207	6,713	47.54
2006	6,79,945	10,012	49.14
2007	9,44,397	14,283	42.65
2008	12,46,870	19,847	38.75
2009	16,03,385	27,646	39.51
2010	19,28,350	35,628	29.81
2011*	22,37,031	43,074	20.03
2012*	24,60,493	49,069	13.92
2013*	25,09,465	53,520	9.07
2014*	25,72,716	58,256	8.84
2015*	25,68,586	61,967	6.37
2016*	25,02,183	65,464	5.64
2017 (upto Sept.)*	24,84,349	68,783	5.50

*Source: IBA *Source: PSBs*

Public Sector Bank-wise details of number of outstanding education loans and amount thereof as on September 30, 2016 are given at ***Annex.V***

12.3 Vidya Lakshmi Portal:

Vidya Lakshmi Portal is a first of its kind portal providing single window for Students to access information and make application for Educational Loans provided by Banks. The Portal has the following features:

1) Information about Educational Loan Schemes of Banks;

2) Common Educational Loan Application Form for Students;

3) Facility to apply to multiple Banks for Educational Loans;

4) Facility for Banks to download Students' Loan Applications;

5) Facility for Banks to upload loan processing status;

6) Facility for Students to email grievances/queries relating to Educational Loans to Banks;

7) Dashboard facility for Students to view status of their loan application and

8) Linkage to National Scholarship Portal for information and application for Government Scholarships.

Banks have been requested to give wide publicity to this Portal so that students wanting education loans can apply for it and indicate their bank of choice.

12.4 Interest Subsidy Scheme for Educational Loans

Ministry of Human Resource Development had formulated, in May, 2010, 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.

- 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	No. of Accounts	Amount (Rs. in crore)
2009-10	644299	296.87
2010-11	898320	735.49
2011-12	983586	1198.87
2012-13	1077505	1681.86
2013-14	946696	1587.65
2014-15	1664923	2966.50
2015-16 (As on 17.10.16)	518402	1022.84
Total	**6733731**	**9490.08**

Source: Nodal Bank for the scheme (Canara Bank)

12.5 Skill Loan Scheme

Given a huge thrust on skill development, a need is felt to provide institutional credit to individuals for taking skill development courses aligned to National Occupations Standards and Qualification Packs and leading to a certificate/diploma/degree by the Training Institutes as per National Skill Qualification Framework (NSQF). Ministry of Skill Development and Entrepreneurship, Govt of India has launched a Skill India Mission on 15th July, 2015. The, "Skill Loan Scheme" has been developed to support the national initiatives for skill development.

Skill Loan Scheme aims at providing a loan facility to individuals who intend to take up skill development courses as per the Skilling Loan Eligibility Criteria.

13. Vigilance

13.1 Vigilance Machinery in Department of Financial Services

Department of Financial Services is the administrative department for Public Sector Banks (PSBs), Financial Institutions (FIs) and Public Sector Insurance Companies (PSICs). An Additional Secretary level officer has been designated as Chief Vigilance Officer of the Department, assisted by a Joint Secretary(Vig.), Director(Vig.) and Under Secretary (Vig.) in the discharge of his functions. The Vigilance Section in the DFS deals with, inter alia, the following issues pertaining to PSBs, FIs and PSICs:-

a. Consultation with CVC/CTE/CBI on matters relating to complaints, Vigilance clearance, sanction of prosecution and any other matter of -;

- The Board level appointees of PSBs ,FIs, PSICs, PFRDA, IRDA and RBI.
- All officials in the Department of Financial Services, officers of office of Custodian and Government officials in DRTs/ DRATs.

b. Appointment of CVOs in PSBs, FIs and PSICs.

13.1. Organisations under Vigilance Section

13.1.1 Office of Special Court

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.

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 at various levels. 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 for the last four years are given below:

Year	Filed	Disposed
2013	177	308
2014	149	217
2015	165	167
2016	141	140

Further , The Special Court has stated that the total no. of Pending Matters as on 23.12.2016 is 185 which include **Suits – 20 and Special Cases(Criminal) – 05.**

13.1.2 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. Office of the 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 13059 cases were filed in the Special Court, which were defended/contested by the Custodian and 12876 cases have been disposed of by the Special Court, leaving a balance of 183 cases as on 31st December, 2016. Similarly a total of 481 appeals were filed in the Supreme Court, of which 448 cases have been disposed of, leaving 33 cases pending. As on

31st December, 2016, while the outstanding liabilities of notified parties totalled to Rs. 45104.84 crore, the assets were only to the tune of Rs. 3943 crore. Till 31st December 2016, Rs. 6416.08 crore has been recovered by the Custodian, out of which, Rs. 5662.70 crore has been distributed to Income Tax Department, Banks etc. and Rs. 856.50 crore is available for further distribution. Out of a total of 22.95 crore attached shares, 16.35 crore shares have been sold and a sum of Rs. 3318.12 crore realized. Of the remaining 6.60 crore shares, 4.49 crore are traded shares and 2.11 crore are untraded shares with current value of Rs. 1263 crore. A total of 182 immovable properties of notified parties had been attached by the Custodian, out of which, 146 have been disposed, to realize a value of Rs. 171 crore. Rs. 5.97 crore has been realized by sale of 173 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 2016 is Rs. 856.50 crore.

13.2 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.

b). During the period of 01.01.2016 to 31.12.2016 a total no. of 11 CVOs have been appointed in PSBs/PSICs/FIs.

c). Instructions have been issued from time to time as and when any gap in the system is observed to strengthen the preventive vigilance in these organisations.

13.4 The Vigilance Awareness Week was observed from 31st Oct., 2016 to 5th November, 2016. A pledge was administered by the Secretary (Financial Services) on 31.10.2016 to the officers of the Department.

13.5 A Committee under Chairmanship of Secretary(FS) has been constituted with representatives of CBI, Serious Fraud Investigation Office (SFIO), Central Economic Intelligence Bureau (CEIB), Enforcement Directorate (ED) and RBI to monitor large value bank frauds.

13.6 An web-based portal is being used to monitor vigilance related matters in PSBs/PSICs/FIs.

14. Insurance Sector

14.1 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.

14.2 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 of India (IRDAI). The name 'Insurance Regulatory and Development Authority' was changed to 'Insurance Regulatory and Development Authority of India' through the Insurance Laws (Amendment) Act, 2015.

14.3 The Public Sector Insurance Companies operating in the sector are as follows :-

a) Life Insurance Corporation of India

b) National Insurance Company Limited

c) Oriental insurance Company Limited

d) United India Insurance Company Limited

e) New India Assurance Company Limited

f) General Insurance Corporation of India Limited (National Re-Insurer)

g) Agriculture Insurance Company of India Limited (Company floated by Non Life Public Sector insurance companies along with NABARD)

h) ECGC Limited (Government of India enterprise for export credit guarantee)

14.4 Legislative Framework governing the Insurance Sector

The Insurance Division is responsible for policy formulation and administration of the following Acts:

a) The Insurance Act 1938

b) The Life Insurance Corporation Act 1956

c) The General Insurance Business (Nationalisation) Act, 1972

d) The IRDA Act, 1999

e) The Actuaries Act 2006

f) The Securities and Insurance Laws (Amendment and Validation) Act, 2010.

The Government 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. The Ordinance was replaced by the Insurance Laws (Amendment) Act, 2015. With the coming into force of the Insurance Laws (Amendment) Act, 2015, the foreign investment cap in an Indian Insurance Company has gone up from 26 to 49% with the safeguard of Indian ownership and control.

14.5 The Insurance Division of the Department is also responsible for:

a) Monitoring of the performance of the public sector insurance companies

b) Framing of rules and regulations in respect of service conditions of employees of the public sector insurance companies

c) Co-ordination of vigilance activities in the public sector insurance industry

d) Appointment of Chief Executives and Directors on the boards of public sector insurance companies and Chairman and Members of the IRDA.

e) Administration of the Aam Aadmi BimaYojana.

14.6 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 IRDAI at present consists of the Chairman, 4 full-time members and 4 part-time members. The Authority is functioning from its Head Office at Hyderabad, Telangana. The core functions of the Authority include (i) licensing/ registration 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 registration of agents, licencing/registration of corporate agents, brokers and third party administrators. IRDAI has also laid down the regulatory framework for registration of insurance companies, maintenance of solvency margin, investments and financial reporting requirements.

14.7 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 four insurers as on 31st March 2016 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 three private insurers who have commenced operations in the non-life segment, seventeen are in joint venture with foreign partners.

M/s Aditya Birla Health Insurance Co. Limited, a Health Insurance Company, promoted under Joint Venture Agreement, between M/s Aditya Birla Financial Services Limited (ABFSL) of India and M/s MMI Strategic Investments (Pty) Limited (MMI) of Republic of South Africa, has been registered as a Health Insurer for conducting Health Insurance business, under Section 3 of the Insurance Act, 1938 with the Authority. The Certificate of Registration (Form – IRDA/ R3) has been issued by the Authority on 11th July 2016. With this registration, the total number of Health Insurers registered with the Authority has gone up to Six and in turn the total number of insures in the country has increased to Fifty Five. This is the first Health Insurance Company to be issued Certificate of Registration, after the amendment of the Insurance Act, 1938 which recognizes Health Insurance as a separate Class of Business.

14.8 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 procured/underwritten by the life insurers. During 2015-16 this was Rs.138862.30 crore as compared to Rs.113329.52 crore in 2014-15 registering a growth of 22.53**%** against a de-growth of 5.81% during the year 2014-15. In terms of linked and non-linked business during the year 2015-16, 12.63 per cent of the first year premium was underwritten in the linked segment while 87.37 per cent of the business was in non-linked segment as against 11.71 per cent and 88.29 per cent in the previous year. The total premium, which includes first year premium and renewal premium during 2015-16, was Rs.366943.23 crore as compared to Rs.328102.00 crore in 2014-15 registering a growth of

11.84 per cent against a growth of 4.39 per cent in the previous year. Of the new business premium underwritten, LIC accounted for Rs.97891.51 crore (70.50 per cent market share) and the private insurers accounted for Rs.40970.79 crore (29.50 percent market share). The market share of these insurers was 69.27 per cent and 30.73 per cent respectively during the year 2014-15.

14.9 Non-life insurance industry

The non-life insurers had underwritten gross direct premium of Rs.99332.93 crore in 2015-16, as against Rs.87151.24 crore in 2014-15 registering a growth of 13.98 per cent. This premium includes the business done outside India by the public sector insurers. The private sector (including standalone health insurers) had underwritten Rs.43846.74 crore as against Rs.38032.54 crore in the previous year achieving a growth rate of 15.29 per cent whereas the public sector (including specialized insurers) had underwritten premium of Rs.55486.19 crore as against Rs.49118.7 crore in the previous year with a growth rate of 12.96 per cent. The market share of the public and private insurers stood at 55.86 and 44.14 per cent during the year 2015-16 as against 56.36 and 43.64 respectively in 2014-15. 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 28.49 per cent (Rs.27457 crore) of the gross direct premium of the non-life insurance industry within India (including standalone health insurance companies) in 2015-16 as against 26.73 per cent (Rs.22636 crore) in 2014-15.

14.10 Penetration and Density

The potential and performance of the insurance sector is being generally 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 3.44 in 2015 (Life 2.72 and Non- life 0.72). Insurance Penetration in some of the emerging economies in Asia, i.e., Malaysia, Thailand and China during the same period i.e.2015 was 5.81, 5.5 and 3.6 respectively. The insurance density in India was US$9.9 in 2000 which has increased to US$54.7 in 2015 (Life 43.2 and Non-life 11.5). The comparative figures for Malaysia, Thailand and China during the same period i.e. 2015 were US$472, US$319 and US$281 respectively.

14.11 Investments of the Insurance sector

As on 31st March, 2016 the accumulated total investments held by the insurance sector was Rs.2690194 crore. During 2015-16, Assets under Management (AUM) had grown by 11.71 per cent. Life insurers continue to contribute a major share with around 93.00 per cent of the total investments held by the insurance industry. Similarly, public sector insurers continue to contribute a major share of 79.24 per cent in total investments though investments by private sector insurers are growing at a fast pace in recent years.

14.12 Rural and Social Sector Business

The life insurers underwrote 68.99 lakh policies in the rural sector, viz., 25.8 per cent of the new individual policies underwritten (267.08 lakh policies) by them in 2015-16 . LIC underwrote 25.70 per cent of the new individual policies and private insurers underwrote 26.3 per cent of the new individual policies in the rural sector. LIC covered 226.04 lakh lives and private insurers covered 111.13 lakh lives in the social sector. The non-life insurers excluding standalone and specialised insurers underwrote gross direct premium of Rs.10950.9 crore in the rural sector, viz., 12.51 per cent of the gross direct premium underwritten (Rs.87522.91 crore) by them in 2015-16. Public sector insurers underwrote 12.88 per cent of their gross direct premium and private insurers underwrote 12.07 per cent in the rural sector. In the social sector 1897.46 lakh lives were covered during the year 2015-16. The contribution of private sector was 150.89 lakh lives and public sector accounted for 1746.56 lakh lives. All the public and private sector non-life insurance companies including standalone health insurance companies have fulfilled the obligations in the rural and social sector for the year 2015-16

14.13 Micro insurance

In order to facilitate penetration of micro insurance to the lower income segments of population, IRDAI 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. There were 27041micro insurance agents operating in the micro insurance sector at the end of 2015-16 (as against 22761 agents in 2014-15). In micro-insurance-life, the individual new business premium in the year was Rs.31.71 crore through 9.10 lakh policies (as against Rs.28.89 crore under 8.16 lakh policies in 2014-15) and the group business amounted to Rs.302.43 crore premium for 292.54 lakh lives (as against Rs.315.60 crore for 231.28 lakh lives in 2014-15). Individual death claims paid under micro insurance portfolio for the year 2015-16 amounted to Rs. 20.47 crore on 14059 policies (as against Rs.21.57 crore on 13138 policies in

2014-15) and in the group category Rs. 414.02 crore was paid as death claims on 132256 lives (as against Rs.426.62 crore on 133268 lives in 2014-15).

