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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 provisional estimates (PE) of national income released by Central Statistics Office in May 2019, the growth of GDP at constant (2011-12) market prices for the year 2018-19 is estimated at 6.8 percent, which is lower as compared to the growth of 7.2 percent in 2017-18. The growth of gross value added (GVA) at constant (2011-12) basic prices is estimated at 6.6 percent in 2018-19 (PE). The growth in GVA was 6.9 percent in 2017-18. At the sectoral level, GVA in agriculture and allied sector, industry sector and services sector have been estimated to grow by 2.9 percent, 6.9 percent, and 7.5 percent respectively in 2018-19. The estimated growth of GDP at constant prices for quarters of 2018-19 was 8.0 percent, 7.0 percent, 6.6 percent and 5.8 percent respectively.

On the expenditure side, the share of total final consumption expenditure to GDP is estimated to be 70.6 percent in 2018-19, as compared to 70.0 percent in 2017-18. Fixed investment rate (measured as the share of fixed investment to GDP) is estimated to be 29.3 percent in 2018-19, higher than 28.6 percent in 2017-18. Exports and imports of goods and services are estimated to grow at the rate of 12.5 percent and 15.4 percent respectively in 2018-19.

Savings rate (measured as a share of gross savings to GDP) was 30.5 percent in 2017-18 and 30.3 percent in 2016-17. Investment rate (measured as a share of gross capital formation to GDP) was 32.3 percent in 2017-18 and 30.9 percent in 2016-17.

Prices

Consumer Price Index (Combined) (CPI-C) inflation (Base 2012=100) for 2017-18 declined to 3.6 percent from 4.5 percent in 2016-17, 4.9 percent in 2015-16 and 5.9 percent in 2014-15. It averaged 3.4 percent in 2018-19 and stood at 2.9 percent in March 2019. Food inflation based on Consumer Food Price Index (CFPI) declined to 1.8 percent in 2017-18 from 4.2 percent in 2016-17, 4.9 percent in 2015-16 and 6.4 percent in 2014-15. It averaged 0.1 percent in 2018-19 and stood at 0.3 percent in March 2019. Inflation measured in terms of Wholesale Price Index (WPI) stood at 3.0 percent in 2017-18 as compared to 1.7 percent in 2016-17, (-)3.7 percent in 2015-16 and 1.2 percent in 2014-15. It averaged 4.3 percent in 2018-19 and stood at 3.1 percent in March 2019 (Table 1).

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

	CPI-C		WPI	
	All Groups	CFPI	All Commodities	Food
Base	2012=100		2011-12=100	
Weight	*100*	*39.1*	*100*	*24.4*
2014-15	**5.9**	**6.4**	**1.2**	**4.3**
2015-16	**4.9**	**4.9**	**-3.7**	**1.2**
2016-17	**4.5**	**4.2**	**1.7**	**5.8**
2017-18	**3.6**	**1.8**	**3.0**	**1.9**
2018-19	**3.4**	**0.1**	**4.3**	**0.6**
Apr-18	4.6	2.8	3.6	0.8
May-18	4.9	3.1	4.8	1.2
Jun-18	4.9	2.9	5.7	1.6
Jul-18	4.2	1.3	5.3	-0.8
Aug-18	3.7	0.3	4.6	-2.1
Sep-18	3.7	0.5	5.2	0.1
Oct-18	3.4	-0.9	5.5	-0.5
Nov-18	2.3	-2.6	4.5	-2.0
Dec-18	2.1	-2.6	3.5	-0.1
Jan-19	2.0	-2.2	2.8	2.0
Feb-19	2.6	-0.7	2.9	3.3
Mar-19	2.9	0.3	3.1	3.6

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

Agriculture and Food Management Sector

During the Monsoon Season (June-September) 2019, the cumulative rainfall received for the country as a whole during the period 1st June, 2019 to 10th July, 2019 has been 14 percent below normal. The actual rainfall received during this period has been 217.7 mm as compared to the normal rainfall of 252.6 mm. Out of the total 36 meteorological subdivisions, 13 subdivisions constituting 45 percent of the total area of the country received normal season rainfall, 3 subdivision received excess rainfall (10 percent of the total area), and 20 subdivisions (45 percent of the total area) received deficient season rainfall.

As per the 3rd Advance Estimates (AE) released by

Ministry of Agriculture & Farmers Welfare on 03.06.2019, the total production of foodgrains during 2018-19 is estimated at 283.4 million tonnes compared to 279.5 million tonnes in 2017-18.

Table: Production of Major Agricultural Crops
(in million tonnes)

Crops	2017-18 (3rd AE)	2018-19 (3rd AE)
Total Foodgrains	**279.5**	**283.4**
Rice	111.5	115.6
Wheat	98.6	101.2
Total Coarse Cereals	44.9	43.3
Total Pulses	24.5	23.2
Total Oilseeds	30.6	31.4
Sugarcane	355.1	400.4
Cotton#	34.9	27.6

Source: DES, DAC&FW, M/o Agnculture & Farmers Welfare.
Note: 3rd AE: 3rd Advance Estimates, # represents Million bales of 170 kgs. each.

The total area sown under Kharif crops (2019-20) as on 5th July, 2019 stands at 234.33 lakh hectares as compared to 319.68 lakh hectare during the same period in 2017-18, a 27 percent decline.

As per the 1st Advance Estimates, area and production under horticulture crops during 2018-19 are estimated at 25.9 million hectares and 314.67 million metric tonnes (MMT) as compared to 24.9 million hectares and 305.43 MMT in 2017-18 during the same period.

Milk production increased from 165.4 million tonnes in 2016-17 to 176.3 million tonnes in 2017-18, registering a growth of 6.6 percent. Per capita availability of milk increased from 233 gram per day in 2004-05 to 375 gram per day in 2017-18.

According to the National Fisheries Development Board, the total fish production during 2018-19 is estimated at 13.7 MMT, of which 65 percent was from inland sector. About 50 percent of the inland fish production is from culture fisheries, which constitutes about 6.5 percent of the global fish production.

(Horticulture crops comprising of fruits, vegetables, aromatic and medicinal, flowers, honey, plantation and spices).

Industry

The performance of the industrial sectors based on the Index of Industrial Production (IIP) comprising mining, manufacturing and electricity shows a fair growth in industrial production during April-March 2018-19. According to the monthly data on the IIP released by the Central Statistics Office (CSO) under the Ministry of Statistics and Programme Implementation (MOSPI), the Index of Industrial Production (IIP) based industrial growth during April-March 2018-19, was 3.6 percent as compared to 4.4 percent growth achieved during the corresponding period of the previous year. During April - 2019, the IIP registered 3.4 percent growth. Out of the three broad sectors, electricity sector has growth of 5.2 percent during April-March 2018-19 as against 5.4 percent growth achieved during this corresponding period of the previous year. Mining and manufacturing sectors grew at 2.9 percent and 3.6 percent respectively against the corresponding figures of 2.3 percent and 4.6 percent of the previous year. The growth of different used based industrial group are given below.

Growth of IIP in April-March, 2018-19 (in Per cent)
(Base 2011-12=100)

Industry Group	Weight	April-March 2017-18	April-March 2018-19
Mining	14.4	2.3	2.9
Manufacturing	77.6	4.6	3.5
Electricity	8.0	5.4	5.2
Growth by use-based industrial group			
Primary Goods	34.0	3.7	3.5
Capital Goods	8.2	4.0	2.8
Intermediate Goods	17.2	2.3	-0.5
Infrastructure/ Construction Goods	12.3	5.6	7.5
Consumer Durables Goods	12.8	0.8	5.5
Consumer Non-durables Goods	15.3	10.6	3.9
General Index	100.0	**4.4**	**3.6**

Source: CSO

As may be seen from the table, except intermediate goods, other used based goods sector has attained positive growth in April-March 2018-19. The infrastructure/ construction goods registered higher growth of 7.5 percent during the period in April-March 2018-19.

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

40 percent in the IIP grew by 4.3 percent in 2018-19 at the same level of growth at 4.3 percent in 2017-18. During 2018-19, seven out of the eight core sectors namely coal, natural gas, refinery products, fertilizers, steel, cement, and electricity sectors achieved positive growth while crude oil sector has recorded negative growth. The Eight Core Industries recorded 5.1 percent growth during the month of May-2019.

Production growth (per cent) in Eight Core Infrastructure- Supportive Industries

Industry	2017-18 (April-March)	2018-19 (April-March)
Coal	2.6	7.4
Crude oil	-0.9	-4.1
Natural Gas	2.9	0.8
Refinery	4.6	3.1
Fertilizers	0.03	0.3
Steel	5.6	4.7
Cement	6.3	13.3
Electricity	5.3	5.2
Overall growth	**4.3**	**4.3**

Source: Office of the Economic Adviser, DPIIT (Ministry of Commerce & Industry)

As per report on Review of Infrastructure Sector Performance for September-2018 released by Ministry of Statistics and Programme Implementation (MOSPI), in major infrastructure sectors such as, power generation, highways construction, railways freight earnings, passengers handled at domestic terminals of the airport and cargo handled at major ports were higher during April-September of 2018-19 as compared to the same period of previous year.

Services

As per the Provisional Estimate of Annual National Income 2018-19, released by CSO on 31st May 2019, Services sector with a growth rate of 7.5 percent and share of 54.3 percent in India's Gross Value added during 2018-19; continued to be the key driver of India's economic growth.

As per RBI's BoP data, India's services exports stood at US$ 153.5 billion during 2018-19 (April-December) as against US$ 195.1 billion during 2017-18. India services exports are driven largely by software, business and travel services those together accounts for around 73 percent of India's services exports. India's software services exports (net) financed 40 percent of India's merchandise trade deficit. India's services imports stood at US$ 93.3 billion during 2018-19 (April-December) as against US$ 117.5 billion during 2017-18.India's Net services exports stood at US$ 60.3 billion during 2018-19 (April-December) as against US$ 77.6 billion during 2017-18.

Social Infrastructure

Expenditure on Social Infrastructure:

The public expenditure on social infrastructure is critical in achieving inclusive growth in an economy. The expenditure on social services as percent to GDP has registered an increase of more than 1 percentage points to reach 7.3 percent of GDP from 6.2 percent during the period 2014-15 to 2018-19 (BE). The expenditure on education and health as a percentage of GDP has been at 3.0 percent and 1.5 percent respectively in 2018-19 (BE).

Status on Education:

Amendment in RTE Act 2009 has been made in 2017 to improve learning outcomes at elementary level. Class-wise as well as subject-wise Learning Outcomes for all Elementary Classes were drafted and linked to achieve the defined Learning Outcomes with Continuous & Comprehensive Evaluation (CCE). These serve as a guideline for States and UTs to ensure that all children acquire the appropriate learning levels. Over the years, there has been significant improvement in learning outcomes at all levels in rural areas.

In order to achieve the SDG 4 which ensures 'inclusive and equitable quality education and promote lifelong learning opportunities for all', an overarching programme called Samagra Shiksha was launched on 01.04.2018. This programme subsumes three centrally sponsored schemes viz. Sarva Shiksha Abhiyan, Rashtriya Madhyamik Shiksha Abhiyan and Teacher Education and envisages 'school' as continuum from pre-school, primary, upper primary, secondary to senior secondary levels. The objectives of this single and unified scheme are provision of quality education and enhancing learning outcomes of students by bridging social and gender gaps in school education, ensuring equity and inclusion at all levels of school education, promoting vocationalisation of education, supporting states in implementation of RTE Act, 2009 and strengthening teacher education institutions like SCERTs and DIETs as nodal agencies for teacher training.

Status on Health:

The Government has articulated its commitment for a healthy India, through the National Health Policy, 2017, which has set as its goal, the attainment of the highest possible level of health and well-being for all, at all ages, through a preventive and promotive healthcare orientation in all developmental policies. The Interim Budget 2019-20 too has recognized health as the ninth dimension in the Vision for the next decade. The Vision aims at "a healthy society with an environment of health assurance and the support of necessary health infrastructure".

Achieving Universal Health Coverage (UHC) is a long term goal of the Government. In a major step towards achieving the Sustainable Development Goal of ensuring healthy lives and promoting well-being for all at all ages, the Government launched the Ayushman Bharat in 2018, the largest health scheme in the world benefitting around 10 crore poor families. With its two components - providing Comprehensive Primary Healthcare through Health & Wellness Centres, and the Pradhan Mantri Jan Aarogya Yojana, Ayushman Bharat is considered a game changer and is a major step towards achieving Universal Health Coverage.

As per the National Health Accounts Estimates brought out by the Ministry of Health & Family Welfare, the public health expenditure (Centre, States and Local Bodies) as a percentage of total health expenditure increased from 22.5 percent in 2004-05 to 30.6 percent in 2015-16. The Out-of-Pocket (OoP) expenditure still remains the major component of healthcare expenditure, though it has declined from 69.4 percent in 2004-05 to 60.6 percent in 2015-16.

Labour Reforms:

The Government of India is committed towards job security, wage security and social security for each and every worker. Along with bringing transparency and accountability in enforcement of Labour Laws, the government has taken important initiatives to realize and establish the dignity of every worker through provision of social security, enhancing the avenues and quality of employment.

In line with recommendations of Second National Commission on Labour, steps have been taken for formulating of four Labour Codes on (i) Wages; (ii) Industrial Relations; (iii) Social Security & Welfare; and (iv) Occupational Safety, Health and Working Conditions by amalgamating, simplifying, and rationalizing the relevant provisions of the existing Central Labour Laws.

In addition, a unified Web Portal 'Shram Suvidha Portal' has been developed, to bring transparency and accountability in enforcement of labour laws and ease complexity of compliance. To improve the labour force participation of women, government has increased paid maternity leave from 12 weeks to 26 weeks. This has benefited 18 lakh women employees.

Skill Development:

Skill development is a major focus of the Government of India since India has the largest youth population in the world with around 27 percent of the population in the age bracket of 15-29 years. The proportion of youth entering the labour market increases significantly from 18-29 years and reaches a maximum in the prime-age group of 30 years & above. Currently, India faces a severe shortage of well-trained, skilled workers. It is estimated that only 2.2 percent of the workforce in India has undergone formal skill training and 8.6 percent received non-formal vocational training as compared to 68 percent in the UK, 75 percent in Germany, 52 percent in USA, 80 percent in Japan and 96 percent in South Korea.

The Environment Scan Report of 2016 estimated an incremental human resource requirement of 103.4 million during 2017-2022 across 24 sectors in the economy. To address this skill gap, a flagship scheme *Pradhan Mantri Kaushal Vikas Yojana* of the Ministry of Skill Development & Entrepreneurship is being implemented by the National Skills Development Corporation (NSDC). The objective of this skill certification scheme is to enable the youth to take up industry-relevant skill training that will help them improve their employability. The scheme aims to train them on skills based on the National Skill Qualification Framework (NSQF) and industry-led standards. Under the program more than 56 lakh candidates have been trained. Out of the total certified candidates, 90 percent candidates were youth (up to 35 years), 50 percent were female candidates and 55 percent candidates belonged to SC/ST/OBC category. Under the banner of PMKVY, Recognition of Prior Learning (RPL) was introduced as a concept for formally recognising prior learning experience or skills of the individuals who are already employed. More than 10 lakh people have been certified under RPL programme.

Further, the National Apprenticeship Promotion Scheme (NAPS) was launched in August 2016, to promote apprenticeship programmes in India by introducing financial incentive to establishments engaged in apprenticeship. The scheme is intended to promote apprenticeship in MSME sector thereby enhancing its productivity and competitiveness as well as capacity building. The total number of apprentices engaged increased from 2.15 lakhs in 2014 to 5.05 lakhs in 2018.

External Sector

India's Merchandise Trade developments during 2018-19

The World Economic Outlook update April 2019 has pointed out that global economy output is expected to decelerate from 3.6 percent in 2018 to 3.3 percent in 2019, which reflects a downward revision of the earlier projections by the IMF. World trade volume is projected to decline from 3.8 percent in 2018 to 3.4 percent in 2019.

The value of India's merchandise exports (customs basis) increased by 8.8 percent to US$ 330.1 billion in 2018-19 (April-March) from US$ 303.5 billion over the corresponding period of the previous year.

Imports had also increased by 10.4 percent to USD

514.0 billion as against US$ 465.6 billion corresponding period of the previous year.

POL imports in 2018-19 (April-March) were USD 140.9 billion, which was 29.7 percent higher as compared to USD 108.7 billion over the corresponding period of the previous year. Non-POL imports in 2018-19 (April-March) were USD 373.1 billion which was 4.5 percent higher as compared to USD 356.9 billion over the corresponding period of the previous year.

In 2018-19, trade deficit increased by 13.5 percent to US$ 184.0 billion from US$ 162.1 billion in the corresponding period of the previous year.

Balance of Payments (BoP) Developments during 2018-19 (April-March)

India's balance of payments situation which has been benign and comfortable since 2013-14, to 2016-17, registered an increase in Current Account Deficit (CAD) during 2018-19 (April-March) and stood at US$ 57.3 billion (2.1 percent of GDP) as compared to US$ 48.7 billion in (1.8 percent of GDP) in 2017-18 (April-March).

During, 2018-19 (April-March), merchandise exports (on BOP basis) increased by 9.1 percent to US$ 337.2 billion from a level of US$ 309.0 billion in 2017-18 (April-March). While imports increased by 10.3 percent to US$ 517.8 billion in 2018-19 (April-March) as compared to US$ 469.0 billion in the corresponding period of the previous year. This led to higher trade deficit of US$ 180.3 billion in 2018-19 (April-March), as compared to US$ 160.0 billion in the corresponding period of the previous year.

Net invisibles receipts were higher at US$ 123.0 billion in 2018-19 (April-March) as compared to US$ 111.3 billion in 2017-18 (April-March) mainly due to increase in both net services and net private transfers. Net services receipts increased by 5.6 percent on a y-o-y basis during 2018-19 (April-March).

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

Items	2017-18 (Apr-Mar.) (P R)	2018-19 (Apr-Mar.) (P)
Exports	309.0	337.2
Imports	469.0	517.5
Trade Balance	-160.0	-180.3
Net invisibles	**111.3**	**123.0**
Current Account Balance	**-48.7**	**-57.3**
External Assistance (Net)	2.9	3.4
Commercial Borrowings (Net)	-0.2	10.4
FDI(Net)	30.3	30.7
Portfolio (net)	22.1	-0.6
Short term credits (net)	13.9	2.0
NRI Deposits (net)	9.7	10.4
Errors & Omission	0.9	-0.5
Capital Account Balance (including errors & omission)	**92.3**	**53.9**
Overall Balance	**43.6**	**-3.3**
Change in Reserves (-indicates increase; + indicates decrease) (on BOP basis)	-43.6	3.3
P: Preliminary PR : Partially Revised		
Note: Total of subcomponents may not tally with aggregate due to rounding off.		

Source: Reserve Bank of India (RBI).

During 2018-19 (April-March) net FDI inflows increased to US$ 30.7 billion from US$ 30.3 billion during the corresponding period of the previous year. Net portfolio investment recorded a net outflow of US$2.4 billion as against net inflow of US$ 22.1 billion in 2017-18 there was net depletion to India's foreign exchange reserves (on BoP Basis) to the tune of US$ 3.3 billion in 2018-19 as compared to the US$ 43.6 billion in 2017-18.

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. India's Foreign exchange reserves stood at US$ 427.8 billion as on 28th June, 2019, showing an increase of US$ 14.9 billion over the level of US$ 412.9 billion end-March 2019. The current position is at a comfortable level to cushion the exchange rate volatility from any international macro-economic uncertainty.

Exchange Rate of Rupee

In 2018-19 (April-March, the average monthly exchange rate of rupee (RBI's reference rate) was ₹65.64 per US dollar in April 2018 and ₹69.48 per US dollar in March 2019. On Year-on-Year basis, the rupee depreciated by 7.8 percent from ₹64.46 per US dollar in 2017-18 to ₹69.93 per US dollar in 2018-19. In the month of March 2019, rupee appreciated against US dollar, Pound sterling, Euro and Japanese Yen by 2.5 percent, 1.2 percent, 3.0 percent and 1.1 percent over the previous month of February 2019.

Table: Monthly Average Exchange of Rupee per Foreign Currency

	US Dollar	Pound Sterling	Euro	Japanese Yen**
Apr-18	65.64	92.57	80.66	61.02
May-18	67.54	90.97	79.82	61.55
Jun-18	67.79	90.07	79.16	61.61
Jul-18	68.69	90.50	80.30	61.66
Aug-18	69.55	89.69	80.44	62.59
Sep-18	72.22	94.19	84.22	64.50
Oct-18	73.63	95.87	84.61	65.27
Nov-18	71.85	92.62	81.62	63.37
Dec-18	70.73	89.58	80.48	62.96
Jan-19	70.73	91.16	80.83	64.96
Feb-19	71.22	92.67	80.85	64.55
Mar-19	69.48	91.55	78.51	62.51

Source: Reserve Bank of India, RBI's reference rate.

** Per 100 Yen

External Debt

- India's external debt stock stood at US$ 543.0 billion at end-March 2019 recording a increase of US$ 13.7 billion over the level at end-March 2018. The maturity profile of India's external debt indicates dominance of long-term borrowings. At end-March 2019, long-term external debt was US$ 434.6 billion, witnessing an increase of 1.7 percent over the end-March 2018 level of US$ 427.1 billion. Long-term external debt accounted for 80.0 percent of total external debt at end-March 2019 vis-a-vis 80.7 percent at end-March 2018.

- US dollar denominated debt continued to be the largest component ofIndia's external debt with a share of 50.5 percent at end-March 2019, followed by Indian rupee (35.7 percent), Japanese yen (5.0 percent), SDR (4.9 percent) and Euro (3.0 percent).

- Government (Sovereign) external debt at end-March 2019 stood at US$ 103.8 billion. The share of Government external debt in India's total external debt was 19.1 percent at end-March 2019 compared to 21.1 percent at end-March 2018.

- India's foreign exchange reserves provide a cover of 76.0 percent to the external debt stock at end-March 2019 (80.2 percent at end-March 2018). The ratio of short-term external debt to foreign exchange reserves was 26.3 percent at end-March 2019, as compared to 24.1 percent at end-March 2018. The ratio of concessional debt to total external debt was at 8.7 percent at end-March 2019 from 9.1 percent at end-March 2018.

- The external debt management policy followed by the Government of India emphasizes upon 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

The 24th Session of the of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 24) was held in Katowice, Poland on 02nd– 15th December 2018. The most important outcome of the Conference was finalization of Paris Agreement Work Programme - guidelines/modalities/ rules for implementation of Paris Agreement.

The Paris Agreement pertains to the post - 2020 period. Under the Paris Agreement, the developed countries have obligations to provide financial support to developing countries. The developed countries had made a commitment to a goal of mobilizing USD 100 billion annually by 2020 for supporting climate action in developing countries.

The issues relating to climate finance, in particular, guidance on finance provisions was operationalized under Articles 9.5 and 9.7 of the Paris Agreement. The finance provisions operationalized the obligation of developed countries in providing means of implementation to developing countries. The COP 24 outcome recognized the need for climate finance to be new and additional and climate specific. The reporting guidelines also included the following elements:

- Information on instruments and funding sources reported, including how a Party has determined finance to be concessional and/or ODA, including by using information such as grant equivalency, institution and/or instruments-based approaches;

- How support provided and mobilized through public interventions effectively addresses the needs and priorities of developing country Parties for the implementation of the Paris Agreement, as identified in country-driven strategies and instruments;

- How the information provided reflects a progression from previous levels in the provision and mobilization of finance under the Paris Agreement;

Parties have also agreed to initiate the work on setting up the new collective finance goals post-2020 from the floor of USD 100 billion.

Banking Sector

The performance of the banking sector (domestic operations), Public Sector Banks (PSBs) in particular, improved in 2018-19. The Gross Non-Performing Advances (GNPA) ratio of Scheduled Commercial Banks (SCBs) decreased from 11.5 percent to 10.1 percent between March 2018 and December 2018, as also, their Restructured Standard Advances (RSA) ratio declined from 0.7 percent to 0.4 percent. The Stressed Advances (SA) ratio decreased from 12.1 percent to 10.5 percent during the same period. GNPA ratio of PSBs decreased from 15.5 percent to 13.9 percent between March 2018 and December 2018. Stressed advances ratio of PSBs decreased from 16.3 percent to 14.4 percent during the same period.

Capital to Risk-weighted Asset Ratio (CRAR) of SCBs increased from 13.8 percent to 14.0 percent between March 2018 and December 2018 largely due to improvement of CRAR of Public sector banks (PSBs). SCBs' Return on Assets (RoA) decreased from 0.21 percent in 2017-18 to 0.03 percent in 2018-19 while their Return on Equity (RoE) decreased from 2.41 percent to 0.4 percent during the same period.

Credit Growth

Non-Food Credit (NFC) grew by 13.2 percent (y-o-y) in February 2019 as compared with 9.8 percent in February 2018. Bank credit to large industry and services segments were the main drivers of overall NFC growth in 2018-19. Credit to medium and micro and small industries have decelerated in recent months.

Policy Changes related to banking regulations

Implementation of the Guidelines on loan system for delivery of bank credit with effect from April 1, 2019

In order to enhance the credit discipline among larger borrowers, the guidelines on loan system for delivery of bank credit were issued on December 5, 2018. Accordingly, in respect of borrowers having aggregate fund based working capital limit of 1500 million and above from the banking system, a minimum level of 'loan component' of 40 percent of sanctioned limit shall be effective from April 1, 2019. The 40 percent loan component will be revised to 60 percent, with effect from July 1, 2019. Further, effective from April 1, 2019, the undrawn portion of cash credit/ overdraft limits sanctioned to the aforesaid large borrowers, irrespective of whether unconditionally cancellable or not, shall attract a credit conversion factor of 20 percent.

Permitting one-time restructuring of existing loans to MSMEs classified as 'standard' without a downgrade in the asset classification

The scheme has been made available to MSMEs qualifying certain objective criteria including inter alia a cap of ₹250 million on the aggregate exposure of banks and NBFCs to an MSME as on January 1, 2019. The restructuring will have to be implemented by March 31, 2020 and an additional provision of 5 percent will have to be maintained in respect of accounts restructured under this scheme.

Large Exposure Framework

RBI had issued a discussion paper on the subject in March 2015 and draft guidelines were issued in August 2016. Final guidelines were issued on December 1, 2016 with implementation date of April 1, 2019. Large Exposures Framework issued by Reserve Bank of India on December 1, 2016 aligns the Indian framework with International best practices and improves measurement, aggregation and monitoring of concentration risk. The framework was also reviewed during the Regulatory Consistency Assessment Program (RCAP) exercise of BCBS during September, 2018. Further, considering representations of various stakeholders, additional guidelines were issued on April 1, 2019 to address certain concerns.

Harmonization of Risk Weight for exposure to NBFCs

With a view to facilitate flow of credit to well-rated NBFCs and to harmonize risk weights applicable to banks' exposure to various categories of NBFCs under the standardized approach for credit risk management, it has been decided that exposures to all NBFCs, excluding Core Investment Companies (CICs), will be risk weighted as per the ratings assigned by the rating agencies registered with SEBI and accredited by the Reserve Bank of India, in a manner similar to that of corporates under the extant regulations. Exposures to CICs, rated as well as unrated, will continue to be risk-weighted at 100 percent.

Deferral of Implementation of Indian Accounting Standards (IInd AS)

As per the Statement on Development and Regulatory Policies issued with the First Bi-monthly Monetary Policy 2018-19 on April 5, 2018, implementation of Indian Accounting Standard (Ind AS) for Scheduled Commercial Banks (excluding Regional Rural Banks) was deferred by one year pending necessary legislative amendments to Banking Regulation Act, 1949 as also the level of preparedness of many banks. As the legislative amendments are under consideration with the Government of India, implementation of Ind AS for the banks was deferred till further notice.

Monetary Developments during 2018-19

Under the revised statutory framework of 2016, the Monetary Policy Committee (MPC) of the Reserve Bank met six times in 2018-19. In its First Bi-monthly Monetary Policy Statement for 2018-19 in April 2018, the MPC decided to keep the policy repo rate unchanged at 6.0 percent and continue with neutral policy stance. With the edging up of inflation excluding food and fuel abruptly and a major upside risk to inflation from increase in crude oil prices materializing, the MPC at its meeting of June 6, 2018, decided to increase the policy repo rate by 25 basis points to 6.25 percent while keeping the policy stance as neutral. In the Third Bi-monthly Policy in August, the MPC decided to increase the policy repo rate further by 25 basis points to 6.5 percent while keeping the stance as neutral. However, the policy stance was changed from neutral to calibrated tightening in the Fourth Bi-monthly Statement of October 2018. In its Sixth Bi-monthly Statement, the MPC decided to change the stance of monetary policy from calibrated tightening to neutral and reduced the policy repo rate by 25 basis points to 6.25 percent in February 2019.

During 2018-19, the growth rate of monetary aggregates reverted to their long-term trend after experiencing an unprecedented behaviour in 2016-17 led by demonetization and again in 2017-18 due to the process of remonetisation. Reserve Money (M0) as on March 31, 2019, recorded a growth of 14.5 percent over the previous year. Driven mainly by aggregate deposits, Broad Money (M3) during 2018-19 grew at a higher rate of 10.5 percent as compared to the growth of 9.2 percent in the previous year.

Liquidity Conditions and its Management

In Q1:2018-19, liquidity conditions generally remained in surplus in the wake of significant drawdown of government cash balances and higher government spending right up to June 2018. The resulting flow of liquidity into the system more than offset the drain on liquidity caused by two autonomous factors – currency expansion and forex sales. During Q2, liquidity conditions gyrated between deficit and surplus but remained in deficit during Q3 and Q4, necessitating large scale OMO purchases by the Reserve Bank. Thus, from an average daily net absorption of liquidity (under the LAF) amounting to ₹259 billion during Q1:2018-19, the system moved into deficit of ₹161 billion in Q2 which further increased to ₹787 billion in Q3 before moderating to ₹529 billion by Q4. Day to day systemic liquidity surplus was managed by the RBI through variable rate reverse repos auctions; occasional and transient liquidity deficits were met through regular 14-day variable rate term repos and other tenors.

Developments in the G-Sec Market

During 2018-19, the 10-year benchmark Government Security (G-Sec) yields were volatile and closely tracked the movement in oil prices and rupee exchange rate. It hardened in the first quarter but witnessed intermittent softening in the second and third quarters. The hardening of yields in the first quarter may be attributed to rising crude oil prices, the firming up of US treasury yields, concerns regarding the pace of rate hikes by the US Fed, upside risks to domestic inflation. Later, with the decline in crude oil prices in July 2018, and with the announcement of OMO purchases, the yields softened in July. However, the currency depreciation in August 2018 due to rising crude oil prices and rising US interest rates, caused the yields to harden in August which continued into September, taking the rise in yields from end-July to mid-September to 40 bps. Yields softened towards the end of September reflecting the measures taken for containing INR volatility along with expectations of lower market borrowings by the central government in H2:2018-19.

The benchmark yield continued to trade with a softening bias in October 2018 as the RBI announced OMO purchases of higher amount. In the third quarter of 2018-19, the OMO purchase of ₹1360 billion along with the decline in crude oil prices and CPI inflation rates caused the yields to soften in general. During January 2019, however, the yields traded with a hardening bias amidst fiscal concerns and rise in crude oil prices. Later in the quarter, consequent upon the policy rate cut announced by the Monetary Policy Committee in February 2019 and expectations of another rate cut in April 2019 triggered by the falling CPI inflation, the yields softened. The measures taken by the RBI for infusing durable liquidity towards the end of the financial year resulted in the benchmark yield to fall. The 10-year benchmark security stood at 7.35 percent as on March 29, 2019.

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 principal activities of the Department include overseeing the expenditure management in the Central Ministries/ Departments through the interface with the Financial Advisors and the administration of the Financial Rules/ Regulations/Orders, 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 Personnel &

Establishment Division, Public Finance-State and Public Finance Central Divisions, Office of Chief Advisor Cost, Office of Controller General of Accounts and Central Pension Accounting Office. The Department has under its administrative control the National Institute of Financial Management (NIFM), Faridabad, which is an autonomous body.

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 Goods and Service Tax (GST), 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. Tax policies are formulated in order to mobilize financial resources for the nation, achieve sustained growth of the economy, attain macro-economic stability and promote social welfare. The underlying theme of the tax proposal for the Budget 2018-19 was to continue to provide momentum to the buoyancy in direct taxes through deepening and widening of the tax base, reducing the corporate tax rate for micro, small and medium enterprises, promoting horizontal equity in personal income-tax and enhancing the effectiveness, transparency and accountability of the tax administration. Further, the underlying theme of the Budget 2019-20 is to provide tax relief for small tax payers.

3. During the Financial Year 2018-19, the Government has taken several steps, by way of policy-level initiatives and more effective enforcement actions on the ground to tackle the issue of black money. These steps include legislative and administrative measures, creation of more advanced systems and processes with due focus on capacity building and greater use of information technology. The efforts made to combat the menace of black money are as follows:

i. **Search and seizure and survey actions:** During F.Y. 2018-19, search and seizure actions were carried out in over 980 groups. The actions in these cases led to seizure of assets worth over ₹1580 crores and an admission of undisclosed income of over Rs. 18590 crores. Further, over 15400 surveys were conducted leading to detection of undisclosed income of over ₹16120 crores.

ii. **Prosecutions & compounding:** Various measures have been taken by the Income-tax Department 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. During F.Y. 2017-18, over 4520 prosecution complaints were filed and 75 persons were convicted. Whereas, during F.Y. 2018-19, more than 3500 prosecution complaints have been filed and 105 persons have been convicted during this period. Further, during F.Y. 2017-18, more than 1620 cases were compounded while during F.Y. 2018-19 (provisional), more than 2230 cases have been compounded.

iii. **Actions under The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 ("the BM Act"):** The BM Act has come into force w.e.f. 01.07.2015 to specifically and more effectively deal with the issue of black money stashed away abroad. As an outcome of the actions taken by the Income-tax Department under the BM Act, as on 31.03.2019, undisclosed foreign assets and income valued at over ₹12180 crores have been detected. Further, as on 31.03.2019, more than 50 prosecution complaints have been filed under the Black Money Act.

iv. **Actions under the Prohibition of Benami Property Transactions Act, 1988 ("the Benami Act"):** The Benami Transactions (Prohibition) Amendment Act, 2016 was enacted to amend the Benami Transactions (Prohibition) Act, 1988 with a view to, *inter alia*, enable confiscation of benami property and prosecution of the benamidar(s), beneficial owner(s) and/or abettor to such benami transaction. As an outcome of unabated actions taken during the F.Y. 2018-19, show cause notices for provisional attachment of *benami* properties were issued in over 550 cases and provisional attachment has been made in 670 cases. The value of properties under attachment is over ₹4760 crore. In more than 730 cases, references have been made to the Adjudicating Authority under the Act. Further, in over 530 cases, the Adjudicating Authority has confirmed the orders of provisional attachment passed by the ITD.

v. **Investigation in foreign assets cases:** In HSBC bank accounts cases, as an outcome of investigation, undisclosed income of about Rs.8465 crore has been brought to tax on account of deposits made in unreported foreign bank accounts. Further, concealment penalty of about ₹1291 crore has been levied in 172 cases. So far, 204 prosecution complaints in HSBC cases have been filed in 89 cases. In

International Consortium of Investigative Journalists (ICIJ) cases, sustained investigations conducted have led to detection of more than ₹11,010 crore of credits in the undisclosed foreign accounts so far and 93 prosecution complaints in 52 such cases have already been filed before criminal courts. Investigation in the cases revealed in Panama Paper Leaks cases have led to initiation of search and seizure action in 64 cases and survey action in 12 cases. In 33 cases, criminal prosecution complaints have been sanctioned. Investigations so far have detected undisclosed foreign investments of about ₹1559 crore.

vi. **Benami Transactions Informants Reward Scheme, 2018:** With the objective of ensuring people's participation in the Income Tax Department's efforts to unearth black money and to reduce tax evasion, a new reward scheme titled "Benami Transactions Informants Reward Scheme, 2018", has been issued by the Income Tax Department. Under this scheme, a person can get reward up to Rs. One crore for giving specific information about benami transactions and properties as well as proceeds from such properties which are actionable under Benami Property Transactions Act.

vii. **Revised Income Tax Informants Reward Scheme, 2018:** With the objective of ensuring people's participation in the Income Tax Department's efforts to unearth black money and reduce tax evasion, a new reward scheme titled "Income Tax Informants Reward Scheme, 2018" has been issued by the Income Tax Department under which, a person can get reward up to ₹50 lakh for giving specific information about substantial evasion of tax on income or assets in India which are actionable under the Income-tax Act, 1961. Further, information leading to action under Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015, will be eligible for a reward up to ₹5 crore.

4. The Customs and Central Excise officers continued their drive vigorously against duty evasion. During the F.Y. 857 cases of Central Excise duty evasion involving ₹3479.36 crores were detected. In respect of Service Tax, 5460 cases were registered involving Service Tax evasion amount to ₹31581.07 crores. Similarly, 34487 cases were registered evading GST amounting to ₹44123.88 crores during the F.Y. 2018-19. As border control agencies, field formations of CBIC keep constant vigil on the illicit imports through ports, airports, Land Customs Stations (LCS), Inland Container Depots (ICDs), Foreign Post Office (FPOs) and Courier Terminals. Each Customs Commissionerate is having intelligence and investigation units for checking smuggling and other commercial frauds. Besides, the Directorate General of Revenue Intelligence (DRI) having pan India presence are the specialized agencies under CBIC involved in anti-smuggling and anti-evasion activities.

5. CBIC has put in place non-intrusive methods of examination and checking by installing X-Ray Baggage Inspection Systems, Container Scanners and Pallet Scanners to check smuggling by concealment besides deploying marine vessels for patrolling. Indian Customs has participated in various global multilateral enforcement operations from time to time organized by World Customs Organization (WCO). WCO is an intergovernmental organization comprising customs administration of 180 countries comprising 98% of world trade.

6. GST: A GAME CHANGER FOR INDIAN ECONOMY:

GST will have a multiplier effect on the economy with benefits accruing to various sectors as discussed below.

i. <u>Benefits to the exporters:</u> The subsuming of major Central and State taxes in GST, complete and comprehensive setoff of input goods and services and phasing out of Central Sales Tax (CST) would reduce the cost of locally manufactured goods and services. This will increase the competitiveness of Indian goods and services in the international market and give boost to Indian exports. The uniformity in tax rates and procedures across the country will also go a long way in reducing the compliance cost.

ii. <u>Benefits to small traders and entrepreneurs</u>: GST has increased the threshold for GST registration for small businesses. Those units having aggregate annual turnover more than ₹20 lakhs (₹10 lakhs in certain cases) in case of supplier of services and ₹40 lakhs (₹20 lakhs in certain cases) in case of supplier of goods have to be registered under GST. Unlike multiple registrations under different tax regimes earlier, a single registration is needed under GST in one State. An additional benefit under Composition scheme has also been provided for businesses with aggregate annual turnover upto ₹1.5crore (₹75 lakhs in certain cases) in case of supplier of goods and restaurant services and ₹50 lakhs in case of supplier of services. With the creation of a seamless national market across the country, small enterprises will have an opportunity to expand their national footprint with minimal investment.

iii. Benefits to agriculture and Industry: GST will give more relief to industry, trade and agriculture through a more comprehensive and wider coverage of input tax set-off and service tax set-off, subsuming of several Central and State taxes in the GST and phasing out of CST. The transparent and complete chain of set-offs which will result in widening of tax base and better tax compliance may also lead to lowering of tax burden on an average dealer in industry, trade and agriculture.

iv. Benefits for common consumers: With the introduction of GST, the cascading effects of CENVAT, State VAT and service tax will be more comprehensively removed with a continuous chain of set-off from the producer's point to the retailer's point than what was possible under the prevailing CENVAT and VAT regime. Certain major Central and State taxes will also be subsumed in GST and CST will be phased out. Other things remaining the same, the burden of tax on goods would, in general, fall under GST and that would benefit the consumers.

v. Promote "Make in India": GST will help to create a unified common national market for India, giving a boost to foreign investment and "Make in India" campaign. It will prevent cascading of taxes and make products cheaper, thus boosting aggregate demand. It will result in harmonization of laws, procedures and rates of tax. It will boost export and manufacturing activity, generate more employment and thus increase GDP with gainful employment leading to substantive economic growth. Ultimately it will help in poverty eradication by generating more employment and more financial resources. More efficient neutralization of taxes especially for exports thereby making our products more competitive in the international market and give boost to Indian Exports. It will also improve the overall investment climate in the country which will naturally benefit the development in the states. Uniform CGST & SGST and IGST rates will reduce the incentive for evasion by eliminating rate arbitrage between neighbouring States and that between intra and inter-State supplies. Average tax burden on companies is likely to come down which is expected to reduce prices and lower prices mean more consumption, which in turn means more production thereby helping in the growth of the industries. This will create India as a "Manufacturing hub".

vi. Ease of Doing Business**:** Simpler tax regime with fewer exemptions along with reduction in multiplicity of taxes that are at present governing our indirect tax system will lead to simplification and uniformity. Reduction in compliance costs as multiple record-keeping for a variety of taxes will not be needed, therefore, less investment of resources and manpower in maintaining records. It will result in simplified and automated procedures for various processes such as registration, returns, refunds, tax payments. All interaction shall be through the common GSTN portal, therefore, less public interface between the taxpayer and the tax administration. It will improve environment of compliance as all returns to be filed online, input credits to be verified online, encouraging more paper trail of transactions. Common procedures for registration of taxpayers, refund of taxes, uniform formats of tax return, common tax base, common system of classification of goods and services will lend greater certainty to taxation system.

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

As per Allocation of Business Rules (AOBR), functions of Department of Financial Services (DFS) inter-alia include matters pertaining to Banking, Insurance, Pension Reforms, Development Financial Institutions etc. The Department of Financial Services (DFS) oversees several key programs / initiatives and reforms of the Government concerning the Banking Sector, the Insurance Sector and the Pension Sector in India. The key flagship schemes being currently run / managed by the Department include the Pradhan Mantri Jan Dhan Yojana (PMJDY), Stand Up India, Pradhan Mantri Suraksha Bima Yojana (PMSBY), Pradhan Mantri Jeevan

Jyoti Bima Yojana (PMJJBY), Pradhan Mantri Mudra Yojana (PMMY), Atal Pension Yojana (APY) and the Pradhan Mantri Vaya Vandana Yojana (PMVVY).

The Department provides policy support to the Public Sector Banks (PSBs), Public Sector Insurance Companies (PSICs) and Financial Institutions (FIs) like NABARD, SIDBI, NHB, IFCI, EXIM, IIFCL etc. through policy guidelines, legislative and other administrative changes. It also monitors the performance of these PSBs, PSICs and FIs and undertakes policy formulation in respect of the Banking and Insurance Sector in India. DFS also deals with legislative and other issues pertaining to the concerned regulatory bodies such as the Insurance Regulatory and Development Authority of India (IRDAI), the Pension Fund Regulatory and Development Authority (PFRDA) and with certain legislative matters related to Reserve Bank of India (RBI).

The latest information of number of banks and insurance companies is as follows:

Scheduled Commercial Banks (as on 31.03.2019)	
Public Sector Banks (including IDBI Ltd.)*	21
Private Sector Banks*	21
Small Finance Banks	7
Regional Rural Banks	53
Foreign Banks	45
TOTAL	147

Source : RBI

Note: *As on 1st April, 2019, the number of PSBs became 18 on account of amalgamation of Bank of Baroda, Vijaya Bank and Dena Bank, and as per RBI press release dated 14.03.2019 IDBI Ltd categorised as Private sector Bank. Total SCBs as on 01.04.2019 were 145.

Details of Insurance Companies are as follows:

	As on 31.12.2018		
	Private Sector	**Public Sector**	**Total No. of Insurers (Public & Private)**
Life Insurers	23	1	24
General insurers	21	4	25
Specialized Institutions	-	2	2
Stand-alone Health Insurers	7	-	7
Reinsurers (including Foreign Reinsurers Branches/Lloyd's India)	11	1	12
TOTAL	62	8	70

In addition to the aforesaid policy issues, the Department is also responsible for certain functional issues concerning the Regulatory Bodies [RBI, IRDAI and PFRDA], the PSBs, PSICs and Financial Institutions. Foremost among these functional issues is the appointment of key functionaries of Governor / Deputy Governor of Reserve Bank of India, Chairman / Members of IRDAI and PFRDA, Chairman / Managing Director and Chief Executive Officers (MD & CEOs), Executive Directors (EDs), Chairman cum Managing Directors (CMDs) etc of public sector banks, insurance companies and other financial institutions. Matters relating to international banking relations are also dealt with by the Department.

Chapter - I

Department of Economic Affairs

1. Economic Division

1.1 The Economic Division tenders expert advice to the Government on important issues of economic policy. The Division monitors economic developments-domestic and external and advises on policy measures relating to macro management including agriculture, industry and infrastructure sectors of the economy. As part of its regular activities, the Economic Division brings out the Economic Survey annually, which is laid before both the Houses of Parliament one day before the presentation of the Union Budget.

1.2 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 lay it before both the Houses of Parliament. In addition, at the end of first quarter and third quarter a Macro-Economic backdrop statement is prepared and provided to the Budget Division for incorporating in the review of quarterly receipts and expenditure.

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

1.4 The Division also brings out every month an abstract entitled "Monthly Economic Report", which gives the latest available data on the key sectors of the economy. The Division prepares, from time to time briefs on the performance of the infrastructure sector, agriculture and industrial production, trends in tax collection, balance of payments and monetary situation. It also monitors the price situation on a weekly basis. In addition, the Division undertakes short term forecasting of key economic variables.

1.5 As part of its advisory functions, the Economic Division prepares analytical notes and background papers on important policy issues and provides briefs for meetings of the Consultative Committees and Working Groups set up by the Government. The officers of the Economic Division participate in consultations with various missions from international institutions such as International Monetary Fund (IMF), the World Bank and the World Trade Organisation (WTO) etc. The Division works in close cooperation with the Reserve Bank of India, the NITI Ayog, the Central Statistical Organisation, the Ministry of Commerce and Industry and the Economic and Statistical Wings of their Ministries. An international Seminar the 7th Delhi Economics Conclave-(2017) was organized on 22.07.2017 wherein researchers, policy makers, industry leaders, bankers and economists & academicians from India and abroad participated.

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

- Macro
- Public Finance
- Agriculture and Food Management
- Industry and Infrastructure
- Social Infrastructure, Employment and Human Development
- Trade and Balance of Payments and Global Economic Development
- External Debt Monitoring
- Services Sector
- Prices
- Money and Banking policy
- Climate change finance
- Coordination
- IES Cadre Unit

1.7 Macro Unit

1.7.1 The Macro unit is responsible for : (a) Monitoring macroeconomic parameters, such as, GDP, savings and investment and analysis of macroeconomic trends; (b) Preparation of Monthly Economic Report; (c) Country coordination for Special Data Dissemination Standard (SDDS); (d) Updating of the National Summary Data Page of the economy for web-post in the Ministry of Finance's website; (e) Annual updation of metadata in SDDS; (f) Preparation of State of Economy brief/Note giving an overview of the current economic situation; (g) Preparation of briefs, material/ speeches for G-20, World Bank, IMF and other meetings.

1.7.2 *Budget Related Work:* (a) Preparation of Macro-Economic Framework Statement for the Union Budget every year; (b) Macroeconomic backdrop for the statement on quarterly review of the trends in receipts and expenditure in relation to the budget at the end of first/ second/ third quarter of financial year; (c) Projection of GDP for giving to the Budget Division before the preparation of budget and Macro-economic statement for the quarterly review of trends in receipts and expenditure in relation to the Budget at the end of every quarter.

1.8 Public Finance Unit

1.8.1 Public finance unit is responsible for: (a) Economic and Functional Classification of Central Government Budget; (b) Indian Public Finance Statistics, a statistical album including budgetary transactions of Centre, State and Union Territories; (c) Preparation of information for Government Finance Statistics (GFS) Yearbook to be sent to International Monetary Fund (IMF); (d) Monitoring of Central fiscal parameters, such as, fiscal deficit, revenue deficit, aggregate expenditure etc.; (e) Policies relating to central outlays, resources and expenditures; (f) Review of Fiscal position and analysis of fiscal issues; (g) Analysis relating to tax measures, direct and indirect tax proposals/ reforms; (h) Providing inputs towards Macro-Economic Framework Statement for the Union Budget every year.

1.9 Agriculture and Food Management Unit

1.9.1 Agriculture and Food Management unit is responsible for: (a) Providing policy advice on issues and matters related to Agriculture and Food Management; (b) Examining/ Appraising Cabinet/ CCEA/ CoS/ EFC and other policy notes on fixing Minimum Support Prices (MSPs) for major crops/crop insurance policy/ other agricultural policies including those related to change duty structure; (c) Pre-Budget meetings with stakeholders in farm sector; (d) Briefs for and appearances before the Parliamentary Standing Committee on Agriculture related issues; (e) Participation/Membership of Committees on related subjects like Private Entrepreneurs Guarantee (PEG) schemes of Food Corporation of India (FCI); (f) Analyzing production and area sown in Rabi and Kharif crops; (g) Occasional review/ reports on specific issues as and when required like “Incentivizing Pulses Production Through Minimum Support Price (MSP) and Related Policies”; (h) Periodical monitoring of progress of Area sown/ Monsoon/ Rainfall distribution using inputs of the Crop Weather Watch Group (CWWG); (i) Analytical issues related to Public Distribution System (PDS), buffer stock norms and food security and MSP analysis like proportion of sales below MSP in several markets during the procurement season; (j) Analysis of issues related to Allied sectors like dairy sector, fisheries, forestry and food processing; (k) Preparation of the Chapter on ‘Agriculture and Food Management’ for Annual Economic Survey (Volume 1 and Volume 2); (l) Handling VIP/ Parliament/ Other references and Private Member Bills related to agriculture and food management; (m) Offer comments on Studies/ MoUs/ International Agreements/ Income tax exemptions to International Organizations dealing with agriculture & food management.

1.10 Industry and Infrastructure Unit

1.10.1 Industry and Infrastructure unit is responsible for: (a) Monitoring industrial growth and investment; (b) Analyze developments in the industrial sector, industrial investment/ financing public sector and Industrial sickness; (c) Render advice on industrial policy issues relating to industry and manufacturing competitiveness; (d) Monitoring trends in production of core infrastructure industries and services; (e) Analyze developments in infrastructure policy, investment and financing; (f) Render advice on infrastructure sector policy issues; (g) Drafting and finalizing chapters on Industry and Infrastructure for the annual Economic Survey; (h) Review of Plan Programmes and Schemes of the sectors; (i) Providing comments on Cabinet, CoS and GoM notes related to Industry and Infrastructure Sector; (j) Preparation of analytical Policy Notes; (k) Preparation of minutes for Pre Budget meetings.

1.11 Social Infrastructure, Employment & Human Development Unit

1.11.1 The unit is responsible for: (a) Providing policy advice on issues related to social infrastructure, employment and human development; (b) Analysis of labour issues, employment trends, health, education and other topics concerning social sector; (c) Examining/ Evaluating results of employment and unemployment surveys; (d) Examine/ Appraise Cabinet Notes/CoS/EFC/ SFC/PIB/CEE notes on labour and skill development including various issues related to health, education, social empowerment, gender issues, rural development etc. those received from the other Divisions in DEA; (e) Participation/membership of Standing Committee on Labour Force Statistics; (f) Preparation of chapter on ‘Social Infrastructure, Employment and Human Development’ for Annual Economic Survey (Vol.-I & II); (g) Pre-budget meetings with labour unions, civil society organizations, health, welfare and women’s organizations/ experts etc.; (h) Handling VIP/Parliament/Other references related to the themes in social sector; (i) Occasional review/reports on specific issues as and when required; (j) Organizing workshops/inter-departmental meetings on specific themes

1.12 Trade, Balance of Payments and Global Economic Development

1.12.1 The unit is responsible for: (a) Monitoring the exchange rate movements; (b) Monitoring India’s merchandise trade; (c) Monitoring India's Balance of Payments (BoP) developments; (d) Monitoring India's foreign exchange reserves; (e) Monitoring global economic development; (f) Analysis of commodity composition and direction of merchandise trade; (g) Matters relating to Short-term Balance of Payments (STBoP) Monitoring Group; (h) Drafting and finalizing the chapter on External Sector for Economic Survey; (i) Providing Comments on Cabinet and GoM notes.

1.13 External Debt Monitoring

1.13.1 The unit is responsible for: (a) Collection, compilation, monitoring and quarterly publication of external debt and bringing out external debt data for two quarters in public domain; (b) Bringing out Annual Status Report on External Debt; (c) Providing data for Special Data Dissemination Standard (SDDS) of IMF and Quarterly External Debt Statistics (QEDS) of World Bank every quarter; (d) Drafting and finalizing section on external debt for Economic Surveys; (e) All matters related to external debt and monitoring of overall external debt situation in the country.

1.14 Services Sector Unit

1.14.1 The unit is responsible for: (a) Preparing the Chapter on Services Sector for the Economic Survey; (b) Monitoring the performance of services trade; (c) Parliament Matters; (e) Comments on Notes related to trade in services, WTO negotiations in Services, etc.

1.15 Prices Unit

1.15.1 The unit is responsible for: *(a) Inflation monitoring based on the following Price Indices:* (i) Wholesale Price Index (WPI), base: 2011-12=100; (ii) Consumer Price Index (CPI)- Rural, Urban, Combined, base: 2012=100; (iii) Consumer Price Index for Industrial workers (CPI-IW), base: 2001=100; (iv) Consumer Price Index for Agricultural Labourers (CPI-AL), based on 1986-87=100; (v) Consumer Price Index for Rural Labourers (CPI-RL), based on 1986-87=100. *(b) Price/inflation related issues:* (i) issues related to domestic and international price behavior; (ii) issues related to seasonal price behavior; (iii) issues related to Price Policy and inflation management; (iv) Preparation of Monthly Inflation Reports; (v) Drafting chapter on prices for pre-budget Economic Survey. *(c) Committees/ Working groups:* (i) Participation in the various committees on price indices (CPI, WPI and RESIDEX); (ii) Participation in Macro financial monitoring group constituted under DEA; (iii) Participation in the meeting of Committee of Secretaries on Review of prices of essential commodities.

1.16 Money and Banking Policy Unit

1.16.1 The unit is responsible for: (a) Monitoring of money market trends and developments in monetary policy; (b) Monitoring of banking policy and aggregate trends in credit flows; (c) Fortnightly analysis of the monetary parameters; (d) Monitoring yields on G-Sec/ Treasury Bills; (e) Monitoring behavior of Call Money Rates and LAF operations; (f) Periodical updates on monetary policy and Quarterly Reviews of RBI.

1.17 Climate Change Finance Unit

1.17.1 The unit is responsible for: (a) Preparing and finalizing chapter on climate change and sustainable development for the Economic Survey; (b) Climate Finance Accounting & Analysis; (c) To serve as the nodal point on climate change finance matters in the Finance Ministry; (d) To represent Ministry of Finance in climate change finance related issues in all international and domestic fora; (e) Represents India in international negotiations on climate finance under UNFCCC; (f) Represents MOF in G20 discussions on Climate Finance as well as provides inputs to the G20 secretariat; (g) To prepare briefs and position papers for Government of India's position on climate change finance; (h) To provide guidance and inputs to MOEFCC to feed into climate change negotiations; (i) Assess the submissions on 'climate change finance' from various national Governments who are Parties to the UN framework Convention on Climate Change; (j) Analyze the climate change related financial pledges of developed countries; (k) Analyze domestic proposals relating to Climate Change Finance; (l) To provide inputs relating to climate change finance on ongoing domestic policies like National Action Plan on Climate Change, Nationally Determined Contributions.

1.18 Coordination Unit

1.18.1 The unit is responsible for: (a) Internal administration and coordination in Economic Division; (b) Organizing Finance Minister's Pre-Budget meetings with various stake holders; (c) Nomination of officers of Economic Division for Foreign Deputation to OECD meetings and other meetings and workshops; (d) Coordination with all Units of Economic Division for publishing Economic Survey and laying them before Parliament; (e) Preparation of Annual Report of Department of Economic Affairs (portion relating to Economic Division); (f) Organizing Delhi Economic Conclave, the annual International Conference on thematic issues; (g) Coordination of Parliament work, RTI matters, VIP references, public grievances etc; (h) All administrative matters of Economic Division, for example transfer/posting of Officers of Economic Division within Economic Division.

1.19 IES Cadre unit

1.19.1 The unit is responsible for: (a) Career Management and Placement of Officers; (b) Direct Recruitment into IES through Examination conducted by

UPSC; (c) Examination Rules & Syllabus for IES Examination; (d) Promotion of Feeder Post Holder to Junior Time Scale (Entry level) of IES; (e) IES (service) Rules and policy Matters pertaining to IES; (f) Promotions/ non-functional Up-gradations to various levels by conduction/ arranging meetings of the Departmental Promotion Committee; (g) Cadre Clearance for Deputation, study leave and other kinds of leave; (h) Empanelment of officers at various levels; (i) Seniority List/ Civil list of IES Officers; (j) Seniority of Officers in the Feeder Grade and Roster Management of Induction Quota; (k) Training Programmes for In-Services officers and Probationers based on training needs assessment for capacity building of officers; (l) Cadre Review and restructuring of IES; (m) Maintenance of APARs of IES officers; (n) Budget of IES Cadre, Annual Accounts etc.; (o) Court Cases, Vigilance Cases and Disciplinary Matters; (p) Maintenance of IES website.

2. Budget Division

2.1 Responsibilities

2.1.1 Budget Division is responsible for the preparation of and submission to the Parliament, the Annual Budget as well as Supplementary and Excess Demands for Grants of the Central Government and of States under President's Rule. The Division also deals 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 administration of 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 handles the issues pertaining to 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.

2.1.2 Budget Division is assigned the 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, 2018 to 31st March, 2019, 25 Reports of the C&AG of India were laid before the Parliament and 52 entrustment/re-entrustment of audit of various bodies to the C&AG of India were dealt by this Division.

2.1.3 The Budget Division is 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. Statements of Fiscal Policy, Quarterly Reviews including Mid-term Review and disclosure statements were presented in Parliament in accordance with the requirements of the FRBM Act.

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

2.1.5 The work relating to form of Accounts kept under Article 150 of the Constitution of India is also 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 by the Division.

2.2 Supplementary Demands

2.2.1 Supplementary Demands Section is assigned with coordination and presentation of Supplementary Demands for Grants, Demands for Excess Grants and the connected Appropriation Bills in the Parliament. Other activities of the Section relate to administration of the Contingency Fund of India Act. This Section is also assigned the work of overall policy related to Central Government Guarantees.

2.3 National Small Savings

2.3.1 Small Savings Scheme

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

2.3.2 Small Savings Collections

The gross deposits under various small savings schemes during 2018-19 are estimated (RE) at Rs. 646117.24 crore as against the deposit of Rs. 592710.36 crore during 2017-18. An amount of Rs.12000 crore (RE) is to be transferred, as share of net small savings collections to the states of Arunachal Pradesh, Kerala, Madhya Pradesh and UT of Delhi during the current fiscal, as against the sum of Rs. 9161.58 crore transferred to these States and UTs (with Legislature) during 2017-18.

2.3.3 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 Governments and U.T.s (with legislature), in addition to the special securities of the Central Government. 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 provided with the loans during the year 2018-19. Besides, it has been decided to invest NSSF corpus in various Public

Agencies (National Highways Authority of India, Food Corporation of India, Air India etc.) and an amount of Rs.139636 crore is to be extended to these agencies.

2.3.4 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 rates of interest on various small savings schemes for the FY 2018-19 is given below:

Instrument	Rate of interest % From 1.4.18 to 30.6.18	Rate of interest % From 1.7.18 to 30.9.18	Rate of interest % From 1.10.18 to 31.12.18	Rate of interest % From 1.1.19 to 31.3.19
Savings Deposit	4.0	4.0	4.0	4.0
1 Year Time Deposit	6.6	6.6	6.9	7.0
2 Year Time Deposit	6.7	6.7	7.0	7.0
3 Year Time Deposit	6.9	6.9	7.2	7.0
5Year Time Deposit	7.4	7.4	7.8	7.8
5 Year Recurring Deposit	6.9	6.9	7.3	7.3
5 Year SCSS	8.3	8.3	8.7	8.7
5 Year MIS	7.3	7.3	7.7	7.7
5 Year NSC	7.6	7.6	8.0	8.0
PPF	7.6	7.6	8.0	8.0
Sukanya Samriddhi Account	8.1	8.1	8.5	8.5
Kisan Vikas Patra	7.3 (will mature in 118 months)	7.3 (will mature in 118 months)	7.7 (will mature in 112 months)	7.7 (will mature in 112 months)

2.4 Government Borrowing

2.4.1 The Central Government's normal borrowing through issue of dated securities for financing the fiscal deficit was budgeted in BE 2018-19 at ₹ 6,05,539 crore (Gross) and ₹ 4,62,061 crore (net).

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

2.4.3 During the financial year 2018-19, Government has borrowed ₹ 5,71,000 crore through issuance of dated securities.

2.4.4 The weighted average yield and maturity of dated securities issued during 2018-19 (April 2018 to March 2019) were 7.78 % and 14.73 years respectively, as compared to 6.97 % and 14.12 years in the corresponding period of the financial year 2017-18.

2.4.5 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, 2016-17, 2017-18 and 2018-19 *(available on http://dea.gov.in/documents-reports).*

2.5 Cash Management

2.5.1 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 and F. No. 15(39)-B(R)/2016 dated August 22, 2017. As per the guidelines of the system, all the Demands for Grants are required to submit their Monthly Expenditure Plans (MEPs) and Quarterly Expenditure Allocations (QEAs) 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 and last month of the financial year may not exceed 33% and 15 % of Budget Estimates. Further, restriction has been imposed for the bulk payments in the specified dates as mentioned in the OM dated August 22, 2017.

2.6 Fiscal Responsibility and Budget Management (FRBM)

2.6.1 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 provides for the responsibility of the Central Government to ensure inter-generational equity in fiscal management and long-term macro-economic stability by removing fiscal impediments in the effective conduct of monetary policy and prudential debt management consistent with fiscal sustainability through placing limits on the Central Government borrowings, debt and deficits, bringing 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.