14.14 Recent Initiatives Taken by IRDAI

a. Insurance Marketing firms: IRDAI had recently brought in the new concept of intermediaries in the insurance distribution known as Insurance Marketing Firm (IMF). The regulations came into effect from 21-01-2015 which cover Insurance soliciting and servicing activities of the Insurance Marketing Firm, and its functionaries including Insurance Sales Person (ISP). It is expected that the standalone marketing firms will be established with the objective of distributing the insurance products which will pave the way for penetration of insurance. In order to encourage more firms to pioneer as IMFs, they are also permitted to simultaneously, market other financial products such as mutual funds of mutual fund companies; pension products of PFRDA; and other financial products marketed by Investment advisors of SEBI etc. IMFs are expected to help in increasing insurance penetration.

b. Common Service Centers: The Authority permitted use of Common Service Centres (CSC) as a distribution channel for selling and servicing insurance products. Guidelines are issued to permit both Life and General Insurers in India to market certain categories of Retail Insurance Policies and Services through M/s CSC e-Governance Services India Limited (CSC-SPV) and its Common Service Centers Network. The Authority approved products suitable for sale in rural areas through this channel, which would help in rural penetration of insurance in a big way. At present more than 1,00,000 CSC are operating in the rural areas in India with one each for a cluster of six villages. The number of CSC is likely to increase to 2.5 Lac in the near future.

c. Web Aggregators: -

a) Web aggregator maintains/owns a website and provides information pertaining to insurance products and comparisons of price of different Insurers and offers leads to Insurers.

b) The Authority had issued Regulations for Web-Aggregators on 3-12-2013.

d. Insurance Repositories: -

a) Insurance Repository (IR) is to provide and empower the policyholders with a facility to keep insurance policies in electronic form at one place and to undertake changes, modifications and revisions in the insurance policy with speed and accuracy in order to bring about efficiency, transparency and cost reduction in the issuance and maintenance of insurance policies.

b) Based on the above, the Authority issued licenses to 5 IRs. There are nearly 4 lakhs accounts opened and out of this nearly 2 lakhs policies were converted in to electronic form.

e. Licensing of Banks as Insurance Brokers: By permitting licensing of Banks to act and Insurance Brokers the Authority has sought to ensure that the insurance products reach the common masses through the banks that have a large customer base and a wide network encompassing both rural and urban areas.

f. IRDAI (Registration of Corporate Agents) Regulations,2015: IRDAI has taken steps towards open architecture on voluntary basis by notifying Registration of Corporate Agents Regulations,2015 wherein Corporate agents (which includes banks) are permitted to enter into tie-up with 3 Insurers in a particular line of business, say Life, General, Health and Composite corporate agents can tie-up with 3 Insurers for each line which means up to a total of 9 Insurers.

g. Risk transfer mechanism in Disaster risk mitigation: IRDAI is also an active member of the Task force set up by the initiative of Ministry of Home which has developed an action plan for risk transfer mechanism for disaster risk reduction. IRDAI along with other stake holders in the Insurance Industry is currently initiating development of standalone insurance products which cover risks arising out of Natural Calamities.

h. New Product Regulations & Persistency measures: The Authority has notified new product regulations in the year 2013 for life insurers with a view to have a stable procedure for product approvals and to have consistency in the product designs while ensuring good value to the policyholders. Authority has also issued Life – reinsurance regulations to stabilize the re-insurance regime as well as to ensure maximum retention within the country. With a view to have a uniform and systematic methodology in calculation of persistency the Authority issued guidelines in the year 2014. Authority also issued guidelines for group insurance products for having a systematic approach in the pricing of these products.

i. **Issuance of electronic Insurance Policy:** Consequent upon promulgation of Insurance Laws (Amendment) Act 2015, the Authority came out with Regulations with respect to Issuance of Electronic Insurance Policies. Insurers shall issue electronic policies that exceed either the sum insured limit or the single/ annual premium limit stipulated below:

Line of Business		**Sum Insured* (equal to or exceeding) (in Rs.)**	**Single/ Annual Premium* (equal to or exceeding)**
Pure term (excluding term with ROP)**		10,00,000/-	10,000/-
Other than Pure term (including term with ROP)**		1,00,000/-	10,000/-
Pension policies		NA	10,000/-
Immediate Annuities (Pension p.a.)		NA	10,000/-
All retail General Insurance policies except Motor		10,00,000/-	5,000/-
Individual Health		5,00,000/-	10,000/-
Motor Retail		All policies	All policies
Miscellaneous	Individual Personal Accident & Domestic Travel	10,00,000/-	5,000/-
	Individual Travel Insurance (Overseas)	All Policies	

* *Electronic policy shall be issued if either the Sum Insured or Annual Premium criteria is met*

** *Micro insurance policies are exempted*

14.15 Specific measures under Health Insurance

a) Recognising Health Insurance as a Separate Class of Business

Insurance Laws (Amendment) Act 2015 recognized Health Insurance as a separate class of business. Section 2 (6c) of the Act defines Health Insurance Business as; *"health insurance business" means the effecting of contracts which provide for sickness benefits or medical, surgical or hospital expense benefits, whether in-patient or out-patient travel cover and personal accident cover.* It is one of important milestones for the Indian Insurance Business. Recognition of health insurance as a standalone class of business is expected to usher in an era of improving access to health services to all segments of population, thereby reducing the share of 'out of pocket' expenses in the overall medical expenses. Recognizing health insurance as a class also encourages new players to enter this field as standalone health insurers.

b) Notification of IRDAI (Health Insurance) Regulations, 2016

To bring in efficiency, a pro-policyholder framework of Health Insurance Regulations was brought in the year 2013. Based on the experience gained and feedback from stakeholders, it was felt that there is a need for revisiting the regulatory framework concerning the Health Insurance for reasons like enhancing the scope for product innovations, making provisions to reward healthy behavior of policyholders etc. Accordingly, Authority constituted a Committee of Experts on 29th December, 2014, to visit/re-visit the regulatory framework on Health Insurance and the committee submitted its report to the Authority on 24th April, 2015. Taking into consideration the recommendations of the Committee of Experts as also the feedback of the stakeholders, the Authority revisited the existing Regulatory framework and notified IRDAI (Health Insurance) Regulations, 2016 on 18th July 2016. These IRDAI (Health Insurance) Regulations, 2016 inter alia covered /addressed the following areas:

i. Permission to launch Pilot Products

ii. Wellness and Preventive Features

iii. Health plus Life Combi Products

iv. Facilitation to offer Group Products under Use and File Procedure

v. Protection of interests of Policyholders

vi. Enabling Business environment

vii. Enhancing scope of Health Insurance

viii. Claim cost control and mitigation of Frauds

ix. Benchmarks for Hospitals

14.16 Data Standards

In order to support the Insurance Repository System, standard Extensible Mark up Language (XML) schema consisting of the field definitions, field properties and message content was earlier shared for exchange of data between multiple players for the Life Segment. Similarly, schemas have been finalized to support the needs of 'Health' and 'Motor' lines of business. These schemas would support the 'individual lines' of Non-life insurance transactions in the Insurance Repository System. These Schemas would support the 'individual lines' of Non-life insurance transactions in the Insurance Repository system.

14.17 Steps taken by the IRDAI for improving customer-oriented business

The Authority periodically examines and issues specific regulations / guidelines / circulars keeping in view the interests of policyholders. The following are some such initiatives.

a) The Regulations are already in place for availability of forms for grant of cover in the languages recognized under Constitution of India. The same norms are not available for post sale servicing. Taking into consideration the importance of policy servicing in insurance industry the Authority has issued a circular Ref: IRDA/Life/Misc/Cir/073/2013 dated 3/3/2014 informing that all the insurers to make available all the policy servicing forms in languages recognized under Constitution of India so as to meet the requirements of the Policy Holders .

b) At the time of product approval stage, the Authority verifies the Sales Literature to see whether all the important features, terms and conditions, etc., of the product are clearly mentioned in the Sales Literature in a simple language without any ambiguity.

c) IRDA (Protection of Policyholders Interest Regulation) 2002: The regulation defines the important insurance terms, specifies timeframe within with the proposal has to be processed, the time limit within which the survey has to be conducted and the number of days within which the claims have to be paid by the insurer to the policy holder. The Regulations contain procedure to be followed at the point of sale and proposal stage, disclosures to be made in life insurance and general insurance policy document, claim procedure in respect of life insurance and general insurance policy and policy servicing. The regulation also stipulates penal interest in case there is a delay in settlement of claims. All insurers have to necessarily comply with these regulations. These provisions are aimed at increasing customer satisfaction and reducing litigation. IRDAI is considering the amendment to the existing PPHI Regulations with an intention to align with the provisions of Insurance Amendment Act and other recent regulations.

d) IRDA (Advertisement and Disclosure) Regulations, 2000 and other guidelines relating to advertisements are aimed at ensuring that any communication (including those on the internet) which directly or indirectly result in eventual sale or solicitation of policy should not be unfair or misleading but should contain fair information to the customers about the product on offer so that the customer can take an informed decision about choosing the insurance product he is being offered.

e) Protection of the interests of policyholders in matters concerning assigning of policy, nomination by policyholders, insurable interest, settlement of insurance claim, surrender value of policy and other terms and conditions of contracts of insurance.

f) Various issues relating to Unclaimed amounts have been addressed through Circulars pertaining to definition of Unclaimed amounts, maintenance of Unclaimed amounts as a Single segregated fund not to count Unclaimed amounts for solvency margin, reporting on aging disclosures in the notes to Accounts.

g) The Authority has advised all the insurance companies not to reject the genuine claims intimated or submitted at a later date than the time specified in the policy, due to unavoidable circumstances.

h) To enable access to data relating to insurance status of motor vehicles with a view to assisting road accident victims or claimants of motor third party insurance, the Authority, through the Insurance Information Bureau, has provided a web based facility. The facility provides the users the details of the vehicle, insurance status and address of the policy issuing office.

i) The Regulations on Treatment of discontinued linked insurance policies, 2010 was modified to give the policyholder the right to revive policies within two years from the date of dis-continuance irrespective of the end of the lock in period.

j) The Life Insurance Companies were directed to spread awareness among public about Spurious Phone Calls and Fictitious /Fraudulent Offers by carrying cautionary message in all advertisements.

k) The Authority has also mandated certain guidelines to be followed in respect of deferred pension/annuity plans where all Annuities falling due from 1st April 2016.

l) To attend to the insurance claims arising out of loss of life and belongings due to Cyclone Hudhud in AP and Odisha, the Authority directed the Insurers to simplify the process and take certain proactive steps to expedite claim settlement.

m) The Authority mandated that "All insurance products shall provide the prospective policyholder a customized benefit illustration, illustrating the guaranteed and nonguaranteed benefits at gross investment returns of 4% and 8% and as specified by IRDAI or Life Insurance Council from time to time".

n) To improve the persistency rates alongside significant business growth, the Authority mandated the methodology and other requirements like Board approved persistency report along with Appointed Actuary's report.

o) Integrated Grievance Management System (IGMS): IRDAI has successfully implemented the IGMS system which is a platform to raise customer grievances with insurers. The Authority has issued grievance redressal guidelines to insurers enable each insurer to have a uniform system for receiving, acknowledging and resolving grievances within specified time limits and an officer designated as Grievance Redressal Officer at not only the Head Office/ Corporate office level but also at every other office.

p) Financial literacy and consumer education initiatives of IRDAI**:** One of the main reasons for low levels of insurance penetration and density is lack of awareness about the insurance products and the benefits of various insurance policies. Insurance education helps a consumer to understand their needs and risks, availability of insurance for managing risks, value of possessing an insurance product and know about the *dos & don'ts* before and after purchase of an insurance policy. IRDAI, as insurance sector regulator, has been playing pro-active role in promoting insurance education. IRDAI has taken a number of consumer education initiatives under the brand name *Bima Bemisaal*.

q) Insurance Ombudsmen: The Insurance Ombudsman has been set up so that the complaints of individual policy holders get settled out of the courts system in a cost-effective, efficient and impartial way. Individual insurance policy holder can approach ombudsman in case of any dispute with the insurer regarding various services offered by the insurer which includes claim settlement also. There are 17 Insurance Ombudsman in different locations and one can approach the Ombudsman having jurisdiction over the location of the insurance company office that one has a complaint against.

14.18 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 ninth year of an effective AML/CFT regime in 2015-16. IRDAI 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.

14.19 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 1959 and Insurance Regulatory and Development Authority Act 1999. As on 31st March, 2016, LIC has 8 Zonal Offices, 113 Divisional Offices, 2048 Branch Offices, 73 Customer Zones, 1401 Satellite Offices and 1240 Mini Offices in India. The Corporation also has Branch Offices in Fiji, Mauritius and United Kingdom. It also operates through Joint Venture (JV) Companies in several overseas Insurance Markets. LIC has also formed a Joint Venture Company, Life Insurance Corporation (LIC) of Bangladesh Limited, between Life Insurance Corporation of India, Strategic Equity Management Ltd and Mutual Trust Bank Ltd on 14.12.2015. A Wholly owned subsidiary, Life Insurance Corporation (Singapore) Pte Ltd. has been established on 30.4.2012.

LIC of India procured Rs 97,674.32 crore First Year Premium (FYP) under 2,05,16,523 policies and registered 24.74 % growth in FYP & a growth of 1.71 % in Number of Policies as at 31st March 2016. The market share of the Corporation in First Year Premium is 70.44% (Last Year- 69.21%) and 76.84% (Last Year- 77.85%) in Number of Policies. The Total Premium Income of the Corporation for the financial year (FY) ending 31st March, 2016 is Rs 2,66,225.38 crore. Gross investments of the Corporation for FY 2015-16 stand at Rs 3,40,980.88 crore and the total investments as on 31/3/2016 stand at 21,09,253.34 crore. The Conservation Ratio was more than 92% and Overall Expenses Ratio has decreased to 14.34% from 15.65% last year. In 2015-16, LIC has settled 205.75 lakh Maturity Claims having paid Rs 88,857.45 crore. Similarly 9.96 lakh Death claims have been settled for an amount of Rs 12,184.20 crore. The percentage of claims outstanding to claims payable as on 31/3/2016 stands at 0.25%.

14.20 Social Security Schemes

a) Aam Admi Bima Yojana (AABY)

The Scheme provides life insurance protection to the rural & urban persons living below poverty line or marginally above poverty line. Persons between age 18 years and 59 years and who are the members of the identified 48 occupational groups are eligible to be covered under this scheme. The Scheme provides coverage of Rs.30,000/- on natural death and Rs. 75,000/- on death/ total permanent disability due to accident. The premium for the scheme is Rs.200/- per member per annum and Scholarship as a free add-on benefit is also provided to a maximum of two children of the beneficiary studying between 9th to 12th standard (including ITI courses) @ Rs.100/- per month for each child payable half yearly on 1st July and 1st January , each year. As on 31st March 2016, about 4.51 Cr people have been covered under AABY Scheme and about 49 lakh lives were covered under Social Security Group Schemes (SSGS - closed). During the financial year (2015-16), 25,03,662 scholarships were disbursed to beneficiaries for an amount of Rs. 205.31 Cr & an amount of Rs 374.86 Cr has been paid towards total number of 1,15,745 claims under all Social Security Schemes.

b) Pradhan Mantri Jan Dhan Yojana (PMJDY)

Pradhan Mantri Jan Dhan Yojana was launched on 28.08.2014. Under this scheme Bank accounts were opened and certain benefits were given to the account holders. One of the benefits is providing the Life Insurance cover of Rs 30,000/- for natural death through Life Insurance Corporation of India. This benefit is limited to account holders who opened their Jan Dhan Account between 15.08.2014 to 31.01.2015 and are between the age group of 18 to 59 years. There is also a benefit of Accident Insurance Cover of Rs. 1 lakh, provided by Government through the New India Assurance Company Ltd. For availing this Accident Insurance Cover, the person should be holder of a valid RuPay Card. During the financial year 2015-16, an amount of Rs.6.25 crore has been paid towards a total number of 2082 claims under the PMJDY Life Insurance cover. Further, an amount of Rs.6.5 crore has been paid towards a total number of 650 claims under the Accident Insurance cover.

c) Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)

PMJJBY was launched on 9th May, 2015 and it offers a renewable one year term life cover of Rupees Two Lakh to all subscribing bank account holders in the age group of 18 to 50 years, covering death due' to any reason, for a premium of Rs.330/- per annum per subscriber. The scheme is offered / administered through LIC and other Life Insurance companies willing to offer the product on similar terms, at the choice of the Bank / RRB / Cooperative Bank concerned. The initial cover period for those subscribing by 31st May 2015 is 1st June 2015 to 31st May 2016. PMJJBY covers death by any cause including suicide and murder. As on 2nd January, 2017, the total no. of persons enrolled under the scheme were 3.08 crore, the total no. of claims received were 51,916 and the no. of claims disbursed were 48,277.

d) Pradhan Mantri Suraksha Bima Yojana (PMSBY)

Launched on 9th May 2015, PMSBY offers a renewable one year accidental death cum disability cover of Rupees Two Lakh to all ·subscribing bank account holders in the age group of 18 to 70 years for a premium of Rs.12/- per annum per subscriber.

The benefits are as follows:

	Table of Benefits	Sum Insured
a.	Death	Rs. 2 Lakh
b.	Total and irrecoverable loss of both eyes or loss of use of both hands or feet or loss of sight of one eye and loss of use of hand or foot	Rs. 2 Lakh
c.	Total and irrecoverable loss of sight of one eye or loss of use of one hand or foot	Rs. 1 Lakh

The scheme is offered / administered through Public Sector General Insurance Companies (PSGICs) and other General Insurance companies willing to offer the product on similar terms, at the choice of the Bank / RRB / Cooperative Bank concerned. The initial cover period for those subscribing by 31st May 2015 is 1st June 2015 to 31st May 2016. As on 2nd January, 2017, the total no. of persons enrolled under the scheme were 9.88 crore, the total no. of claims received were 10,131 and the no. of claims disbursed were 7,351.

e) Atal Pension Yojana (APY)

In order to move towards creating a universal social security system for all Indians, specially the poor and the under-privileged, it was announced by the Government in the Budget for 2015-16 that three ambitious Social Security Schemes pertaining to Insurance and Pension Sector would be launched. In this direction, the APY was launched on 9th May, 2015 by the Hon'ble Prime Minister and the Scheme is being implemented with effect from 1st June, 2015. The APY is open to all bank account holders in the age group of 18 to 40 years and the contributions differ, based on pension amount chosen. Subscribers would receive the guaranteed minimum monthly pension of Rs. 1,000 or Rs. 2,000 or Rs. 3,000 or Rs. 4,000 or Rs. 5,000 at the age of 60 years. The monthly pension would be available to the subscriber, and after him/her to his/her spouse and after their death, the pension corpus, as accumulated at age 60 of the subscriber, would be returned to the nominee of the subscriber. Upon the death of subscriber before the age of 60 years, spouse of the subscriber has the option to continue contributing to APY account of the subscriber, for the remaining vesting period, till the original subscriber would have attained the age of 60 years. The spouse of the subscriber shall then be entitled to receive the same pension amount as that of the subscriber until the death of the spouse. After the death of both the subscriber and the spouse, the nominee of the subscriber shall be entitled to receive the pension wealth, as accumulated till age 60 of the subscriber. The minimum pension would be guaranteed by the Government, i.e., if the accumulated corpus based on contributions earns a lower than estimated return on investment and is inadequate to provide the minimum guaranteed pension, the Central Government would fund such inadequacy. Alternatively, if the returns on investment are higher, the subscribers would get enhanced pensionary benefits. The Central Government would co-contribute 50% of the total contribution or Rs. 1,000 per annum, whichever is lower, for a period of 5 years for those eligible subscribers who joined the scheme between the period 1st June, 2015 and 31st March, 2016 and who are not members of any statutory social security scheme and who are not income-tax payers. Contributions under APY can be made on monthly/ quarterly/ half yearly basis. APY enjoys tax benefits at par with National Pension System (NPS). As on 2nd January, 2017, 39.23 lakh subscribers have been enrolled under APY. The Scheme, being implemented by the PFRDA, is open for subscription through Banks and Post Offices on on-going basis.

(f) National Pension System (NPS)

With a view to providing adequate retirement income on cost effective basis, 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. 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-all citizen model 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 centers, Central Record Keeping Agencies (CRAs) and Pension Fund Managers to manage the pension wealth of the subscribers.

Till 10th December 2016, a total of around 140 lakh subscribers (including Atal Pension Yojana) have been enrolled under the NPS. Assets Under Management (AUM) which includes the returns on the corpus, under the NPS have witnessed an increase from Rs. 118,810 crore as on 31st March 2016 to Rs. 1,60,717 crore as on 10th December 2016, registering an increase of 35.27 per cent. The APY has a total of about 37.50 lakh subscribers and AUM of Rs. 1457 crore as on 10th December 2016. As on 10th December, 2016, 394 Banks are registered as APY – Service Providers which include Public Sector Banks, Private Banks, Foreign Banks, Regional Rural Banks, District Central Cooperative Banks, State Cooperative Banks, Urban Cooperative Banks and Department of Post.

The number of Subscribers, Corpus and Assets Under Management (AUM) under NPS are given as under:

Sector	Number of Subscribers	Total Corpus (Rs. Crores)	Total (AUM) (Rs. Crores)
Central Government	17,54,402	44,784	62,977
State Government	32,09,506	60,857	78,288
Corporate	5,42,891	10,715	13,330
Unorganized Sector	2,80,047	1,896	2,051
NPS-Lite	44,42,965	2,062	2,614
APY	37,49,720	1,331	1,457
Total	1,39,79,531	121,645	160,717

PFRDA as a statutory body has notified regulations for governing the intermediaries under NPS involved in collection and remittance of subscribers' contribution, record keeping, fund management and other related functions keeping in view the subscribers' interest. These regulations spell out the eligibility norms for registration, functions, roles and responsibilities of the intermediaries, the provisions for inspection, audit and grievance handling and the process for adjudication. New initiatives like electronic Permanent Retirement Account Number (e-PRAN) library for faster registration, on-line facilities for joining, exit/ withdrawal, change in subscribers' details have been introduced.

Following developments have taken place during the year (up to December 2016):

· The PFRDA has introduced two more new Life Cycle (LC) funds for NPS private sector subscribers in addition to the existing Life Cycle Fund called Moderate Life Cycle Fund (with equity up to 50% -LC-50) already available to the NPS Private Sector subscriber under the default life cycle option. The additional Life Cycle Funds are as under:

  (i) Aggressive Life Cycle Fund (with equity upto 75% - LC75)

  (ii) Conservative Life Cycle Fund (with equity upto 25% -LC25)

· A separate Asset Class "A" (for Alternate Investments) has been introduced by PFRDA for NPS private Sector subscribers in addition to existing Asset Classes of E, C and G. Investments in Asset Class "A" permits investments in Commercial mortgage based securities or Residential mortgaged based securities, Units issued by Real Estate Investment Trusts, Asset backed securities, Asset backed securities, Alternative Investment funds (AIF Category I & II) registered with SEBI.

· Reduction of minimum contribution requirement under NPS Tier –I, waiver of minimum requirement of contribution and maintenance of balance

  ♦ With a view to encourage the access of NPS to all segments of the society including the unorganized sector, it has been decided to reduce the requirement of minimum contribution to keep the NPS Tier I account active, from Rs. 6000/- to Rs. 1000/- per financial year.

  ♦ Similarly keeping in view that NPS Tier II account is a savings account having features of high liquidity and capacity to earn higher returns, to propagate the Tier II account amongst the NPS subscribers of all sector and to provide an easy and hassle free operation of this account, the requirement of maintaining minimum balance of Rs. 2000/- at the end of the financial year and contribution of at least Rs. 250/- per financial year in the Tier II account is now waived off.

  ♦ As a one-time measure all accounts under Tier I and Tier II, frozen in past due to non-contribution of minimum contribution of Rs. 6000/- per annum in Tier I account and minimum contribution of Rs. 250/- per annum in Tier II account and the minimum balance requirement of Rs. 2000/- at the end of the financial year in the Tier II account in the CRA system is being unfrozen. All these subscribers can now make contribution to their NPS account in a normal way without the necessity of using the specified form.

· Appointment of Karvy Computershare Private Limited as second Central Recordkeeping Agency (CRA) for NPS under PFRDA (Central Recordkeeping Agency) Regulations, 2015.

· PFRDA has initiated certification of Retirement Adviser which can play a significant role in educating and helping the prospects/subscribers in retirement plans.

· PFRDA has initiated a focused approach for acquisition of Non-Resident Indians (NRIs) subscribers under NPS. NRIs can open NPS account on both repatriable and on non-repatriable basis both through the PoPs and online through e-NPS portal.

· In tandem with the digital India imitative of Government of India, PFRDA has introduced new features to improve the efficiency and effectiveness of activities under NPS.

  ♦ Mobile App

  ♦ Change of address using Aadhaar authentication

  ♦ Scheme Preference change facility

  ♦ Tier II activation through e-NPS

  ♦ KYC re-verification using Aadhaar authentication

  ♦ Facility to contribute Online

  ♦ Withdrawal from Tier II account made online

  ♦ Online IPIN generation

  ♦ NPS Service Fortnight (For Subscribers)

  ♦ Modification of details of associated uploading office / interfacing office (For Nodal Offices)

  ♦ Processing of Online Withdrawal Request by Drawing and Disbursement Offices (DDOs) (For Nodal Offices)

  ♦ Password based access to Corporate (For Nodal Offices)

  ♦ Alert for Uploading offices under Government sector (For Nodal Offices)

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 VI(A) & VI(B).***

g) Varishtha Pension Bima Yojana (VPBY)

The Varishtha Pension Bima Yojana (VPBY) 2003 launched on 14th July, 2003 and Varistha Pension Bima Yojana (VPBY), 2014 launched on 14th August, 2014, are social security schemes for Senior Citizens intended to give an assured minimum pension to them based on a guaranteed return on the subscription amount. The pension is envisaged until death from the date of subscription, with payback of the subscription amount on death of the subscriber to the nominee. These Schemes are implemented though the Life Insurance Corporation (LIC) of India. Subscribers on payment of an initial lump sum amount get an assured pension based on a guaranteed rate of return of 9 % per annum on the initial subscription with the pension payable on monthly/ quarterly/half yearly or yearly basis. Any gap in the guaranteed return over the return generated by LIC on the fund is compensated to LIC by Government of India by way of subsidy payment in the scheme. As on 31st March, 2015, a total number of 2,94,740 annuitants are being benefited under VBPY-2003. The VPBY-2014 scheme was launched on 15th August, 2014 for a period of one year and as per LIC, a total number of 3,23,128 annuitants are benefited under the scheme as on 14th August, 2015.

14.21 General Insurance Corporation of India (GIC Re)

General Insurance Corporation of India (GIC Re) was approved as 'Indian Reinsurer' on 3rd November, 2000. As an Indian Reinsurer, GIC Re has been giving reinsurance support to non-life as well as 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. During the year 2015-16, Gross premium of GIC Re was Rs 18,435.81 crore as against Rs 15,183.97 crore in the previous year. The Net premium of the GIC Re was Rs 16,374.78 crore as against Rs 13,857.01 crore and net earned premium was Rs 15,172.83 crore as against Rs 13,558.25 crore in the previous year. The net incurred claims were at Rs 12,899.86 crore i.e., 85.0% of net earned premium as against Rs 11,891.77 crore i.e. 87.7% of net earned premium in the previous year. GIC Re's Profit after tax amounted to Rs 2,848.39 crore as on 31st March 2016 compared to Profit after tax of Rs 2,693.72 crore as on 31st March 2015. The total assets and net worth as on 31st March 2016 was Rs 79,732.58 crore and Rs 14,829.96 crore, respectively. The present paid up capital of the Corporation is Rs 430.00 crore.

14.22 Public Sector General Insurance Companies

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 9.85% during 2014-15 collecting a total GDPI (Gross Domestic Premium Income) of Rs.45016.66 crore against Rs.40980.06 crore during 2013-14. Motor and Health Insurance have been the major drivers of growth. The Company-wise details are as follows:

14.22.1 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 2015-16 was Rs.**12018.98** Crores against GDPI of Rs.11282.64 Crores in 2014-15 showing a growth of 6.53% against a growth of 9.96% in the previous year. The Incurred Claim Ratio for the year 2015-16 is 95.28% as against 77.54% in 2014-15. Profit After Tax was Rs.151 Crores in 2015-16 against Rs.967.64 Crores in 2014-15. It has 1,992 offices including micro offices and 15096 employees. Foreign Operations: National has foreign operations in Nepal and operations are conducted through 8 offices there.

14.22.2 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 2015-16 is Rs.17763.31 Crores against GDPI of Rs.15480.36 Crores in 2014-15 showing a growth of 14.75 % against a growth of 12.77 % in the previous year. The Incurred claim Ratio for the year 2015-16 is 87.84% as against 84.02% in 2014-15. Profit After Tax is Rs.828.67 Crores in 2015-16 against Rs.1431.23 Crores in 2014-15. It has 2329 offices and 18,783 employees. Foreign Operations**:** NIA has a presence in 28 countries. It has now expanded to Guyana and has representative office in Myanmar. It has taken a license to operate in DIFC, Dubai through a Regional Office and is in the process of Registering with Qatar Financial Services, Doha.

14.22.3 The Oriental Insurance Company Limited,

Incorporated in 1947 with headquarters at New Delhi and has a Paid-up Share Capital of Rs.100 crores. Gross Direct Premium Income (GDPI) in 2015-16 was Rs.8,612 Crores against GDPI of Rs7,562 Crores in 2014-15 showing a growth of 13.88% in 2015-16 as against a growth of 3.84% in 2014-15. The Incurred Claim Ratio for the year 2015-16 is 84% against 81.89% in 2014-15. Profit After Tax was Rs. 300 Crores in 2015-16 as against Rs.392.10 Crores in 2014-15. It has 1857 offices with 13956 employees. Foreign Operations: 'Oriental' has its foreign operations in Nepal, Dubai & Kuwait with."B++"(very good) rating from AM Best & Co.(Europe) and given the highest rating by CRISIL and ICRA also.

14.22.4 United India Insurance Company Limited,

Incorporated in 1938 with headquarters at Chennai has a Paid-up Share Capital of Rs.150 Crores. Gross Direct Premium Income (GDPI) in 2015-16 was Rs.12250 Crores against GDPI of Rs.10,692 Crores in 2014-15 showing a growth of 14.58 % in 2015-16 against 10.12 % in 2014-15. The Incurred Claim Ratio for the year 2015-16 is 88% against 84.42% in 2014-15. Profit after Tax was Rs.221 Crores in 2015-16 against Rs.300.57 Crores in 2014-15. 'United India' has 2082 offices with 16345 employees. Rated "iAAA" by ICRA.

14.22.5 Grievance Redressal

Public Sector General Insurance Companies redressed 98.21% Grievances (16831 out of a total of 17137) and had only 306 outstanding Grievances in 2014-15. 'National' redressed 98.50% out of a total of 5368 and outstanding grievances were 86. 'New India' redressed 96.46% out of a total of 4189 Grievances and 148 grievances were outstanding. 'Oriental' redressed 98.00% grievances out of a total of 2919 and 62 grievances were outstanding. 'United India' redressed 99.73% of grievances out of a total of 6570 and 18 grievances were outstanding.

14.23 Agriculture Insurance Company Of India Limited (AIC)

'AGRICULTURE INSURANCE COMPANY OF INDIA LIMITED' (AIC) was incorporated to exclusively 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. It has its Head Office in New Delhi, 17 Regional Offices in various State Capitals and 3 one man offices at District levels. During the year, the Company has implemented National Agricultural Insurance Scheme (NAIS) along with National Crop Insurance Programme (NCIP) having three component schemes viz. Weather Based Crop Insurance Scheme (WBCIS), Modified NAIS and Coconut Palm Insurance Scheme (CPIS). All these schemes are central sector crop insurance programme of Ministry of Agriculture. Apart from these certain other commercial crop insurance products designed by the Company has also been marketed during the year. AIC also implements the recently launched **Pradhan Mantri Fasal Bima Yojna (PMFBY)** which aims at supporting sustainable production in agriculture sector by way of providing compensation to farmers suffering from crop losses/ damage arising out of unforeseen events and to stabilize the income of farmers to ensure their continuance in farming. It further aims to encourage farmers to adopt innovative and modern agriculture practices and to ensure flow of credit to the agriculture sector. All farmers including sharecroppers and tenant farmers, having insurable interest, growing the notified crops in the notified areas are eligible for coverage. In case of non loanee farmers, necessary documentation is required. Following are the key features of the scheme:

a) Provisions of capping on actuarial premium rates and reduction in sum insured have been removed.

b) Share of farmer in actuarial premium has been reduced to lower levels which will be 2% to be paid for all kharif crops and 1.5% for all rabi crops. In case of annual commercial/annual horticulture crops premium will be 5% of sum insured or actuarial rate, whichever is less.

c) The balance premium will be paid by the Government to provide full insured amount to the farmers against crop loss on account of natural calamities. There is no upper limit on Government subsidy.

d) Three levels of indemnity viz 70%, 80% & 90% will be available for all crops/areas under the scheme.

e) Risks to be covered: yield losses, prevented sowing, post harvest losses, localised calamities.

f) For more effective implementation, selection of Implementing Agency (IA) will be made through adopting the cluster approach under which bunch of about 5-20 good & bad districts / areas with reference to risks will be bid out. In case of smaller States, the whole State shall be assigned to one IA. Selection of IA may be made for at least 3 years.

g) Procedure for settlement of claims:

   i. For coverage through Banks:-The claim amount along with particulars will be released to the individual Nodal Banks. The Banks at the grass-root level, in turn, shall credit the accounts of the individual farmers and display the particulars of beneficiaries on their notice board. The Banks shall provide individual farmer wise details claim credit details to IA and shall be incorporated in the centralised data repository.

   ii. For coverage through other insurance intermediaries: The claim amount will be released electronically to the individual Insured Bank Account.

15. Disposal of Public Grievances

Timely redressal of public grievances relating to banking and insurance Sectors is an important tool towards upgrading the quality of customer service in this very crucial segment of financial sector. Department of

Administrative Reforms and Public Grievances (DARPG) has established CPGRAMS (Centralised Public Grievance Redressal and Monitoring System), (an online web-based system), to resolve public grievances.

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. All organisations under DFS have made efforts to maximise the use of technology for reducing the grievance redressal time to one month from the existing two months. These directions are followed by all organisations under the Department of Financial Services. 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. Replies through post are also sent to those complainants who have lodged their grievances physically.

The Banks and Insurance Companies have grievance redressal mechanism in place and are also hosted 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) respectively. The PSBs have also established Ombudsman for settlement of grievances. The unresolved grievances are placed before the Customer Service Committee of the Board chaired by CMD/CEO to review and settlement of grievances / complaints.