2.6.2 During the period from January 1, 2018 to March

31, 2019, in compliance with the relevant provisions of the FRBM Act and Rules framed thereunder, the following documents were prepared and laid before both Houses of Parliament:

1) Statements of fiscal policy:
   a) Medium-Term Fiscal Policy Statement, 2018
   b) Fiscal Policy Strategy Statement, 2018
   c) Macro-Economic Framework Statement, 2018
   d) Medium Term Expenditure Framework (MTEF) Statement, 2018
   e) Medium-Term Fiscal Policy cum Fiscal Policy Strategy Statement, 2019 (Interim)
   f) Macro-Economic Framework Statement 2019 (Interim)
2) Disclosure statements:

   Union Budget 2018-19
   a) Tax Revenues raised but not realised.
   b) Arrears of Non-Tax Revenues.
   c) Asset Register.
   d) Guarantees given by the Government.

   Union Budget 2019-20 (Interim)
   b) Tax Revenues raised but not realised.
   b) Arrears of Non-Tax Revenues.
   c) Asset Register.
   d) Guarantees given by the Government.
3) Quarterly/Half yearly 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 2017-18
   (b) Second Half of the financial year 2017-18
   (c) First Half of the financial year 2018-19

2.6.3. Fiscal indicators in FY 2017-18 and targets for RE 2018-19 and BE 2019-20 are as below:

(% of GDP)

Fiscal Indicator / Year	2017-18	2018-19 (RE)	2019-20 (BE)
Fiscal Deficit	3.5	3.4	3.3
Central Government debt*	49.5	48.4	48.0

Note: GDP for the year 2017-18 is Rs. 170.95 lakh crore at current prices as shown in latest estimates issued by M/o Statistics & Programme Implementation.

* "Central Government Debt" includes all liabilities of central government against the consolidated fund of India and all public account liabilities, reduced by the cash balance available at the end of that date with external debt valued at current exchange rate. BE 2019-20 also includes EBR (fully serviced Government Bonds).

2.7 Interest on Public Deposits

2.7.1 Fixation of rate of interest for;

a) House Building Advance (HBA).

b) Employees Provident Fund (EPF).

c) General Provident Fund (GPF) and other similar Funds.

d) Special Deposit Scheme (SDS).

e) Seamen's Provident Fund (SPF).

2.8 Public Debt Management Cell

2.8.1 As a first step towards the establishment of autonomous Debt Management Office, a Middle Office (MO) was set up in the DEA, MoF in September 2008. This was required to build skills and develop expertise in debt management functions which is a time consuming process.

2.8.2 Consequent upon the announcement in Lok Sabha in April 2015 by FM, the consultation were held with RBI and other stakeholders, to discuss way ahead towards setting up Public Debt Management Agency (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. The interim arrangement will allow separation of debt management functions from RBI to PDMA in a gradual and seamless manner, without causing market disruptions. It was decided that the work for moving towards PDMA would be taken up in a phased manner.

2.8.3 Considering the extant legal provision, it was agreed that only advisory functions may be assigned to PDMC to avoid any conflict with the statutory functions of RBI. It was also agreed that the operations concerning front office, comprising of electronic auction system and back office, comprising of depository and registry services would continue to be housed with RBI even with an independent PDMA coming into being since RBI has developed adequate infrastructure for the same and the arrangement is working quite smoothly. Duplicating the set-up would create avoidable expenditure. Infrastructure of Public Debt Management, i.e. NDS and NDS-OM for primary and secondary market operations and depository for G-Secs will continue with RBI under this arrangement. Accordingly, a Public Debt Management Cell (PDMC) was set up in DEA, on October 4, 2016.

2.8.4 Formation of PDMC was first step in consolidation of all components of debt under one agency. In addition to carrying out various advisory functions assigned to it under the expanded mandate compared to that of MO, PDMC has been working towards formation of statutory PDMA and initiated many necessary steps in this regard, namely, building an independent debt database and increased interaction with various market participants.

2.8.5 Towards ensuring the enhanced transparency in public debt management operations, the Government of India has been publishing a number of documents 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 (since 2015) and Handbook of Statistics on Central Government Debt (since 2013). Government has consolidated all these publications into this single report to bring complete Government Debt and its Management related information at one place. This report 'Status Paper on Government Debt-September' for year 2017-18 was released last on January 18, 2019. 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. The latest publication brings all components of public debt under the Debt Management Strategy, thus widening its scope.

2.9 Hindi Branch

2.9.1 All Budget documents are presented to Parliament in Hindi and English. Besides Budget documents, Hindi Translation 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.

2.9.2 The translation of the official documents as envisaged in the official Language Act, 1963 and Rules made thereunder was also undertaken by the Hindi Branch during the year under report. These include agreements with Foreign Governments and International Agencies, Cabinet Notes, Parliament Questions/ Assurances, Notifications, Standing Committee Papers, Action Taken Reports, Monthly Summary for the Cabinet, Official Letters and External Funding Report.

3. Financial Market Division

3.1. Market Performance

3.1.1 In the financial year 2018-19, the NSE benchmark index NIFTY 50 gained 14.9% and BSE benchmark index Sensex gained 17.3%. For the previous financial year starting from April 1, 2017 till March 31, 2018, Nifty 50 and Sensex gained 10.2% and 11.3% respectively. During the year, the benchmark indices touched their lifetime closing highs in August 2018 (when Sensex and Nifty closed at 38896.63 and 11738.5 on 28 August 2018).

3.1.2 The financial year 2018-19 was a year of negative growth for equity in most of the Asian economies (except India) and performance of Indian markets was better than most other emerging and developed markets as may be seen from the table below containing a snapshot of select major market indices. China, South Korea, Germany, Taiwan, Hong Kong and Singapore all registered significant negative growth.

Performance of Major Markets in the World

Index	Last Day of 2016-17 (31.03.2017)	Last Day of 2017-18 (31.03.2018)	Last Day of 2018-19 (31.03.2019)	Performance in FY 2017-18 (% change as on 31.03.2018 over last closing of FY 2017-18)	Performance in FY 2018-19 (% change as on 31.03.2019 over last closing of FY 2018-19)
Indian Markets					
SENSEX, India	29620.5	32968.68	38672.91	11.3%	17.3%
NIFTY, India	9173.75	10113.7	11623.9	10.2%	14.9%
Emerging Markets					
SHANGHAI COMPOSITE, China	3222.514	3168.90	3090.76	-1.7%	-2.5%
Indice BOVESPA, Brazil	64984.07	85365.56	95414.55	31.4%	11.8%
KOSPI, South Korea	2160.23	2445.85	2140.67	13.2%	-12.5%
TAIWAN TAIEX, Taiwan	9811.52	10919.49	10641.04	11.3%	-2.6%
Developed Markets					
S&P 500, US	2362.72	2460.87	2834.40	4.2%	15.2%
DOW JONES, US	20663.22	24103.11	25928.68	16.6%	7.6%
DAX, Germany	12312.87	12096.73	11526.04	-1.8%	-4.7%
FTSE 100, UK	7322.92	7056.61	7279.19	-3.6%	3.2%
CAC-40, France	5122.51	5167.3	5350.53	0.9%	3.5%
NIKKEI 225, Japan	18909.26	21454.3	21205.81	13.5%	-1.2%
HANG SENG, Hong Kong	24111.59	30093.38	29051.36	24.8%	-3.5%
Straits Times, Singapore	3175.11	3427.97	3212.88	8.0%	-6.3%

Source: Cogencis

3.1.3 After witnessing highs in August 2018, markets corrected in September and October 2018 and again regained momentum from November 2018. The benchmarks corrected significantly during these months as fears for exports in a worsening environment for global trade in the wake of US-China trade disputes and pressures on rupee in the wake of sharp rise in oil prices weighed on market sentiments. Further, worsening current account deficit, concerns over fiscal deficit , spill-over risk to emerging economies engendered by tightening of financial conditions in developed markets and caution prevailing after the default of Infrastructure Leasing & Financial Services Limited (IL&FS), a large systemically important Non-Deposit Accepting Core Investment Company (CIC-ND-SI) also added to sober moods. On the domestic front, growth of gross domestic product (GDP) also slipped to 6.6 per cent in the third quarter. Foreign Portfolio investors pulled out investments worth Rs. 38,930 crores in the year 2018-19 which was counteracted to a great extent with increased inflows into mutual funds

Financial Year	INR crores			
	Equity	Debt	Hybrids	Total
2011-12	43738	49988	0	93726
2012-13	140033	28334	0	168367
2013-14	79709	-28060	0	51649
2014-15	111333	166127	0	277461
2015-16	-14172	-4004	0	-18176
2016-17	55703	-7292	0	48411
2017-18	25635	119036	11	144682
2018-19	-88	-42357	3515	-38930

Extent of capital raised

3.1.4 Capital market, both debt and equity, has become increasingly important for India's growth story. A total of Rs.54,915 crore has been raised in the Primary markets through 158 Public and Rights issues during 2018-19. Total amount raised through Public issue and Private placement of Corporate bonds during 2018-19 is Rs.6,46,996 crore of which Rs.36, 679 crore came from 25 public issues. The Assets under Management (AUM) of mutual fund industry stood at Rs.23,79,663 crore as on 31st March, 2019.

Total Amount raised through Primary Market (Equity, Bonds, Comm. Paper, in Rs. Crore)

Year	Total Amount		Category - wise: Public Issue		Category - wise: Rights Issue		Issuer Type: By existing Listed companies		Issuer Type: New Companies	
	No.	Amt	No.	Amt	No.	Amt	No.	Amt	No.	Amt
2017-18	228	110,140	207	88,740	21	21,400	29	26,366	199	83,774
2018-19	158	54,915	148	52,766	10	2,149	35	38,828	123	16,087

Source: SEBI

Corporate Bond Issuances

Issue Type	2017-18		2018-19	
	No.	Amount (Rs Cr)	No.	Amount (Rs Cr)
Public Issue (Debt)	7	4953	25	36, 679
Pvt. Placement of Corporate Bonds	2,706	599,147	2,358	610,318
Total Debt (Public & Pvt.)	**2,713**	**604,100**	**2,379**	**646,997**

Source: SEBI

Resource Mobilization by Mutual Funds (in Rs. Crore)

Year / Month	Gross Mobilization			Redemption			Net Inflow/ Outflow			Assets at the End of Period
	Pvt. Sector	Public Sector	Total	Pvt. Sector	Public Sector	Total	Pvt. Sector	Public Sector	Total	
2017-18	1,73,82,189	36,16,463	2,09,98,652	1,71,53,718	35,73,137	2,07,26,855	2,28,471	43,326	2,71,797	21,36,036
2018-19	1,96,52,989	47,41,374	2,43,94,362	1,95,91,483	46,93,178	2,42,84,661	61,505	48,196	1,09,701	23,79,663

Source: SEBI

3.2 Policy Developments

a) Primary Market Section

Towards developing and strengthening an investor friendly securities market, Government, in consultation with the regulator, has been taking a number of transformative steps as follows:

i. Review of ICDR Regulations

SEBI in consultation with Central Government reviewed its Issue of Capital and Disclosure Requirements (ICDR) Regulations, 2009 in order to update it with the changes in market practices and regulatory environment over a period of time. Accordingly, the new Regulation - Issue of Capital and Disclosure Requirements Regulations, 2018 - was notified on 11th September, 2018. The renewed ICDR Regulation has been aligned with the Companies Act, 2013. SEBI has rationalised the disclosure requirement to a great extent. Key changes, *inter alia,* include financial information to be provided for a period of three years instead of five, threshold for identifying promoter group increased from 10% to 20%, change in criteria for identification of group companies, etc. To boost wider participation by investors, the shortfall in promoter contribution can now be met by alternative investment funds, foreign venture capital investors, scheduled commercial banks, public financial institutions and insurance companies without being categorized as a promoter. This review has also targeted removing unnecessary complexities and doing away with information that may not be relevant. Simultaneously, it has been taken care that the integrity of the markets is not compromised by putting a complete ban on willful defaulters and fugitive economic offenders from coming up with an initial public offering. Further, disciplinary actions including past penalties against the promoters in the past five financial years are to be mandatorily disclosed.

ii. Lowering the cost of mutual funds

The Assets Under Management (AUM) of mutual fund industry in India has grown manifold over the years. In order to share the benefit of economies of scale to the investors, SEBI Board in September, 2018 has taken a decision to lower the cost for mutual fund investors, bringing in transparency in appropriation of expenses, and reducing mis-selling and churning. SEBI capped the total expense ratio (TER) for equity-oriented mutual fund schemes (close-ended and interval schemes) at 1.25% and for other schemes at 1%. The TER cap for fund of funds will be 2.25% for equity-oriented schemes and 2% for other schemes. However, it allowed an extra 30 basis points (bps) for selling in B-30 (beyond top 30) cities. This will bring down the cost of investors (both institutional as well as retail investors) in the mutual fund industry. SEBI has issued circular dated 22.10.2018 followed by a circular dated 25.03.2019 in this regard.

iii. Encouraging corporate bond issuances by large corporates

In order to reduce the burden of corporate lending from the banking System and in pursuance of the 2018-19 Union Budget announcement, SEBI has issued circular dated 26.11.2018 which mandates large corporates to raise 25 per cent of their financing needs from the corporate bond market.

iv. UPI as a payment mechanism for retail investors in IPOs

Unified Payment Interface (UPI) has been introduced as a payment mechanism for retail investors in IPOs. The move is intended to reduce the time period for listing after an initial public offer to three days from the current six days.

v. Quality Disclosures by CRAs

Government in consultation with SEBI has constantly endeavored to enhance the quality of disclosures made by the CRAs. In pursuance of the same, vide its circular dated 13.11.2018. SEBI made certain changes in disclosure requirements in terms of rating actions, review of rating criteria, disclosure of average rating, transition rates for long-term instruments, disclosure of performance of CRAs on Stock Exchange and Depository website, Internal Audit of CRAs etc.

vi. Relaxing investment norms for angel investors

In view of rapid growth in the segment of start-ups, or early stage ventures or social ventures or SMEs etc, SEBI has brought certain amendments in the AIF Regulation with an aim to provide impetus to early-stage start-ups. SEBI, vide notification dated 1st June, 2018 has increased the maximum investment limit by angel funds in venture capital undertakings to Rs. 10 crore from the current Rs. 5 crore. The minimum investment requirement by angel investors has been relaxed by increasing the maximum time period for accepting such funds from three years to five years. The minimum corpus size required for an angel fund to register with SEBI has been reduced from Rs. 10 crore to Rs. 5 crore.

vii. Expanding the OFS mechanism

In order to expand the universe of companies to whom OFS mechanism is available, SEBI Board has approved that OFS mechanism shall now be available for shareholders of companies with market capitalization of Rs.1000 crores and above.

viii. Establishing Special Courts

The three Securities Act viz SEBI Act, 1992, Securities Contracts Regulation Act (SCRA), 1956 and the Depositories Act, 1996 provides for the establishment/ designation of the Special Courts for speedy trial of offences under the aforementioned Acts. This was incorporated through the Securities Laws Amendment Act, 2014. So far DEA has designated 17 district sessions courts as special courts under the Securities Laws in the State of Maharashtra, Tamil Nadu, West Bengal, Rajasthan, Gujarat, Andhra Pradesh, Telangana, J& K, Punjab, Haryana, Madhya Pradesh, Karnataka, UT of Chandigarh etc.

ix. Implementing Kotak Committee Report on corporate governance

SEBI had appointed a Committee in June 2017 under the Chairmanship of Shri Uday Kotak to advise on issues relating to corporate governance. DEA was represented by Joint secretary (FM) in the committee. The Kotak Committee submitted its report on October 5, 2017. The Committee has made recommendations related to issues of independent Directors, Issues in accounting and auditing practices by listed companies, Improving effectiveness of Board Evaluation practices, Disclosure and transparency related issues etc. Recommendations of Kotak Committee were examined by this Department in close consultation with SEBI & Ministry of Corporate Affairs. SEBI has amended the SEBI LODR Regulations vide notification in 9 May, 2018 to bring into effect the decisions taken in this regard.

b) Secondary Market Section

i. Stamp Duty Reforms – Amendments to the Indian Stamp Act 1899

Union Government in consultation with state governments had prepared suitable amendments to Indian Stamp Act, 1899 as announced during the Budget of 2018-19 for rationalising the collection and allocation mechanism for stamp duty for securities market instruments. The Finance Bill 2019 which inter alia seeks to amend the Indian Stamp Act, 1899 was passed by both the Houses of Parliament in February, 2019. The President of India has also given his assent. The same has been notified on 21.2.2019 in the Gazette of India and a press release was also issued. Now, the Central Government will notify required rules in consultation with SEBI, Stock Exchanges, Depositories and Legislative Department of Ministry of Law & Justice.

ii. Review of regulation and relevant circulars pertaining to Stock Exchanges, Clearing Corporations and Depositories ('Market Infrastructure Institutions')

SEBI, in January 2019, rationalised constitution of regulatory committees at MIIs such as stock exchanges and depositories to ensure an effective oversight of functioning of such entities by giving more powers to Public Interest Directors. SEBI also decided that a stock exchange after grant of recognition can commence trading operations with a minimum of 25 trading members, in place of the earlier requirement of minimum 50 members. Similarly, a newly recognised clearing corporation can now commence clearing and settlement operations with a minimum of 10 clearing members, in place of the earlier requirement of minimum 25 clearing members.

iii. Institutional Trading Platform

In view of the evolving start-up ecosystem and to make the Institutional Trading Platform ("ITP") more accessible, the SEBI Board in its meeting held on December 12, 2018, has approved to reorient the Platform as Innovators Growth Platform ("IGP") focused on issuers who are intensive in the use of technology, information technology, intellectual property, data analytics, bio-technology or nano-technology to provide products, services or business platforms with substantial value. Suitable relaxed conditions have been provided for them to list on the stock exchanges without an IPO process.

iv. Physical Settlement of Equity Derivatives

SEBI has introduced physical settlement of equity derivatives in a phased manner to bring in better synergy between cash and derivative segments and enhanced the eligibility criteria for introduction of stocks in Derivatives Segment.

v. Interoperability among Clearing Corporations

SEBI has enabled interoperability among clearing corporations (CCPs) which provides for linking of multiple CCPs by allowing participants to consolidate their clearing and settlement functions at a single CCP, irrespective of the stock exchange on which the trade is executed. It is envisaged that the interoperability would lead to efficient allocation of capital for the market participants, thereby saving on cost as well as provide better execution of trades.

vi. Enabling Private Trusts to invest in A rated corporate Bonds

In pursuance of the Budget announcement 2018-19, a Notification was issued on 9th July 2018 under Section 20 of the Indian Trust Act, 1882 to permit private trusts to invest in corporate bonds which are rated "A" as against the existing stipulation of investing in only those bonds with minimum rating of AA.

vii. Dividend Adjustment Policy

SEBI revised the Dividend Adjustment policy in July 2018 by tightening the threshold level for making adjustments in the Strike Price in options or futures prices from 10% to 5%.

viii. Change in Trading hours in the Equity Derivatives Segment

SEBI on 4th May 2018 permitted Stock Exchanges to set their trading hours in the Equity Derivatives Segment between 9:00 AM and 11:55 PM, similar to the trading hours for Commodity Derivatives Segment.

ix. Measures for strengthening algorithmic trading and Co-location / Proximity Hosting framework

SEBI, vide circular dated April 09, 2018, has issued several measures to address the concerns relating to algorithmic trading and colocation / proximity hosting facility offered by stock exchanges and to provide a level playing field between Algorithmic/ Co-located trading and manual trading. In order to facilitate small and medium sized trading members, stock exchanges have been asked to introduce managed co-location services, wherein space will be provided to vendors along with technical knowhow and other expertise, besides providing some services for free.

x. Revised framework for Suspension of Companies

In May 2018 SEBI revised its framework for suspension of companies to make its standard operating procedure (SOP) comprehensive and to empower stock exchanges to immediately deal with non-compliances with listing conditions. It is proposed to impose fines on violations of 24 Regulations of Listing Regulations, as opposed to violations of only 4 Regulation at present. Under the new scheme fines would accrue only till the date on which trading is suspended. The fines after suspension are replaced with compulsory delisting, to create a credible threat to non-compliant companies. Accordingly, thousands of companies have been delisted from the exchanges.

xi. Members/stock brokers to provide Annual Global Statement

SEBI has advised Stock Exchange to direct their members/stock brokers to provide Annual Global Statement to their clients, containing details of all transactions done in a financial year with consolidated buy price/quantity or sell price/quantity. This statement would be helpful to the investors to ascertain the profit or loss made and also helpful in filing income tax returns, since all transactions done in a particular period are available at one place.

c) Commodity Derivatives Section

i. Unified Exchanges

After allowing for integration of commodity derivatives market with equity market at the level of intermediaries/ brokers, integration has been facilitated at the level of Exchanges from October 2018 onwards. Both commodity derivatives segment and equity segment can now be offered by a single, unified stock exchange. Accordingly, trading in commodity derivatives commenced at BSE and NSE from October 2018. BSE so far has launched commodity derivatives contracts for gold, silver, crude oil, copper, guar gum, guar seed and cotton and NSE has launched contracts for gold, silver and crude oil.

ii. Rationalization of Commodity Transaction Tax (CTT) in Commodity Derivatives Market

In order to streamline the taxation structure in Indian Commodity Derivatives Market, non-speculative status has been conferred on Agriculture Commodity Derivatives transactions carried out in a SEBI recognized stock exchange, by way of amendment to section 43(5) of Income Tax Act, 1961 vide the Finance Act, 2018. Further, rate of CTT on exercise of Option in Commodity Derivatives was reduced from 0.125% to 0.0001% vide the Finance Act, 2018.

iii. Participation of Eligible Foreign Entities (EFEs), having actual exposure to Indian commodity markets, in the commodity derivatives market

As a first step for opening up the commodity derivatives markets to the foreign participants, the SEBI in consultation with various Departments of Government of India and RBI has approved the regulatory framework for permitting foreign entities having actual exposure to Indian commodity markets, to participate in the domestic commodity derivatives markets. Such entities would be classified as "Eligible Foreign Entities" (EFEs). The rationale for their participation is as follows:

- Ease hedging restriction for foreign entities involved in import/export from/to India. Till recently, such entities could not hedge underlying price risks on Indian commodity bourses except by way of setting up a subsidiary entity, resident in India
- Discovery of global benchmark prices for commodities traded only in India.
- Develop depth and liquidity in far-month contracts and in-turn limit Indian firms accessing overseas exchanges for hedging.

iv. Reduction in Regulatory Fee charged by SEBI from Exchanges in agricultural commodity derivatives segment

To promote agricultural commodity derivative segment so that its potential benefits can be passed on to the Farmers and Farmers Producer Organization (FPOs), regulatory fee charged by SEBI on agricultural commodity derivatives segment has been rationalized. Now, instead of levying regulatory fee at the prescribed turn-over based slab rates, a nominal regulatory fee at a flat rate of INR 1,00,000 per exchange, would be levied on turnover arising from agricultural commodity derivatives. The proposed reduction in regulatory fees would translate into savings for exchanges which would be utilized to subsidize the transaction costs for delivery of agricultural commodities on exchange platform.

v. Permitting Mutual Funds and Portfolio Management Services in the Commodity Derivatives Market

In furtherance of institutional participation in the commodity derivatives market, Mutual Funds and Portfolio Management Services have been allowed to participate in domestic exchange traded commodity derivatives in India. A decision to this effect was taken in the SEBI Board Meeting held on 01st March 2019. To legally enable the same, necessary amendments to SEBI (Mutual Funds) Regulations, 1996 and SEBI (Portfolio Managers) Regulation, 1993 have been notified by SEBI in April 2019 and May 2019, respectively. This participation has been allowed subject to several safeguards like non participation in sensitive commodities, no permission to take net short positions, mutual fund schemes being subject to "client-level position limits" etc.

d) External Market Section

i. New External Commercial Borrowings (ECB) Framework

Reserve Bank of India, in consultation with the Ministry of Finance, rationalised the extant framework for ECB and Rupee denominated bonds to further improve the ease of doing business. Accordingly, a new ECB policy has been notified in January 2019. Major liberalisation/ rationalisation in the new framework are as under:

(a) Tracks I (short term foreign currency denominated ECB) and II (long term foreign currency denominated ECB) under the existing framework are merged as “Foreign Currency denominated ECB”. Similarly, Track III (Rupee denominated ECB) and Rupee Denominated Bonds framework are combined as “Rupee Denominated ECB”. The framework is instrument-neutral.

(b) The list of eligible borrowers has been expanded. All entities eligible to receive foreign direct investment can borrow under the ECB framework.

(c) Any entity who is a resident of a country which is FATF or IOSCO compliant will be treated as a recognised lender. This change increases the lending options and allows various new lenders in ECB space while strengthening the AML/CFT framework.

(d) The minimum average maturity period (MAMP) has been kept at 3 years for all ECBs, irrespective of the amount of borrowing in lieu of various layers of MAMPs as at present, except the borrowers specifically permitted in the circular to borrow for a shorter period.

(e) All eligible borrowers can now raise ECBs up to USD 750 million or equivalent per financial year under the automatic route replacing the existing sector-wise limits.

(f) Introduction of late submission fee for delay in prescribed reporting under the ECB framework to obviate the need for compounding these contraventions.

ii. Review of FPI investment limits

Reserve Bank of India, in consultation with Ministry of Finance undertook a detailed review of current regulations on debt investment by Foreign Portfolio Investors (FPI) in April 2018 to facilitate the investment by FPIs. Accordingly, after consultation with the Government of India, the FPI investment limits were revised as below:

(a) The limit for FPI investment in Central Government securities (G-secs) increased by 0.5% each year to 5.5% of outstanding stock of securities in 2018-19 and 6% of outstanding stock of securities in 2019-20.

(b) The limit for FPI investment in State Development Loans (SDLs) would remain unchanged at 2% of outstanding stock of securities.

(c) The overall limit for FPI investment in corporate bonds fixed at 9% of outstanding stock of corporate bonds

iii. International Financial Services Centres (IFSCs)

The Union Cabinet has approved establishment of a unified authority for regulating all financial services in International Financial Services Centres (IFSCs) in India through International Financial Services Centres Authority Bill, 2019. The Bill was introduced in the Rajya Sabha on February 12, 2019. The establishment of a unified financial regulator for IFSCs will result in providing world-class regulatory environment to market participants from an ease of doing business perspective. This will provide a stimulus for further development of IFSCs in India and enable bringing back of financial services and transactions that are currently carried out in offshore financial centres to India. This would also generate significant employment in the IFSCs in particular as well as financial sector in India as a whole.

iv. Common Application Form for FPIs

Pursuant to the Budget announcement of 2017, Department of Economic Affairs, vide Gazette notification dated August 21, 2018, has notified the Common Application Form for Foreign Portfolio Investors for the purpose of registration, opening of bank and demat accounts, and application for PAN by FPI’s in India. This will greatly enhance operational flexibility and ease of access to Indian capital markets.

v. Eligibility conditions and clubbing of investments of FPI’s

Securities and Exchange Board of India (SEBI), in consultation with the Government, has issued revised circulars for Eligibility conditions for FPIs on September 21, 2018 wherein NRIs/ OCIs/ Resident Indians (RIs) shall be allowed to be constituents of FPIs subject to the condition that their contributions to corpus of FPI should be below 25% individually and below 50% collectively. In December 2018, SEBI, in consultation with the Government, decided that beneficial ownership criteria in PMLA Rules would be made applicable only for the purpose of KYC and not for clubbing of investments of FPIs. Clubbing of investment limit for FPIs will be on the basis of common ownership of more than 50% or based on common control. FPI in breach of investment limits shall have the option to either divest its holding within five trading days to bring its shareholding below 10% or to treat said investments as FDI.

vi. Voluntary Retention Route

On March 1, 2019, RBI in consultation with the Government of India has introduced a separate scheme called ‘Voluntary Retention Route’ (VRR) to encourage Foreign Portfolio Investors (FPIs) to undertake long-term investments in Indian debt markets. Under this scheme, FPIs have been given greater operational flexibility in terms of instrument choices besides exemptions from certain regulatory requirements. The aggregate investment limit under VRR shall be Rs. 40,000 crores for Government Securities and Rs. 35,000 crores for Corporate Bonds. The minimum retention period shall be three years and during this period, FPIs shall maintain a minimum of 75% of the allocated amount in India.

e) International Cooperation Section

i. India's Sovereign Ratings

India's sovereign debt is rated by 5 major Sovereign Credit Rating Agencies (SCRAs). These are Fitch Ratings, Moody's Investors Service, Standard and Poor's (S&P), Japanese Credit Rating Agency (JCRA) and Rating and Investment Information Inc., Tokyo (R&I). The latest sovereign ratings issued by the major five agencies are given below:

Rating Agency	Date of affirmation of ratings	Foreign Currency		Local Currency	
		Ratings	**Outlook**	**Ratings**	**Outlook**
Moody's	30.10.2018	Baa2	Stable	No ratings were given for local currency	
Fitch	04.04.2019	BBB- (LT)* F3 (ST)#	Stable	BBB- F3(ST)	Stable
S&P	21.12.2018	BBB- (LT) A-3 (ST)	Stable	No ratings were given for local currency	
JCRA	*16.10.2017*	BBB+	Stable	BBB+	Stable
R&I	29.10.2018	BBB (LT) A-2 (ST)	Stable	No ratings were given for local currency	

*LT-Long Term, #ST-Short Term

f) Regulatory Establishment Section

i. Regulatory appointments

Regulatory Establishment Section deals with establishment related matters of Securities and Exchange Board of India and Securities Appellate Tribunal. During the financial year 2018-19, the following appointments were made in SEBI and SAT .

SEBI :

(i)	Shri Santosh Kumar Mohanty	Whole Time Member
(ii)	Shri Ananta Barua	Whole Time Member
(iii)	Shri Anand Mohan Bajaj	Part-time Member (Government Nominee)
(iv)	Ms. Aarti C. Srivastava	Chief Vigilance Officer

SAT :

(i)	Mr.Justice (Retd.) TarunAgarwala	Presiding Officer
(ii)	Mr.Justice (Retd.) M.T.Joshi	Judicial Member

In addition, a post of Technical Member (SAT) has been created with the approval of Cabinet to enable establishment of one additional bench of SAT. The recruitment process for this post has been initiated and as soon as the appointment is finalised the proposed two benches of SAT will be made functional.

ii. Performance of SAT

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 SEB! Act, 1992, PFRDA Act, 2013, Insurance Act, 1938 and other law for the time being in force.

SAT comprises of one Presiding Officer who is a sitting/ retired Judge of the Supreme Court or a sitting/retired Chief Justice of a High Court or a sitting or retired Judge of a High Court who has completed not less then 7 years of service as a Judge in 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.

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.

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

Civil Court 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.

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

As on 30.04.2019, 422 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 Years	Over 5 Years	Over 13 Years	Disposal Total	New Institution
April 2019	SEBI	416	72	75	140	91	38	0	01	52	69
	Insurance Laws	4	0	0	0	01	03	0	0	0	0
	PFRDA	2	2	0	0	0	0	0	0	0	0

4. Financial Stability and Cyber Security

4.1 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. Its members include Minister of State in charge of DEA, the Heads of financial sector Regulators and Secretaries of the selected Ministries/Departments of the Government of India. During the year 2018-19, vide Gazette Notification dated May 23, 2018, the membership of FSDC has been expanded to include: (i) Minister of State in-charge-of DEA; (ii) Secretary, Department of Revenue (DoR); and (iii) Secretary, Ministry of Electronics and Information Technology (MeitY).

4.2 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. The Financial Stability and Cyber Security (FS&CS) Division provides secretarial assistance to the Financial Stability and Development Council (FSDC). Adviser (FS&CS), Department of Economic Affairs, Ministry of Finance is the Secretary of the Council.