The Reserve Bank of India (RBI) has set up 16 Banking Ombudsmen across the country under Banking Ombudsmen Scheme 2006. Similarly, there are 17 Insurance Ombudsmen set up by IRDA. In case the petitioners are not satisfied with the kind of disposal by the concerned Banks/Insurance Companies, they can file their complaints with the Banking Ombudsmen concerned within a period of 30 days for the settlement of their grievance through mediation and passing of awards.

As per CPGRAMS database the details of receipt, disposal and pending grievances during the period 01.01.2016 to 23.12.2016 in respect of banking and insurance sectors are as follows:

Sector	Brought Forward	Received	Disposed	Pending as on 23.12.2016	% of Disposal as on 23.12.2016	Less than 60 days old	More than 60 days old
Banking	5105	84533	70622	19016	88	18399	617
Insurance	671	9635	9754	552	97	505	47
Total	**5776**	**94168**	**80376**	**19568**		**18904**	**664**

16. Audit Paras

A Summary of Audit observations made available by the Office of C&AG pertaining to DFS is at **Annexure-VII**.

Annexure-I

Representation for SCs/STs/OBCs for Group 'A'

Sl. No.	Name of Organisations	Number of Employees (as on 31.12.2016)				Number of appointments/promotions made during the calender year 2016 (i.e. 01.01.2016 to 31.12.2016)											
						Appointment by Direct Recruitment				Appointment by Other Methods				Promotions			
		Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs
1	Allahabad Bank	**13320**	2526	1083	2750	**580**	86	42	183	**0**	0	0	0	**503**	102	40	131
2	Andhra Bank	**10925**	1951	915	2354	**571**	92	43	162	**0**	0	0	0	**1103**	168	80	228
3	Bank of Baroda	**24977**	4436	2045	6248	**1977**	334	166	536	**0**	0	0	0	**936**	219	81	218
4	Bank of India	**20330**	3566	1687	4080	**243**	33	16	75	**0**	0	0	0	**1371**	261	149	180
5	Bank of Maharashtra	**6466**	976	498	1217	**125**	19	8	39	**0**	0	0	0	**0**	0	0	0
6	Canara Bank	**26393**	4747	1999	4232	**2305**	346	182	648	**0**	0	0	0	**1118**	163	72	0
7	Central Bank of India	**16519**	2981	1396	3313	**398**	105	25	115	**0**	0	0	0	**1355**	172	94	0
8	Corporation Bank	**8892**	1467	573	1959	**183**	31	19	67	**0**	0	0	0	**625**	102	46	0
9	Dena Bank	**6390**	1046	642	1245	**230**	21	44	41	**0**	0	0	0	**578**	121	48	0
10	Indian Bank	**10381**	2223	842	2067	**1076**	175	89	358	**0**	0	0	0	**1342**	308	117	280
11	Indian Overseas Bank	**15792**	2709	1379	3786	**0**	0	0	0	**0**	0	0	0	**610**	95	41	0
12	Oriental Bank of Commerce	**12322**	2242	687	2293	**511**	66	41	158	**0**	0	0	0	**1216**	176	53	262
13	Punjab National Bank	**29487**	6260	2174	3984	**1544**	233	101	406	**0**	0	0	0	**7425**	1809	474	1249
14	Punjab & Sind Bank	**6820**	1160	494	1306	**384**	62	28	101	**0**	0	0	0	**975**	166	70	169
15	Syndicate Bank	**17120**	2975	1341	3906	**2701**	431	203	781	**0**	0	0	0	**875**	260	62	167
16	Union Bank of India	**20239**	3545	1523	4851	**1412**	221	115	326	**0**	0	0	0	**3312**	667	208	0
17	United Bank of India	**8009**	1390	669	1468	**311**	46	25	95	**0**	0	0	0	**300**	72	32	61
18	UCO Bank	**12215**	2086	1033	1835	**733**	126	42	175	**0**	0	0	0	**1790**	252	82	362
19	Vijaya Bank	**8011**	1430	582	1814	**805**	123	56	235	**0**	0	0	0	**1031**	178	50	236
20	State Bank of India	**81495**	14003	6158	11346	**2344**	400	82	711	**0**	0	0	0	**2805**	562	264	764
21	State Bank of Bikaner & Jaipur	**5396**	1091	567	831	**25**	5	4	7	**0**	0	0	0	**1095**	214	79	0
22	State Bank of Patiala	**2117**	1159	263	695	**0**	0	0	0	**0**	0	0	0	**183**	84	9	90
23	State Bank of Hyderabad	**7539**	1290	661	1700	**120**	17	18	38	**0**	0	0	0	**313**	53	30	6
24	State Bank of Travancore	**5342**	720	244	944	**6**	0	0	2	**0**	0	0	0	**208**	20	7	69
25	State Bank of Mysore	**3607**	611	233	599	**0**	0	0	0	**0**	0	0	0	**130**	22	5	0
26	IDBI	**16267**	2322	959	3957	**2088**	324	205	695	**0**	0	0	0	**1384**	209	70	263
27	RBI	**6718**	983	394	596	**31**	1	4	8	**0**	0	0	0	**24**	0	2	0
28	Bhartiya Mahila Bank *	**487**	78	24	145	**105**	23	8	49	**0**	0	0	0	**0**	0	0	0
29	NABARD	**2579**	394	197	374	**136**	22	11	48	**1**	0	0	0	**256**	50	16	48
30	National Housing Bank	**105**	11	3	26	**9**	0	0	2	**0**	0	0	0	**25**	2	1	9
31	EXIM Bank	**335**	33	22	49	**38**	3	1	5	**0**	0	0	0	**0**	0	0	0
32	SIDBI	**1032**	164	66	202	**153**	24	11	55	**0**	0	0	0	**4**	0	0	1
33	IIFC Ltd.	**91**	11	2	18	**3**	2	0	1	**4**	0	0	0	**4**	0	0	0
34	LIC of India	**32763**	6276	2660	1677	**319**	45	20	73	**0**	0	0	0	**864**	150	60	0
35	GIC of India	**466**	67	25	59	**20**	3	1	5	**0**	0	0	0	**7**	1	0	0
36	NIAC Ltd.	**7627**	1581	545	848	**0**	0	0	0	**0**	0	0	0	**412**	55	15	3
37	NIC Ltd.	**5871**	1288	451	831	**29**	8	2	6	**0**	0	0	0	**250**	32	16	0
38	OIC Ltd.	**5441**	1182	383	704	**210**	37	19	56	**0**	0	0	0	**423**	71	35	0
39	UIIC Ltd.	**7179**	1422	538	1126	**231**	19	16	56	**0**	0	0	0	**333**	72	22	0
40	AIC Ltd.	**268**	47	22	60	**10**	1	0	5	**0**	0	0	0	**5**	0	1	1
41	IFCI	**70**	5	1	4	**2**	0	0	0	**0**	0	0	0	**8**	0	0	1
	Total	**467403**	**84454**	**35980**	**81499**	**21968**	**3484**	**1647**	**6323**	**5**	**0**	**0**	**0**	**35198**	**6888**	**2431**	**4798**

Note: *Bharatiya Mahila Bank has given consolidated figures except Group-wise.

Annexure-I

Representation for SCs/STs/OBCs for Group 'B'

Sl. No.	Name of Organisations	Number of Employees (as on 31.12.2016)				Number of appointments/promotions made during the calender year 2016 (i.e. 01.01.2016 to 31.12.2016)											
						Appointment by Direct Recruitment				Appointment by Other Methods				Promotions			
		Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs
1	Allahabad Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2	Andhra Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3	Bank of Baroda	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	Bank of India	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	Bank of Maharashtra	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6	Canara Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7	Central Bank of India	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8	Corporation Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9	Dena Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10	Indian Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11	Indian Overseas Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12	Oriental Bank of Commerce	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13	Punjab National Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14	Punjab & Sind Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15	Syndicate Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16	Union Bank of India	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17	United Bank of India	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18	UCO Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19	Vijaya Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20	State Bank of India	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21	State Bank of Bikaner & Jaipur	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
22	State Bank of Patiala	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23	State Bank of Hyderabad	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
24	State Bank of Travancore	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25	State Bank of Mysore	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
26	IDBI	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
27	RBI	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
28	Bhartiya Mahila Bank *	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
29	NABARD	669	95	53	98	0	0	0	0	0	0	0	0	31	12	1	4
30	National Housing Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31	EXIM Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
32	SIDBI	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
33	IIFC Ltd.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
34	LIC of India	25045	3768	1707	3720	837	133	112	237	0	0	0	0	0	0	0	0
35	GIC of India	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
36	NIAC Ltd.	1410	108	39	113	0	0	0	0	0	0	0	0	0	0	0	0
37	NIC Ltd.	879	94	19	99	0	0	0	0	0	0	0	0	0	0	0	0
38	OIC Ltd.	1164	153	46	120	0	0	0	0	0	0	0	0	0	0	0	0
39	UIIC Ltd.	927	101	28	102	0	0	0	0	0	0	0	0	0	0	0	0
40	AIC Ltd.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
41	IFCI	182	16	3	22	7	2	0	1	0	0	0	0	12	1	0	2
	Total	**30276**	**4335**	**1895**	**4274**	**844**	**135**	**112**	**238**	**0**	**0**	**0**	**0**	**43**	**13**	**1**	**6**

Note: * Bharatiya Mahila Bank has given consolidated figures except Group-wise.

Annexure-I

Representation for SCs/STs/OBCs for Group 'C'

Sl. No.	Name of Organisations	Number of Employees (as on 31.12.2016)				Number of appointments/promotions made during the calender year 2016 (i.e. 01.01.2016 to 31.12.2016)											
						Appointment by Direct Recruitment				Appointment by Other Methods				Promotions			
		Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs
1	Allahabad Bank	6804	1844	550	1287	661	121	48	182	0	0	0	0	206	103	8	55
2	Andhra Bank	5672	935	396	1674	1002	203	90	242	0	0	0	0	525	61	31	152
3	Bank of Baroda	18782	3000	1662	4434	1225	234	83	263	37	7	2	5	0	0	0	0
4	Bank of India	20105	3381	2085	4408	926	98	139	245	27	7	1	2	0	0	0	0
5	Bank of Maharashtra	4794	765	368	709	73	9	6	25	3	0	0	1	124	39	8	30
6	Canara Bank	20812	3888	1287	4111	2388	430	157	623	0	0	0	0	452	68	25	0
7	Central Bank of India	13254	2413	1112	2749	1570	255	157	388	0	0	0	0	309	48	24	0
8	Corporation Bank	7625	1458	411	2049	542	98	40	166	11	4	0	3	58	23	8	0
9	Dena Bank	5468	766	654	1176	281	46	129	24	12	1	3	1	0	0	0	0
10	Indian Bank	9439	1962	389	2342	1016	190	33	408	1	0	0	0	1013	100	15	295
11	Indian Overseas Bank	11373	2238	532	2749	0	0	0	0	0	0	0	0	550	136	41	0
12	Oriental Bank of Commerce	6663	1540	411	1659	560	124	24	154	8	0	0	3	1283	295	52	354
13	Punjab National Bank	28218	5540	1392	6244	3627	829	239	718	23	6	1	3	2553	648	157	384
14	Punjab & Sind Bank	2274	534	82	523	413	115	15	111	0	0	0	0	27	9	2	0
15	Syndicate Bank	11233	2085	615	2698	1718	347	99	492	77	21	4	18	0	0	0	0
16	Union Bank of India	11933	2403	807	3304	1234	230	120	329	0	0	0	0	254	32	36	0
17	United Bank of India	4655	821	371	611	239	44	44	61	17	4	1	4	0	0	0	0
18	UCO Bank	8740	1406	623	1414	1215	174	95	360	0	0	0	0	0	0	0	0
19	Vijaya Bank	5076	916	387	1227	926	164	56	252	11	3	0	1	269	57	19	65
20	State Bank of India	82729	13348	7360	17721	5000	755	452	1458	5	1	0	3	411	94	32	81
21	State Bank of Bikaner & Jaipur	4716	881	572	839	234	46	31	36	0	0	0	0	0	0	0	0
22	State Bank of Patiala	2382	1484	64	834	59	2	2	19	1	0	0	0	0	0	0	0
23	State Bank of Hyderabad	7378	1180	563	2487	435	57	47	130	2	0	0	0	30	7	3	12
24	State Bank of Travancore	6591	839	178	1767	210	25	2	53	1	0	0	0	0	0	0	0
25	State Bank of Mysore	4774	731	283	1032	0	0	0	0	0	0	0	0	0	0	0	0
26	IDBI	951	107	33	79	0	0	0	0	4	0	0	2	7	3	0	0
27	RBI	4027	610	233	845	0	0	0	0	0	0	0	0	146	20	9	0
28	Bhartiya Mahila Bank *	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
29	NABARD	705	233	89	102	0	0	0	0	0	0	0	0	0	0	0	0
30	National Housing Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31	EXIM Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
32	SIDBI	97	27	7	8	9	1	1	5	0	0	0	0	4	2	1	0
33	IIFC Ltd.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
34	LIC of India	53366	9855	4239	3892	0	0	0	0	178	53	12	24	1642	383	110	0
35	GIC of India	76	21	11	8	0	0	0	0	0	0	0	0	12	0	0	0
36	NIAC Ltd.	7978	1729	616	1142	0	0	0	0	18	6	2	5	442	73	23	0
37	NIC Ltd.	6203	1461	535	1098	246	38	15	72	0	0	0	0	203	39	16	0
38	OIC Ltd.	5522	1288	482	908	137	20	9	34	0	0	0	0	197	24	14	0
39	UIIC Ltd.	6498	1598	500	1456	0	0	0	0	0	0	0	0	256	60	15	0
40	AIC Ltd.	19	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
41	IFCI	2	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total	**396934**	**73288**	**29899**	**79586**	**25946**	**4655**	**2133**	**6850**	**436**	**113**	**26**	**75**	**10973**	**2324**	**649**	**1428**

Note: * Bharatiya Mahila Bank has given consolidated figures except Group-wise.

Annexure-I

Representation for SCs/OBCs for Group 'D' (Excluding Safai Karamchari)

Sl. No.	Name of Organisations	Number of Employees (as on 31.12.2016)				Number of appointments/promotions made during the calender year 2016 (i.e. 01.01.2016 to 31.12.2016)											
						Appointment by Direct Recruitment				Appointment by Other Methods				Promotions			
		Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs
1	Allahabad Bank	1880	835	87	143	5	2	0	0	0	0	0	0	0	0	0	0
2	Andhra Bank	2727	715	204	634	12	2	4	5	0	0	0	0	0	0	0	0
3	Bank of Baroda	2843	997	293	884	300	45	31	113	25	7	4	6	0	0	0	0
4	Bank of India	4405	1037	509	1232	175	32	19	51	0	0	0	0	319	78	24	94
5	Bank of Maharashtra	1910	681	183	240	5	0	0	5	10	5	0	1	0	0	0	0
6	Canara Bank	4393	833	221	969	104	12	11	24	0	0	0	0	0	0	0	0
7	Central Bank of India	5159	1372	440	1229	0	0	0	0	0	0	0	0	0	0	0	0
8	Corporation Bank	1916	770	133	516	13	2	1	3	17	7	1	5	0	0	0	0
9	Dena Bank	1849	552	224	339	119	20	6	21	5	3	1	0	0	0	0	0
10	Indian Bank	1336	450	63	203	0	0	0	0	0	0	0	0	0	0	0	0
11	Indian Overseas Bank	2239	742	85	551	0	0	0	0	0	0	0	0	220	51	12	0
12	Oriental Bank of Commerce	2801	1104	197	540	57	9	7	26	24	13	0	3	199	45	13	51
13	Punjab National Bank	10623	3337	639	2421	1355	245	69	327	3	3	0	0	1111	64	24	338
14	Punjab & Sind Bank	1409	1027	24	177	87	65	2	8	0	0	0	0	0	0	0	0
15	Syndicate Bank	4544	1702	342	1020	907	308	91	319	19	6	1	4	274	163	8	67
16	Union Bank of India	2787	920	263	685	160	28	24	54	0	0	0	0	0	0	0	0
17	United Bank of India	2047	439	112	171	3	0	1	1	9	2	0	1	0	0	0	0
18	UCO Bank	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0
19	Vijaya Bank	1975	558	158	491	78	8	7	18	9	2	1	2	28	10	1	9
20	State Bank of India	36135	9228	2501	7319	38	8	0	18	2	0	0	1	0	0	0	0
21	State Bank of Bikaner & Jaipur	2206	335	226	645	0	0	0	0	0	0	0	0	0	0	0	0
22	State Bank of Patiala	180	90	10	80	0	0	0	0	0	0	0	0	0	0	0	0
23	State Bank of Hyderabad	2009	358	108	582	0	0	0	0	0	0	0	0	0	0	0	0
24	State Bank of Travancore	581	150	14	218	0	0	0	0	0	0	0	0	0	0	0	0
25	State Bank of Mysore	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
26	IDBI	3	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0
27	RBI	1260	438	84	193	0	0	0	0	0	0	0	0	0	0	0	0
28	Bhartiya Mahila Bank *	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
29	NABARD	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30	National Housing Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31	EXIM Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
32	SIDBI	53	16	10	8	0	0	0	0	0	0	0	0	0	0	0	0
33	IIFC Ltd.	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
34	LIC of India	3134	836	138	428	0	0	0	0	36	17	3	2	61	33	2	0
35	GIC of India	20	4	1	5	0	0	0	0	0	0	0	0	0	0	0	0
36	NIAC Ltd.	1749	844	137	194	0	0	0	0	7	2	1	1	0	0	0	0
37	NIC Ltd.	500	353	30	41	0	0	0	0	0	0	0	0	0	0	0	0
38	OIC Ltd.	926	322	82	90	0	0	0	0	0	0	0	0	0	0	0	0
39	UIIC Ltd.	1686	914	124	299	0	0	0	0	0	0	0	0	0	0	0	0
40	AIC Ltd.	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
41	IFCI	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total	**107288**	**31961**	**7642**	**22547**	**3418**	**786**	**273**	**993**	**166**	**67**	**12**	**26**	**2212**	**444**	**84**	**559**

Note: * **Bharatiya Mahila Bank has given consolidated figures except Group-wise.**

Annexure-I

Representation for SCs/OBCs for Group 'D' (Including Safai Karamchari)

Sl. No.	Name of Organisations	Number of Employees (as on 31.12.2016)				Number of appointments/promotions made during the calender year 2016 (i.e. 01.01.2016 to 31.12.2016)											
						Appointment by Direct Recruitment				Appointment by Other Methods				Promotions			
		Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs
1	Allahabad Bank	**2369**	1402	167	553	**16**	8	3	2	**0**	0	0	0	**0**	0	0	0
2	Andhra Bank	**4327**	1244	326	1326	**300**	47	23	85	**0**	0	0	0	**0**	0	0	0
3	Bank of Baroda	**8137**	2527	831	1881	**339**	58	33	120	**55**	17	5	11	**0**	0	0	0
4	Bank of India	**7845**	2636	870	1676	**236**	52	25	74	**20**	11	1	4	**478**	117	35	141
5	Bank of Maharashtra	**3224**	313	1111	568	**11**	4	2	5	**10**	5	0	1	**0**	0	0	0
6	Canara Bank	**4575**	1893	273	1263	**4**	2	0	1	**0**	0	0	0	**0**	0	0	0
7	Central Bank of India	**7876**	2701	704	1845	**0**	0	0	0	**0**	0	0	0	**0**	0	0	0
8	Corporation Bank	**1161**	594	70	313	**0**	0	0	0	**0**	0	0	0	**0**	0	0	0
9	Dena Bank	**337**	121	37	119	**29**	18	2	5	**0**	0	0	0	**0**	0	0	0
10	Indian Bank	**1698**	614	73	314	**0**	0	0	0	**0**	0	0	0	**133**	32	6	49
11	Indian Overseas Bank	**959**	410	26	365	**0**	0	0	0	**0**	0	0	0	**0**	0	0	0
12	Oriental Bank of Commerce	**0**	0	0	0	**0**	0	0	0	**0**	0	0	0	**0**	0	0	0
13	Punjab National Bank	**5146**	3256	288	934	**236**	93	20	77	**3**	3	0	0	**0**	0	0	0
14	Punjab & Sind Bank	**1922**	1194	42	206	**87**	65	2	8	**0**	0	0	0	**0**	0	0	0
15	Syndicate Bank	**6790**	2930	503	1538	**1858**	818	184	573	**28**	12	1	7	**274**	163	8	67
16	Union Bank of India	**2335**	857	198	720	**573**	99	56	186	**0**	0	0	0	**0**	0	0	0
17	United Bank of India	**1507**	735	61	143	**0**	0	0	0	**0**	0	0	0	**0**	0	0	0
18	UCO Bank	**4249**	1685	295	425	**150**	34	10	38	**0**	0	0	0	**2**	0	0	0
19	Vijaya Bank	**725**	282	59	267	**3**	0	0	2	**4**	2	1	0	**0**	0	0	0
20	State Bank of India	**0**	0	0	0	**0**	0	0	0	**0**	0	0	0	**0**	0	0	0
21	State Bank of Bikaner & Jaipur	**859**	645	41	85	**0**	0	0	0	**0**	0	0	0	**0**	0	0	0
22	State Bank of Patiala	**2115**	1333	64	718	**0**	0	0	0	**1**	0	1	0	**0**	0	0	0
23	State Bank of Hyderabad	**3517**	711	207	1277	**13**	5	0	6	**0**	0	0	0	**0**	0	0	0
24	State Bank of Travancore	**2262**	451	63	602	**0**	0	0	0	**1**	0	0	0	**0**	0	0	0
25	State Bank of Mysore	**1867**	423	94	368	**126**	19	4	45	**0**	0	0	0	**0**	0	0	0
26	IDBI	**878**	198	73	165	**0**	0	0	0	**2**	2	0	0	**0**	2	0	0
27	RBI	**4673**	1382	364	645	**18**	1	6	2	**0**	0	0	0	**0**	0	0	0
28	Bhartiya Mahila Bank *	**0**	0	0	0	**0**	0	0	0	**0**	0	0	0	**0**	0	0	0
29	NABARD	**0**	0	0	0	**0**	0	0	0	**0**	0	0	0	**0**	0	0	0
30	National Housing Bank	**0**	0	0	0	**0**	0	0	0	**0**	0	0	0	**0**	0	0	0
31	EXIM Bank	**1**	0	0	0	**0**	0	0	0	**0**	0	0	0	**0**	0	0	0
32	SIDBI	**0**	0	0	0	**0**	0	0	0	**0**	0	0	0	**0**	0	0	0
33	IIFC Ltd.	**0**	0	0	0	**0**	0	0	0	**0**	0	0	0	**0**	0	0	0
34	LIC of India	**786**	516	36	28	**0**	0	0	0	**9**	8	0	0	**9**	7	0	0
35	GIC of India	**0**	0	0	0	**0**	0	0	0	**0**	0	0	0	**0**	0	0	0
36	NIAC Ltd.	**0**	0	0	0	**0**	0	0	0	**0**	0	0	0	**0**	0	0	0
37	NIC Ltd.	**1009**	389	89	146	**0**	0	0	0	**0**	0	0	0	**0**	0	0	0
38	OIC Ltd.	**1704**	816	127	284	**0**	0	0	0	**0**	0	0	0	**0**	0	0	0
39	UIIC Ltd.	**2**	1	0	1	**0**	0	0	0	**0**	0	0	0	**0**	0	0	0
40	AIC Ltd.	**1**	0	0	0	**0**	0	0	0	**0**	0	0	0	**0**	0	0	0
41	IFCI	**1**	0	0	0	**0**	0	0	0	**0**	0	0	0	**0**	0	0	0
	Total	**84857**	**32259**	**7092**	**18775**	**3999**	**1323**	**370**	**1229**	**133**	**60**	**9**	**23**	**896**	**321**	**49**	**257**

Note *** Bharatiya Mahila Bank has given consolidated figures except Group-wise.**

Annexure-I

Statement of Group-wise Representation SCs, STs and OBCs up to 31.12.2016

(Position furnished by Public Sector Banks/Financial Institutions/RBI and Insurance Companies)

Sl. No.	Group	Number of Employees (as on 31.12.2016)				Number of appointments/promotions made during the calender year 2016 (i.e. 01.01.2016 to 31.12.2016)											
						Appointment by Direct Recruitment				Appointment by Other Methods				Promotions			
		Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs
1	Group-A	467403	84454	35980	81499	21968	3484	1647	6323	5	0	0	0	35198	6888	2431	4798
2	Group-B	30276	4335	1895	4274	844	135	112	238	0	0	0	0	43	13	1	6
3	Group-C	396934	73288	29899	79586	25946	4655	2133	6850	436	113	26	75	10973	2324	649	1428
4	Group-D (Excluding Safai Karamchari)	107288	31961	7642	7642	3418	786	273	993	166	67	12	26	2212	444	84	559
5	Group-D (Safai Karamcharies)	84857	32259	7092	18775	3999	1323	370	1229	133	60	9	23	896	321	49	257
	Total	1086758	226297	82508	191776	56175	10383	4535	15633	740	240	47	124	49322	9990	3214	7048

Annexure-II

Representation of Persons With Disabilities for Group 'A'

Sl. No.	Name of Organisations	Number of Employees (as on 31.12.2016)				Number of appointments/promotions made during the calender year 2016 (i.e. 01.01.2016 to 31.12.2016)													
						Appointment by Direct Recruitment							Appointment by Promotion						
						No. of vacancies			No. of appointments				No. of vacancies			No. of appointments			
		Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH
1	Allahabad Bank	**13320**	95	51	171	6	6	6	**580**	7	15	7	0	0	0	**503**	4	1	15
2	Andhra Bank	**289**	101	15	173	60	0	31	**91**	60	0	31	0	0	0	**16**	3	1	12
3	Bank of Baroda	**24997**	125	82	270	20	20	20	**1977**	9	16	30	0	0	0	**0**	0	0	0
4	Bank of India	**20330**	57	38	209	5	15	7	**243**	2	1	1	0	0	0	**1371**	0	3	16
5	Bank of Maharashtra	**6466**	18	6	99	2	0	40	**125**	2	0	40	0	0	0	**0**	0	0	0
6	Canara Bank	**630**	122	55	453	10	12	106	**121**	13	9	99	0	0	0	**0**	0	0	0
7	Central Bank of India	**16519**	54	19	329	12	24	21	**41**	10	11	20	0	0	0	**0**	0	0	0
8	Corporation Bank	**8892**	43	31	110	4	3	3	**183**	2	2	1	0	0	0	**625**	4	2	10
9	Dena Bank	**6390**	29	9	136	2	8	56	**230**	2	0	4	0	0	0	**0**	0	0	0
10	Indian Bank	**10381**	49	18	114	21	51	11	**1076**	17	2	11	0	0	0	**1342**	5	2	15
11	Indian Overseas Bank	**266**	88	38	140	0	0	0	**0**	0	0	0	0	0	0	**14**	2	1	11
12	Oriental Bank of Commerce	**312**	35	12	265	3	3	3	**13**	3	4	6	0	0	0	**20**	4	3	13
13	Punjab National Bank	**29487**	114	53	452	30	56	15	**1544**	22	11	19	0	0	0	**7425**	23	12	97
14	Punjab & Sind Bank	**6820**	28	12	51	0	0	0	**384**	3	1	7	0	0	0	**975**	2	2	0
15	Syndicate Bank	**17120**	127	26	278	27	27	27	**2701**	50	7	23	9	9	9	**875**	1	5	24
16	Union Bank of India	**20239**	110	34	265	24	25	40	**1412**	19	4	23	0	0	0	**0**	0	0	0
17	United Bank of India	**8009**	37	17	85	4	3	3	**13**	7	1	5	0	0	0	**5**	0	1	4
18	UCO Bank	**12215**	38	24	234	7	7	7	**17**	6	4	7	0	0	0	**31**	4	1	26
19	Vijaya Bank	**8011**	50	21	94	11	30	16	**805**	12	2	12	0	0	0	**1031**	2	6	16
20	State Bank of India	**81495**	204	35	847	21	23	23	**2344**	4	2	7	0	0	0	**2805**	15	5	50
21	State Bank of Bikaner & Jaipur	**5396**	18	2	82	0	0	0	**1**	1	0	0	0	0	0	**0**	0	0	0
22	State Bank of Patiala	**66**	11	0	55	0	0	0	**0**	0	0	0	0	0	0	**8**	3	0	5
23	State Bank of Hyderabad	**7539**	53	5	144	0	0	0	**0**	0	0	0	0	0	0	**312**	1	2	5
24	State Bank of Travancore	**5342**	20	6	75	0	0	0	**6**	0	0	0	0	0	0	**208**	1	0	5
25	State Bank of Mysore	**3595**	21	1	36	0	0	0	**0**	0	0	0	0	0	0	**130**	1	0	0
26	IDBI	**16267**	65	2	260	31	0	31	**2088**	17	0	26	0	0	0	**0**	0	0	0
27	RBI	**6718**	25	12	158	2	4	1	**0**	0	0	0	0	0	0	**0**	0	0	0
28	Bhartiya Mahila Bank *	**9**	3	1	5	3	3	3	**6**	3	1	2	0	0	0	**0**	0	0	0
29	NABARD	**48**	6	4	38	1	1	1	**5**	2	2	1	0	0	0	**10**	3	0	7
30	National Housing Bank	**2**	1	0	1	1	0	0	**1**	1	0	0	0	0	0	**0**	0	0	0
31	EXIM Bank	**335**	5	1	4	3	3	0	**38**	4	2	0	0	0	0	**0**	0	0	0
32	SIDBI	**28**	9	2	17	5	0	4	**9**	5	0	4	0	0	0	**4**	0	0	0
33	IIFC Ltd.	**91**	0	1	2	0	0	0	**7**	0	0	0	0	0	0	**4**	0	0	1
34	LIC of India	**379**	18	10	351	11	0	10	**11**	6	0	5	0	0	0	**0**	0	0	0
35	GIC of India	**7**	1	1	5	0	1	0	**3**	1	1	1	0	0	0	**0**	0	0	0
36	NIAC Ltd.	**55**	17	12	26	0	0	0	**0**	0	0	0	0	0	1	**1**	0	0	1
37	NIC Ltd.	**88**	8	7	73	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
38	OIC Ltd.	**5441**	5	10	68	7	4	8	**210**	6	4	8	0	0	0	**423**	0	0	0
39	UIIC Ltd.	**7179**	12	6	70	3	3	0	**6**	3	3	0	0	0	0	**0**	0	0	0
40	AIC Ltd.	**268**	1	1	3	1	1	1	**10**	0	0	1	1	1	1	**5**	0	0	0
41	IFCI	**0**	0	0	0	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
	Total	**351041**	**1823**	**680**	**6248**	**337**	**333**	**494**	**16301**	**299**	**105**	**401**	**10**	**10**	**11**	**18143**	**78**	**47**	**333**

Note: *Bharatiya Mahila Bank has given consolidated figures except Group-wise.

Annexure-II

Representation of Persons With Disabilities for Group 'B'

Sl. No.	Name of Organisations	Number of Employees (as on 31.12.2016)				Number of appointments/promotions made during the calender year 2016 (i.e. 01.01.2016 to 31.12.2016)													
						Appointment by Direct Recruitment							Appointment by Promotion						
						No. of vacancies			No. of appointments				No. of vacancies			No. of appointments			
		Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH
1	Allahabad Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2	Andhra Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3	Bank of Baroda	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	Bank of India	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	Bank of Maharashtra	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6	Canara Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7	Central Bank of India	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8	Corporation Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9	Dena Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10	Indian Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11	Indian Overseas Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12	Oriental Bank of Commerce	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13	Punjab National Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14	Punjab & Sind Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15	Syndicate Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16	Union Bank of India	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17	United Bank of India	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18	UCO Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19	Vijaya Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20	State Bank of India	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21	State Bank of Bikaner & Jaipur	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
22	State Bank of Patiala	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23	State Bank of Hyderabad	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
24	State Bank of Travancore	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25	State Bank of Mysore	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
26	IDBI	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0
27	RBI	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
28	Bhartiya Mahila Bank *	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
29	NABARD	21	3	0	18	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30	National Housing Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31	EXIM Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
32	SIDBI	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
33	IIFC Ltd.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
34	LIC of India	11	1	0	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0
35	GIC of India	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
36	NIAC Ltd.	3	0	0	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0
37	NIC Ltd.	11	1	0	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0
38	OIC Ltd.	1164	0	0	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0
39	UIIC Ltd.	927	2	0	8	0	0	0	0	0	0	0	0	0	0	0	0	0	0
40	AIC Ltd.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
41	IFCI	0	1	0	1	0	0	0	0	0	0	0	0	0	0	1	1	0	0
	Total	**2137**	**8**	**0**	**53**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1**	**1**	**0**	**0**

Note: *Bharatiya Mahila Bank has given consolidated figures expect Group-wise.