4.3 Till March 31, 2019, FSDC held 19 meetings. The 19th meeting was held on October 30, 2018. The Council discussed current global and domestic economic situation, real interest rate, current liquidity situation, strengthening of cyber security in financial sector including progress made towards setting up of a Computer Emergency Response Team in the Financial Sector (CERT-Fin), market developments and financial stability implications of the use of RegTech and SupTech by financial firms and regulatory and supervisory authorities, challenges of crypto assets/currency, and implementing the recommendations of the Sumit Bose Committee regarding common database and upfront disclosure of commission of distributors.

4.4 FSDC Sub-Committee (FSDC-SC)

4.4.1 The FSDC is supported by a Sub-Committee (FSDC-SC), chaired by the Governor RBI. Excluding the Chair of the FSDC and the Minister of State in-charge-of DEA, all members of the FSDC are also the members of the Sub-Committee. Additionally, all four Deputy Governors of RBI, and Secretary (FSDC), are also the members of the Sub-Committee. Executive Director of RBI who is in-charge-of Financial Stability is the Member Secretary, and the Financial Stability Unit (FSU) of RBI is the Secretariat for the Sub-Committee. The Sub-Committee has met 22 times till March 31, 2019.

4.4.2 During the year 2018-19, FSDC-SC held two meetings: the 21st meeting on June 14, 2018 and the 22nd Meeting on March 14, 2019. In these meetings, the Sub-Committee reviewed the major developments on the global and domestic fronts that impinge on the financial stability of the country and discussed issues relating to inter-regulatory coordination and financial sector developments which inter-alia included framework for Systemically Important Financial Institutions (SIFI), Common Stewardship Code for financial sector, single entity undertaking multiple activities, status of Central KYC Registry (CKYCR), recent developments and addressing the challenges relating to the Credit Rating Agencies, Inflation Index Bonds, Interlinking of various Databases for Monitoring of the Corporate Sector in India, Oversight of Financial Conglomerates. The Sub-Committee also reviewed the status of Corporate Insolvency Resolution Process, functioning of State Level Coordination Committee (SLCCs) in various States / Union Territories (UTs) and activities of its various Technical Groups. Investor Education and Protection Fund (IEPF), action taken against Shell companies, legal framework for cross border insolvency and issues regarding acceptance of deposits under the Companies Act.

4.5. Financial Stability Board (FSB)

4.5.1 FSB is an international body established in April, 2009 under the aegis of G20 by bringing together the national authorities, standard setting bodies and international financial institutions. FSB is responsible for undertaking vulnerabilities assessment, policy development and coordination, implementation monitoring, and to act as a compendium of standards for financial sector regulation and reforms in members' jurisdictions. Members of the FSB are G20 countries plus Netherlands, Singapore, Spain, Switzerland, Hong Kong and the multilateral and standard setting bodies like IMF, World Bank, Bank for International Settlements (BIS), Organisation for Economic Cooperation and Development (OECD), European Central Bank (ECB), European Commission, Basel Committee on Banking Supervision(BCBS), International Association of Insurance Supervisors (IAIS), International Organization of Securities Commissions (IOSCO), International Accounting Standards Board (IASB), Committee on Global Financial System (CGFS), and the Committee on Payments and Market Infrastructures (CPMI).

4.5.2 India has been actively participating in post-2008 financial crisis reforms of the international regulatory and supervisory framework. As a member of the FSB, India remains committed to adoption of the priority and other areas of reforms and international standards in a phased manner, calibrated to local conditions wherever necessary. Department of Economic Affairs is the nodal point for India to coordinate with the FSB and all India-specific information are regularly provided in consultation with the financial sector Regulators (namely, RBI, SEBI, IRDAI, PFRDA, and IBBI) while responding to various FSB questionnaires, surveys and reports. India also participates in the peer reviews, meetings and conference calls of FSB and presents its views and comments as a member.

4.5.3 Secretary of the Department of Economic Affairs represents India in the FSB Plenary, in the two out of the four FSB standing Committees, namely, the Standing Committee on Standards Implementation (SCSI) and the Standing Committee on Budget and Resources (SCBR). Besides, Secretary (Economic Affairs) also represents India in the Regional Consultative Group on Asia(RCG Asia). Chairman (SEBI), and DG (RBI) are the other two members from India in the FSB Plenary as well as in the RCG Asia. DG (RBI) represents as a member from India in the other two Standing Committees of FSB, namely, Standing Committee on Assessment of Vulnerabilities (SCAV) and Standing Committee on Supervisory and Regulatory Cooperation (SRC). The Plenary is the sole decision-making body of the FSB, SCSI is responsible for monitoring the implementation of agreed FSB policy initiatives and international standards, and the SCBR is responsible for assessments of the resource needs of the FSB Secretariat taking into account the current mandate, the work programme and emerging demands. The RCG Asia is one of the 6 regional groups established by FSB in 2011 to expand upon and formalise the FSB's outreach activities beyond the membership of the G20 and to reflect the global nature of the financial system through interaction with the non-members.

4.5.4 During the year 2018-19, two meetings of the FSB Plenary were held on June 25, 2018 at Basel, Switzerland and on October 22, 2018 at Ottawa, Canada; Two meetings of the RCG Asia were held on May 11, 2018 at Kuala Lumpur, Malaysia and on November 5, 2018 at Sydney, Australia; Two meetings of the FSB SCSI were held on October 2, 2018 at Frankfurt, Germany and on February 1, 2019 at Cape Town, South Africa. Apart from these face-to-face meetings, 3 Plenary meetings and 4 SCSI meetings were held through conference calls.

4.5.5 The FSB's Coordination Framework for Implementation Monitoring (CFIM) adopted in October, 2011 distinguishes between priority areas and other areas of reform. SCSI coordinates and oversees the monitoring of implementation of agreed financial reforms in both these areas and reports the progress to Plenary which in turn presents the Progress Report annually to the G20. The Priority areas undergo more intensive monitoring and detailed reporting via periodic progress reports and country-specific peer reviews. Progress of reforms in other areas are monitored through Implementation Monitoring Network (IMN) surveys.

4.5.6 FSB monitors country-progress in 5 priority areas of reforms through the 17 sub-categories of indicators. Out of the 17, India is compliant on 9, one indicator is not applicable to India, implementation is ongoing in 5 areas and only in two areas India does not have regulatory provisions in place as required under FSB norms. In other areas of reforms, monitored through IMN Survey, under most of the 22 areas, India's progress is recorded as "implementation completed". During the year 2018-19, India's position in priority as well as in other areas of financial sector regulatory reforms monitored by FSB has improved as compared to the previous year. Under priority areas, India's improvements were particularly in areas such as "compensation", "transfer/bridge/ run-off power for insurers", and "Over the Counter Derivatives - Trade Reporting and Platform Trading".

4.6 Financial Sector Assessment Programme (FSAP)

4.6.1 FSAP started in 1999, is a quinquennial exercise jointly conducted by IMF and World Bank (WB) in 29 jurisdictions across the world, identified by IMF as having "systemically important" financial sectors. FSAPs are done jointly by the World Bank and IMF staff in developing and emerging market countries, like India, and by the IMF alone in advanced economies. FSAP is a comprehensive and in-depth analysis of a country's financial sector to assess financial stability and financial sector development. India underwent its first FSAP exercise in 2011-12 and the second FSAP in 2017. Department of Economic Affairs, in close coordination with financial sector Regulators and Ministries/ Departments concerned, facilitates and coordinates all matters related to FSAP undertaken for India, including following up on the recommendations of FSAP.

4.6.2 Subsequent to the FSAP exercise in 2017, the IMF and the WB published their reports, including the Financial System Stability Assessment Report[1] (FSSA) (along with IMF Press Release, Supplement on Bank Recapitalization measures and Buff statement of India's ED in IMF) and Financial Sector Assessment[2] (FSA) report respectively on December 21, 2017 on their respective websites, followed by a few Detailed Assessment Reports (DARs) and Technical Notes on selected topics. In continuation of this exercise, one Technical Note remaining to be published, on India's Insurance Sector Regulation and Supervision[3], was published by IMF, on April 02, 2019. Department of Economic Affairs has been following up with the Ministries/ Departments/ Regulators concerned regarding examination and suitable implementation of the recommendations made in the FSAP.

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[1] *http://www.imf.org/en/Publications/CR/Issues/2017/12/21/India-Financial-System-Stability-Assessment-Press-Release-and-Statement-by-the-Executive-45497*

[2] *http://documents.worldbank.org/curated/en/704231513810603813/India-Financial-Sector-Assessment*

[3] *https://www.imf.org/en/Publications/CR/Issues/2018/04/02/India-Financial-Sector-Assessment-Program-Insurance-Sector-Regulation-and-Supervision-45754*

4.7. Macro Financial Monitoring Group (MFMG)

4.7.1 The Macro Financial Monitoring Group was set up in 2012 under the Chairmanship of the Chief Economic Adviser to discuss any specific emergent issues, and meets regularly in the Department of Economic Affairs with representation from all the Departments of the Ministry of Finance. Representatives from IMF and financial sector Regulators are also usually invited to the meetings. The Group aims at keeping track of the macroeconomic and financial developments, identifying vulnerabilities, and providing early warning signals. The Group discusses the Macro Financial Monitors, which is essentially the information collated from various "anchor divisions" on important macro-economic and financial variables. The Group has held 21 meetings till March 31, 2019. During the year 2018-19, two meetings of MFMG were held on June 1, 2018 and November 16, 2018.

4.8. Financial Data Management Centre (FDMC)

4.8.1 In the Budget Speech of 2016-17, the Hon'ble Finance Minister announced setting up of Financial Data Management Centre (FDMC) to facilitate integrated data aggregation and analysis in the financial sector. During the year under review, progress has been made towards finalization of the draft Cabinet Note and the draft FDMC Bill to set up FDMC as a statutory body, in consultation with financial sector Regulators, Ministry of Law & Justice, and Departments concerned.

4.9. Computer Emergency Response Team for Financial Sector (CERT-Fin)

4.9.1 Budget Speech 2017-18 announced "*Cyber security is critical for safeguarding the integrity and stability of our financial sector. A CERT-Fin will be established. This entity will work in close coordination with all financial sector regulators and other stakeholders*". To follow up on the announcement, a Working Group (WG) under the Chairmanship of Director General, Indian Computer Emergency Response Team (ICERT), Ministry of Electronics & Information Technology (MeitY) with representation from all financial sector Regulators, various Departments / organisations including Department of Economic Affairs, Department of Financial Services, Ministry of Electronics & Information Technology was constituted to study and strengthen the cyber security framework through setting up of a computer emergency response team in the financial sector (CERT-Fin). The Working Group submitted its report and presentation on the report and its recommendations was held before the Hon'ble Finance Minister after which the report was placed in this Department's website for public comments. It was decided to expand the scope of Cert-Fin by bringing under its ambit various financial sector agencies such as 'MCA 21' of the Ministry of Corporate Affairs, Employees Provident Fund Organization (EPFO), Serious Fraud Investigation Office (SFIO), Security Printing and Minting Corporation of India Limited (SPMCIL), Goods and Service Tax Network (GSTN) etc.

4.9.2 Three meetings have been held in 2018-19 to discuss the modalities of CERT-Fin. In the last meeting held on 27th March 2019 under the chairmanship of Finance Secretary and Secretary(Economic Affairs), it is proposed to set up a strong and powerful CERT-Fin under the umbrella of CERT-In so that it can extract statutory powers of CERT-In. MeitY has agreed to amend IT Act to accommodate for setting-up a statutory and effective CERT-Fin. It was also directed to carry out preparatory work on operationalising CERT-Fin to be started pending constitution of a statutory CERT-Fin, which may include finalising its operational framework and human resources policy in consultation with CERT-In and the financial sector Regulators.

5. Financial Sector Reforms and Legislation Division

5.1 Introduction

5.1.1 The Financial Sector Legislative Reforms Commission (FSLRC), set up on 24th 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 "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.

5.1.2 A new Division, namely, FSLRC Cell was created in the year 2013 to process the implementation of the FSLRC Report with the following mandate:

a. To 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. To implement the recommendations of the FSLRC, duly approved by the Government; and

c. To deal with administrative and establishment matters relating to FSLRC.

5.1.3 In September, 2017, it was decided to rename the FSLRC Division as Financial Sector Reforms and Legislation (FSRL) Division with (i) Legislative Reforms and (ii) Financial Sector Reforms Sub-Divisions.

5.2 Financial Sector Legislative Reforms Commission- Main recommendations

5.2.1 The Report of FSLRC was placed in the public domain on 28th March, 2013. The same was examined and discussed in various meetings of the Financial Stability and Development Council (FSDC) chaired by the Finance Minister. The recommendations of the FSLRC can broadly be divided into two parts - Legislative and

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

5.3. Recommendations on the Financial Regulatory Architecture

5.3.1 The Commission has recommended a seven agency regulatory architecture namely, Reserve Bank of India, Unified Financial Agency, Financial Sector Appellate Tribunal, Resolution Corporation, Financial Redress Agency, Public Debt Management Agency and Financial Stability and Development Council in the draft law- Indian Financial Code to replace a number of existing laws. The non-legislative aspects of the FSLRC recommendations are broadly of the nature of governance enhancing principles for stronger consumer protection and greater transparency in the functioning of financial sector regulators. It features following set of changes, which renders it implementable:

i. The RBI will continue to exist, although with modified functions;

ii. The existing SEBI, FMC, IRDA, and PFRDA will be merged into a new UFA;

iii. The existing SAT will be subsumed into the FSAT;

iv. The existing DICGC will be subsumed into the Resolution Corporation;

v. A new FRA will be created;

vi. A new PDMA will be created; and

vii. The existing FSDC will become a full-fledged statutory agency, with modified functions.

5.4. Implementation Status of the recommendations of the FSLRC

5.4.1 The status and next steps on the implementation of the recommendations of the FSLRC are as follows:-

i. As has been agreed to in the meetings of the FSDC, the financial sector regulatory agencies are implementing the governance enhancing, non-legislative recommendations of the FSLRC on voluntary basis. A MIS Portal was developed and inaugurated by FM in May, 2015 to put in place an appropriate mechanism to measure the benchmark compliance for each Regulator/ Board. The MIS Portal has been modified in consultation with the Regulators to remove several difficulties faced by the Regulators in updating the compliance status on the Portal. The Regulators have started submitting their responses on the MIS Portal.

ii. A Financial Sector Regulatory Appointment Search Committee (FSRASC) has been created for recommending names of suitable persons for appointment to board level positions of financial sector regulatory bodies with the approval of the ACC on 24th November, 2015. The FSRASC has been reconstituted on 9th June, 2017. This would bring about uniformity in the selection of board members of financial sector regulators, which was one of the recommendations of the FSLRC on the broad structure of such regulators.

iii. As regards the establishment of a unified financial agency for the organised trading, by way of an incremental reform effort, the Forward Markets Commission (FMC) has been merged with the Securities and Exchange Board of India (SEBI) with effect from 28th September, 2015 to achieve the convergence of regulations of the securities market and the commodity derivatives markets. FMC stands abolished and the Forward Contracts (Regulation) Act, 1952 has been repealed. However, there is no consensus on merging the existing financial sector regulators into a single Unified Financial Agency.

iv. The Task Forces for transforming the existing Securities Appellate Tribunal (SAT) into the Financial Sector Appellate Tribunal (FSAT) and for establishing new agencies namely, Resolution Corporation (RC), Public Debt Management Agency (PDMA) and Financial Data Management Centre (FDMC) were set up on 30th September, 2014. These Task Forces submitted their reports during June 2015. Another Task Force for creating a sector-neutral Financial Redress Agency (FRA) that was set up on 5th June, 2015 as announced in the Budget Speech 2015-16 submitted its Report on 30th June, 2016. Its Report is under examination.

v. Apart from inviting comments on the FSLRC Report and the Draft IFC, the Department of Economic Affairs in collaboration with the Institute of Company Secretaries of India (ICSI) organised a number of 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 was revised in the light of the comments received and hosted on the website of the Ministry of Finance on 23rd July, 2015, inviting comments of stakeholders by 8th August 2015. Moving the Indian Financial Code (IFC) recommended by the FSLRC in totality, after due consideration, is likely to take time. Key aspects of the IFC being fast-tracked are as follows:-

a. <u>Financial Sector Appellate Tribunal:</u>

The Securities and Exchange Board of India Act, 1992 was amended through the Finance Act 2017, for upgrading / enhancing the capacity of the Securities Appellate Tribunal (SAT) to hear appeals relating to the

Insurance and Pension sectors also and for providing for multiple benches. This would facilitate in moving towards a Financial Sector Appellate Tribunal, which was recommended to be the Appellate Tribunal for the entire financial sector. FM Division, DEA has been assigned the task to initiate necessary steps for the setting up of FSAT.

b. Establishment of a comprehensive resolution framework for the financial sector:

An announcement was made in the Budget Speech of 2016-17 to frame a comprehensive Code on Resolution of Financial Firms and introduce it as a Bill in the Parliament during 2016-17. The Financial Resolution and Deposit Insurance Bill, 2017 (the Bill) was introduced in the Lok Sabha on 10th August 2017 and referred to a Joint Committee of Parliament for making a Report to the Parliament. The Bill provided for establishment of a specialized Resolution Regime for financial sector entities. The enactment of the Bill would have empowered the Resolution authority to contribute to the stability and resilience of the financial system by carrying out speedy and efficient resolution of financial firms in distress, providing deposit insurance to consumers of certain categories of financial services, monitoring the Systemically Important Financial Institutions and protecting the consumers of financial institutions and public funds to the extent possible. The FRDI Bill was withdrawn from the Parliament on 7th August, 2018 for comprehensive re-examination and reconsideration owing to concerns raised by the stakeholders' on certain provisions of the FRDI Bill for comprehensive re-consideration and re-examination.

c. Establishment of an independent Financial Data Management Centre:

A centralised data centre named as Financial Data Management Centre (FDMC) is proposed to be set up under the aegis of the Financial Stability and Development Council (FSDC) that will be used for analysis of financial stability and related issues. Subsequent to the FSLRC recommendation on creation of a statutory Financial Data Management Centre (FDMC), Government constituted a Task Force on FDMC under the chairmanship of Dr. Subir Gokarn, which, inter alia, recommended a non-statutory FDMC. FS&CS Division, DEA has been assigned the task to initiate necessary steps for the setting up of FDMC.

d. Establishment of an independent Public Debt Management Agency:

An independent Public Debt Management Agency (PDMA) is proposed to be set up for managing Government's debt and cash balance, etc. To this effect, the Government set up a Public Debt Management Cell (PDMC) on 4th October, 2016, as an interim arrangement before setting up of an independent and statutory debt management Agency 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. Budget Division, DEA has been assigned the task to initiate necessary steps for the setting up of PDMA.

e. Institutionalised and Statutory Monetary Policy Framework:

i. FSLRC has recommended establishment of a statutory and an institutionalized framework to conduct monetary policy, including the creation of a Monetary Policy Committee that would determine the policy interest rate. The Reserve Bank of India Act, 1934 (RBI Act) has accordingly been amended by the Finance Act, 2016, to provide for a statutory and an institutionalized framework for a Monetary Policy Committee, for maintaining price stability, while keeping in mind the objective of growth. The Monetary Policy Committee would be entrusted with the task of fixing the benchmark policy rate (repo rate) required to contain inflation within the specified target level. A Committee-based approach for determining the Monetary Policy will add value and transparency to monetary policy decisions. The meetings of the Monetary Policy Committee shall be held at least 4 times a year and it shall publish its decisions after each such meeting.

ii. Provisions of the RBI Act 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 of India, Extraordinary 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 years 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.

iii. As per the provision of section 45ZB of the RBI Act, 1934, out of the six Members of Monetary Policy Committee, three Members will be from the RBI and the other three Members of Monetary Policy Committee will be appointed by the Central Government. The composition of the Monetary Policy Committee of the Reserve Bank of India constituted and notified in the Gazette of India Extraordinary dated 29th September, 2016 is as follows:

a. Governor of the Bank—Chairperson, ex officio;

b. Deputy Governor of the Bank, in charge of Monetary Policy—Member, ex officio;

c. One officer of the Bank to be nominated by the Central Board—Member, ex officio;

d. Shri Chetan Ghate, Professor, Indian Statistical Institute (ISI) —Member

e. Professor Pami Dua, Director, Delhi School of Economics (DSE) — Member

f. Dr. Ravindra H. Dholakia, Professor, Indian Institute of Management (IIM), Ahmedabad — Member

iv. The Members of the Monetary Policy Committee referred to in sub paragraphs (d) to (f) above would hold office for a period of four years or until further orders, whichever is earlier. The Monetary Policy Committee is now functional.

v. The Reserve Bank of India Monetary Policy Committee and Monetary Policy Process Regulations were framed and notified on 14th July, 2017 for ensuring full operationalisation of the MPC. The Regulations were subsequently laid in the Lok Sabha on August 4, 2017 and in the Rajya Sabha on August 8, 2017.

5.5 Other Legislative Reforms

5.5.1 There have been instances of economic offenders fleeing the jurisdiction of Indian courts, before the commencement, or during the pendency, of criminal proceedings. The absence of such offenders from Indian courts has several deleterious consequences - firstly, it obstructs investigation in criminal cases; secondly, it wastes precious time of courts; and thirdly, it undermines the rule of law in India. Besides, several such cases of economic offences also involve non-repayment of bank loans thereby, worsening the financial health of the banking sector in India. The pre-existing civil and criminal provisions in law were inadequate to deal with the severity of the problem.

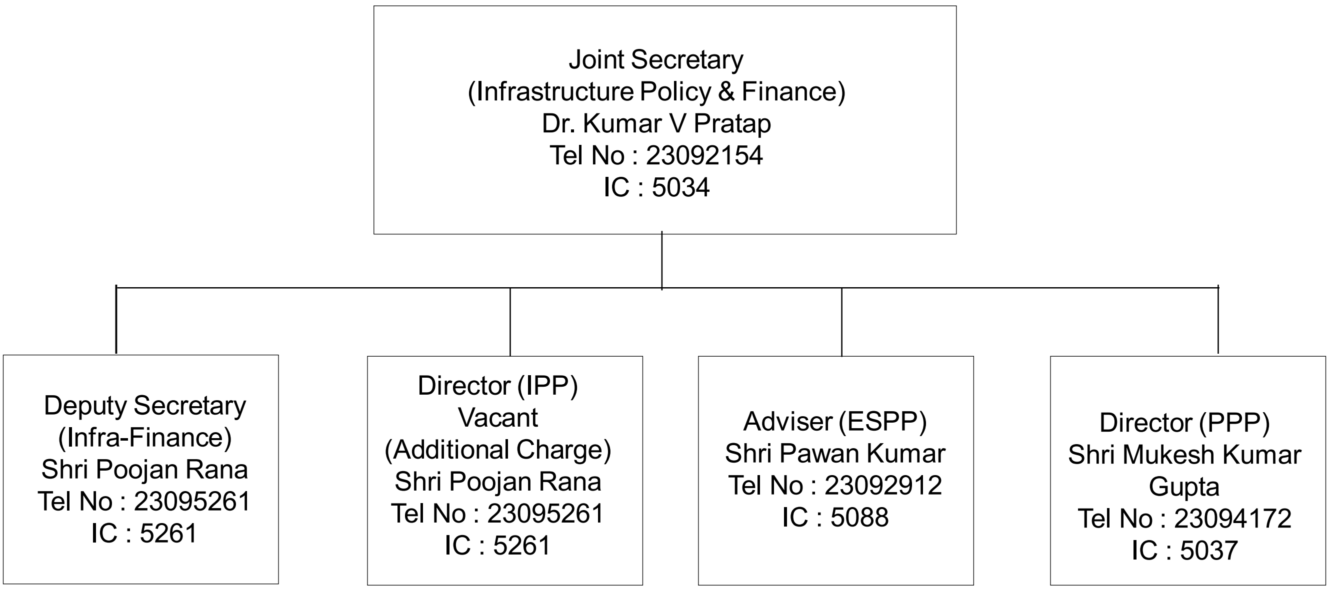
5.5.2 In view of the above, an announcement was made in the Budget 2017-18 that the Government is considering to introduce legislative changes or even a new law to confiscate the assets of such persons till they submit to the jurisdiction of the appropriate legal forum in India. In pursuance to this announcement, a draft Bill titled, 'The Fugitive Economic Offenders Bill' ("the Bill") was prepared to lay down measures to deter economic offenders from evading the process of Indian law by remaining outside the jurisdiction of Indian courts. The Fugitive Economic Offenders Act, 2018 has been enacted and published in the Gazette of India on 1st August, 2018. The Act inter-alia, provides for expeditious confiscation of proceeds of crime and properties or benami property owned by a fugitive economic offender in India or abroad with a view to make him submit to the jurisdiction of Courts in India. The Act provides that where the Special Court makes an order for confiscation of any property, and such property is in a contracting State outside India, the Special Court may issue a letter of request to a Court or authority in the contracting State for execution of such order.

6. Infrastructure Policy & Finance Division

Infrastructure Policy & Finance (IPF) Division is headed by Dr. Kumar V. Pratap, Joint Secretary. The Division has the following Units: Infrastructure Finance (Infra-Fin), Infrastructure Policy & Programme (IPP), Energy Sector Policies & Programmes (ESPP) and Public Private Partnerships (PPP). Each Unit is headed by Adviser/Director/Deputy Secretary and assisted by Under Secretary/Deputy Director/Assistant Director.

E-Governance initiatives of the Division: All the Sections of IPF Division have migrated to e-office mode (e-files, leave, advances, etc).

ORGANISATIONAL CHART OF IPF DIVISION



6.1 Infrastructure Finance

6.1.1 Major Functions:

Infrastructure Finance Unit deals with financing requirements of infrastructure including conceiving new initiatives related to infrastructure financing and promotion of investment in infrastructure sectors. The unit deals with:

- Matters related to infrastructure financing and promotion of investment in infrastructure sectors;
- Matters relating to Infrastructure Debt Funds (IDFs), Real Estate Investment Trusts (REITs)/ Infrastructure Investment Trusts (InvITs), Tax Free Bonds, Municipal Bonds and other instruments meant for infrastructure financing;
- 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;
- Model Tripartite Agreements (MTA) for sectors such as Road, Ports, Airports, etc.;
- External Territorial charge- GCC Countries (United Arab Emirates, Bahrain, Saudi Arabia, Oman, Qatar and Kuwait, and Yemen), Turkey, Cyprus, Lebanon, Jordan;
- Matters relating to G20 Infrastructure Working Group (IWG);
- All policy matters relating to Project Monitoring Group (PMG) and its coordination within DEA;
- Matters relating to meetings of Board of Directors of IIFCL as JS (IPF) is Government nominee on its Board of Directors;
- Coordination and general matters pertaining to the Division.

6.1.2 Major Policy Initiatives/Achievements:

6.1.2.1 Infrastructure Debt Funds (IDFs)

Government of India has conceptualized 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 low cost long-term 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 Non-Banking Finance Companies (NBFCs) or as Trusts/ Mutual Funds (MF). As on date, four IDFs under NBFC route and three under MFs route are in operation.

6.1.2.2 Real Estate Investment Trusts (REITs)/ Infrastructure Investment Trust (InvITs)

These are trust-based structures that maximize returns through efficient tax pass-through and improved governance structures. Guidelines/Regulations for InvITs and REITs were notified by SEBI on 26 September, 2014.

As on date, three InvITs have been successfully launched. The first road sector InvIT raised over Rs 5,000 crore through an Initial Public Offer (IPO) and the second InvIT in the power transmission sector raised Rs 2,250 crore through an IPO. Third InvIT raised Rs 2,790 crore through private placement of its units.

In March, 2019, India's first REIT was launched and raised about Rs. 4,750 crore through an IPO, and was listed on the Indian Stock Exchanges on 1st April, 2019.

6.1.2.3 Creation of a Dedicated Fund to provide credit enhancement to infrastructure projects

In the Budget Speech 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 various CPSEs and other public companies as equity contributors. Committee of Establishment Expenditure (CEE) in its meeting held on 13th March, 2019 deliberated and recommended the proposal for setting up the Special Purpose Vehicle for Credit Enhancement to Infra Projects. Setting up of the Fund is at an advanced stage subject to the approval of Cabinet.

6.1.2.4 Municipal Borrowing

Government has initiated a pilot project to build capacities of Urban Local Bodies (ULBs) to raise financing through the Capital Markets for financing infrastructure projects. 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 in 2015. DEA is providing technical support including for facilitating regulatory compliances, project identification and hand-holding support to the ULBs.

The last two years have seen a number of Municipal Bond issuances. Starting with Pune Municipal Corporation that raised Rs. 200 crore in June 2017, Indore Municipal Corporation Rs.139 crore in June 2018, Greater Hyderabad Municipal Corporation Rs. 200 crore in February 2018 and Rs 195 crore in August 2018, Bhopal Municipal Corporation Rs 175 crore in September 2018, Greater Visakapatnam Municipal Corporation Rs 80 crore in December 2018, Ahmedabad Municipal Corporation Rs 200 crore in January 2019 and Surat Municipal Corporation Rs 200 crore in March 2019.

6.1.2.5 G20 Infrastructure Working Group

The G20 Infrastructure Working Group (G20 IWG) was revived under the 2018 Argentinian Presidency and has continued to play a major role in shaping the G20 members' views on infrastructure issues under the 2019 Japanese Presidency. In 2018, the G20 IWG conceptualized the pathway to developing infrastructure as a separate asset class by finalizing the 'Roadmap to Infrastructure as an Asset Class' and G20 'Principles for the Infrastructure Project Preparation Phase'. Both these documents were endorsed at the 2018 G20 Buenos Aires Leaders' Summit. India's key policy interventions at the G20 IWG include:

i. Developing Brownfield Assets as a Separate Asset Class considering their relatively de-risked nature as compared to greenfield projects since brownfield assets are past the construction stage. India's interventions elucidate ways in which countries may benefit from exploring brownfield asset monetization in view of the acute infrastructure financing deficit and the advantages of unlocking potential improvements in operational efficiency and service quality that may arise from transferring management responsibility to a specialized third party asset operator.

ii. Improving qualitative aspects of infrastructure projects at the preparation and implementation stages so as to enhance its attractiveness for financing by the private sector more particularly by the global institutional pools of savings (pension, insurance and sovereign wealth funds).

iii. Highlighting the role of contractual standardization/ standardized documents in providing transparency, consistency and predictability to infrastructure procurement.

iv. Advocating the need for bringing synergies among data initiatives and of avoiding duplication in the area of infrastructure data collection, analysis and dissemination while arriving at creation of information useful to investors.

6.2. Energy Sector Polices & Programmes (ESPP) Unit

6.2.1 The major functions of ESPP Unit, inter alia, include the following:

- All policy related issues pertaining to energy sector, viz. Petroleum and Natural Gas, Coal, Power, Atomic Energy and New & Renewable Energy;
- Ministries/ Department: MoP&NG, MNRE, Atomic Energy, Space, Coal, Power, Mines;
- Examination of the investment proposals in energy sector requiring the approval of Cabinet/ CCEA/ CoS/ PIB/ EFC for their viability and justification;
- Matters relating to ONGC Ltd., ONGC Videsh Ltd. (OVL) and International Solar Alliance (ISA);
- Matters related to Committee on Allocation of Natural Resources (CANR);
- Matters relating to OPEC Fund for International Development (OFID);
- International Territorial Charge: Iran, Iraq, Israel.
- States: Maharashtra, Gujarat

6.2.2 Major Policy Initiatives/Achievements:

6.2.2.1 ESPP Unit is the Secretariat of the Monitoring Committee (MC) set up to review the implementation status of the recommendations of the Committee on Allocation of Natural Resources (CANR). Monitoring Committee is chaired by Cabinet Secretary. Out of 81 recommendations of CANR, 66 recommendations as it is and three recommendations with reformulations were accepted for implementation by respective Ministries/ Departments. One recommendation was not accepted.