Annexure-II

Representation of Persons With Disabilities for Group 'C'

Sl. No.	Name of Organisations	Number of Employees (as on 31.12.2016)				Number of appointments/promotions made during the calender year 2016 (i.e. 01.01.2016 to 31.12.2016)													
						Appointment by Direct Recruitment							Appointment by 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	Allahabad Bank	**6804**	40	60	155	7	7	6	**661**	7	5	6	2	2	2	**206**	0	0	2
2	Andhra Bank	**188**	73	38	77	13	13	13	**32**	11	10	11	0	0	0	**17**	2	6	9
3	Bank of Baroda	**18782**	130	62	269	13	12	12	**1225**	31	15	33	0	0	0	**0**	0	0	0
4	Bank of India	**20105**	99	65	293	11	11	11	**926**	7	5	7	0	0	0	**0**	0	0	0
5	Bank of Maharashtra	**4794**	12	13	49	2	0	0	**73**	3	0	0	0	0	0	**124**	0	0	1
6	Canara Bank	**593**	100	145	348	17	12	122	**112**	17	7	88	4	4	5	**7**	0	3	4
7	Central Bank of India	**13254**	65	28	186	22	19	22	**30**	15	3	12	3	3	3	**3**	1	1	1
8	Corporation Bank	**7625**	33	19	99	5	4	1	**553**	8	0	5	0	0	0	**58**	1	0	2
9	Dena Bank	**5468**	24	18	105	2	1	45	**281**	2	0	19	0	0	0	**0**	0	0	0
10	Indian Bank	**9439**	47	32	107	17	40	14	**1016**	11	3	11	0	0	0	**1013**	6	5	12
11	Indian Overseas Bank	**233**	48	88	97	0	0	0	**0**	0	0	0	0	0	0	**10**	5	4	1
12	Oriental Bank of Commerce	**188**	25	5	158	5	5	6	**11**	6	0	5	0	0	0	**50**	2	0	48
13	Punjab National Bank	**28218**	200	70	389	62	135	36	**3627**	65	15	37	0	0	0	**2553**	7	3	30
14	Punjab & Sind Bank	**2274**	8	5	21	0	0	0	**413**	0	0	2	0	0	0	**27**	0	0	0
15	Syndicate Bank	**11233**	57	26	169	17	17	17	**1718**	22	2	31	0	0	0	**0**	0	0	0
16	Union Bank of India	**11933**	74	55	126	18	27	16	**1234**	13	2	9	0	0	0	**0**	0	0	0
17	United Bank of India	**4655**	34	21	44	3	2	2	**5**	2	2	1	0	0	0	**0**	0	0	0
18	UCO Bank	**8740**	21	11	131	12	12	12	**14**	5	1	8	0	0	0	**0**	0	0	0
19	Vijaya Bank	**5076**	24	26	72	12	12	12	**926**	12	1	6	0	0	0	**269**	3	4	4
20	State Bank of India	**82729**	492	211	1033	262	373	187	**5000**	72	33	69	0	0	0	**411**	0	0	0
21	State Bank of Bikaner & Jaipur	**4716**	34	15	63	2	2	2	**3**	3	0	0	0	0	0	**0**	0	0	0
22	State Bank of Patiala	**145**	40	17	88	0	0	0	**59**	0	0	1	0	0	0	**0**	0	0	0
23	State Bank of Hyderabad	**7378**	78	31	105	0	0	0	**2**	2	0	0	0	0	0	**30**	0	0	0
24	State Bank of Travancore	**6591**	42	26	77	2	2	2	**211**	3	0	1	0	0	0	**0**	0	0	0
25	State Bank of Mysore	**4788**	55	5	52	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
26	IDBI	**951**	1	0	6	0	0	0	**4**	0	0	0	0	0	0	**4**	0	0	0
27	RBI	**4027**	27	5	59	6	4	12	**0**	0	0	0	0	0	0	**0**	0	0	0
28	Bhartiya Mahila Bank *	**0**	0	0	0	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
29	NABARD	**20**	0	4	16	1	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
30	National Housing Bank	**0**	0	0	0	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
31	EXIM Bank	**0**	0	0	0	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
32	SIDBI	**4**	0	0	4	0	0	0	**0**	0	0	0	0	0	0	**0**	4	0	0
33	IIFC Ltd.	**0**	0	0	0	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
34	LIC of India	**760**	32	38	690	0	0	0	**0**	0	0	0	96	3	185	**18**	1	0	17
35	GIC of India	**1**	0	0	1	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
36	NIAC Ltd.	**214**	36	14	164	0	0	0	**0**	0	0	0	0	0	3	**3**	3	0	0
37	NIC Ltd.	**200**	40	5	155	0	0	0	**7**	3	0	4	0	1	1	**2**	0	1	1
38	OIC Ltd.	**5522**	13	29	131	7	7	7	**137**	2	0	1	1	1	1	**197**	0	0	1
39	UIIC Ltd.	**6498**	48	20	193	17	2	22	**41**	17	2	22	0	0	1	**1**	0	0	1
40	AIC Ltd.	**19**	0	0	1	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
41	IFCI	**0**	0	0	1	0	0	0	**0**	0	0	0	0	0	0	**1**	0	0	1
	Total	**284165**	**2052**	**1207**	**5734**	**535**	**719**	**579**	**18321**	**339**	**106**	**389**	**106**	**14**	**201**	**5004**	**35**	**27**	**135**

Note: *Bharatiya Mahila Bank has given consolidated figures expect Group-wise.

Annexure-II

Representation of Persons With Disabilities for Group 'D' (Excluding Safai Karamchari)

Sl. No.	Name of Organisations	Number of Employees (as on 31.12.2016)				Number of appointments/promotions made during the calender year 2016 (i.e. 01.01.2016 to 31.12.2016)														
						Appointment by Direct Recruitment							Appointment by Promotion							
						No. of vacancies			No. of appointments made				No. of vacancies			No. of appointments				
		Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH
1	Allahabad Bank	**1880**	1	4	17	0	0	0	**5**	0	0	0	0	0	0	**0**	0	0	0
2	Andhra Bank	**42**	3	6	33	3	3	3	**0**	0	0	0	0	0	0	**0**	0	0	0
3	Bank of Baroda	**2843**	2	5	1	3	3	2	**300**	7	7	2	0	0	0	**0**	0	0	0
4	Bank of India	**4405**	6	10	57	2	2	2	**175**	0	1	1	0	0	0	**478**	0	1	3
5	Bank of Maharashtra	**1910**	3	4	13	0	0	0	**5**	0	0	0	0	0	0	**0**	0	0	0
6	Canara Bank	**66**	3	17	46	0	0	0		0	0	0	0	0	0	**0**	0	0	0
7	Central Bank of India	**5159**	4	6	71	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
8	Corporation Bank	**1916**	8	6	41	0	0	0	**30**	0	0	0	0	0	0	**0**	0	0	0
9	Dena Bank	**337**	0	1	1	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
10	Indian Bank	**1336**	1	1	23	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
11	Indian Overseas Bank	**25**	3	8	14	0	0	0	**0**	0	0	0	2	2	2	**9**	3	4	2
12	Oriental Bank of Commerce	**73**	1	4	68	0	0	1	**1**	0	0	1	0	0	0	**9**	1	0	8
13	Punjab National Bank	**10623**	50	67	154	57	47	13	**1258**	49	42	49	0	0	0	**1111**	0	3	11
14	Punjab & Sind Bank	**1409**	0	0	3	0	0	0	**87**	0	0	1	0	0	0	**0**	0	0	0
15	Syndicate Bank	**6790**	25	5	185	18	18	19	**1858**	9	4	35	3	2	3	**274**	1	0	3
16	Union Bank of India	**2787**	8	10	20	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
17	United Bank of India	**2047**	4	3	17	1	0	0	**3**	0	0	3	0	0	0	**0**	0	0	0
18	UCO Bank	**0**	0	0	0	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
19	Vijaya Bank	**1975**	4	7	22	0	0	0	**78**	0	0	0	0	0	0	**28**	0	0	0
20	State Bank of India	**36135**	32	24	168	0	0	0	**38**	0	0	0	0	0	0	**0**	0	0	0
21	State Bank of Bikaner & Jaipur	**2206**	2	0	12	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
22	State Bank of Patiala	**0**	0	0	0	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
23	State Bank of Hyderabad	**2009**	5	20	23	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
24	State Bank of Travancore	**581**	1	1	0	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
25	State Bank of Mysore	**0**	0	0	0	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
26	IDBI	**3**	0	0	0	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
27	RBI	**1260**	1	3	14	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
28	Bhartiya Mahila Bank *	**0**	0	0	0	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
29	NABARD	**0**	0	0	0	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
30	National Housing Bank	**0**	0	0	0	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
31	EXIM Bank	**0**	0	0	0	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
32	SIDBI	**2**	0	0	2	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
33	IIFC Ltd.	**1**	0	0	0	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
34	LIC of India	**27**	2	1	24	0	0	0	**0**	0	0	0	1	0	13	**9**	1	0	8
35	GIC of India	**0**	0	0	0	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
36	NIAC Ltd.	**33**	2	1	30	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
37	NIC Ltd.	**11**	0	0	11	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
38	OIC Ltd.	**0**	0	0	0	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
39	UIIC Ltd.	**0**	0	0	0	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
40	AIC Ltd.	**1**	0	0	0	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
41	IFCI	**0**	0	0	0	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
	Total	**89597**	**171**	**215**	**1108**	**84**	**73**	**40**	**3838**	**65**	**54**	**92**	**6**	**4**	**18**	**1918**	**6**	**8**	**35**

Note: *Bharatiya Mahila Bank has given consolidated figures except Group-wise.

Annexure-II

Representation of Persons With Disabilities for Group 'D' (Including Safai Karamcharies)

Sl. No.	Name of Organisations	Number of Employees (as on 31.12.2016)				Number of appointments/promotions made during the calender year 2016 (i.e. 01.01.2016 to 31.12.2016)													
						Appointment by Direct Recruitment							Appointment by 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	Allahabad Bank	**2369**	0	1	7	0	0	0	**16**	0	0	0	0	0	0	**0**	0	0	0
2	Andhra Bank	**71**	4	15	52	0	0	0	**9**	0	3	6	0	0	0	**0**	0	0	0
3	Bank of Baroda	**8137**	25	30	150	4	3	3	**339**	7	2	2	0	0	0	**0**	0	0	0
4	Bank of India	**7845**	9	15	86	3	3	3	**236**	0	1	1	0	0	0	**797**	0	1	4
5	Bank of Maharashtra	**3224**	3	4	13	0	0	0	**11**	0	0	0	0	0	1	**0**	0	0	0
6	Canara Bank	**48**	9	13	26	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
7	Central Bank of India	**7876**	8	9	104	2	2	2	**5**	1	2	2	0	0	0	**0**	0	0	0
8	Corporation Bank	**1161**	0	2	8	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
9	Dena Bank	**1849**	0	4	19	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
10	Indian Bank	**1698**	1	1	23	0	0	0	**0**	0	0	0	1	1	1	**133**	0	0	0
11	Indian Overseas Bank	**15**	0	3	12	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
12	Oriental Bank of Commerce	**0**	0	0	0	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
13	Punjab National Bank	**5146**	3	3	40	2	2	2	**189**	1	1	10	0	0	0	**0**	0	0	0
14	Punjab & Sind Bank	**1922**	4	1	8	0	0	0	**87**	0	0	1	0	0	0	**0**	0	0	0
15	Syndicate Bank	**4544**	11	3	160	9	9	9	**907**	8	2	16	3	2	3	**274**	1	0	3
16	Union Bank of India	**2335**	13	27	55	10	10	10	**573**	4	10	5	0	0	0	**0**	0	0	0
17	United Bank of India	**1507**	0	0	0	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
18	UCO Bank	**4249**	2	1	45	1	1	1	**0**	0	0	0	0	0	0	**0**	0	0	0
19	Vijaya Bank	**725**	1	3	11	0	0	0	**3**	0	0	0	0	0	0	**0**	0	0	0
20	State Bank of India	**0**	0	0	0	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
21	State Bank of Bikaner & Jaipur	**859**	1	1	2	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
22	State Bank of Patiala	**34**	2	2	30	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
23	State Bank of Hyderabad	**3517**	5	22	39	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
24	State Bank of Travancore	**2262**	1	1	7	0	0	0	**1**	0	0	0	0	0	0	**0**	0	0	0
25	State Bank of Mysore	**1867**	0	3	13	0	0	3	**126**	0	0	0	0	0	0	**0**	0	0	0
26	IDBI	**878**	1	1	18	0	0	0	**2**	0	0	0	0	0	0	**0**	0	0	0
27	RBI	**4673**	4	7	75	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
28	Bhartiya Mahila Bank *	**0**	0	0	0	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
29	NABARD	**0**	0	0	0	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
30	National Housing Bank	**0**	0	0	0	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
31	EXIM Bank	**1**	0	0	0	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
32	SIDBI	**0**	0	0	0	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
33	IIFC Ltd.	**0**	0	0	0	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
34	LIC of India	**163**	13	3	147	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
35	GIC of India	**0**	0	0	0	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
36	NIAC Ltd.	**0**	0	0	0	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
37	NIC Ltd.	**46**	1	2	43	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
38	OIC Ltd.	**1704**	0	1	38	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
39	UIIC Ltd.	**1688**	0	3	30	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
40	AIC Ltd.	**2**	0	0	0	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
41	IFCI	**0**	0	0	0	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0
	Total	**68812**	**107**	**172**	**1003**	**31**	**30**	**33**	**2504**	**21**	**21**	**43**	**4**	**3**	**5**	**1204**	**1**	**1**	**7**

Note: *Bharatiya Mahila Bank has given consolidated figures except Group-wise.

Annexure-II

Consolidated Representation of Persons With Disabilities

Sl. No.	Group	Number of Employees (as on 31.12.2016)				Number of appointments/promotions made during the calender year 2016 (i.e. 01.01.2016 to 31.12.2016)													
						Appointment by Direct Recruitment							Appointment by 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	Group-A	351041	1823	680	6248	337	333	494	16301	299	105	401	10	10	11	18143	78	47	333
2	Group-B	2137	8	0	53	0	0	0	0	0	0	0	0	0	0	1	1	0	0
3	Group-C	284165	2052	1207	5734	535	719	579	18321	339	106	389	106	14	201	5004	35	27	135
4	Group-D (Excluding Safai Karamchari)	89597	171	215	1108	84	73	40	3838	65	54	92	6	4	18	1918	6	8	35
5	Group-D (Safai Karamcharies)	68812	107	172	1003	31	30	33	2504	21	21	43	4	3	5	1204	1	1	7
	Total	797650	4175	2282	14366	987	1155	1146	40964	724	286	925	126	31	235	26270	121	83	510

Annex-III

Annual Statement on Priority Sector Advances and Sectoral Deployment of Credit- March 2016

(No. of Accounts in absolute terms; Amount in Rupees Crore)