6.2.2.2 Action on Remaining 11 recommendations was decided by the Department in consultation with concerned Ministries/ Department. For implementation of recommendations pertaining to Land, following two committees under the Chairmanship of Secretary, Economic Affairs were constituted –

i. Working Committee to create a centralized databank of inventory of all Govt. land including that belonging to Government controlled Statutory Authorities and CPSUs: The Government Land Information System (GLIS) has been created by Ministry of Electronics and Information Technology (MeiTY) and Ministry of Housing and Urban Affairs (MoHUA). A brief note on the work done by the Committee was sent to Cabinet Secretary on 24.04.2018.

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 CPSUs. The Report of the Committee has been sent to the Cabinet Secretary for consideration.

6.2.2.3 Twelve Cabinet/CCEA/CoS Notes/proposals from the line Ministries/ Departments have been examined during the year. In addition, fourteen PIB proposals and one SFC proposal have been examined during the year.

6.3. Infrastructure Policy & Programme (IPP) Unit

6.3.1 Major Functions:

- Analyzing investment proposals concerning Road Transport & Highways, Ports, Shipping, Inland Water Transport, Railways, Telecommunications, Civil Aviation and Urban Development sectors.
- Matters relating to Projects (non-PPP) of Ministry of Road Transport and Highways.
- Servicing Steering Committee, Inter-Ministerial Committees, High Level Committees, Group of Secretaries, Institutional Mechanism on the Harmonized Master List of Infrastructure Sub-sectors.
- Matters related to Evaluation Committee for finalization of PIM/EOI in respect of strategic disinvestment of CPSEs to Division holding the Sectoral Charge of relevant Ministry.
- Providing comments on DCNs received from concerned Ministries.
- Institutions: DMICDC/NICDIT, NHAI, IRFC, IRSDC, Digital Communications Commission.
- External Territorial Charge: Nil
- Ministries/Departments: Ministry of Road Transport and Highways, Shipping (including Ports & Inland Water Transport), Civil Aviation, Railways, Ministry of Housing and Urban Affairs, Telecommunications, Posts.
- States: Madhya Pradesh, Chhattisgarh

6.3.2 Major Policy Initiatives/Achievements:

6.3.2.1 Following sub-sectors were recommended by the Institutional Mechanism and subsequently approved by the Finance Minister in the year 2018 for inclusion in the Harmonized Master List of Infrastructure sub-sectors:

6.3.2.1.1 Electrical & signalling system, rolling stock along with workshop and associated maintenance facilities included in the Harmonized Master List of Infrastructure sub-sectors by amending the subcategory "Railway track, tunnels, viaducts, bridges, terminal infrastructure including stations and adjoining commercial infrastructure" under the category of "Transport & Logistics". The amended category now reads as:

i. Railway track including electrical & signalling system, tunnels, viaducts, bridges.

ii. Railway rolling stock along with workshop and associated maintenance facilities.

iii. Railway terminal infrastructure including stations and adjoining commercial infrastructure.

6.3.2.1.2 Bulk Material Transportation Pipelines: Bulk Material Transportation Pipelines is included in the Harmonized Master List of Infrastructure Sub-sectors under the category of 'Transport and Logistics', with a footnote stating that it 'includes Oil, Gas, Slurry, Water supply and Iron Ore Pipelines' with an objective to encourage investment in slurry pipelines, reduce logistics cost of transporting minerals, decongest railways, and make iron-ore transportation environment friendly. The new sub-category would subsume "Oil Pipelines" and "Gas Pipelines" under the "Energy" category and "Slurry Pipelines" and "Water supply pipelines" under the "Water and Sanitation" category.

6.3.2.1.3 Infrastructure status to a particular sector enables the sector to avail infrastructure lending on easier terms with enhanced limits, access to larger amount of funds as External Commercial Borrowings (ECB), access to longer tenor funds from insurance companies and pension funds and makes them eligible to borrow from India Infrastructure Finance Company Limited (IIFCL).

6.3.3 Seven CCEA Notes, twelve Cabinet Notes and eleven PIB Notes received from line Ministries/ Departments have been examined during the year.

6.4. Public Private Partnerships (PPP) Unit

6.4.1 Major Functions:

- PPP Policy & Programmes;
- Scheme for India Infrastructure Project Development Fund (IIPDF);
- PPP Capacity Building programmes;
- Innovative interventions and PPP Pilot project initiative;
- Appraisal & approval of Central Sector PPP Projects as per Cabinet approved guidelines and orders for delegation of powers;
- Administering the Scheme for financial support to PPPs in Infrastructure-Viability Gap Funding (VGF) Scheme;
- Mainstreaming PPPs including technical assistance and programmes from bilateral/ multilateral agencies and support to State and local governments;
- International interface on PPPs and other matters concerning PPPs;
- Matters relating to management of PPP related information.

6.4.2 Government of India has systematically rolled out the Public Private Partnerships (PPP) program to bridge the infrastructure gap, and create an enabling environment for private sector investment in infrastructure through PPPs for the delivery of high-priority public infrastructure and services. The PPP Unit acts as the Secretariat for Public Private Partnership Appraisal Committee (PPPAC) and Empowered Institution (EI)/ Empowered Committee (EC) for the projects posed for financial support through DEA's Scheme for Financial Support to PPPs in Infrastructure [Viability Gap Funding (VGF)].

6.4.3 Major Policy Initiatives/Achievements:

6.4.3.1 Public Private Partnership Appraisal Committee

The Public Private Partnership Appraisal Committee (PPPAC) was setup to streamline the procedure for approval of PPP projects, ensure speedy appraisal of projects, eliminate delays, adopt international best practices and have uniformity in appraisal mechanisms and guidelines. The PPPAC is chaired by Secretary, Economic Affairs with Secretaries of Department of Expenditure, Department of Legal Affairs, CEO NITI Aayog and Secretary of the Sponsoring Ministry/ Department as members to consider and approve the proposals of Central Sector PPP Projects. During the period from April 2018 to March 2019, 8 projects with total project cost (TPC) of Rs. 9,730 crore have been recommended by PPPAC.

6.4.3.2 Financial Support to Public Private Partnerships in Infrastructure (Viability Gap Funding Scheme)

Infrastructure projects are often not commercially viable on account of their public good nature, substantial sunk investment and low returns. However, they continue to be economically essential. Accordingly, the Scheme for Financial Support to Public Private Partnership in Infrastructure (Viability Gap Funding Scheme) was formulated to provide financial support in the form of grants, one time or deferred, to infrastructure projects undertaken through PPPs with a view to make them commercially viable. The Scheme provides Viability Gap Funding up to 20% of the Total Project Cost (TPC). The Government or statutory entity that owns the project may, if it so decides, provide additional grants out of its budget up to further 20% of the TPC. Viability Gap Funding under the Scheme is normally in the form of a capital grant at the stage of project construction. During 2018-19, Empowered Institution has granted In-Principle approval to 1 project with TPC of Rs. 1,136 crore and Final approval to 1 project with TPC of Rs. 26.57 crore and VGF of Rs 5.31 crore.

6.4.3.3 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) had been launched to finance the cost incurred towards development of PPP projects. The IIPDF supports up to 75 % of the project development expenses.

6.4.3.4 PPP Structuring Toolkits

PPP Toolkits have been designed to assist PPP practitioners to strengthen decision-making at all key stages of the PPP project cycle and also improve the quality of the PPPs that are being developed. It is a web-based on-line Toolkit that facilitates identification, assessment, development, procurement and monitoring of PPP projects. The Toolkit is structured to cover the full life cycle of PPP projects. While the general structure has incorporated international best practices, the Toolkit has been built on specific approaches for project procurement, approval etc currently in place in India to ensure that it forms a relevant resource for practitioners in India. The on-line nature of the Toolkit ensures updating of resource quickly over time as the approaches in place develop and change. The toolkit covers four sectors, viz. highways, ports, solid waste management and urban transport. The toolkit is available to practitioners through DEA PPP Unit’s website, www.pppinindia.gov.in.

6.4.3.5 PPP Practitioners Guide

A comprehensive guidance for PPP practitioners titled “PPP Guide for Practitioners” has been developed to provide step-by-step guidance on various processes in the PPP project life cycle including the pre-award phase. It highlights best practices that could be adopted by practitioners, to ensure transparency, fairness and accountability in the development and implementation of PPPs. The Guide, available on DEA’s PPP Unit website, i.e. pppinindia.gov.in, is divided into 17 modules which discusses stages and concepts in the PPP project development process. The Guide is interspersed with examples, key takeaways, web links and case studies.

6.4.3.6 Contingent Liability Management Tool

An Application Tool has been developed for estimation and management of contingent liabilities arising from PPPs sponsored by Line Ministries, Departments and State Owned Enterprises of the Central and State Governments. The Tool is a browser based application designed to estimate contingent liabilities of PPP projects at different stages of their implementation using an inbuilt contingent liability framework that is aligned to various provisions relating to termination risks and termination payments provided in the concession agreements. This Toolkit is easily accessible through DEA’s PPP Unit website, i.e. www.pppinindia.gov.in.

6.4.3.7 Guidance on use of Municipal Bond Financing for Infrastructure projects

PPP Unit DEA has prepared a Guidance Manual which serves as a handy reference to practitioners and policy makers on the use of Municipal Bond Financing for Infrastructure projects and is available at DEA’s PPP Unit website (www.pppinindia.gov.in). The initiative has been taken to build capacities of Urban Local Bodies (ULBs) to raise financing through the Capital Market for financing infrastructure projects. The Guidance Manual provides actionable step-wise inputs on preparatory actions, the regulatory framework and process of bond issuance.

6.4.3.8 Capacity Building Training Programme at Guwahati

A PPP Training Programme was organised by Department of Economic Affairs (conducted by Indian Institute of Management, Ahmedabad) for Officials of Government of Assam at Guwahati, Assam during May, 2018. More than 30 participants from across 15 departments of the Govt. of Assam participated and benefited from the training. The overall feedback from the participants indicated that they gained valuable insights not only about the PPP approach but also about public policy in general.

7. Investment Division

Since the abolition of FIPB and transfer of the coordination function to Department of Promotion of Industry and Internal Trade (DPIIT), the function of this section has been down-sized to provide policy support on Foreign Investment policies, besides FDI policy clarifications & related matters, with specific reference to "*Other financial services*" sector entrusted to DEA. This Section primarily co-ordinates with DPIIT on foreign investment issues and also offers comments / suggestions on any amendment in FDI policy as per need of the Indian economy. It also suggests measures for improving investment environment in India with respect to FDI policy. It also takes inputs from DFS, RBI, SEBI, PFRDA, IRDAI, etc., while processing FDI applications.

To promote Foreign Direct Investment (FDI), the Government has put in place an investor-friendly policy which is transparent, predictable and easily comprehensible. Except for a small negative list, most sectors have been made open for 100% FDI under the Automatic route. 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 the Regional office concerned of RBI. Under the Government approval route, applications for FDI proposals are considered and approved by the respective subject matter Ministries on the Foreign Investment Facilitation Portal (FIFP), the new online single point interface of the Government of India for investors to facilitate Foreign Direct Investment. Department of Economic Affairs has approved thirty FDI proposals relating to "*Other financial services*" involving an inflow of Rs. 6419.32 crore during the period 1st April, 2018 to 31st March 2019.

***Abolition of Foreign Investment Promotion Board (FIPB)*:** Union Finance Minister in the Budget Speech 2017-18 had announced for abolition of FIPB in 2017-18. Accordingly, with the approval of the Cabinet on 24.05.2017, FIPB has been abolished and FDI approval process has been assigned to 11 administrative Ministries/Department as per Standard Operating Procedure (SoP) issued by DIPP on 29.06.2017. This will provide ease of doing business and will help in promoting the principle of maximum Governance and minimum Government.

***Rationalization of FEMA Notification 20 dated 03.05.2000*:** With the objective to rationalize, liberalize and simplify the extant regulations, the revised FEMA Notification 20 (R) was notified in the gazette on 07.11.2017.

Foreign investment in investing companies: Vide Press Note 1 of 2018 dated 23.01.2018, 100% FDI under automatic route is now allowed in investing companies registered as NBFC with the RBI, being overall regulated.

Steps taken for improving business environment to attract FDIs

Indicator	Reforms implemented
Starting a Business	● Simplified Pro-forma for Incorporating Company Electronically (SPICe) - to make incorporation of companies possible within one working day by encapsulating 5 services viz. Name reservation, DIN, Incorporation, PAN and TAN ● Value Added Tax (VAT) Registration is processed online. ● In Mumbai, registration under Shops and Establishments -made online. ● Registration with ESIC and EPFO -made fully online by eliminating all physical touch-points
Dealing with Construction Permit	● Time taken in giving various approvals during the construction cycle of a building has been brought down to 60 days ● Risk based classification has been introduced for fast-pacing building plan approval, inspection and grant of occupancy-cum-completion certificate
Getting Electricity	● Number of procedures for obtaining an electricity connection reduced from 5 to 3. ● Time taken for obtaining an electricity connection has been reduced to 15 days ● Application for connections above 100 kVA has been made mandatorily online in Mumbai and Delhi.

Enforcing Contracts	● The Arbitration and Conciliation Act, 2015 has been amended to reduce the time taken in arbitration proceedings. ● National Judicial Data Grid (NJDG) was opened to general public on 19th September, 2015. NJDG is a national data warehouse for case data including case registration, cause list, case status and orders/judgments of courts across the country till District Level Courts.
Paying Taxes	● Mandatory online payments of contribution payment for ESIC and EPFO ● Administrative charges for Provident Fund reduced from 1.10% to 0.65% ● E-Assessment, e-proceeding and mandated e-filing of appeal has been introduced. ● Reduction in corporate tax rate from 30% to 25% for domestic companies having turnover of below INR 500 Million in FY 2015-16 ● Goods and Service Tax (GST) has been rolled out on 1 July 2017, thereby subsuming all the indirect taxes
Getting Credit	● Time limit of completing the scrutiny reduced to from 2 years to 1 year ● The Enforcement of Security Interest and Recovery of Debts Laws and Miscellaneous Provisions (Amendment) Act, 2016 amended SARFAESI Act, 2002 to expand the scope of security interest and extend the coverage to all types of creditors. ● Introduced provision whereby secured creditors are given priority over all other debts and revenues, taxes, cesses and other rates payable to the Central Government or State Government or local authority ● Secured creditors' rights are protected by providing clear grounds of relief and moratorium period of maximum 180 days to the secured creditors once the restructuring application has been admitted by NCLT ● Two way integration of Ministry of Corporate Affairs (MCA21) database and CERSAI database
Protecting Minority Investors	● Amended threshold for approving transactions with interested parties. Now, for transactions representing 10% or more of a company's assets approval of shareholders would be required ● With constitution of NCLT, several amendments as provided below have been brought in for Protecting Minority Investors.
Trading Across Borders	● Filing of import and export declarations and manifests has been made online with mandatory digital signature ● Infrastructure development at the JNPT port by creation of parking plaza at all 4 Terminals. In addition to this improvement in the inter-terminal process has reduced pollution, fuel saving, TAT of trucks and cost of handling ● 24x7 Customs clearance facility is available at 19 seaports and 17 Air Cargo Complexes. Since January, 2017, the officials are working at the port 24x7 in shifts. ● Mate Receipt for containerized cargo as been abolished.

Trend in Foreign Direct Investment Inflows

S. No.	Financial Year (April-March)	FOREIGN DIRECT INVESTMENT INFLOWS					
		Equity Inflows FIPB	Unincorp. bodies	Reinvested earnings	Other capital	Total FDI	Growth%
1	2013-14	24.30	0.97	8.98	1.79	36.05	5
2	2014-15	30.93	0.98	9.99	3.25	45.15	25
3	2015-16	40.01	1.11	10.41	4.03	55.56	23
4	2016-17 (P)	43.48	1.23	12.34	3.17	60.22	8
5	2017-18 (P)	44.86	0.67	12.54	2.91	60.98	1
6	2018-19 (P)	44.37	0.69	13.57	5.75	64.37	6
Cumulative FDI inflows in India since 2000		**422.9**	**15.46**	**140.01**	**31.45**	**609.84**	

International Investment Treaties and Framework:

The main function of IITF Section is to negotiate and conclude International Investment Agreements (IIAs) with other countries on the basis of the revised Model Bilateral Investment Treaty (BIT) Text which was approved by the Cabinet on 16th 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. The following steps/initiatives were taken in the last year:

I. Bilateral Investment Treaty (BIT) between the Republic of India and the Republic of Belarus has been signed on 24.9.2018 in Minsk.

II. Joint Interpretative Declaration (JID) between the Government of Republic of India and Government of Republic of Colombia has been signed on 4th October, 2018 in Bogota.

III. Bilateral Investment Agreement between the India Taipei Association in Taipei and the Taipei Economic and Cultural Center in India has been signed on 18th December, 2018 in Taipei.

IV. Bilateral face-to-face negotiations on BIT were held during 2018 with Ukraine, Switzerland, UAE, Morocco, Taiwan, Iran.

V. In 2019, a face-to-face negotiation held in February, 2019 with Israel.

VI. IITF Section also represented India in Working Group on Investment (WGI) in 23rd, 24th & 25th rounds of RCEP meetings.

VII. Workshop on Investment Treaties and Investor-State Dispute Settlement (ISDS) System for Government Officials was organised by Department of Economic Affairs and Centre for Trade and Investment Law (CTIL) on 8th March 2019 in IIFT Bhawan, New Delhi to provide a basic understanding of investment treaty-related issues and how various departments and agencies should develop the capacity to avoid and defend India's interest in investment disputes.

Foreign Trade Section

1. Gold Monetisation Scheme-

With a view to mobilize idle gold held by households and institutions in the country and to put this gold into productive use and to reduce the country's reliance on the imports of gold to meet the domestic demand, Government launched the Gold Monetisation Scheme on 5th November, 2015 .

The Gold Monetization Scheme comprise of the 'Revamped Gold Deposit Scheme' and the 'Revamped Gold Metal Loan' scheme, linked together. The minimum deposit at any one time may be 30 grams of raw gold (bars, coins, jewellery excluding stones and other metals). There is no maximum limit for deposit under the scheme. Depositors may avail two options for deposit:

- Short term bank deposit (1-3 year)
- Medium and Long term Government deposit (5-15 year)

Till 31st March, 2019 a total of Approximately 16273 Kg of gold has been deposited under Gold Monetisation Scheme.

The Cumulative GMS data received from RBI for the last three years is as under :

S.No.		As on 31.3.2017	As on 31.3.2018	As on 31.3.2019
1	Cumulative Quanitity of Gold (in grams)	6532413.47	13510633.33	16273752.91
	a. Short Term Bank Deposit (bank Scheme)	4752210.77	6340903.28	6629659.70
	b. Medium Term gold Deposit (Government)	1164202.39	2017001.10	3055219.53
	c. Long Term gold Deposit (Government)	616000.31	5152728.95	6588873.68
2	Number of participating Banks	10	10	10
3	Number of depositors	718	1212	1795

2. Indian Gold Coin

IGCwas launched by the Hon'ble Prime Minister Shri Narendra Modi on 5th November 2015 as one of the 3 gold schemes namely, Gold Monetization Scheme (GMS), Sovereign Gold Bond (SGB) & the Indian Gold Coin (IGC). The Indian Gold Coin promotes both Gold Monetization Scheme & Make in India. It is manufactured out of domestic gold (under GMS) and it is domestically manufactured (Make In India) standard gold coins/ bars in different denominations which may eventually replace the imported coins.

Till 28th March 2019, a total of 724.405 Kgs of Indian Gold Coin has been sold as per summary placed below:

IGC SALES DETAILS (5th NOV.2015 TO 28th March 2019)

	TURNOVER (IN CRORES)	WT. SOLD (IN KGS)	QTY. SOLD (IN NOS.)	DENOMINATION-WISE DETAILS(in Numbers)		
				5 GM	10 GM	20 GM
GRAND TOTAL	235.876	724.405	78260	31411	36963	9886

3. For the promotion of trade and investment relations with potential partner countries, a number of Free Trade Agreements with Investment Chapter are being negotiated by the Government in the Commerce department. The Investment Chapter of such Agreements are being negotiated by DEA in the FT Sub division in respect of BIMSTEC and APTA in 2018-19.

Domestic Investment

A. National Investment and Infrastructure Fund (NIIF)

1. Following announcement in Budget session on 28.02.2015, National Investment and Infrastructure Fund has been established to invest in commercially viable projects, both greenfield and brownfield, including stalled projects for infrastructure development, combining government's contributions together with international and domestic commercial capital. 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"). The proposed corpus of NIIF is Rs. 40,000 Crores (around USD 6 Billion). Government's contribution/ share in the corpus will be 49% in each entity set up as an AIF and will neither be increased beyond, nor allowed to fall below 49%. The whole of 49% would be contributed by the Government of India directly. National Investment and Infrastructure Fund Trustee Ltd. ("**NIIF Trustee Ltd.**"), which is a 100% Govt. company, is the Trustee of NIIF and National Investment and Infrastructure Fund Ltd. ("**NIIF Ltd.**") is the Investment Manager, company, with GOI equity of 49% at present. NIIF has been established 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 in the country.

2. **NIIF Limited:** the Fund Manager, has been delegated the powers to manage the NIIF funds by proper investments in the infrastructure sector. The Board of NIIFL currently comprises of following members:

Sl	Share Holder		Nominee
1	Government of India	1.	Shri Subhash Chandra Garg, Finance Secretary
		2.	Shri. K. Rajaraman, Additional Secretary (Inv), Department of Economic Affairs
2	Abu Dhabi Investment Authority (ADIA)		Shri Sanjay Vijay Bhandarkar
3	HDFC Bank		Shri Deepak Shantilal Parekh
4	Independent Director		Shri Ishaat Hussain
5	MD & CEO NIIFL		Shri Sujoy Bose

NIIF Ltd's contractual arrangements provide that each investor with greater than 10% shareholding of NIIF Ltd. will get rights to nominate a member on the Board. Domestic financial investors share one board seat and independent directors are also appointed. The investment manager has been delegated powers under an Investment Management Agreement (IMA) to run the affairs of the funds including investments and disinvestments.

3. **Trustee Company – NIIF Trustee Limited :** is the Trustee Company and is currently comprised of the following members: -

i. Shri Subhash Chandra Garg, Finance Secretary and Secretary, EA
ii. Shri Debasish Panda, Additional Secretary, Department of Financial Services
iii. Shri K. Rajaraman, Additional Secretary, Department of Economic Affairs
iv. Shri Sameer Khare, Additional Secretary, Department of Economic Affairs

4. **Governing Council of NIIF Trusts**

A Governing Council of the NIIF Trust was set up under the chairmanship of the Hon'ble Minister of Finance on 27.10.2015, to provide strategic guidance on a number of matters including investment of the corpus of NIIF, parameters for appointment and performance of investment managers / advisors. It acts as an advisory council to NIIF. So far three meetings of Governing Council have been held. It comprises of Government representatives, international finance experts, economists & infrastructure professionals and may include other investors. The members of Governing Councils are: -

Sl	Name/Designation	Role
1	Finance Minister	Chairman
2	Secretary, Department of Economic Affairs	Member
3	Secretary, Department of Financial Services	Member
4	Shri Rajnish Kumar, Chairman SBI	Member
5	Shri Hemendra Kothari	Member
6	Shri T.V. Mohandas Pai	Member

5. **Current Status of NIIF investments**

Investments by ALL Investors including GoI: (as on March 31, 2019)

Fund	Capital Commitments (INR Crores)	Actual Investments* (INR Crores)	Fund Co-investment Commitment (INR Crores)	Downstream Co-Investment Commitments + (INR Crores)
Master Fund	5,514	778	6,936	DP World: 13,000 Roadis: 7,500 CDC: 1,164
Fund of Funds	3,938	446^	-	ADIA & HDFC: 3,630 DFID & Ever Source: 1,260
Strategic Fund	14,050	517	-	-
Total	23,502	1,741	6,936	26,554
Total Commitments	30,438#			26,554
Total Actual Investments	1,741			3,579

* *Represents amount called and invested by Master Fund and amount called by HCARE-2 and GGEF from Fund of Funds towards Investments.*

\# *includes co-investments of investors (including GoI) directly into NIIF funds and does not account for the investments downstream made directly by NIIF investors in many downstream projects/ acquisitions.*

\+ *these co-investments represent amounts committed by NIIF's partners directly into NIIF's operating companites or investee funds*

^ *Amount drawn from investors for investments INR 514 crore.*

6. **Fund Raising:**

The *fund-sourcing strategy* of NIIF has been to build foreign investor confidence, including amongst a class of investors who have little or no experience in investing in India or have not invested in the infrastructure asset class. NIIF first focussed on Sovereign Wealth Fund (SWFs) who are more familiar with investing in India and following success with ADIA and Temasek, NIIF is now focussed on Global Pension Funds (GPFs) who are less familiar with India. The process as can be seen above is incremental and slow as financing decisions of these entities are subject of National policies and client perspectives - but strong momentum has built up. Further, investments in NIIF by such investors is based on trust and confidence in the brand value built on its track record. The successes in the recent launches of sectoral platforms has given a big boost to NIIF's record. Due to joint marketing efforts of DEA, MEA and NIIFL, a significant turnaround is being perceived in the outlook of the above investor class towards India.

A Global Investor Roundtable was organized on 17th-18th January 2019 by Department of Economic Affairs in collaboration with NIIF Limited during Vibrant Gujarat Summit 2019 in January. Leading investors from India and abroad, as well as top leadership of Sovereign Wealth Funds and Pension Funds, participated in the event chaired by Honble Prime Minister.

An MoU on investing in the National Investment and Infrastructure Fund was signed between the Government of the Kingdom of Saudi Arabia and the Government of the Republic of India on 20th February 2019, during the visit of Crown Prince of Saudi Arabia to India.

7. Second Close of NIIF-Master Fund: The National Investment and Infrastructure Fund (NIIF) announced Second Close of Master Fund with Temasek, a global investment company headquartered in Singapore on 05th September 2018 and signed an agreement for investments of up to USD 400 million, which may include future potential co- investments with NIIF.

8. Launch of third fund of NIIF: The third fund of NIIF namely National Investment and Infrastructure Fund-II ("Strategic Fund"), established in October 2018 to invest in equity and equity-linked instruments in projects and companies. NIIF-II will focus on securing active minority or majority stakes in growth companies /assets whose products and services cater to the domestic India market and are likely to enjoy stable growth over the next decade.

9. First close of NIIF Fund of Funds-I: The first close of Asian Infrastructure Investment Bank (AIIB) investment in the NIIF Fund of Funds-I (FoF) made on 30th March 2019. The AIIB commitment is for USD100 million equivalents as first tranche and second tranche of an equal amount to be committed at the final close.

9. Ayana Renewable Power Private Limited (Ayana India): NIIF, alongside Green Growth Equity Fund (GGEF), has acquired 51% stake (25.5% stake each) in Ayana India, a renewable energy platform. The closing was achieved on 29th March 2019, pursuant to which NIIF has invested INR 970 million in Ayana. Ayana India is currently implementing a 250 MW solar power project and is evaluating potential opportunities to consolidate operational renewable power projects.

10. Roads platform: NIIF has signed definitive documents for creation of its roads platform in partnership with Roadis, a wholly owned subsidiary of PSP Investments. The platform is structured on a co-controlled construct with a target to jointly invest equity of up to USD 2.1 bn to create one of the largest roads platform in India. The platform would focus on wide gambit of opportunities in the roads sector including consolidation of operational toll roads including Toll Operate Transfer (ToT) opportunities, differentiated strategy in Hybrid Annuity Model (HAM) space, last mile funding projects and stressed assets. The completion of conditions precedents to the transaction including creation of the platform company, adopting requisite policies, organisation structure planning, etc., is in progress.

11. Second investment of NIIF Fund of Funds-I: NIIF Fund of Funds-I committed INR 660 crores to HDFC Capital Affordable Real Estate Fund-2 (HCARE-2) in October 2018. Target Sectors of HCARE-2 are Mid-income and affordable housing in key large cities. HCARE2's portfolio has over 20 projects that are developing residential housing of ~50 million sq ft.

12. Infra Debt Platform: National Investment and Infrastructure Fund-II (NIIF-II) has entered into an agreement to acquire ~81.5% equity interest in IDFC's Infrastructure Debt Fund business for a consideration of Rs ~800 crore. NIIF-II is creating an infrastructure debt financing platform to address the shortage of long-term debt for infrastructure projects. In line with this strategy, the NIIF-II has committed to acquire a controlling stake in IDFC's IDF. The IDF has a current loan book of 50+ assets amounting to ~INR 4,500 crores and zero NPAs. Post-closing, NIIF will also look to secure long-term debt funding lines from large international investors, thus attracting further international capital into the Indian infrastructure sector.

B. FinTech -

1. **Steering Committee on Fintech**: In pursuance of the Budget Announcement of 2018-19 regarding the need to promote FinTech ecosystem in India to help growth of MSMEs, Department of Economic Affairs constituted a steering committee under the chairmanship of Secretary Economic Affairs, to consider various issues relating to development of FinTech space in India with a view to make FinTech related regulations more flexible and generate enhanced entrepreneurship in an area where India has distinctive comparative strengths vis-à-vis other emerging economies. The other Members of the Committee were MSME, MeitY, DFS, CBEC, UIDAI, RBI, SEBI and Invest India. The Committee deliberated on how FinTech can be leveraged to enhance financial inclusion of MSMEs. A sub group under this committee was also formed with a view to enable flow based lending, using the Goods and Services Tax Network (GSTN) data base for creating a repository of 'trusted invoices', to be made available to lenders through an Open Application Programming Interface (API) system. The committee has submitted its report to the Hon'ble Finance Minister.

2. **Joint Working Group on Fintech between India and Singapore**: A Joint Working Group on FinTech constituted between India and Singapore on 10.04.2018 with the objective to promote cooperation between Singapore and India on Fintech related issues. An MoU on constitution of Joint Working Group on Fintech was signed between Department of Economic Affairs and Monetary Authority of Singapore on 01.06.2018 during the visit of Hon'ble Prime Minister to Singapore from May 31 to June 2, 2018.

3. **Joint Working Group on Fintech between India and United Kingdom:** A joint Working Group on co-operation in the area of Fintech between Department of Economic Affairs, GoI and HM Treasury UK constituted on 08th January 2019 to share experience in the areas in which both countries have made progress.

8. FB & ADB Division

8.1 Introduction

8.1.1 The FB & ADB Division is concerned with policy matters of Multilateral Institutions like World Bank Group, International Monetary Fund (IMF), Asian Development Bank (ADB), IFC & MIGA and related Institutions. FB & ADB 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) and Global Facility for Disaster Reduction and Recovery (GFDRR).

8.2 World Bank Group

8.2.1 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.

8.2.2 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) for various developmental projects. Fund Bank & ADB division, DEA is the focal point for India being represented in the WBG meetings for international level deliberations to discuss policy issues pertaining to the World Bank Group as also to undertake projects with assistance from the World Bank (IBRD)

8.3 India and World Bank Group

8.3.1 In the Resolution of Capital Increase of the International Bank for Reconstruction and Development (IBRD) (adopted on October 1, 2018) India was allocated additional 15,252 Share (through General capital Increase and selective Capital Increase). India became the 7th largest shareholder in IBRD with voting Power of 3.00%. The Resolution provides that members will have 5 years from the date of adoption of the Resolutions to subscribe their allocated shares.

8.4 World Bank India Portfolio

8.4.1 The World Bank portfolio as of December 2018 comprises approximately 98 projects amounting to approximately US$ 27.2 billion with an undisbursed balance of US$ 16.4 billion. The World Bank projects are spread across sectors like Urban, Transport, Education, Health, Rural Development, Panchayati Raj Institutions, Irrigation, Water Supply Power, Tourism, Governance, Environment & Forest etc. Major World Bank assisted projects are Swachh Bharat Mission Support Operation, National Ganga River Basin Project, Dam Rehabilitation & Improvement Project, PMGSY Rural Roads Project, National Rural Livelihoods Project, Skill India Mission Operation etc.

8.5 Major activities pertaining to the World Bank in 2018-19

8.5.1 **Loan Signed & Disbursement:** Total 13 World Bank assisted (IBRD) projects were signed during the year 2018, amounting to US$ 2.6 billion of assistance. Some of the important projects signed during year 2018 are Additional Financing for PMGSY Rural Roads project phase-II, Maharashtra Project on Climate Resilient Agriculture, National Nutrition Mission, India Energy Efficiency Scale Up Program etc. Total Disbursement for the period January to December 2018 was approximately US$ 2.3 billion (IBRD approximately US $1.4 billion).

8.5.2 **Monitoring of the World Bank Portfolio:** Portfolio performance has improved over the years as a result of regular review meetings such as Tri-partite Review Meetings for ongoing projects and Pipeline Review Meetings for pipeline projects. The meetings are organised jointly by Government of India and World Bank and attended by officials from Department of Economic Affairs (DEA), Ministry of Finance, World Bank and Implementing Agencies of World Bank assisted projects. During January-December 2018, two Pipeline Review Meetings on June 7, 2018 and August 20, 2018 and three Tri-partite Review Meetings were held on 15-16 February 2018, 23-24 August 2018 and 28-29 November 2018 were held for review of World Bank assisted projects of various sectors.

8.5.3 **India as donor to 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. As a commitment to India's shared objective of eliminating extreme poverty, reducing vulnerability and increasing resilience across countries, India decided 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. Payment of the first contribution of INR 4,083,330,000 towards the first instalment of India's contribution to IDA-18 was made in January 2018. IDA-18 MTR (Mid Term review) meeting was held in Zambia from 12-15 November, 2018. Discussions over the three days were organized around the issues related to IDA18 Delivery, Review of Graduation and Transition, IDA18 themes and policy commitments, Proposed IDA19 Strategic Directions, IDA long term financial sustainability followed by a session to the discussion in Bali on IDA Voting Rights.

8.6 Meetings of Fund Bank

8.6.1 **The Spring Meetings of the IMF/World Bank** other associated Meetings were held in USA from 18th to 21st April, 2018. The Finance Ministry Delegation was led by the Secretary, Department of Economic Affairs comprised of the Joint Secretary (MI) and other officials. Dr. Urjit Patel, Governor (RBI) and other RBI officials also joined the delegation to attend the Spring Meetings. The Plenary Meeting of the Development Committee (DC), which is the Ministerial-Level forum of the World Bank Group and the IMF for inter--governmental consensus building on development issues, was held on April 22, 2018. The items on the agenda included Sustaining Financing for Sustainable Development; A Report to Governors on Shareholding at the Spring Meetings 2018; Progress Report on Mainstreaming Disaster Risk Management in World Bank Group Operations; Forward Look Implementation Update; and Update to Governors on Gender Diversity in the Executive Board of the World Bank Group.

8.6.2 The Secretary, Economic Affairs also held bilateral meetings with Credit Rating Agency Moody's, Credit Rating Agency S&P, Mr Bowman, DG, International, Credit Rating Agency Fitch, Ms Kristalina I. Georgieva, CEO, IBRD, World Bank, Secretary of State, France, USIBC, Mr. Rodger Voorhies, ED, Global Growth and Opportunity, Bill and Melinda Gates Foundation, Ms. Naoko Ishi, CEO, GEF, Ms. Keiko Honda, CEO, MIGA, Ms. Renaud Basso, General Director of Treasury, France, Mr David Malpass, Under Secretary, US, the Belgian Finance Minister, Mr. Nick Dyer, DG for Economic Development, DFID.

8.6.3 **The 2018 Annual Meetings of the IMF/World Bank** and other associated Meetings were held in Bali, Indonesia from 12th to 14th October, 2018. The Finance Ministry Delegation led by the Secretary, Department of Economic Affairs comprised of Additional Secretary (FB & ADB) and other senior officials. Executive Director RBI represented Governor, RBI at the Annual Meetings.

8.6.4 The 98th Meeting of the Development Committee Plenary of the World Bank discussed the Human Capital Project: A Project for the World; Disruptive Technologies and the World Bank Group – Creating Opportunities - Mitigating Risks; The Bali Fintech Agenda; and Debt Vulnerabilities in Emerging and Low Income Economies.

8.6.5 The Secretary, Economic Affairs also held bilateral meetings with Mr Alessandro Rivera, DG of Italian Department of Treasury, Mr Marco Buti, DG, ECFIN, European Commission, Mr David Malpass, United States Under Secretary, Japanese Vice Minister for Finance, Mr Asakawa, Mr Mathew Rycroft, Permanent Secretary for DFID, Credit Rating Agency Moody on October 13, 2018. Ms Kristalina Georgieva, CEO, IBRD, Secretary of State for Treasury, Guinea Bissau, Mr Gabriel Makhlouf, Treasury Secretary, New Zealand, Mr Jingdong Hua, Vice President and Treasurer (VPT), IFC.

8.7 International Finance Corporation (IFC)

8.7.1 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 has a shareholding of 4.01%, the sixth largest along with that of the Russian Federation. India holds 3.82% of the voting power. India's Executive Director represents a constituency equal to 4.56% voting power. There are three other countries in India's constituency at the IFC, viz. Bangladesh, Bhutan and Sri Lanka. IFC has committed over USD 20 billion in India since the first investment in 1958. Currently, IFC investments are spread over 200 clients in India. As of May 2019, IFC's own account committed portfolio in India stoodat approximately USD 6 billion, making India is IFC's largest portfolio exposure which accounts for about 9% of its global portfolio. India is also IFC's largest advisory client, as well as the IFC regional hub for South Asia. The IFC's investments in India are spread across priority sectors like infrastructure, manufacturing, financial markets and SMEs, affordable housing, renewable energy,low-income states, gender development and climate change. Keeping in alignment with the Country Partnership Strategy (CPS) of the World Bank Group, IFC uses its private sector expertise to support the economic growth that is inclusive, productive and sustainable. IFC's India Commitment reached historical height of USD 2.6 billion (including mobilised financing) at FY18 (July 2017-June 2018).A total of 39 Article III Notifications were approved during FY18, and at this FY to date, 23Article III Notifications for IFC investment worth USD 1.2 billion in equivalent INR have been received by the DEA and granted no objection. IFC is aiming to invest USD 2-3 billion in this FY (including mobilization). Further, DEA has granted approval for five advisory engagements of IFC between July 2017 and June 2018 and six since July 2018.

8.8 International Monetary Fund

8.8.1 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.

8.8.2 **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 discusses progress on the work of the IMF and World Bank. The 2018 Spring Meeting of the International Monetary Fund and World Bank Group was held in Washington D.C from April 16-22, 2018. The Annual Meetings of the IMF and World Bank was held during October 12-14, 2018 at Bali, Indonesia.

8.8.3 **India and IMF:** The membership of the Fund is committed to maintain a strong, quota-based, and adequately resourced IMF. IMF's total resources presently include the following:

a. ***Quotas:*** Primary source of financing for lending;

b. ***New Arrangements to Borrow (NAB)*** acts as the second line of defence i.e. after quota resources are exhausted substantially;

c. ***Bilateral Borrowing Agreements (BBAs)*** provide a third line of defence.

a). India's Quota and Ranking: The 2010 IMF Quota and Governance Reforms (including the 14th General Reforms 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. Consequent to this Quota Increase in IMF, India has provided for the Quota increase of SDR 7292.9 million under the 14th General Review of Quotas as SDR 1,823,225,000 through India's SDR holdings for Reserve Asset Portion (25% of quota increase) and SDR 5,469,675,000 for Local Currency Portion (75% of quota increase) through issuance of non-interest bearing, non-negotiable Government of India Rupee Securities.

b). India's contribution to New Arrangements to Borrow (NAB): In April 2009, the G-20 agreed to increase the resources available to the IMF by up to US $500 billion (which would triple the total pre-crisis lending resources of about US $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). As part of efforts to overcome the global financial crisis, in April 2009, G-20 economies agreed to increase the resources available to the IMF by up to US $500 billion to support growth in emerging market and developing countries. The increase was made through (i) increase in bilateral financing from IMF members and (ii) by incorporation of this financing into an expanded and more flexible 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.

The NAB was rolled back from SDR 370 billion to SDR 182 billion, pursuant to the effectiveness of the 14th Review quota increase resulting in a decline in the financing ratio (NAB: quota) from 3:1 to 1:1. 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. As NAB arrangement expired on November 16, 2017, India had already concurred to the proposal to renew the NAB for a period of five more years upto November 2022.

c). India's contribution to Bilateral Borrowing Arrangements (BBA): BBAs are used as a third line of defense after quota and NAB resources are exhausted substantially. At the Los Cabos G20 Summit in 2012, the IMFC and G20 jointly called for further enhancement of IMF resources for crisis prevention and resolution through temporary bilateral loans. This included BRICS countries wherein USD 10 billion was contributed each by India, Brazil and Russia. India's commitment of contributing USD 10 billion is implemented through the mechanism of Note Purchase Agreement (NPA) between Reserve Bank of India (RBI) and the IMF

India has agreed to commit USD 10 billion to the BBA 2016 as on August 10, 2017, which expires in December 2019. NPA to effect the BBA 2016 has been signed between IMF and RBI.

8.8.4 **South Asia Regional Training and Technical Assistance Center (SARTTAC) :** A Memorandum of Understanding was signed 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 on March 11, 2016. The Centre has been officially inaugurated on February 13, 2017. SARTTAC serves six member countries of Bangladesh, Bhutan, India, Maldives, Nepal & Sri Lanka. It provides training to government & public sector employees enhance their technical and analytical skills and improve the quality of their inputs into policy. It also provides 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.

India has contributed USD 32.8 million of which the first installment of USD 17.8 million to SARTTAC was paid in August, 2016 and the balance USD 17.8 million was paid in November, 2017

8.8.5 **Article IV Consultations :** Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year, to review the economic status of the member countries. Article IV consultations are generally held in two phases. During this exercise the IMF mission holds discussions with the RBI and various line Ministries / Departments of Central Government. The Article IV Consultations are concluded with a meeting of IMF Executive Board at Washington DC which discusses the Article IV Report. The Annual Article IV Mission with International Monetary Fund was held during May 8-22, 2018. Following this, the IMF staff visit was held during November 26-30, 2018.

8.9 Asian Development Bank

8.9.1 **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.

8.9.2 ADB has 68 members (including 49 regional and 19 non-regional members), with its headquarters at Manila, Philippines. ADB's authorized & subscribed capital stock is US$163.12 billion of which India's subscription is US$10.3 billion. India is holding 6.33% of shares, totaling 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.

8.9.3 India became a donor to Asian Development Fund (ADF) since July 2014 and contributed US$ 30 million for the 11th Replenishment of ADF. For ADF-XII, India has pledged an amount of US$40 million. ADB provides concessional finance through ADF to the Developing member countries based on the agreed yardsticks.

8.9.4 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 (two Advisers and one Executive Assistant).

8.9.5 Annual Meetings of BoG is held in a member country in early May every year. Annual meetings are 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, non-government organizations (NGOs), media, and representatives of observer countries, international organizations, academia and the private sector. 46th Annual Meeting of ADB was hosted by India during 2-5 May, 2013 in New Delhi. The 52nd Annual Meeting of ADB was held in Fiji during May 1-4, 2019.

8.9.6 ADB assistance to India commenced in 1986. ADB's annual sovereign lending in India increased to an all time high of US $ 3.03 billion in calendar year 2018. The ongoing portfolio of ADB projects in India (sovereign lending) consists of 80 loan with the total commitment of US $ 14.2 billion. ADB's private sector investments in India include projects in renewable energy, financial inclusion, railways, health etc. ADB committed US $ 577 million in 2018 for its private sector investments in India.

8.9.7 ADB assistance to India supports the Government's development priorities, evolving focus areas, and flagship initiatives. The India country partnership strategy (CPS) of ADB provides the overarching framework for ADB's operations in India. In line with the Government of India's guiding principle that multilateral development partners add value beyond tangible investments, ADB leverages knowledge, supports capacity development, and incorporates innovation and best practice into its operations. The Country Partnership Strategy (CPS) of ADB for India for the period 2018-22 was finalised in September, 2017.

8.9.8 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.

8.9.9 ADB shares the vision of Government of India on regional cooperation and integration. South Asia Sub-regional Economic Cooperation (SASEC) Program brings together Bangladesh, Bhutan, India, Maldives, Myanmar, Nepal, and Sri Lanka in a project-based partnership. Under this flagship Program, ADB has been working with the SASEC member countries to build cross-border power lines, introduce policy measures to facilitate regional trade, and connect roads for movement of goods and people. SASEC countries share a common vision of boosting intraregional trade and cooperation in South Asia, while also developing connectivity and trade with Southeast Asia through Myanmar, to the East Asia, and the global market. The SASEC Vision was launched in April 2017 during the SASEC Finance Ministers Meeting in New Delhi.

8.9.10 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.

8.9.11 Technical Assistance (TA) program has also 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.

8.9.12 ADB has 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 has been voluntarily contributing to TASF since 1970.

8.10 Global Alliance for Vaccines and Immunizations (GAVI Alliance)

8.10.1 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 USD 12 billion till 2016.

8.10.2 India is not only a recipient, but also a contributor to GAVI Alliance. As per 'Contribution Agreement' signed between Government of India and GAVI, India committed to contributed USD 1 million per annum for the years 2013-14 to 2016-17 to the GAVI Alliance.

8.10.3 A proposal of MoHFW was received in 2017 for enhancement of India's contribution to the GAVI in the next replenishment cycle 2017-21. The proposal was examined in DEA and it was decided with the approval of Hon'ble Finance Minister that the Govt. of India will make a contribution of US$ 2 million per annum to GAVI, i.e., a cumulative contribution of US$ 8 million for the next replenishment cycle of GAVI of four years. India's contribution to the GAVI for 2017-18 (USD 2 million) was paid in March, 2018. The second installment towards Govt. of India's contribution to the GAVI for 2018-19 (USD 2 million) has been paid in Jan, 2019.

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

8.11.1 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 is public-private partnership with Secretariat at Geneva, Switzerland. The organization began operations in January 2002. GFATM supported programs have estimated to have saved 17 million lives since 2002.

8.11.2 As per 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 fourth replenishment period 2013-16.

8.11.3 With the approval of the Finance Minister, a 'Multi-Year Contribution Agreement' has been signed between Government of India and the GFATM on December 5, 2016 for India's contribution of US$ 20 million to the Global Fund during the Fifth Voluntary Replenishment cycle 2017-19 as per following schedule (i) US$ 6 million in 2017 and (ii) @US$ 7 million in 2018 & 2019. India's contribution for the year 2018 (USD 7 million) has been paid in June, 2018.Last contribution for the year 2019(USD 7 million) will be paid in the month of June, 2019.

Position of ATNs – IMF Section

(FB & ADB Division, DEA)

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	2014	Report 1 of 2014, Demand No. 32, Para 3.16 (Annexure 3.14, Item 23 to 25)	-	-	Submitted
2	2014	Report No. 1 of 2014, Demand No. 32, Para 3.16 (Annexure 3.14)	-	-	Submitted
3	2015	Report No. 1 of 2015, Demand No. 33, Para 3.12 (Annexure 3.10 & 3.15, Annexure 3.13)	-	-	Submitted
4	2016	Report No. 34 of 2016, Demand No. 34, Para 3.16 (Annexure 3.13, Item 21), Para 3.17 (Annexure 3.14, Item 6)	-	-	Submitted
5	2016	Report No. 34 of 2016, Demand No. 34, Para 3.18 (Table 3.9, Item 3)	-	-	Submitted
6	2017	Reports No. 44 of 2017, Demand No. 29, Para 3.15 (Annexure 3.12, Item No: 13), Para 3.17 (Annexure 3.14, Item 4)			Submitted

9. International Economic Relations Division

9.1. IER Division is one of the important division of Department of Economic Affairs which deals International Economic Relations. Major functions of IER Division are handling matters relating to:-

1. G-20,
2. G-7
3. G-24,
4. BRICS
5. SAARC,SDF,
6. ASEAN, Caribbean Union
7. World Economic Forum (WEF)
8. Work related to Foreign Trade, GATT,WTO, TPP etc.
9. OECD, SCO, GPFI
10. Asia Europe Meeting (ASEM)
11. External Charges-

a) South Asia (Afghanistan, Bangladesh, Bhutan, Maldives, Nepal, Pakistan, Sri Lanka), South East Asia (Brunei, Burma, Cambodia, East Timor, Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand, Vietnam), East Asia (Mongolia, Hong Kong, Taiwan), Central Asia (Turkey)

b) Matter relating to North America (Mexico)

c) Matter relating to CIS countries (Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, Ukraine, Uzbekistan).

12. Sectoral Charge -

a) Ministry of Defence,

b) Ministry of Tribal Affairs

Apex Council on G-20 issues

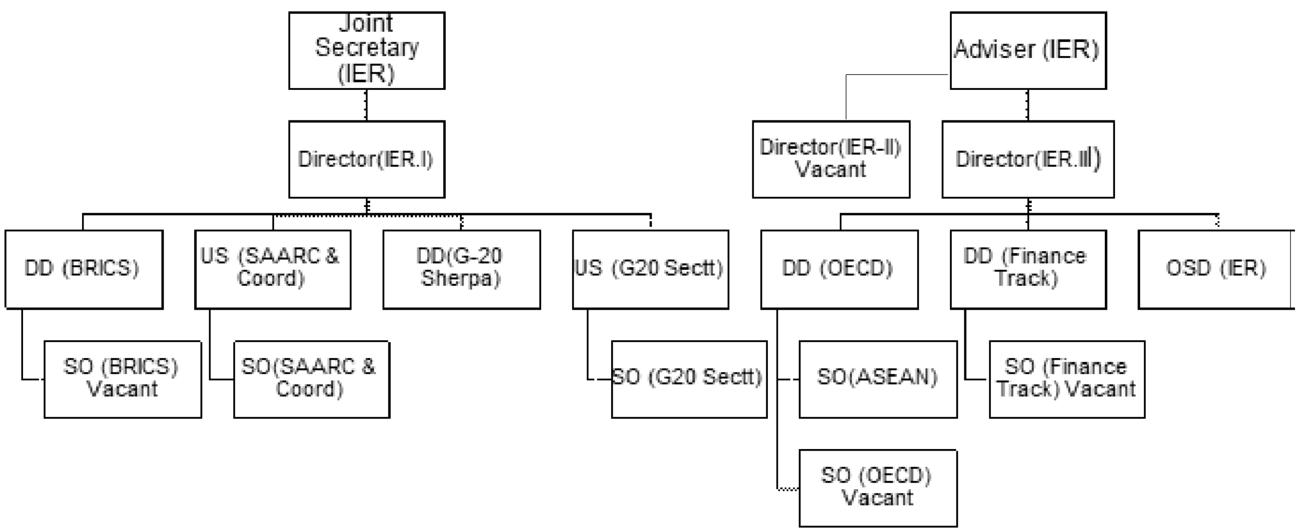
The Apex Council was first constituted under the Chairmanship of Hon'ble Finance Minister as an oversight mechanism to advise Hon'ble Prime Minister on G-20 issues in the year 2010. The terms of reference of the Council are as under:-

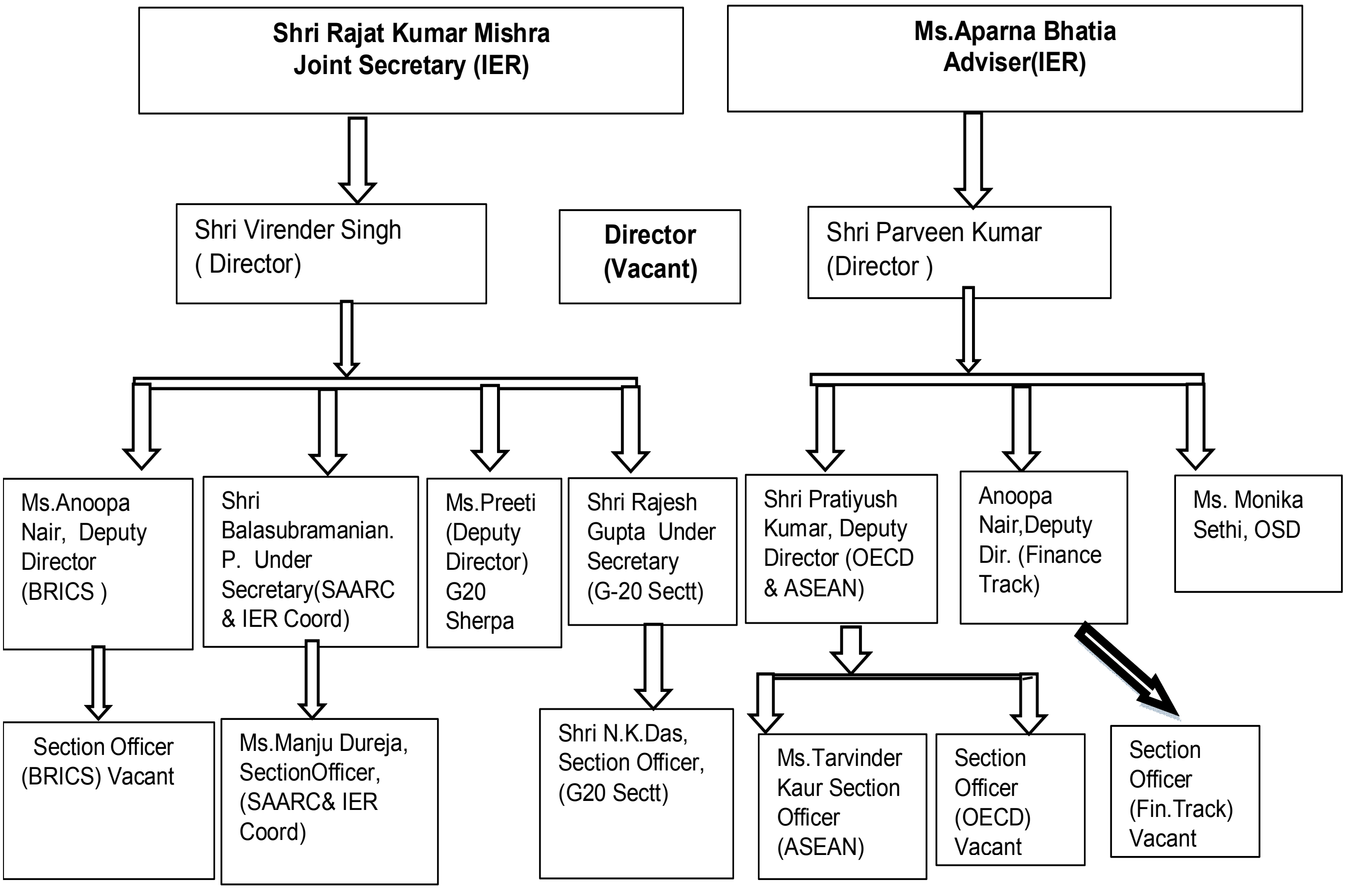
(i) To provide direction to the preparation of policy and country response to issues contemplated in G 20 and advise the Hon'ble Prime Minister as required and

(ii) To consider any other issue of international economic relations or issues that may have wide policy ramifications that may be referred to the Apex Council by the DEA.

Apex Council is generally reconstituted each year keeping in view the priority and focus in the G 20 for the particular year. The meeting of the Council in a year is held before G 20 Leaders 'Summit for that year. The Council has been reconstituted in the year 2016, vide order dated 21st July, 2016, subsequently two new members viz. Secretary, MHRD and Secretary MSME were added to the Apex Council in November 2016 bringing the total size of the Council to 29.

<u>Organization Structure of IER Division</u>





E- Governance:

As far as e-governance is concerned, IER division is processing all the files in electronic mode from December 2016. All the physical files have been converted into Electronic files in December 2018.

I. G-20

1. The G20 was formed in 1999, **as a forum of Finance Ministers and Central Bank Governors,** in recognition of the fact that there was a major shift in the global economic weight from the advanced economies to emerging market economies. However, G20 rose into prominence in 2008 when it was elevated from a forum of **Finance Ministers and Central Bank Governors** to that of G20 Heads of Nations in order to effectively respond to the global financial crisis of 2008 and insulate the world from major economic collapse.

2. The first G20 Summit was held in November 2008 in Washington DC under the shadow of the greatest financial crisis in the post-war era. This was followed by twelve 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), Hangzhou (September, 2016), Hamburg (July, 2017) and Buenos Aires (December, 2018). The 14th G20 Summit will be held under Japanese Presidency in Osaka, Japan on June 28-29, 2019.

3. India proposes to host the G20 Presidency in 2022 which will coincide with 75th year of Indian independence. The Presidency of G20 is usually a year-long event of various meetings (across a range of policy issues) culminating with a Leaders' Summit. For a full Presidency (that is, starting from December (first week) to November (last week of the succeeding year), usually there are 2 meetings of Finance Ministers and Central Bank Governors, 3-4 meetings of Sherpas and around 80 meetings of various working groups of G20. It is important to note that while the G20 meetings are essentially focused on deliberation of policy issues of global importance, they are also opportunities for a host country to showcase its socio-cultural ethos and economic prowess thereby creating spillover impact in the form of enhanced tourism revenues.

G-20 Finance Track

4. **The G20 issues are discussed through two parallel tracks, viz., Finance Track and Sherpa Track.** Under Finance Track, issues such as international financial architecture, infrastructure financing, sustainable and inclusive growth, international taxation, financial sector regulations are deliberated.The highest level of

meeting under Finance Track is **G20 Finance Ministers and Central Bank Governors (FMCBG) Meeting** which is held twice or thrice in a year. G-20 member countries are represented by their Finance Ministers and Central Bank Governors. Preceding every FMCBG Meeting, Finance and Central Bank Deputies Meetings are held to prepare for FMCBG Meeting. Secretary (Economic Affairs) is India's Finance Deputy. Technical level discussions are held through meetings of Working Groups.

5. Finance Track issues are discussed broadly in four Working Groups which are as follows:

a. **Framework Working Group (FWG)** discusses ongoing global macroeconomic issues, growth strategies and structural reforms. India is co-chair of this Working Group.

b. **International Financial Architecture (IFA)** Working Group deals with issues related to international financial architecture such quota reforms of IMF, debt sustainability among others.

c. **Infrastructure Working Group (IWG)** deliberates on quality infrastructure investments particularly innovation in mobilising financial resources for infrastructure investment.

d. **Global Partnership for Financial Inclusion (GPFI)** works for advancing financial inclusion globally.

Outcomes of Buenos Aires Summit 2018

6. **Strong, sustainable, balanced and inclusive growth—**G-20 Leaders reaffirmed their pledge to use all policy tools to achieve strong, sustainable, balanced and inclusive growth, and safeguard against downside risks. They reiterated that monetary policy will continue to support economic activity and ensure price stability, and that fiscal policy should rebuild buffers where needed, be used flexibly and be growth friendly.

7. **Future of Work—**Future of Work not only creates challenges but also offers tremendous opportunities. Transformative technologies are expected to bring immense economic opportunities, including new and better jobs, and higher living standards. Leaders endorsed a Menu of Policy Options for the Future of Work which provides policy options to policy makers to harness technology to strengthen growth and productivity and support people during transitions and address distributional challenges.

8. **Infrastructure financing—**G-20 Leaders expressed their commitment to attract more private capital to infrastructure investment to address existing infrastructure financing gap. Leaders endorsed a Roadmap to Infrastructure as an Asset Class with the view to develop infrastructure as a separate class of asset which has potential to mobilize private sector investment in infrastructure sector.

9. **Sustainable Financing—**Leaders expressed their support for mobilizing sustainable finance and welcomed Sustainable Finance Synthesis Report 2018 which presents voluntary options to support deployment of sustainable private capital.

10. **Financial Inclusion—**Leaders called for strengthening financial inclusion and endorsed the G20 Financial Inclusion Policy Guide, which provides voluntary policy recommendations to facilitate digital financial services taking into account country contexts.

11. **International Financial Architecture—**Leaders agreed to continue to monitor cross border flows and address debt vulnerabilities in low income countries.

12. **Open and resilient financial system—**Leaders agreed to continue to monitor and tackle emerging risks and vulnerabilities in financial system and to address fragmentation through continued regulatory and supervisory cooperation. Leaders also expressed their commitment to regulate crypto-assets for anti-money laundering and countering the financing of terrorism in line with FATF standards.

13. **Fair, sustainable and modern taxation system—** Leaders called for worldwide implementation of OECD/ G-20 BEPS Package and agreed to continue to work together to seek a conceusus-based solution to address the impacts of the digitalization of the economy on the international tax system.

Contribution of India for the Summit

14. India led untiring efforts at G-20 under Argentinean Presidency in 2018 to garner global support and cooperation on the issue of fugitive economic offenders in order to ensure that people who commit economic offenses do not get any sanctuary anywhere in the world. A nine point agenda on action against fugitive economic offenders was presented by the Indian Prime Minister during the G-20 Leaders Summit in December 2018, which got wide acceptance among Leaders of 19 G-20 member countries and European Union. The G-20 Leaders finally agreed to cooperate on the return of persons sought for such offences and stolen assets as reflected in their Buenos Aires Declaration.

Priorities of the G-20 in 2019 under Japanese Presidency

15. In 2019, the G20 Japanese Presidency has identified the priority areas for the G20 Finance Track under three broad priority areas:

Priority 1: Global Economy: Risks and Challenges (Global imbalances and Implications of aging)

Priority 2: Actions towards robust growth (Quality infrastructure investment, Resilience against natural disasters, Universal health coverage financing for developing countries and Debt sustainability and transparency of LICs)

Priority 3: Response to structural changes caused by innovation and globalization (International taxation, Financial market fragmentation and Financial innovation: Opportunities and Challenges)

G20 Sherpa Track

16. The G20 Sherpa track under the G20 Japanese Presidency deliberates issues under nine working groups viz. (i) Agriculture Deputies Meeting (ii)Employment Working Group (iii) Health Working Group (iv) Digital Economy Task Force (v)Anti-Corruption Working Group (vi) Trade and Investment Working Group (vii) Development Working Group (viii) Energy Transitions Working Group and (ix) Climate Sustainability Working Group. Alongside, the issue of excess steel capacity is discussed under the Global Forum on Steel Excess Capacity (GFSEC).

Outcomes of the Buenos Aires Summit:

17. **Employment:** Leaders committed to building an inclusive, fair and sustainable Future of Work by promoting decent work, vocational training and skills development and focused on promoting labour formalization and making social protection systems strong and portable, subject to national law and circumstances. G20 Leaders laid special emphasis on employment and equitable quality education policies, with a focus on girls' education.

18. **Digitalisation:** Leaders welcomed the G20 Repository of Digital Policies to share and promote the adoption of innovative digital economy business models and agreed to continue work on artificial intelligence, emerging technologies and new business platforms.