S.No.	Bank Name	ANBC for computation of PSL targets	PSA Outstanding at the end of the year No. of A/cs	PSA Outstanding at the end of the year Balance O/s	Agricultue (Total) Outstanding at the end of the year No. of A/cs	Agricultue (Total) Outstanding at the end of the year Balance O/s	Loans to Weaker Sections under Priority Sector Outstanding at the end of the year No. of A/cs	Loans to Weaker Sections under Priority Sector Outstanding at the end of the year Balance O/s
1	**Allahabad Bank**	146850.46	1036358	62508.24	787045	26790.19	749454	19972.00
2	**Andhra Bank**	130249.88	2066080	54545.37	1664487	24079.91	1411903	15481.73
3	**Bank of Baroda**	305332.77	13129404	113121.13	10601161	45070.16	11245105	24131.39
4	**Bank of India**	292487.00	711117	104656.17	560519	50507.54	320931	27483.92
5	**Bank of Maharashtra**	104179.60	587339	41841.16	409869	17188.68	381860	10985.27
6	**BHARATIYA MAHILA BANK LTD.**	351.81	1102856	245.37	823044	67.10	419352	43.93
7	**Canara Bank**	317284.71	2122721	145559.45	1631983	67176.13	1640893	43497.65
8	**Central Bank of India**	199534.81	2453811	83475.39	2028446	36850.30	1819958	25412.40
9	**Corporation Bank**	157787.00	2821388	67392.15	2035933	26455.00	1688139	16272.35
10	**Dena Bank**	84792.85	4163545	34082.41	3044778	15778.87	2692643	6693.16
11	**IDBI Bank Ltd.**	222176.11	1161071	90430.76	761687	39426.30	727088	19978.21
12	**Indian Bank**	123219.22	12289	50488.02	904	23060.97	7267	14095.24
13	**Indian Overseas Bank**	167805.82	7410898	67614.75	5916228	30236.95	4391537	21824.39
14	**Oriental Bank of Commerce**	151673.04	3574560	61572.46	2593058	25932.56	2221655	16220.30
15	**Punjab and Sind Bank**	66491.51	1419227	24808.32	902536	11325.67	935480	6776.99
16	**Punjab National Bank**	341693.42	779215	147120.54	555917	64154.62	505572	35506.00
17	**State Bank of Bikaner & Jaipur**	71479.56	1253268	29428.55	791850	15851.76	893810	10838.33
18	**State Bank of Hyderabad**	110583.49	3479825	44536.63	2760112	21199.49	1856541	12092.79
19	**State Bank of India**	1133342.94	3016967	385054.39	1752364	204650.74	1052075	114827.88
20	**State Bank of Mysore**	55796.02	1039526	22388.28	609331	12216.25	627934	6417.02
21	**State Bank of Patiala**	84553.12	410594	33992.97	234183	17164.62	250054	7511.92
22	**State Bank of Travancore**	71738.83	4930254	27793.70	3870060	9325.77	3273535	17669.69
23	**Syndicate Bank**	162086.18	2938471	65944.98	1974194	29898.86	2457758	18012.00
24	**UCO Bank**	144575.47	2146500	55948.12	1123782	19592.64	1564878	17767.40
25	**Union Bank of India**	246612.55	3107648	102674.56	2283950	45506.61	2450769	28849.27
26	**United Bank of India**	72427.00	1311327	29809.34	930458	12605.11	950359	7733.22
27	**Vijaya Bank**	91488.59	1118807	38003.13	715557	13771.42	858589	12145.96
	Nationalised Banks	**5056593.76**	**69305066.00**	**1985036.32**	**51363436.00**	**905884.22**	**47395139.00**	**558240.39**

Source RBI

Annexure IV a

Statement Showing particulars of credit to Womens as at the end of the Quarter

Reporting Quarter : Mar-2016

(No in Actual & Amount in Rs Crore)

Sr. No	Bank Name	Adjusted Net Bank Credit	Credit to Women *			Of Credit to Women				Of the credit to Women under Priority Sector #				Of the credit to Women under Priority Sector #			
						Under Priority Sector		Under Non Priority Sector		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
1	ALLAHABAD BANK	146850	365477	9869.37	6.72	330227	5967.24	35250	3902.13	294162	1349.21	54240	1831.04	32525	289.57	97642	2497.42
2	ANDHRA BANK	136388	1187087	16203.22	11.88	964613	12483.08	1019441	12761.00	227744	5239.48	85420	598.44	48757	445.17	602692	6200.00
3	BANK OF BARODA	305333	569932	12268.63	4.02	478590	8208.79	91342	4059.85	2158	3.02	68628	1024.08	59362	415.50	348442	6766.19
4	BANK OF INDIA	286117	852305	31267.00	10.93	732900	12741.00	119405	18526.00	344435	871.00	123260	4374.00	232427	2681.21	529645	5748.00
5	BANK OF MAHARASHTRA	104180	235613	5106.87	4.90	197037	3205.20	38576	1901.67	22282	32.76	12969	235.83	14748	212.49	147038	2724.11
6	BHARATIYA MAHILA BANK LTD.	352	9569	192.79	54.80	8667	93.87	902	98.92	7571	44.75	686	27.13	0	0.00	410	21.99
7	CANARA BANK	295302	2746243	42066.03	14.25	2640411	29767.70	105832	12298.33	36783	116.41	9614	3033.71	114199	295.93	2594014	26617.59
8	CENTRAL BANK OF INDIA	199535	796506	12019.95	6.02	697824	9510.90	98682	2509.06	5281	26.11	97067	1713.99	34605	157.73	564259	7635.29
9	CORPORATION BANK	147673	418908	9289.80	6.29	380920	7565.24	37988	1724.56	10153	23.55	4771	904.83	103420	1456.78	262576	5180.06
10	DENA BANK	84795	155971	4018.85	4.74	133227	3074.24	22744	944.61	2307	2.12	33469	1172.90	31585	128.96	65866	1770.26
11	IDBI BANK LIMITED	222176	572546	10496.79	4.72	545640	7485.32	26906	3011.47	375517	976.07	116127	1125.31	27818	637.82	146381	5025.71
12	INDIAN BANK	123219	1567579	15582.63	12.65	1405284	12770.57	162295	2812.05	1845	3.51	204179	2397.57	4979	28.85	1194281	10340.65
13	INDIAN OVERSEAS BANK	167806	1381881	16487.80	9.83	1172990	11831.25	208891	4656.55	96753	1023.75	393232	3983.98	69237	506.90	613768	6316.59
14	ORIENTAL BANK OF COMMERCE	151673	177844	6244.22	4.12	148936	4647.16	28908	1597.06	71663	450.62	60913	1607.77	8717	154.05	7643	2434.72
15	PUNJAB AND SIND BANK	66491	76337	3232.75	4.86	63018	2438.77	13319	793.98	13911	357.75	1977	243.89	6279	76.65	40851	1760.48
16	PUNJAB NATIONAL BANK	341693	1057305	20030.00	5.86	921537	12784.00	135768	7246.00	599	20.00	121496	2828.00	114032	1032.00	685410	8921.00
17	SYNDICATE BANK	162086	835394	14342.43	8.85	684947	10984.65	150447	3447.78	53758	1317.26	227841	6595.64	16939	258.74	403348	2981.75
18	UCO BANK	144575	367150	7262.00	5.02	351303	6648.00	15847	614.00	57898	705.00	25552	427.00	73151	650.00	194702	4866.00
19	UNION BANK OF INDIA	246613	1016023	16041.27	6.50	963958	13032.37	52065	3008.90	56702	856.84	117125	2040.07	43337	202.25	746794	9933.21
20	UNITED BANK OF INDIA	72427	208299	5272.76	7.28	193056	4571.41	15243	701.35	16208	222.93	21922	569.20	152198	3700.12	2728	79.17
21	VIJAYA BANK	91489	377403	7790.31	8.52	353625	6292.59	23778	1497.72	23355	916.86	55301	1484.98	29660	580.35	298311	4807.59
22	STATE BANK OF BIKANER AND JAIPUR	71480	229653	4394.26	6.15	168349	2733.26	61304	1660.99	63422	129.22	4202	18.99	15892	40.99	61304	16.60
23	STATE BANK OF HYDERABAD	110583	772494	11521.27	10.42	587475	7860.54	185019	3660.73	1456	13.44	136	9.91	134223	1671.60	436609	5087.98
24	STATE BANK OF INDIA	1133343	3991583	95665.59	8.44	2896254	45253.79	1095329	50411.80	940390	3021.99	20939	246.59	192196	3110.76	1763668	39121.04
25	STATE BANK OF MYSORE	55796	243119	4481.33	8.03	172642	2793.88	70477	1687.45	57427	166.69	189	15.95	11409	81.42	87237	2252.89
26	STATE BANK OF PATIALA	82720	133988	4407.71	5.33	80668	2318.37	53320	2089.34	13092	56.99	1879	162.82	7226	31.56	58471	2067.00
27	STATE BANK OF TRAVANCORE	71739	572363	7406.36	10.32	490528	5107.45	81835	2298.91	9082	135.25	8736	106.11	42471	528.22	430239	4337.87
	TOTAL	**5022434**	**20918572**	**392962.00**	**7.82**	**17764626**	**252170.64**	**3950913**	**149922.21**	**2805954**	**18082.58**	**1871870**	**38779.73**	**1621392**	**19375.62**	**12384329**	**175511.16**

Source: RBI

Annexure IV b

Statement Showing particulars of credit to Womens as at the end of the Quarter

Reporting Quarter : Mar-2016

(No in Actual & Amount in Rs Crore)

Sr. No	Bank Name	Of the Credit to Women Under Non-Priority Sector				Credit Extended under different Government Sponsored Programmes										Credit Extended under different Government Sponsored Programmes	
						PMRY						SJSRY					
		Under Medium & Large Industries		Others		Total Outstandings		Against Women		Percentage		Total Outstandings		Against Women		Percentage	
		No. of A/cs	Amt. O/s	No. of A/cs	Amt. O/s	No. of A/cs	Amt. O/s	No. of A/cs	Amt. O/s	No. of A/cs	Amt. O/s	No. of A/cs	Amt. O/s	No. of A/cs	Amt. O/s	No. of A/cs	Amt. O/s
1	ALLAHABAD BANK	88	2569	35162	1334	21133	546.01	3393	89	16	16	11138	84.15	2190	13	20	16
2	ANDHRA BANK	41	9	1019400	12752	5199	25.24	1457	5	28	22	6539	29.35	3649	17	56	57
3	BANK OF BARODA	19	6	91323	4054	19952	337.59	3293	54	17	16	11539	55.93	2897	13	25	23
4	BANK OF INDIA	369	14372	119036	4154	7230	92	1414	16	20	17	19416	113.6	5474	28	28	25
5	BANK OF MAHARASHTRA	300	273	38276	1629	6803	201.77	657	12	10	6	8269	49.85	1896	9	23	18
6	BHARATIYA MAHILA BANK LTD.	2	37	900	62	0	0	0	0	0	0	0	0	0	0	0	0
7	CANARA BANK	1749	4979	104083	7320	9472	147.84	2402	31	25	21	11630	89.96	4595	29	40	33
8	CENTRAL BANK OF INDIA	20	106	98662	2403	46088	239.81	5227	28	11	11	45512	177.27	10332	37	23	21
9	CORPORATION BANK	58	64	37944	1602	6329	181.76	1777	60	28	33	3416	26.44	1385	10	41	36
10	DENA BANK	19	47	22725	898	15842	150.7	3159	28	20	19	10121	37.94	3150	9	31	25
11	IDBI BANK LIMITED	465	54	26441	2958	1301	27.466	349	8	27	28	1428	10.043	501	3	35	34
12	INDIAN BANK	0	0	162295	2812	2956	44.47	1035	13	35	29	6141	31.06	3060	14	50	44
13	INDIAN OVERSEAS BANK	3	20	208888	4637	3519	33.62	881	8	25	25	4388	26.9	2003	12	46	46
14	ORIENTAL BANK OF COMMERCE	5	13	28903	1584	9629	217.66	1698	30	18	14	5212	28.41	1204	5	23	17
15	PUNJAB AND SIND BANK	310	319	13009	475	7934	79.7	1385	13	17	16	3286	15.48	695	4	21	25
16	PUNJAB NATIONAL BANK	97	828	135671	6418	11327	56	2136	9	19	16	10927	52	2934	11	27	21
17	SYNDICATE BANK	166	2366	150281	1082	834	9.15	114	1	14	9	3380	48.93	1002	14	30	28
18	UCO BANK	198	73	15649	541	14856	173	3596	37	24	21	12564	56	4001	20	32	36
19	UNION BANK OF INDIA	165	308	51900	2700	25508	166.6	4621	24	18	15	18657	70.81	5048	18	27	25
20	UNITED BANK OF INDIA	8	24	15235	678	28318	389.76	4813	58	17	15	14936	59.48	3358	12	22	21
21	VIJAYA BANK	196	13	23574	1484	7761	160.26	2341	44	30	27	3860	28.483	1589	11	41	39
22	STATE BANK OF BIKANER AND JAIPUR	0	0	0	0	10839	76.73	1386	8	13	10	14428	34.57	4348	10	30	28
23	STATE BANK OF HYDERABAD	381	13	167974	3702	6244	60.58	1392	10	22	16	6903	51.02	2723	20	39	40
24	STATE BANK OF INDIA	468	17	1094861	50395	25952	282.41	4364	39	17	14	37383	216.61	10121	43	27	20
25	STATE BANK OF MYSORE	378	1	70099	1686	3377	32.43	1051	7	31	23	3258	20.11	1512	7	46	35
26	STATE BANK OF PATIALA	9	7	53311	2082	2722	52.57	500	6	18	11	1457	6.39	388	1	27	19
27	STATE BANK OF TRAVANCORE	998	1548	80837	751	612	3.32	159	1	26	30	680	2.73	170	1	25	25
	TOTAL	**6512**	**28067**	**3866439**	**120191**	**301737**	**3548.6**	**54600**	**637**			**276468**	**1423.5**	**80225**	**371**		

Source: RBI

Annexure IV c

Statement Showing particulars of credit to Womens as at the end of the Quarter

Reporting Quarter : Mar-2016

(No in Actual & Amount in Rs Crore)

Sr.No	Bank Name	Credit Extended under different Government Sponsored Programmes												Of total credit to Women		
		SGSY						Others						Non-Perorrming Assets		
		Total Outstandings		Against Women		Percentage		Total Outstandings		Against Women		Percentage				
		No. of A/cs	Amt. O/s	No. of A/cs	Amt. O/s	No. of A/cs	Amt. O/s	No. of A/cs	Amt. O/s	No. of A/cs	Amt. O/s	No. of A/cs	Amt. O/s	No. of A/cs	Amt. O/s	% Amt. of NPA to total credit to Women
1	ALLAHABAD BANK	44164	317	7442	43	17	14	103287	889	19500	145	19	16	13900	452	5
2	ANDHRA BANK	3484	19	1814	15	52	77	106657	877	41837	408	39	47	77841	540	3
3	BANK OF BARODA	41691	166	10942	40	26	24	185384	2383	42230	309	23	13	66841	786	6
4	BANK OF INDIA	49471	203	15738	65	32	32	1590151	21357	209801	2572	13	12	61575	7407	24
5	BANK OF MAHARASHTRA	11199	64	2110	9	19	14	51437	1323	10085	183	20	14	21991	204	4
6	BHARATIYA MAHILA BANK LTD.	0	0	0	0	0	0	0	0	0	0	0	0	65	1	0
7	CANARA BANK	22528	148	2845	20	13	14	588493	922	104357	215	18	23	121362	2009	5
8	CENTRAL BANK OF INDIA	85177	320	15859	71	19	22	11221	69	3187	22	28	31	72176	636	5
9	CORPORATION BANK	1038	5	570	4	55	70	118475	1618	99688	1384	84	86	29103	486	5
10	DENA BANK	21521	59	7237	21	34	36	54543	436	18039	70	33	16	29862	239	6
11	IDBI BANK LIMITED	26084	627	24748	615	95	98	6656	52	2220	12	33	23	6642	382	4
12	INDIAN BANK	2842	8	856	2	30	29	135	0	28	0	21	12	56008	435	3
13	INDIAN OVERSEAS BANK	20188	91	13247	59	66	66	105664	849	53106	427	50	50	40352	373	2
14	ORIENTAL BANK OF COMMERCE	3197	12	687	2	21	13	15486	440	5128	118	33	27	9357	227	4
15	PUNJAB AND SIND BANK	4696	34	1503	15	32	44	8951	281	2696	45	30	16	9741	162	5
16	PUNJAB NATIONAL BANK	31773	163	9178	46	29	28	445039	7852	99784	966	22	12	120770	1367	7
17	SYNDICATE BANK	1444	14	780	8	54	58	43735	774	15043	236	34	31	1482	19	0
18	UCO BANK	26683	149	13341	79	50	53	115676	928	52213	514	45	55	53345	577	8
19	UNION BANK OF INDIA	38984	141	14715	64	38	45	73240	712	18953	96	26	14	91396	690	4
20	UNITED BANK OF INDIA	64446	369	53735	299	83	81	110608	5423	90292	3331	82	61	26927	349	7
21	VIJAYA BANK	28477	639	22612	507	79	79	7181	62	3118	18	43	30	31046	334	4
22	STATE BANK OF BIKANER AND JAIPUR	23663	57	9393	22	40	40	2511	7	765	1	30	21	29178	119	3
23	STATE BANK OF HYDERABAD	2965	19	1019	10	34	53	234162	6265	129089	1632	55	26	34085	260	2
24	STATE BANK OF INDIA	116839	549	36256	193	31	35	256166	4904	141455	2836	55	58	263418	1959	2
25	STATE BANK OF MYSORE	1244	10	590	5	47	49	19910	296	8256	62	41	21	16947	141	3
26	STATE BANK OF PATIALA	2635	12	795	4	30	32	18674	762	5543	21	30	3	6216	74	2
27	STATE BANK OF TRAVANCORE	1173	5	410	2	35	46	56350	573	41732	524	74	92	14932	184	2
	TOTAL	**677606**	**4199**	**268422**	**2220**			**4329792**	**60054**	**1218145**	**16147**			**1306558**	**20412**	**5**

Source: RBI

Annex V

No. of outstanding Education Loan accounts and amount thereof as on 30.09.2016

NAME OF BANK	No. of A/cs as on 30.09.2016	Amount Outstanding (Rs in Crore)
Allahabad Bank	48989.00	1530.86
Andhra Bank	51334.00	2406.28
Bank of Baroda	81960.00	2121.00
Bank of India	135065.00	3275.18
Bank of Maharashtra	30490.00	869.75
Canara Bank	296373.00	7092.00
Central Bank of India	128780.00	3902.00
Corporation Bank	53672.00	1572.40
Dena Bank	18126.00	506.73
Indian Bank	165172.00	3617.11
Indian Overseas Bank	241369.00	4654.96
Oriental Bank of Commerce	45076.00	1378.67
Punjab National Bank	158735.00	4810.68
Punjab & Sind Bank	7306.00	286.83
Syndicate Bank	119008.00	3026.86
UCO Bank	53367.00	1373.84
Union Bank	102509.00	2929.90
United Bank of India	16629.00	462.98
Vijaya Bank	51423.00	1281.14
State Bank of India	480922.00	15706.00
State Bank of Bikaner & Jaipur	18372.00	477.36
State Bank of Mysore	27806.00	734.00
State Bank of Patiala	15372.00	545.42
State Bank of Hyderabad	43221.00	1500.00
State Bank of Travancore	73818.00	1973.11
IDBI Bank Ltd	19072.00	737.01
BhartiyaMahila Bank	383.00	10.68
Total	**2484349**	**68782.75**

Annexure-VI (a)

PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY
GROUP WISE REPRESENTATION OF SCs, STs and OBCs

Groups	Number of Employees (As on 14.12.2016)				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
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**
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	2	0	0	0	0	0	0	0
Grade E-GM	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grade D-DGM	10	1	0	2	0	0	0	0	0	0	0	0	0	0	0	0
Grade C-Manager	6	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 Car Driver	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	**47**	**4**	**0**	**8**	**0**	**0**	**0**	**0**	**2**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Annexure-VI (b)

PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY
GROUP WISE REPRESENTATION OF PWDs

Group	Number of Employees (As on 14.12.2016)				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
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	2	0	0	0
Grade E-GM	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grade D-DGM	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grade C-Manager	6	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 Car Driver	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	**47**	**0**	**0**	**1**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**2**	**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 (Persons suffering from locomotors disability or cerebral palsy)

Annex. VII

Ministry of Finance
Department of Financial Services

S. No.	Name of Ministry/PSU	Para No.	Summary of Audit Para	Status
48th Report of 16th Lok Sabha of Public Account Committee (2015-16)				
1	Insurance Regulatory and Development Authority (IRDA)	Para. 1	Avoidable Expenditure on Service Tax by Insurance Regulatory and Development Authority (IRDA)- Delay on the part of DFS in replying to IRDA	ATR has been sent to Lok Sabha Secretariat PAC Branch on 26.10.2016.
2	Insurance Regulatory and Development Authority (IRDA)	Para. 2	Avoidable Expenditure on Service Tax by Insurance Regulatory and Development Authority (IRDA)- Computerisation of query addressing system	This para is transferred to Department of Revenue.
3	Insurance Regulatory and Development Authority (IRDA)	Para. 3	Avoidable Expenditure on Service Tax by Insurance Regulatory and Development Authority (IRDA)- Collection of Service Tax	ATR has been sent to Lok Sabha Secretariat PAC Branch on 26.10.2016.
4	Insurance Regulatory and Development Authority (IRDA)	Para. 4	Avoidable Expenditure on Service Tax by Insurance Regulatory and Development Authority (IRDA) - Audit of income and expenditure.	ATR has been sent to Lok Sabha Secretariat PAC Branch on 26.10.2016.
5	Insurance Regulatory and Development Authority (IRDA)	Para. 5	Avoidable Expenditure on Service Tax by Insurance Regulatory and Development Authority (IRDA)- Regulators as Service Providers	This para is transferred to Department of Revenue.
6	Insurance Regulatory and Development Authority (IRDA)	Para. 6	Avoidable Expenditure on Service Tax by Insurance Regulatory and Development Authority (IRDA)- Reimbursement to the subscribers of the VBPY	ATR has been sent to Lok Sabha Secretariat PAC Branch on 26.10.2016.
Report No. 10 of 2010-11 -Performance Audit Observation				
7	(United India Insurance Company Limited, New India Assurance Company Limited, Oriental Insurance Company Limited and National Insurance Company Limited)	Chapter V (Insurance Companies)	"Health Services Insurance" pertains to United India Insurance Company Limited, New India Assurance Company Limited, Oriental Insurance Company Limited and National Insurance Company Limited	ATN sent to C&AG on 3.10.2016 for vetting.
Report No. 3 of 2011-12- Compliance Audit Observation				
8	National Insurance Company Limited (NICL)	Para 9.2	"Excess Settlement of claim due to violation of Standard Policy Conditions- National Insurance Company Limited settled a claim in excess by Rs.236.68 crore in violation of Standard Policy conditions of All Risk Policy.	ATN sent to C&AG on 28.09.2016 for vetting.
9	Oriental Insurance Company Limited (OICL)	Para 9.5	Claim settlement (excluding Health portfolio) relates to Oriental Insurance Company Limited	ATN sent to C&AG on 23.11.2016 for vetting.

S. No.	Name of Ministry/PSU	Para No.	Summary of Audit Para	Status
Report No 13 of 2013- Compliance Audit Observations				
10	NIACL,NICL,OICL & UIICL	Para 9.2	Avoidable loss in group health insurance scheme" relates to PSU insurers **(**NIACL,NICL,OICL & UIICL)- Four PSU insurers suffered a loss of Rs.121.81 crore, during the four year period ending June 2012, due to their imprudent decision to enter into a co-insurance agreement with Star Health and Allied Insurance Company.	ATN sent to C&AG on 26.09.2016 for vetting.
11	Oriental Insurance Company Limited	Para. 9.3	"Loss due to excess retention of risks in outward placements" relates to Oriental Insurance Company Limited.	ATN sent to C&AG on 29.09.2016 for vetting.
12	PNB Housing Finance Limited	Para. 9.4	Doubtful recovery of loan due to inadequate scrutiny - Recovery of Rs.24.82 crore has become doubtful due to inadequate scrutiny of secured asset, relaxing the debt equity norms for sanction, non-compliance with pre disbursement conditions and deficient monitoring of Escrow Accounts	ATN sent to C&AG on 6.09.2016 for vetting.
13	New India Assurance Company Limited (NIACL	Para. 9.7	Settlement of fire claim arising from acceptance of avoidable liability through imprudent risk underwriting" relates to New India Assurance Company Limited (NIACL)	ATN sent to C&AG on 23.11.2016 for vetting.
C&AG Report No. 5 of 2014- Performance Audit				
14	Department of Financial Services	Entire Report	Stressed Assets Stabilisation fund (SASF)	The report has been uploaded on APMS portal on 7.12.2016 by C&AG. Necessary action is being taken.
C&AG Report No. 1 of 2015- Financial Audit				
15	IRDA & PFRDA	Para 2.1.3	Public Fund lying outside the Govt. Account. (Annex No. 2.2 Item No. 2(IRDA))	IRDAI and PDRDA have been advised to deposit the funds in Government Account.
			(Annex No. 2.2 Item. No 3 (PFRDA))	The Draft Accounting procedure for depositing the funds in Government Account is being finalized in consultation with Budget Division of Department of Economic Affairs, Chief Controller of Accounts and C&AG.
16	Department of Financial Services	Para. 3.7	Savings of Rs.100 crore of more under various grants/appropriations	ATNs have been sent to C&AG on 4.7.2016 and 4.10.2016 for vetting.

S. No.	Name of Ministry/PSU	Para No.	Summary of Audit Para	Status
			(Annex No. 3.5 Item No. 19 & 76) and (Annex No. 3.6 Item No. 15) a. Savings of Rs.120 crore under the head -1% interest subvention on housing loan b. Savings of Rs.500 crore — Financial support to SIDBI c. Savings of Rs.14000 crore National Investment Fund	
17	Department of Financial Services	Para 3.9	Surrender of savings on the last day of financial year(Grant wise) (Annex.3.8) S. No. 19-74 a. Rs.746.54 crore (Revenue Section)- 1% interest subvention on Housing loan, Financial support to SIDBI, Stressed Asset Stabilization Fund (SASF) b. Savings of Rs.14000 crore National Investment Fund. (Capital Section)	ATNs have been sent to C&AG on 4.7.2016, 3.10.2016 and 27.10.2016 for vetting.
18	Department of Financial Services	Para. 3.10	Large supplementary grants due to unrealistic budgetary projections (exceeding 40 percent of original provision) (Table 3.8 item No. 1) - Rs.4000 crore. a. Rs.100 crore for Micro finance equity Fund (SIDBI), b. Rs.500 crore for Credit guarantee fund of SIDBI, c. Rs.300 crore for SASF, d. Rs.500 crore for National Credit Guarantee Trust Company (NCGTC), Rs.500 crore for SIDBI Rs.2600 crore for Interest subsidy for education loan	ATNs have been sent to C&AG on 18.3.2016 and 27.10.2016 for vetting.
19	Department of Financial Services	Para. 3.11	Unnecessary cash supplementary provision (grant-wise) (Table 3.9 item No. 4) a. Cash supplementary of Rs.500 crore-Financial support to SIDBI	ATN has been sent to C&AG on 6.09.2016 for vetting.
20	Department of Financial Services	Para. 3.15	Savings of entire provision (sub head wise)(Annex. 3.13 item No. 35) a. Inter account transfer to National Investment Fund(Plan)	ATN has been sent to C&AG on 18.3.2016 for vetting.
21	Department of Financial Services	Para. 3.16	Savings of Rs.100 crore or more under a sub head. (Annex no 3.14, item No. 32, 33) a. Rs.120 crore- 1% Interest subvention on Housing Loan b. Rs.500 crore- Financial support to SIDBI	ATN has been sent to C&AG on 4.10.2016 for vetting.

S. No.	Name of Ministry/PSU	Para No.	Summary of Audit Para	Status
C&AG Report No. 21 of 2015- Compliance Audit Observation Vol. I				
22	India Infrastructure Finance Company Limited	Chapter VII Para. 7.1	Fund Management and Financing (India Infrastructure Finance Company Limited)	ATN has been sent to C&AG on 27.10.2016 for vetting.
23	MCX Stock Exchange Limited	Chapter VII Para. 7.2	Failure of MCX to safeguard its interest	ATN has been sent to C&AG on 7.10.2016 for vetting.
C&AG Report No. 50 of 2015- Financial Audit				
24	IRDA & PFRDA	Para. 2.2.3	Public Funds lying outside the Government Account (Annexure No 2.2 Item No 2 (IRDA)	The para is a repetition of the para No. 2.1.3 of Report No. 1 of 2015 except the amount.
			Public Funds lying outside the Government Account (Annexure No 2.2 Item No. 3 (PFRDA)	IRDAI and PFRDA have been advised to deposit the funds in Government Account. The Draft Accounting procedure for depositing the funds in Government Account is being finalized in consultation with Budget Division of Department of Economic Affairs, Chief Controller of Accounts and C&AG.
25	Department of Financial Services	Para. 2.4.2	Non Crediting of amount to the Security Redemption fund	Audit had observed that the Government invested Rs.9,996 crore in the rights issue of the State Bank of India (SBI) in 2007-08. An amount of Rs.4,375 was lying under a suspense head till date which should have been credited to Security Redemption Fund in the Public Account. In a meeting held on 21.9.2016, representative from Budget Division informed that redemption fund need to be abolished and the funds should be provided through regular budget. Necessary action has been taken to this effect.

S. No.	Name of Ministry/PSU	Para No.	Summary of Audit Para	Status
26	Department of Financial Services	Para. 2.4.7	Incomplete depiction of information in statement no 11 of Union Government Finance Accounts- Difference in Depiction of dividend (2014-15) Entity: Nationalized bank - Head 0050.108 (Table 2.8) Item No 1.	ATN has been sent to C&AG on 8.09.2016 for vetting.
27	Department of Financial Services	Para. 3.2	Summary of total Provisions, actual disbursement and savings during 2014-15 Annex-3.1 Grant no 34 of DFS (Rs.17560 crore)	ATNs have been sent to C&AG on 20.6.2016, 28.6.2016, 25.7.2016, 21.9.2016 and 3.10.2016 for vetting.
28	Department of Financial Services	Para. 3.7	Savings of Rs.100 crore or more in grants/appropriation. (Annex 3.5 & 3.6) Item No. 19, 85, 11 Item No 19 Revenue Voted- savings Rs. 3834.92 crore Item No 85 Revenue Voted- savings Rs. 13725.47 crore Item No. 11 of Annexure-3.6 Revenue Voted Rs. 746.54 crore (FY-2013-14) & Rs. 1270.16 crore (FY-2012-13)	ATNs have been sent to C&AG on 20.6.2016 and 25.7.2016 for vetting.
29	Department of Financial Services	Para. 3.9	Surrender of savings on the last day of financial year(Grant wise) (Annex.3.8) S. No. 19,80 Item No 19 amount surrendered Rs.354.62 crore Item No 80 amount surrendered Rs.13725.47	ATNs have been sent to C&AG on 20.6.2016, 25.7.2016, 27.7.2016 and 7.12.2016 for vetting.
30	Department of Financial Services	Para 3.10	Large supplementary grants due to unrealistic budgetary projections (exceeding 40 percent of original provision) (Table 3.8 item No. 1) Revenue Voted No 34 DFS Supplementary provision Rs. 3559.16 crore	ATNs have been sent to C&AG on 20.6.2016 and 25.7.2016 for vetting.
31	Department of Financial Services	Para 3.14	Unnecessary Supplementary Provisions obtained under sub heads Annexure-No. 3.11 item no 4 2416.00.800.02 Interest subvention for providing short term credit to farmers	ATN was sent to C&AG on 31.3.2016 for vetting. Comments of C&AG received. ATN under revision.
32	Department of Financial Services	Para 3.15	Savings of entire provisions (Sub-head wise)Annexure-No. 3.12 item no 16,17,18,19 a) 2416.00.800.01-Grants to National Bank for Agriculture and Rural Development (NABARD) **(Rs.50 crore)**	ATNs have been sent to C&AG on 20.6.2016 and 25.7.2016 for vetting.

S. No.	Name of Ministry/PSU	Para No.	Summary of Audit Para	Status
			b) 3465.01.190.08-Assistance to National Credit Guarantee Trustee Company (NCGTC) **(Rs.500 crore)** c) 4416.00.190.03- Contribution of Government's share for recapitalization of Regional Rural Banks. **(Rs.50.00 crore)** d) 6885.01.190.19-World Bank Assistance to National Housing Bank (NHB) **(Rs.85 crore)**	
33	Department of Financial Services	Para 3.16	Savings of Rs.100 crore or more under sub head Annexure- No. 3.13 item no 42, 43 a. S.No. 42- 5465.01.190.33- Recapitalisation of Public Sector Banks b. S.No. 43 - 5465.01.797.01- National Investment Fund	ATN has been sent to C&AG on 4.7.2016 for vetting
34	Department of Financial Services	Para 3.18	Rush of expenditure during March and last quarter of financial year. Table-3.10	ATNs have been sent to C&AG on 6.6.2016, 20.6.2016, 25.7.2016, 5.9.2016 and 4.10.2016 for vetting.

Ms. Anjuly Chib Duggal, Secretary, S(FS)

Shri G C Murmu, AS(B) & CVO

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Shri Manoj Kr. Mishra, US (IT)	-	Shri Arun Kumar, US (Welfare)	-
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Shri S C Arya, SRO (DA)	Shri Tirth Ram, US (BO-II)
Shri Dinesh Chandra Gupta, SO (DA)	Shri Raghav Bhatt, Assistant Director (BO-II)

**including AAIFR, BIFR, Education Loan & Vidya Laxmi Portal, Legislation for Ponzi Schemes.

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Shri S K Mohanty, US (Ins-I) Shri Arun Kumar Mishra, US(INS-II) Ms. Bhumika Verma, DD		Shri Rakesh Kumar Gupta, US (BO-III)	Ms. Jasmine James, US (Coordination)
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