19. **Sustainable Development:** The G20 Leaders reaffirmed their commitment to leading the transformation towards sustainable development and supported the 2030 Agenda as the framework for advancing this goal and the G20 Action Plan. The Leaders also underlined their continued support to the G20 Africa Partnership, including the multidimensional approach of ECD, Compact with Africa, and other relevant initiatives.

20. **Agriculture:** The Leaders recognized the importance of sustainable soil, water and riverbanks management, taking into consideration the specific needs of family and small holder farmers. : The Leaders reaffirmed their commitment to tackling the challenges of food security.

21. **Climate:** During the G20 Summit, the Leaders recognized the importance of comprehensive adaptation strategies, including investment in infrastructure that is resilient to extreme weather events and disasters : The Leaders underscored the importance of finance and what would it take to align climate finance to achieve Paris Agreement and Sustainable Development Goals.

22. **Energy:** The Leaders acknowledged the role of all energy sources and technologies in the energy mix and different possible national paths to achieve cleaner energy systems under the term 'transitions. The Leaders recognized the opportunities for innovation, growth, and job creation through increased investment into cleaner and sustainable energy sources including renewables, technologies and infrastructure.

23. **Trade and Investment:** G20 Leaders underscored the importance of International trade and investment as important engines of growth, productivity, innovation, job creation and development. Further, the Leaders also recognized the contribution of multilateral trading system and supported the necessary reform of the WTO

24. **Health:** The G20 Leaders commended the progress made by the international community in developing and implementing National and Regional Action Plans on Anti-Microbial Resistance (AMR) based on OneHealth approach. They also committed to tackle malnutrition, with a special focus on childhood overweight and obesity, through national, community-based and collaborative multistake-holder approaches. They also reaffirmed the need for stronger health systems providing cost effective and evidence-based intervention to achieve better access to health care and to improve its quality and affordability to move towards Universal Health Coverage (UHC), in line with their national contexts and priorities.

Contribution of India for the Summit

25. In line with G20's long standing issue of labor mobility and strengthening social protection systems, India emphasized the importance of social security systems which provide for portability and totalisation of social security.

26. Under the priority area- Malnutrition and the focus on obesity under the health agenda, India highlighted that obesity is a lifestyle disease which requires lifestyle management approach through traditional systems of medicine and Yoga. The Leaders Communiqué took note of the India's proposal on Traditional Systems of medicines and Yoga and reaffirmed their need for stronger health systems by encompassing traditional and complimentary systems of medicines. The Leaders further committed to ending HIV/AIDS, tuberculosis and malaria and successful 6° replenishment of the Global Fund in 2019.

27. Under climate discussions, despite resistance from some countries to any reference to Paris agreement, India engaged with China and EU to ensure that the Final Declaration includes a clear reference to the Paris agreement and the principle of Common but Differentiated Responsibilities. A reference to the commitment by developed countries in supporting the adaptation and mitigation efforts of the developing countries was also stressed by India for its incorporation in the Declaration.

28. On India's insistence there was a recognition of the issue of the fugitive economic offender in the 2018 Buenos Aires Leaders Declaration which states as follows: *"We will further explore the links between corruption and other economic crimes and ways to tackle them, including through cooperation on the return of persons sought for such offences and stolen assets, consistent with international obligations and domestic legal systems."*

Japanese Presidency

29. The priorities outlined under each work stream of the Sherpa track under Japanese Presidency are as under:

Employment working Group (EWG): Demographic Change, Promotion of Gender equality, New forms of work

Health Working Group (HWG): Achievement of Universal Health Coverage (UHC) with a Focus is on enhancing primary healthcare, Response to Aging Societies, Health Risk management and Health Security, addressing AMR

Trade and Investment Working Group(TIWG): Current international Trade developments, Trade and investment for sustainable and inclusive growth, WTO reforms, recent developments in bilateral and regional trade agreement, Digital trade, Ensuring a level playing field through the removal of market-distorting measures

Digital Economy Task Force (DETF): Society 5.0 Emerging technologies including AI, Free flow of data and information with trust, Promoting inclusiveness, STI for SDGs

Climate Sustainability Working Group(CSWG): Effective implementation of nationally determined contributions (NDCs) and designing of long-term strategies, Coherence between adaptation measures and resilient infrastructure, Climate-related business opportunities and innovations, Discussion on issues covered under the Adaptation Work Program 2018-2019

Energy Transitions Working Group (ETWG): Achieve "3E+S" i.e. Energy security, Economic efficiency and Environment (3E) and Safety(S), international cooperation on innovation for energy transitions such as hydrogen, CCUS including Carbon Recycling, nuclear, digitalization and renewables, marine plastic litter.

Development Working Group (DWG): Quality infrastructure investment, Human Capital Investment, 2030 Agenda, Accountability, STI for SDGs.

Anti-Corruption Working Group (ACWG): Promoting Integrity in Infrastructure Development Whistle-blower Protection, following up the commitment towards criminalization of foreign bribery and possible adherence to the OECD Anti-Bribery Convention

Agriculture Deputies Meeting: Fostering innovative human resources and new technologies, focusing on Food Value Chain, facilitating farmers and other FVCs stakeholders' benefit, Pursuing possible contribution to achieve SDGs

II BRICS

30. DEA co-ordiantes the work in India on BRICS Economic and Financial Co-operation. In 2018, under the South African Presidency, three meetings of the BRICS Finance and Central Bank Deputies and two meetings of the BRICS Finance and Central Bank Governors were held. Under BRICS Economic and Financial Co-operation, the following issues were discussed:

- Issues under Ministry of Finance
  - a. New Development Bank
  - b. Co-operation on Infrastructure
  - c. BRICS Rating Agency
- Issues under Central Bank
  - a. Test runs of BRICS Contingent Reserve Arrangement
  - b. BRICS Fintech Stocktaking Exercise
  - c. BRICS Bond Fund

31. One of the significant outcomes under the South African Presidency was the active interest taken by the BRICS Finance Ministers and Central Bank Governors forum to encourage NDB Board to expedite the membership expansion proposal. At the end of the 2017 Annual Meeting of the NDB, the bank's Board of Governors approved the terms and conditions for admission of new members. In 2018, the bank increased

the pace of this work; with the Board of Directors adopting the criteria for the expansion of membership and a shareholding framework that will bring the bank closer to taking the necessary steps towards the possibility of opening up new membership. It is expected that a list of few new members who will join the Bank can be announced in November 2019 during the BRICS Summit under the Brazilian Chair.

32. The Presidency of BRICS has been taken over by Brazil from South Africa since January 2019. In addition to the issues that is continuing from the South African Presidency, the two new issues that the Brazilian Chair has identified are System to Pay Internationally (SPIN) and Authorised Economic Operators. The SPIN is an innovative payments and settlement method that would eliminate intermediaries, provide transparency for transactions, reduce costs and speed up settlements. A technical working group has been set up, made up of experts in payments systems and/or risk management, as well as in international affairs, to analyze the establishment of the SPIN and to deepen the understanding of the initiative and its related risks. A report from the technical group is under preparation. India is represented by RBI in the expert group. Under, **Authorized Economic Operator (AEO),** the Brazilian Presidency proposed AEO implementation among member countries. AEOs can be an important initial step to establish uniform requirements and benefits to Mutual Recognition Agreements. Currently, BRICS Customs Cooperation Committee is working on the definition of common and clear objectives for the BRICS MMRA and the development of a Joint Work Plan, with procedures and a timeline for implementation. The Brazilian Presidency has suggests that these elements should constitute a letter of intention to be signed by the BRICS countries. The signed Multilateral BRICS Mutual Recognition Agreement Joint Letter of Intent is meant to be presented at the forthcoming BRICS Summit in November 2019.

III G-24

33. 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 (G24) 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.

34. 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 (IMF). 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 United Nation (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 view 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.

35. The last G-24 Ministerial meeting was held on 11th April, 2019 in Washington D.C. The next meeting of the G-24 Ministers is expected to take place in October 2019 in Washington, D.C.

IV OECD

36. OECD releases Economic Survey of Member countries and other key economies once in about every two years. So far, OECD has released Economic Survey of India in 2007, 2011, 2014 and 2017. The next Survey is likely to be released by the end of 2019.

V SAARC & SDF:

37. Framework on Currency Swap Arrangement for SAARC Member Countries:

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. Under the facility, RBI offers swaps of varying sizes to each SAARC member country (Afghanistan, Bangladesh, Bhutan, Maldives, Nepal, Pakistan and Sri Lanka) depending on their two months import requirement and not exceeding US$ 2 billion in total, in US$, Euro or INR. Till date Bhutan, Sri Lanka and Maldives have availed this facility. The validity of the Framework was extended for the first time in November, 2015 for a period of 2 years till 14th November, 2017 and for the second time for another period of 2 years till 13th November, 2019. To respond to the request from SAARC Member Countries of availing the swap amount exceeding the present limit prescribed under the SAARC Swap Framework for each country and therefore to provide necessary flexibility to the Framework, a provision of ‘Standby Swap’ of US$ 400 million within the approved SAARC Swap Framework was approved by Union Cabinet in 23rd January, 2019.

38. Operationalization of Economic and Infrastructure (E&I) Windows of SAARC Development Fund (SDF):

The Board of Directors of SDF during its 20th Meeting held during December 1-3, 2014 at Male, Maldives decided that the fund allocation out of capital contributions of member states will be : 5% towards Social Window; 47.5% towards Economic window and 47.5% towards Infrastructure Window. At present there are 12 ongoing Social Window projects of SDF. The Board of Directors of SDF, in its 28th Board Meeting held during 20-22 December, 2017 in Thimphu, Bhutan, approved the Credit Policy and E&I Policy Guidelines of SDF, enabling the activation of E&I windows for project financing. As per the approved policy guidelines, the Board of Directors of SDF during its 30th Meeting held during December 19-20, 2018 in New Delhi, approved one Economic Window and two Infrastructure Window projects.

10. Aid Accounts & Audit Division (AAAD):

10.1 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 the claims received from Project Implementing Authorities, to draw down funds from various donors and timely discharge of debt servicing liability of Government of India. Besides, this Division is responsible for maintaining loan records, External Debt Statistics, Compilation of various management Information Reports, Publication of External Assistance Brochure on annual basis, and framing of estimates of External Aid Receipts and Debt servicing. In addition, audit of Authorizations issued by DGFT offices for Export Promotion is also conducted by this Division. This division is ISO 9001:2015 certified since 2007 for its functions related to External Assistance.

10.2 Performance/Achievement during Financial Year 2018-19

10.2.1 There are a total of 1347 live loan/Accounts being updated. There are a total of 473 loan/Grants accounts in which disbursement is taking place. AAAD also maintains the debt figures guaranteed by Government of India. At present, there are 144 active loans which have been guaranteed by Government of India. Out of these guaranteed loans 35 are in disbursing mode.

10.2.2 External receipts on Government Account during financial year 2018-19 stands at ₹47667/- crore and Assistance in the form of Cash Grant was of ₹816/- crore. During the same period a sum of ₹30739/- crore was repaid/paid as debt servicing.

A comparison with the corresponding period of previous financial year is tabled below:

In ₹ crore

Sl. No	Description	2017-18	2018-19
1	Receipts	45515	47667
2	Payments (Principal and Interest)	32636	38888
3.	Net Transfer	12879	8779

10.3 E-Governance

10.3.1 The Activities of AAAD have been fully computerized since April 1999. A software known as “Integrated Computerised System” (ICS) is working. This covers all the activities in the loan cycle i.e. preparation of Estimates for External Assistance for receipt as well as repayment, preparation of Annual External Assistance Brochure, processing of claims, repayment of debt and maintenance of Debt Records. All the Officers/Staff members of this Division are well versed with the functioning of this system. The computerized system being used in this Division required some extra features to make the reporting more robust. The system has been updated during the current financial year in view of the requirement of using multiple selections to provide input/ data for preparation of replies for Parliament Question etc. The new formats allow generation of various reports using multiple selections.

10.3.2 A comprehensive Web-site http://aaad.gov.in to disseminate data on External Assistance received and repayment made along-with status of various activities in this division is operational for the benefit of credit divisions of DEA, Central Ministries, State Governments, PIAs, External Agencies, General Public and other stakeholders. This website is updated on daily basis and virtually provides real time figures (time-lag of 24 hours). In addition comprehensive data about Disbursed and Outstanding Debt (DOD) in respect of External Sovereign Borrowing is also available on this website. Soft copies of Annual External Assistance Brochure being published by this Division are also available on the website for easy reference of all the stakeholders.

10.3.3 e-Governance by way of accepting and processing/forwarding of the draw down claims from various PIAs has been initiated by this division. Wherever PIAs have been provided software support for processing the e-claims they submit e-claims to this Division (World Bank and ADB) claims). Such software is being utilized by the PIAs to maximum extent. In case of E-claims, SOE/ Interim unaudited Financial Report (IUFR), claims from PIAs and faster disbursals. In case of World Bank, claims are processed in E-disbursement mode through the World Bank's software client connection from this Division to World Bank.

10.4 Trainings

10.4.1 In order to familiarise the officers/staff of the PIAs, training on E-submissions are being organized by this Division from time to time since last few years. In this series, 70 officers/staff members of different PIAs were imparted trainings during current financial year i.e. 2018-19. As a result of initiatives taken by this Division, 744 claims out of total 4549 claims have been received in the current financial year from PIAs to this Division through E-mode.

10.4.2 This office sends its officers to ISTM and other training centres for training in functional and other government areas like ethics in Governance and Administration. Training is most important aspect to increase the capacity of officials. This office has developed; over a period of time; an excellent centre of cross learning due to its continuous interaction at international, national, state and local levels.

10.5 Standards & Improvements in service deliveries

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

10.5.2 To ensure continuous improvement in the performance standards, quarterly Management Review Meeting (MRMs) are being held. In MRMs performance is critically reviewed and methods/suggestions for maintenance/improvement of the service delivery standards are discussed by the management.

10.6 Externally Aided Projects/Schemes in operations for Development of North- Eastern Region and Sikkim

10.6.1 As part of development for North-Eastern-Region and Sikkim total 23 Externally Aided Projects are in operation. Out of which 22 are implemented by State Governments and 1 projects by Central Government. These Projects are mainly for development of Infrastructure (Roads & Power Generation) Environment & Forest, Urban Development, Water Resources etc. The total Utilization during April-March 2019 was ₹1128.10 crore.

10.7 Audit under Export Promotion

10.7.1 AAAD carries out audit of Export Licenses issued by Director General of Foreign Trade located at 23 stations. During the financial year 2018-19 a sum of ₹2159 Lakh was recovered. Besides various category of licences pointed out by Audit were adjudicated involving an amount of ₹27,668/- lakh. Necessary recovery orders were issued in these cases. A comparative table of recoveries made during last six financial years is shown below:

In ₹ lakhs

Sl. No	Year	Amount
1	2013-14	1338
2	2014-15	1851
3	2015-16	1901
4	2016-17	1281
5	2017-18	1925
6	2018-19	2159

11. Administration Division

11.1 Functions

11.1.1 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.

11.2 Staff Strength

11.2.1 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.

11.3 Complaints Committee on Sexual Harassment of Women Employees

11.3.1 In compliance with the Supreme Court's Judgment dated 13 August, 1997 in the Visakha Case relating to prevention 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.

11.4 Training of Staff Members

11.4.1 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 1.1.2018 to 31.12.2018 a total of 50 officials/officers of this Department were deputed to Institute of Secretariat Training and

Management (ISTM), New Delhi and other Institutes for undergoing various trainings programmes.

11.5 Redressal Of Public Grievances:

11.5.1 A Centralized Public Grievances Redressal and Monitoring System (CPGRAM) is operational within the Government which attends to all the Public Grievances related to various Ministries/Departments. During the year 2018, a total of 1799 fresh public grievance cases were received in the Department besides 849 brought forward from the previous year. Out of these 2648 cases, 2577 cases were disposed off during the year.

11.5.2 Additional Secretary (Admin) 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).

11.6 Right To Information Act, 2005

11.6.1 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 Officers/ Appellate Authorities/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 Directors/Assistant Directors/Sr. Accounts Officers and Economic Officers level officers have been designated as Central Public Information Officers (CPIOs) under section 5 (1) of the Act, 2005 in respect of subjects being handled by them.

(iv) All Deputy Secretaries/Directors/Addl. Economic Advisers have been designated as First Appellate Authorities in terms of Section 19 (1) of the Act, 2005 in respect of US/DD/AD & 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, where RTI Cell has shifted. 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 period from January, 2018 to December, 2018, 473 RTI applications and 130 appeals/CIC Hearing/complaint and 3699 online applications and 170 appeals were received in the Department. An amount of Rs. 11958/- (Rupees Eleven thousand Nine hundred and fifty eight only) has been collected as RTI fees and Documents fee under the RTI Act.

11.7 Use of Hindi in Official work

11.7.1 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.

11.7.2 All documents in Parliament were provided bilingually. Section 3(3) of the Official Languages Act, 1963, and Rule 5 of Official Languages 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 2018-19 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 In order to remove the hesitation amongst officials to do their official work on e-office in Hindi and to acquaint them with the rules and other instructions regarding the Official Language policy of the Government, 03 Hindi workshops were organized on 15.05.2018, 17.05.2018 and 29.10.2018;

iii. Hon'ble Finance Minister in his "Message" on the auspicious occasion of **Hindi day** on 14th September, 2018 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;

iv. To create a conducive atmosphere in the Department regarding the progressive use of Hindi, Hindi Month was celebrated during 1st September, 2018 to 30th September 2018.

v. 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 ₹50,000/-, ₹40,000/- and ₹ 30,000/- respectively. It is an ongoing Scheme;

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

vii Some of the sections of the Department were inspected to see the extent upto which the Official Languages Act, the rules made thereunder, the Annual Programme and the orders and instructions etc. relating to Official Language are being complied with; and

viii Meetings of the Official Language Implementation Committee of the Department were held regularly in which the progress of implementation of Official Language policy was reviewed and appropriate action was taken on the decisions taken in the meetings.

11.7.3 Material for Hindi Budget Translation

11.7.3.1 All Budget documents are presented to Parliament in Hindi and English. Besides Budget documents, Hindi Translation 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.

11.7.3.2 The translation of the official documents as envisaged in the official Language Act, 1963 and Rules made there under was also undertaken by the Hindi Branch during the year under report. These include agreements with Foreign governments and International Agencies, Cabinet Notes, Parliament questions/ assurances, notifications, Standing Committee papers, Action Taken reports, monthly summary for the Cabinet, Official letters and External funding Report.

11.8 Finance Library & Publication Section 2018-19

11.8.1 Finance Library & Publication Section was established in 1945. Finance Library functions as the Central Research and Reference Library in the Ministry and caters to the needs of Officials of all the Departments of the Ministry of Finance, 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.

11.8.2 A Publication Cell vide O.M. No.F.1 (1) – Ly/59 dated the 2nd April, 1959 was created and later integrated with the Library forming the Finance Library and Publication Section.

11.8.3 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.

11.8.4 Collection

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

11.8.5 Services

11.8.5.1 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.

11.8.5.2 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.

11.8.6 Publications

11.8.6.1 Finance Library brings out two (print + online) publications i.e. "Weekly Bulletin" and "Current contents.

11.8.7 Digital Records:

11.8.7.1 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 02 TB Data has been digitized and available in digital format.

11.8.8 Computerisation

11.8.8.1 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.

11.8.8.2 As far as accessibility of the online data is concerned, e-governance has been extended to the Ministry of Finance. A link from intranet site "finance.nic.in" is made available to access the library information.

11.8.9 Other Works:

i. Modernization and infrastructure improvement was undertaken by the Library and 95% work has been completed.

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

iii. This Library also serves specifically 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.

12. Bilateral Cooperation Division

12.1 Bilateral Official Development Assistance Policy:

12.1.1 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.

12.1.2 A revised set of guidelines on Official Development Assistance for Development Cooperation with bilateral partners were issued in December, 2015. **After issuance of revised guidelines, the Republic of South Korea has been recognized as bilateral partner country for accepting Official Development Assistance from them.**

12.2 Bilateral Development Cooperation with Germany

12.2.1 Germany through their Ministry for Economic Cooperation & Development (BMZ) has been providing both financial and technical assistance to India since 1958. In 2008, the German Ministry for the Environment, Nature Conservation and Nuclear Safety (BMUB) also initiated assistance under German Government's 'International Climate Protection Initiative (IKI)', which is an additional instrument of the German Government over and above and without undermining the existing sources of Official Development Assistance. Priority areas of Cooperation includes: Energy, Sustainable Urban Development as well as Environment and Management of Natural Resources.

Some of the major areas of cooperation are the following:-

(a) Indo-German Solar Partnership for transformation of energy generation through stronger utilization of solar energy.

(b) Indo-German Energy Forum: Green Energy Corridors for financing transmission infrastructure for integrating additional renewable energy capacities into the grid and ensuring grid stability.

(c) Sustainability Development to address the challenges and transform cities into sustainable living environment. The Smart City Mission envisages providing green, modern infrastructure services to Indian cities and their population.

12.2.2 Under the bilateral development cooperation programme two annual meetings at the level of Joint Secretary/ Additional Secretary i.e. Indo-German Annual Consultations and Indo-German Annual Negotiations are held, generally during 2nd quarter and 4th quarter of the year respectively. In the Annual Consultations, apart from the policy issues, the discussion on ongoing projects and new projects are held. During Annual Negotiations Government of Germany makes commitment for the new projects as well as for the additional funding of ongoing projects. The latest meeting on Indo-German Annual Negotiation was held in New Delhi on 28th November 2018. During the year 2018, the German side committed total amount of € 765.02 million for both FC and TC projects. The total volume of Commitment for both Technical and Financial Cooperation till 2018 is Euro 17.74 (approx) Billion.

12.2.3 During the Inter-Governmental Consultation held in Germany on 29-30th May 2017 a Joint Declaration of Intent was signed between the Ministry of Finance of the Republic of India and the Federal Ministry for Economic Cooperation and Development of the Federal Republic of Germany on Indo-German Development Cooperation to continue their successful cooperation in order to meet India's development challenges, in coherence with India's reform agenda and the internationally agreed Sustainable Development Goals (SDG) and to confirm the three priority areas of Indo-German development cooperation: Energy, Sustainable Urban Development as well as Environment and Management of Natural Resources.

12.2.4 Germany implements its financial assistance programmes through **KfW**, the German Government's Development Bank. The technical assistance programmes are implemented through **GIZ** (earlier GTZ) - a fully-owned corporation of German Government. Financial Assistance is provided as Standard Loan (IDA-pattern loan), Reduced Interest Loan (EURIBOR-based loan) as well as grants. The technical assistance is provided in the form of grant and services by project experts.

12.3 Development Cooperation with AFD, France

12.3.1 The Government of France has been extending development assistance to India since 1968. However, the major drawback of French assistance was that it was tied to supply of goods and services from France. Moreover, French development assistance was not significant in amount. In fact, the average annual disbursement since 2001-02 had been very low at ₹28 crores only.

12.3.2 In 2006, Government of France proposed to provide untied development assistance to India through the French Agency for Development (AFD). In this regard, an inter-governmental Agreement was signed between the two Governments on 25.01.2008 during the State visit of French President Mr. Nicholas Sarkozy to India. In pursuance of the inter-governmental Agreement, a Memorandum of Understanding (MoU) between the Department of Economic Affairs and AFD was signed on 29.09.2008. The MoU had been amended with revised terms & conditions in the year 2012.

12.3.3 The priority areas for AFD financing in India are: Energy efficiency and renewable energy, Urban infrastructure (public transport, water, etc.) and preservation of biodiversity.

12.3.4 Under the development cooperation programme two annual level meetings at the level of Joint Secretary/ Additional Secretary (Bilateral Cooperation), i.e. DEA-AFD Annual Consultations and DEA-AFD Annual Negotiations, are held generally during second quarter and fourth quarter of the year respectively. In the Annual Consultations, apart from the policy issues, the discussion on ongoing projects and new projects and review of the ongoing projects are held. In Annual Negotiations, AFD makes commitment of funds for the new projects and ongoing projects. AFD's net cumulative commitment till 2018 is €1.8 billion. Total amount of Loan Agreements worth € 1443 million have been signed till 2018. The latest DEA-AFD Annual Negotiation Meeting was held in Paris on September 12, 2018.

12.3.5 Apart from the Development Cooperation, French Government also provides technical assistance in the form of FASEP facility Scheme. FASEP facility is managed by the Treasury and Economic Policy General Directorate of the French Ministry of Economy, Finance and Industry. Under this facility, grants are provided to finance technical cooperation in the area of infrastructure projects (water, sanitation, solid waste, environment, transport, energy).

12.3.6 Annual Bilateral Economic and Financial Dialogue between Ministry of Finance, Government of India and Ministry for the Economy and Finance, Government of France.

12.3.6.1 The Indo-French Bilateral Dialogue on Economic and Financial Issues was established between the two finance ministries as it was enshrined in the Joint Statement issued during the visit of the Hon'ble French President to India on 14-15th February 2013. The first meeting of EFD was held at the level of Additional Secretary in France on 29th October, 2013 at Paris. The EFD is held on alternate basis, both in India and France. The 2nd meeting for EFD was held at New Delhi on 27th March 2015. Issues discussed in the meeting were Macro-economic situation in India, France and Europe; Global Economic and Financial Governance and other issues including measures to enhance bilateral trade and investment & financing of long term investments in infrastructure and Indian banking operation in France. The level of the meeting has been raised to Finance Minister level at the request of the French government

12.4 India-UK Bilateral Development Cooperation Programme

12.4.1 The United Kingdom (UK) has been providing development assistance to India since 1958. Development assistance from UK is received mainly for achieving the Sustainable Development Goals (SDG's) in the areas of health, education, administrative reforms, slum development etc.

12.4.2 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.

12.4.3 Agreement signed/yet to be signed since 2018

12.4.3.1 The following eight new agreements involving technical assistance have been signed/Under consideration in the year 2018 between Government of India and DFID/FCO.

S. no	Signed with which Agency of Govt of UK	Name of the project	Amount	Signing date of agreement/or extension	Ending Date
1	DFID	Extension – Making Skill market deliver jobs for the poor programme	GBP 12 million	April 12, 2018	March 31, 2022
2	DFID	India-UK Green Growth Equity Fund under NIIF	DCI (Development Capital Investment) - GBP 120 million; TA-GBP 10 million	July 10, 2018	March, 2030
3	DFID	UK-India Fast Track Start-up Fund (FSF) - Technical assistance to be provided	DCI- GBP 28 million; TA-GBP 10 million	January 10, 2019	March 31, 2032
4	DFID	Extension - Climate Change and Innovation Programme (CCIP)- Technical assistance to be provided	GBP 12 million	November 2018	March 31, 2019
5	DFID	Extension - Infrastructure Technical Cooperation Facility Project (ITCF)- Technical assistance to be provided	GBP 10 million	October 25, 2018	March, 2022
6	FCO	India-UK Financial Services Technical Assistance Programme	GBP 6 to 8 million	January 10, 2019	December, 2023
7	FCO	Sustainable Cities for Shared Prosperity (SCSP)	GBP 9.5-10.5 million	January 10, 2019	March, 2023
8	DFID	Extension - Odisha support to urban infrastructure (OSUI) Technical Cooperation	Increase in amount of GBP 6800. Totalling to GBP 5,006,800	1.1.2019	28.2.2019

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

12.5.1 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.

12.5.2 No new grants are provided by EU after 2013. However, technical cooperation and exchange of best practices will remain active in three lines (i) in areas of mutual interest through the Partnership Instrument, (ii) in areas relevant to the Sustainable Development Goals with Civil society organizations and (iii) at a regional level to address global challenges.

12.6 Investments in India by European Investment Bank (EIB)

12.6.1 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 utilized to finance investments in countries signatory to Cooperation Agreements with the EU.

12.7 EIB in India:

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

12.8 EIB loan signed during 2018-2019 by DEA, GoI

12.8.1 Finance Contract B of Euro 200 million for Bangalore Metro Rail Project Phase II was signed between DEA, Government of India and European Investment Bank on 28th September 2018 in New Delhi/Brussels.

12.9 Japan-Official Development Assistance

12.9.1 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.

12.9.2 Government of Japan has committed JPY 571.173 billion (₹35413 crore approx.) for 14 projects to India from January 1, 2018 to December 31, 2018. As on December 31, 2018, 69 projects are under implementation with Japanese loan assistance. The loan amount committed for these projects is JPY 2570.291 billion (₹1,42,697 crore approx.). The cumulative commitment of ODA loan to India has reached JPY 5,815.178 billion on commitment basis till December 31, 2018.

12.9.3 The ODA loan disbursement to India from January 1, 2018 to December 31, 2018 was JPY 236.053 billion (₹14,600.96 crore).

12.9.3.1 ***For Period of Jan-2019 to Mar-2019:*** Two loan agreements for total amount of JPY 55.074 billion (₹ 4,078 crore approx.) have been signed with JICA during this period. Further Disbursement in Ongoing JICA loans in this period was JPY 123.358 billion (₹7,790.25 crore).

12.10 Grant Aid

12.10.1 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 Housing and Urban Affairs 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.)

12.10.2 During 1st January 2018 to 31st December 2018, Grant Agreement (G/A) w.r.t the 2 proposals viz. a) The Project for Implementation of Advanced Information and Management System in Core Bengaluru and b) Construction of the International Cooperation and Convention Centre in Varanasi (Phase II), were signed with Govt. of Japan.

12.11 Technical Cooperation Programme

12.11.1 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.

12.11.2 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.

12.11.3 There are **16 ongoing projects** under Technical Cooperation Programme.

12.12 JOCV Programme

12.12.1 JICA's volunteer programs, such as Japan Overseas Cooperation Volunteer (JOCV) and Senior Volunteer (SV), support a wide range of local activities by Japanese citizens who intend to cooperate in the economic and social development as well as in the reconstruction of emerging countries. Through these cooperation activities, participating volunteers can, not only contribute to the development of partner countries but also gain valuable experience in terms of international goodwill, mutual understanding and an expansion in their international perspectives.

12.12.2 During 1st January 2018 to 31st December 2018, 13 proposals were posed to Embassy of Japan and **No-objection to 7 Volunteers** was issued.

12.13 JICA Partnership Programme

12.13.1 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.

12.13.2 During 1st January 2018 to 31st December 2018, one JPP proposal has been cleared.

12.14 Grassroots Funding

12.14.1 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.

12.14.2 During 1st January 2018 to 31st December 2018, DEA has **cleared proposal of 6 NGOs.**

12.15 Green Aid Plan

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

12.16 Bilateral Development cooperation with South Korea:

12.16.1 In the Joint Statement for Special Partnership signed during the Prime Minister's visit to South Korea during May 18-19, 2015, it was agreed to upgrade the bilateral relationship between the two countries to a 'Special Strategic Partnership' and to expand it into a wide range of areas. Accordingly, Republic of Korea was accepted as bilateral partner for development cooperation during October, 2016. In the 5th India-South Korea Finance Ministers' meeting held during the Finance Minister's visit to South Korea during June 14-17, 2017, an Economic Development Cooperation Fund (EDCF) Agreement was signed between Governments of India and Republic of Korea for US$ 1 billion Official Development Assistance (ODA) to India. Two projects viz. (i) Mumbai-Nagpur Super Communication Expressway ITS Project; and (ii) Re-development of Bandra (E) Government Colony Project have been included in the Rolling Plan and Government of Republic of Korea has been requested to finance these projects.

12.17 United States of America

12.17.1 U.S. Agency for International Development (USAID)

12.17.1.1 The United States of America bilateral development assistance to India started in 1951 and it is mainly administered through the USAID. Since its commencement, USAID has provided economic assistance to India in various sectors. Currently, following seven projects are being implemented by USAID in partnership with GOI:

i. Partnership Agreement for Agri. & Food Security Program;

ii. Partnership Agreement for Sustainable Forests and Climate Adaptation Program;

iii. Partnership Agreement for Water, Sanitation and Hygiene (WASH);

iv. Partnership Agreement for Renewable Energy Technology Commercialization & Innovation;

v. Partnership Agreement for Health Project;

vi. Disaster Management Support Project;and

vii. Partnership Agreement for the Energy Efficiency Technology Commercialization and Innovation Project.

12.17.2 United States Trade and Development Agency (USTDA)

12.17.2.1 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.

12.17.2.2 A Cooperation Framework was signed on November 2005 between GOI (through DEA) and the U.S. Govt. (through USTDA). Under this framework, USTDA provides technical assistance to GoI entities for activities such as project preparation, trade capacity building, investment analysis, training and sector development. Since 1992, USTDA has supported over 100 priority development projects in India with public and private sector sponsors. Priorities for USTDA's engagement with India are in infrastructure planning sectors such as Civil Aviation, Smart Cities, Oil and Gas, Smart Grids, Renewable energy, clean coal amongst others.

12.17.2.3 During 2018, following three USTDA proposals for grant agreements with GOI entities were approved by DEA:

i. USTDA Grant Agreement with Indian Oil Corporation Ltd. (IOCL) for Refinery Off- Gases to Ethanol Feasibility Study Project for US $500,000;

ii. USTDA Grant Agreement with Rajiv Gandhi National Aviation University (RGNAU) for Executive Development Training Program for $422,512;

iii. USTDA Grant Agreement with Airport Authority of India (AAI) for Communication, Navigation and Surveillance/Air Traffic Management (CNS/ATM) Modernisation Road Map for US $ 1,547,517.

12.17.2.4 Apart from the above, a MoU was also signed during this period between USTDA and State Govt. of Maharashtra to promote value-based procurement policies under the Global Procurement Initiative of USTDA.

12.18 Canada

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

12.18.1.1 International Development Research Centre (IDRC) – a Crown Corporation of Canada, extends grant assistance to various Governments and Non-Government organizations for projects in the field of agriculture, health and family welfare etc. A Memorandum of Understanding between the GoI and IDRC to usher the "programme based research support" in addressing current and future global and local development challenges was signed on February 22, 2018 between JS (BC), DEA and Dr. Jean Lebel, IDRC President.

2.18.1.2 Since 1972, IDRC has funded 551 research activities worth CAD 159 million in India through institutions, researchers and NGOs. During 2018, DEA has granted approval for eight (8) IDRC Grant Proposals worth CAD 1.28 million (CAD 12,85,000).

12.19 Lines of Credit extended to developing countries

12.19.1 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.

12.19.2 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.

12.19.3 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.

12.19.4 During the Financial year 2018-19 (i.e. from April 1, 2018 to March 31, 2019), Lines of Credit totalling USD 2,586.03 million have been approved, the details of which are as under:

Sl. No	Country	Amount (in USD million)	Purpose	Date of Communication from DEA
A.	**African Countries**			
1.	Ethiopia	147.43	For Mekele Industrial Park 400 kV Power Transmission project.	18.4.2018
2.	Mauritius	100.00	For Defence procurement.	19.4.2018
3.	Rwanda	66.60	For Base-Butaro-Kidano road project (redirection of USD 66.6 million from existing LoC of USD 80 million extended for Huga-Kibeho-Ngona-Munini Road project).	19.4.2018
4.	Chad	6.12	Capitalization of interest overdues.	20.4.2018
5.	Uganda	64.5	For development of infrastructure for agriculture & dairy sector.	29.5.2018
6.	Uganda	141.5	For grid reinforcement & extension project.	29.5.2018
7.	Central African Republic	7.00	Funding of interest & other financial due upto the additional moratorium period.	7.6.2018
8.	Ethiopia	133.70	For new 230 kV interconnection between Ethiopia & Djibouti, 230 kV Combolcha II-Semera transmission line along with associated substations extension at Semera, Nagad & Combolcha II.	6.7.2018
9.	Zimbabwe	19.5	Additional LoC of USD 19.5 million for up-gradation of Deka pumping station and River water intake system.	13.7.2018
10.	Rwanda	100.00	For development of two SEZs and expansion of Kigali SEZ.	13.7.2018
11.	Rwanda	100.00	For agriculture projects	13.7.2018
12.	Zimbabwe	23.00	Additional LoC for renovation/up-gradation of Bulawayo Thermal Power plant- extension f additional LoC of USD 230 million.	16.8.2018
13.	Burundi	161.36	For construction of new Parliament & two Ministerial buildings.	1.10.2018
14.	DR Congo	33.29	For installation of 15 MW Solar Photovoltaic Power Project at Karawa province- North Ubangi, DR Congo.	7.12.2018
15.	DR Congo	25.27	For installation of 10 MW Solar Photovoltaic power project at Lusambo province- Sankuru, DRC.	7.12.2018
16.	Mozambique	95.00	For procurement of railway rolling stock including locomotives, coaches & wagons.	27.12.2018
17.	DR Congo	24.55	For installation of 10 MW Solar Photovoltaic power project at Mbandaka province-Equator, DR Congo.	24.12.2018
18.	Malawi	215.68	For drinking water supply schemes under Southern region Water Board.	21.1.2019
19.	Suriname	11.13	For rehabilitation and up-gradation of De Kelkcentrale N.V. Milk processing plant.	21.1.2019
20.	Eritrea	5.00	Capitalization of interest overdues as well as future interest till July 2023.	31.1.2019
21.	Eswatini (Swaziland)	10.40	For construction of Disaster Recovery Site (DRS).	27.3.2019
Africa Total (A)		**1,491.03**		
B.	**Non-African Countries**			
1.	Syria	16.0	Funded interest of LoC of USD 100 million extended to Syria.	20.4.2018
2.	Syria	4.00	Funded interest of LoC of USD 25 million extended to Syria.	20.4.2018
3.	Uzbekistan	200.00	For housing & social infrastructure projects.	28.12.2018
4.	Cuba	75.00	For installation of 75 MWP Photovoltaic Solar parks.	9.1.2019
5.	Maldives	800.00	For development projects.	20.3.2019
Non-Africa Total (B)		**1,095.00**		
Grand Total (A+B)		**2,586.03**		

12.20 Foreign Trainings

12.20.1 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.

13. Integrated Finance Division

13.1 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/ 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.27-Department of Economic Affairs and Grant No.29-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, compilation, printing and laying of the 'Detailed Demand for Grants (DDG)' of the Ministry of Finance in Parliament.

(v) Coordination of all matters relating to the examination of the DDG by the Parliamentary Standing Committee on Finance.

(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:

13.2 Budgetary allocation of the Grants (on net basis)

(₹ in crore)

Grant		BE 2018-19	RE 2018-19	BE 2019-20
27- Department of Economic Affairs	Revenue	4359.64	2562.95	2727.69
	Capital	8383.20	9491.79	11583.96
	Total	**12742.84**	**12054.74**	**14311.65**
29- Department of Financial Services	Revenue	1739.05	1237.02	1305.15
	Capital	4838.01	4478.00	3385.04
	Total	**6577.06**	**5715.02**	**4690.19**

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

PARAS OF AUDIT REPORTS OF C&AG - Details of ATNs Audit paras pending with DEA (Department of Economic Affairs) and their disposal status – as on **31-03-2019.**

Name of the Ministry/Department : Ministry of Finance
(Department of Economic Affairs)

Sl. No.	No & Year of the Report	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 ATN not sent by the Ministry even for the first time	No of ATNs Sent but returned with the observations & Audit is awaiting their re-submission by the Ministry.	No of ATNs which have been finally vetted by audit but have not been submitted by the Ministry to PAC
1.	20 of 2018 (Compliance Audit on FRBM)	Nil	Full Report	---	---

14. Currency & Coin Division

14.1 Currency Section

14.1.1 All policy issues and matters relating to design, form and material of currency notes/banknotes including security features, production planning of printing of currency notes and other security documents. Others include currency related legislation, indigenization of bank notes production items, distribute/complaint in respect of supply of material of printing of bank notes and other security products, expansion, up-gradation and modernization of Presses, Paper Mills, Ink factory, Postal Stamp; Revenue Stamp, NJSP, Passports, fair price determination of Bank Notes and Postal Stamps, Pre-shipment inspection of CWBN/security paper and currency conferences etc. Further, a Task Force Committee was constituted on 14th April 2018 to ensure uninterrupted supply of currency in various parts of the country with Secretary (EA) as Chairman and Secretary (DFS) and Dy. Governor, RBI as members.

14.1.2 **Change in design of banknotes and coins to facilitate identification by visually impaired persons:** The design of banknotes have been changed with sharp distinction of colours to facilitate people with low vision Braille-like signs have been introduced in denominations of ₹100 and above. A Committee was set up to recommend measures for better identification of coins by visually impaired persons. The Report has been submitted and further action is being taken by this Department.

14.1.3 **Introduction of new ₹100 banknotes:** New 100 – denomination bank notes have been introduced in the Mahatma Gandhi (New Series) bearing signature of Dr. Urjit R. Patel, Governor, Reserve Bank of India. The new denomination has motif of “Rani Ki Vav” on the reverse, depicting the country’s cultural heritage. The base colour of the Note is Lavender. The note has other designs, geometric patterns align with the over all colour scheme both of the obverse and reverse side. To facilitate identification for visually impaired person, intaglio or raised printing of Mahatma Gandhi Portrait, Ashoka Pillar Emblem, raised triangular identification mark with micro text 100, 4 angular bleed lines both on the right and left side is kept.

14.1.4 **Amendment in foreign exchange management (Export and Import of Currency):** The Government has introduced inter-alia new bank notes in the Mahatma Gandhi (New) Series of ₹200, 500 and ₹2000. To facilitate person going to Nepal or Bhutan from India, the Government has decided that such person can carry Reserve Bank of India Notes of Mahatma Gandhi (New) Series of denomination of ₹200 and/or ₹500 up to a total limit of ₹25000/-.

14.1.5 **Amendment in Reserve Bank of India (Note Refund Rules, 2009):** RBI has introduced new series of Bank Notes inter-alia for ₹10, 20, 50, 100, 200, 500, 2000. Reserve Bank of India, in consultation with the Government, has amended Note Refund Rules, 2009 to facilitate person for exchange of mutilated soiled, torn, burnt Bank Notes. The value of a mutilated Notes may be refunded in full, part or no claim admissible based on the size, ratio of the bank notes presented by the person. Detail is mentioned in RBI Notification dated 05th September, 2018 and amendment to the Reserve Bank of India (Note Refund) Rules, 2009dated 25th September, 2019 (available in their website).

14.1.6 **Production of Bank notes:** The production of banknotes by BRBNMPL and SPMCIL is strictly and regularly monitored by this section. The Meetings of Strategic Planning Committee (SPC) and Production Planning Committee (PPC) are also held regularly under the Chairmanship of Secy(EA) and JS(C&C). During 2018-19, several Meetings of SPC and PPC were held to review the indent and production of banknotes. As decided in these Meeting, the production of banknotes of denominations of ₹10 and ₹20 has been significantly reduced. The monthly production of notes by BRBNMPL and SPMCIL during 2018 and 2019 are given below at Table A and Table B respectively:

Table A: Data on Monthly Production of Notes in mpcs - BRBNMPL

Month / Year	₹1 Note	₹2 Note	₹5 Note	₹10 Note	₹20 Note	₹50 Note	₹100 Note	₹200 Note	₹500 Note	₹2000 Note
	Denomination wise Production									
January,2018	0.00	0.00	0.00	747.33	0.00	36.68	410.47	163.87	20.29	0.00
February,2018	0.00	0.00	0.00	1,221.27	10.98	238.73	32.82	39.30	0.00	0.00
March,2018	0.00	0.00	0.00	1,296.63	8.13	702.84	0.16	104.62	37.66	0.00
April,2018	0.00	0.00	0.00	362.43	0.00	482.95	0.00	3.43	489.82	18.43
May,2018	0.00	0.00	0.00	130.00	0.00	2.63	0.00	8.58	1,315.45	28.26
June,2018	0.00	0.00	0.00	340.59	0.00	333.10	0.00	102.90	792.89	0.00
July,2018	0.00	0.00	0.00	743.07	0.00	428.73	90.38	112.18	326.67	0.00
August,2018	0.00	0.00	0.00	518.79	0.00	554.03	312.33	86.99	296.76	0.00
September,2018	0.00	0.00	0.00	439.73	0.00	355.18	507.68	89.13	350.21	0.00
October,2018	0.00	0.00	0.00	164.52	0.00	10.98	219.23	276.85	765.31	0.00
November,2018	0.00	0.00	0.00	129.31	0.00	14.17	121.05	380.73	836.59	0.00
December,2018	0.00	0.00	0.00	6.99	0.00	1.04	128.38	527.36	925.18	0.00
January,2019	0.00	0.00	0.00	2.77	0.00	0.17	1,191.43	351.38	125.91	0.00
February,2019	0.00	0.00	0.00	17.08	0.00	0.00	1,481.02	64.42	0.00	0.00
March,2019	0.00	0.00	0.00	15.36	0.00	39.58	1,464.55	69.57	60.05	0.00

Source: BRBNMPL

Table B: Data on Monthly Production of Notes in mpcs - SPMCIL

Month/Year	₹1 Note	₹5 Note	₹10 Note	₹20 Note	₹50 Note	₹100 Note	₹200 Note	₹500 Note	₹2000 Note
	Denomination wise Production								
January,2018	6.000	3.51	156.749	106.976	31.15	140.59	276.97	0	0
February,2018	0.000	0	149.12	188.36	0	195.44	111.53	0	0
March,2018	0.000	0.02	217.99	166.05	47.5	211.11	25.32	20.85	0
April,2018	0.000	0	53.571	42.7	218.9	16.259	146.2	74.375	0
May,2018	0.000	0	0.35	0	288.2	15.088	92.896	492.262	0
June,2018	0.000	0	71.95	3.607	293.7	7.03	207.195	354.605	0
July,2018	0.000	0	255.5	0	368.4	29.61	143.423	130.043	0
August,2018	0.000	0	245.74	0	291.1	235.5	0	93.553	0
September, 2018	0.000	0	202.83	0	163.9	354.88	0	223.014	0
October,2018	0.000	0	112.56	0	122.3	133.03	0	484.563	0
November, 2018	16.56	0	86.48	0	18.2	0.75	2.974	628.667	0
December, 2018	95.1	0	21.06	0	16.35	0.24	17.368	825.391	0
January,2019	67.34	0	11.19	0	17.25	55.46	0	742.702	0
February,2019	0.000	0	1.69	0	152.05	30.54	0	732.075	0
March,2019	0.000	0	0	0	100.45	220.665	11.802	641.168	0

Source: SPMCIL

14.1.7 **Notes in Circulation (NICs):** The trends in NICs are strictly monitored. Post-demonetisation of 2016, there has been significant rise in NICs. As compared to 1 year ago, on 31.03.2019, the NICs has risen by ₹3,06,471 crore. The details of NICs since 2014 till 31.03.2019 are given below in Table C.

Table C: Notes in Circulation (NICs) ₹ in crore

As on date (31.03.2019):	21,10,892	
	1 day ago(28.03.2019):*	21,14,930
	1 week ago (25.03.2019):**	21,26,351
	1 month ago (28.02.2019) :	20,79,458
	As on 31.03.2018:	*18,03,709*
	1 year ago (28.03.2018):@	*18,04,421*
	As on 31.03.2017:	*13,10,193*

Month End of/Year	2014	2015	2016^	2017	2018	2019
Jan	1254641	1385378	1561455	1003644	1713528	2035373
Feb	1271215	1406569	1607935	1158354	1760671	2079458
Mar	1283747	1428895	1641571	1310193	1803709	2110892
Apr	1327831	1474105	1698278	1409165	1881826	
May	1347646	1490890	1713703	1465947	1906875	
June	1344527	1473244	1707714	1506329	1922678	
July	1330777	1455026	1701685	1518192	1897371	
Aug	1320534	1463802	1703396	1538035	1902346	
Sept	1324245	1464352	1704618	1563263	1899958	
Oct	1348575	1495415	1766441	1610247	1940081	
Nov	1350191	1536673	1071784	1635288	1970128	
Dec	1363293	1538203	899979	1667127	1996824	

Change in NICs over:-

1 Day Ago:	**(-)**	**4,038**	**(↓)**
1 Week Ago:	**(-)**	**15,459**	**(↓)**
1 Month Ago:	**(+)**	**31,434**	**(↑)**
31.03.2018:	***(+)***	***3,07,183***	***(↑)***
1 Year Ago:	***(+)***	***3,06,471***	***(↑)***
31.03.2017:	***(+)***	***8,00,699***	***(↑)***

^: NICs At the time of Demonetization (4th November,2016): ***17,74,200***

Source: RBI

*: 28.03.2018 taken as 1 day ago **: 25.03.2019 taken as 1 week ago

14.2 Coin Section

14.2.1 The work profile of this section inter alia include policy formulation regarding design, shape and size of circulation coins including fixation of fair prices of coins, coins related legislations and issuance of Commemorative Coins. Others include production planning of coins and determination of indent of coins. Like in the case of banknotes, the production and indent of coins is also strictly and regularly monitored by this section through the Meetings of Strategic Planning Committee (SPC) and Production Planning Committee (PPC).

14.2.2 **Coins in Circulations (CICs):** The trends in CICs are strictly monitored. As compared to 1 year ago, on 04.04.2019, the CICs has risen by ₹243 crore. The details of CICs are given below in **Table D**.

Table D: Coins in Circulation (CICs) in ₹ crore				
As on date (04.04.2019):	25,142	1 day ago: 03.04.2019	25,141	**Change in CICs over:-**
		1 week ago: 28.03.2019	25,148	**1 Day Ago: (+) 1 (↑)**
		1 month ago: 05.03.2019*	25,111	**1 Week Ago: (-) 6 (↓)**
		As on 31.03.2018	24,909	**1 Month Ago: (+) 31 (↑)**
		1 year ago: 04.04.2018	24,899	**31.03.2018: (+) 234 (↑)**
		As on 31.03.2017	24,342	**1 Year Ago: (+) 243 (↑)** **31.03.2017: (+) 800 (↑)**

Source: RBI

14.2.2 The productionsof coins by SPMCIL since 2011-12 for circulation coins and since 2012-13 for commemorative coins are given below under **Table E** and **Table F**. The Government has issued 34 commemorative coins (**Table G**) since 2014 to mark occasion of great personalities with unique, durable and outstanding contribution towards society, etc. and to remember events which had great historical significance.

Table E: Data of Circulation Coins

(All fig in million pieces)

Period	Installed Capacity	Utilization Capacity	Excess Capacity	Production of Coins	Lifting by RBI	Unlifted stock
2011-12	5954	6282	0	6282	6094	208
2012-13	5954	6707	0	6707	6877	34
2013-14	5954	7651	0	7651	7676	9
2014-15	7400	7929	0	7929	7907	30
2015-16	7400	9254	0	9254	9257	27
2016-17	7400	9681	0	9681	9691	17
2017-18	7750	6703	1047	6703	5572	1148
2018-19	7750	5331	2419	5331	6132.53	346.65
2019-20 (till 25.04.2019)	7750	3400 (RBI's indent for 19-20)	4350	195	0	542

Table F: Data of non-Circulation Commemorative Coins

Period	Utilization Capacity	Production	Sold pieces	Unsold pieces
2012-13	224478	224478	101736	112338
2013-14	225621	225621	139807	65970
2014-15	74934	74934	77254	67594
2015-16	152029	152029	123093	81666
2016-17	99860	99860	191304	83574
2017-18	104990	104990	138442	89956
2018-19	83838	83838	74194	74624
2019-20	77238	77238	2408	49734

Source: SPMCIL

Table G: List of Commemorative Coins for 2014, 2015, 2016, 2017, 2018 & 2019(till date)

Year 2014		
1.	Diamond Jubilee Coir Board	Rs. 60, Rs.10
2.	Centenary Commemoration of KomagataMaru Incident	Rs.5, Rs. 100
3.	Birth Centenary Commemoration of Begum Akhtar	Rs.5, Rs.100
4.	125th Birth Anniversary of Jawaharlal Nehru	Rs.125, Rs.5
5.	BHEL- 50 Years of Engineering Excellence	Rs.5, Rs.50
6.	175th Birth Anniversary of Jamsetji Nusserwanji Tata	Rs.5, Rs.100
7.	Centenary Commemoration - Mahatma Gandhi's Return from South Africa	Rs.10, Rs.100
Year 2015		
8.	Birth Centenary Commemoration of Swami Chinmayanand	Rs.100, Rs.10
9.	International Yoga Day 21th June	Rs.100, Rs.10
10.	Birth Centenary of Rani Gaidinliu	Rs.5, Rs.100
11.	Dr. S Radhakrishnan	Rs.10, Rs.125
12.	50th Year of Indo-Pak war	Rs.50, Rs.5
13.	India Africa Forum Summit (IAFS)-III	Rs.500, Rs.10
14.	125th Birth Anniversary year of Dr. B.R. Ambedkar	Rs.125, Rs.10
15.	150th Birth Anniversary of LalaLajpatRai	Rs. 150, Rs.10
16.	200TH BIRTH ANNIVERSARY OF TATYA TOPE	Rs.200, Rs.10
17.	475TH BIRTH ANNIVERSARY OF MAHARANA PRATAP	Rs.100, Rs.10
Year 2016		
18.	Shri BijuPatnaik	Rs.5, Rs.100
19.	National Archives of India	Rs.125, Rs.10
20.	150th Anniversary of Allahabad High Court	Rs.150, Rs.5
21.	500th Anniversary of Sh. Krishna ChaitanyaMahaprabhu coming to Vrindavan	Rs.500, Rs.10
22.	Centenary of Banaras Hindu University, Varanasi	Rs.100, Rs.10
23.	Centenary Celebration of University of Mysore	Rs. 100, Rs. 10
24.	Birth Centenary of PanditDeendayalUpadhyaya	Rs. 100, Rs. 10
Year 2017		
25.	150th Birth Anniversary of ShrimadRajchandra	Rs. 150, Rs. 10
26.	Nabakalebara Festival 2015	Rs. 1000, Rs. 10
27.	Birth Centenary of Dr. M. S. Subbulakshmi	Rs. 100, Rs. 10
28.	Birth Centenary of Dr. M G Ramachandran	Rs. 100, Rs. 5
Year 2018		
29	350th Birth Anniversary of Guru Gobind Singh Ji	Rs. 350
30.	125th Birth Anniversary of P C Mahalanobis	Rs. 125 , Rs. 5
31.	75th Anniversary of Hoisting of Tricolour for the first time at Port Blair by Netaji Subhash Chandra Bose	Rs. 75
32.	200th Anniversary of Paika Rebellion	Rs. 200
33.	Birth Anniversary of Lt. Shri Atal Bihari Vajpayee Ji	Rs. 100
Year 2019		
34.	125th Birth Anniversary of Yogananda Paramhansa	Rs. 125

14.2.3 **New Series of Coins which are friendly to visually impaired people:** The current series of coins released in the year **2011** received wide spread representations from the general public as well as visually impaired persons on the difficulties distinguishing different denominations. It may be pertinent to note that the shape and size of **2011** series coins were not designed keeping the needs and necessity of visually impaired persons. The difficulties being faced by visually impaired persons with the **2011** series of circulation coins include no definite pattern of shape or size in this coin series for easy differentiation among different denominations; sizes of ₹2 is exactly the same as that of Re.1 of previous coin series (25 mm); size of Re 1 coin is exactly the same as that of 50 paise coin of previous series (22 mm); material (FSS) and thickness of Re.1 & ₹2 are identical to previous series coins, etc. Visually impaired people found it confusing to read old and new series Re.1, ₹2 coins. The following features (Table H) are included in the new series of coins for helping Visually impaired people to differentiate and discriminate various denomination of circulation coins:

(i) These coins have a pattern of increasing size (i.e. diameter) from lower to higher denominations.

(ii) The coins have also weight in increasing order from lower to higher denomination.

(iii) ₹20 coin is newly included in the new series of coins.

(iv) Serration pattern is alternative in the new series, i.e. for Re.1 there are no serrations, ₹2 has serrations on the edge, ₹5 has no serrations whereas ₹10 has serrations on the edge. Further, ₹20 has no serrations on the edge.

(v) Whereas all other denomination coins are in round shape, ₹20 is a 12-sided coin for easy understanding by a visually impaired person.

(vi) The theme finalized on new series coins is 'Agriculture', represented with crop grains on the reverse side of the coins. These grains can be easily felt by a visually impaired person helping him to understand the new series of coins.

(vii) It is learnt that India is first country in the world which has designed and developed such type of circulation coins for visually challenged people. This is informed by the representatives of Confederation of Blind during a meeting at SPMCIL on 16.01.2019.

Table H: Features of visually impaired new series circulation coins 2019

Deno.	Material	Diameter (mm) Increasing order	Weight (gms)	Edge Serrations
Re. 1	Ferritic Stainless Steel Containing Iron -83%, Chromium -17%	20	3.09	Plain edge. No Serrations
Rs. 2	Ferritic Stainless Steel Containing Iron -83%, Chromium -17%	23	4.07	50 wider serrations on full circumference
Rs. 5	Nickel Brass: Copper: 75%, Zinc: 20%, Nickel: 05%	25	6.74	Plain edge. No Serrations
Rs. 10	Ring: Nickel Brass Copper: 75%, Zinc: 20%, Nickel: 05% Core: Nickel Silver Copper: 65%, Zinc: 15%, Nickel: 20%	27	7.74	100 wider serrations on full circumference
Rs. 20	Ring: Nickel Silver Copper: 65%, Zinc: 15%, Nickel: 20% Core: Nickel Brass Copper: 75%, Zinc: 20%, Nickel: 05%	27 (12 sided polygon)	8.54	Plain Edge. No serrations

Source: SPMCIL

14.2.4 **Issues relating to coins like non-acceptance, shortage and related matters:** Recently, a number of public grievances have been received mainly from Uttar Pradesh, Karnataka and West Bengal regarding the non-acceptance of coins, especially ₹10/- coin. It has been alleged that small traders and small vendors are accepting not ₹10/- coins stating that there are fake such coins in circulation. So far, the Reserve Bank of Indian has issued ₹10 coins in 14 designs and the public has been informed of their distinctive features. All these coins are legal tender and can be accepted for transactions. The coins minted by the Government mints have distinctive features to reflect various themes of economic, social and cultural values and are put into circulation from time to time.Even Reserve Bank has been receiving complaints about non-acceptance of coins by bank branches. Such denial of service has reportedly, in turn, led to refusal on the part of shopkeepers and small traders, etc., to accept coins as payment for goods sold and services rendered causing inconvenience to the public at large. Accordingly, RBI directed all banks to immediately direct all their branches to accept coins of all denominations tendered at their counters either for exchange or for deposit in accounts.

14.3. Other important activities

14.3.1 Payment and Settlement Systems Act: A Committee has been constituted under the Chairmanship of Secretary (EA), with representatives from MeiTy, RBI, UIDAI to suitably amend the Payment and Settlement Systems Act, 2007. The Report of Inter-Ministerial Committee for amendment to Payment & Settlement Systems Act 2007 has been approved by Hon'ble Finance Minister.

14.3.2 **Uses of Block-chain technology:** The Finance Minister made a policy statement about virtual currencies and distributed ledger technology at Para 112, of his Budget Speech for 2018-19. The Finance Minister stated that *"The Government does not consider crypto-currencies legal tender or coin and will take all measures to eliminate use of these crypto-assets in financing illegitimate activities or as part of the payment system. The Government will explore use of block chain technology proactively for ushering in digital economy."* As far as the Central Government is concerned, a Committee under Joint Secretary (C&C) with Members from SPMCIL and MeiTY has been set up on 15.02.2018 and has been working to explore the scope of utilisation of blockchain technology in different fields. Subsequently, Niti Aayog and NIC are also invited in meetings of BCT. Given the technical issues involved, this Department will explore the use of the BBCT/DLT, especially in the financial sector. However, on the wider uses of BCT for promoting digital economy, MeiTY being the Nodal Ministry on the technology aspect of BCT/DLT, has been asked to take appropriate action.Currently, various States are experimenting or working the application of blockchain technology in various sectors of the economy. It has been reported that West Bengal is exploring the use of block chain in issuance of birth certificates while Karnataka is working on e-Goverance. States like Andhra Pradesh and Telangana are also exploring to use the same in land record, road transport, etc.

14.3.3 **Digital Payment:** DEA has been assigned the responsibility to frame policies so as to create an enabling environment for the digital payment system to grow. As mentioned above, DEA is working to amend Payment and Settlement Systems Act, with this objective. However, "Promotion of Digital Transactions including Digital Payments" comes under MeiTy in Business Rules. Government of India has been working with various stakeholders including Ministries, Departments, States, Smart Cities, Banks and Payment Service Providers to promote digital payment transactions. A dedicated DIGIDHAN mission has been set up with an aim to promote digital transactions. Digital payment App 'BHIM (Bharat Interface for Money)' was launched on 30th December, 2016. To encourage cashless/digital payments by variety of modes like Internet banking, mobile banking, and mobile applications etc. including use of BHIM, integrate on-line payment portals with BHIM/UPI/QR-code/Rupay Card, following measures have been taken by the Government and there has been a significant growth in digital transactions with Government initiatives.

1) Expansion of payment acceptance infrastructure

- More and More PoS machines have been installed across India.
- BHIM Aadhaar Pay enables citizens without smartphones to make digital payments by using biometric authentication. It has been deployed across merchants.
- Bharat QR is being deployed across all merchants through banks
- More number of merchants have been on-boarded on the UPI platform based apps by the Banks

2) Incentive Schemes

- The reimbursement of MDR is aimed to improve the adoption of digital payments by merchants specially the small and micro merchants.
- 'BHIM Cashback Scheme for Individuals' has been launched to popularize payments through BHIM APP.
- To give stimulus to the deployment of BHIM Aadhaar PoS devices, Government through Department of Financial Services has launched a scheme on the procurement of each BHIM Aadhaar PoS.

3) Coordination with Banks

- The performance of the Banks is also monitored and evaluated regularly by MeitY.

14.3.4 Policy and Regulation of Crypto Assets in India: An Inter-Ministerial Committee under the Chairmanship of Secretary, Department of Economic Affairs with representatives from concerned Departments has been constituted for considering all aspects related to Virtual Currencies and Crypto Assets. Various options for treating Virtual Currencies and Crypto Assets including banning/ regulating are being examined by the Committee. The Report of the IMC has been signed by its Members and is awaiting approval of the Government.

14.3.5 Collection of Stamp duty and how to improve the existing systems: Traditionally, stamp duty has been collected through the paper-based physical stamping process. Paper-based physical stamping is prevalent across India except in the state of Delhi. Most States while providing for e-stamping systems have also retained the traditional paper-based physical stamping system. Moreover, States in the north-east like Arunachal Pradesh, Manipur, Meghalaya, Nagaland and Sikkim provide primarily for paper-based physical stamping system. The main reason to retain the physical stamping system is the familiarity of the transacting individuals with the existing system.To address the drawbacks with physical stamp, GoI introduced the e-stamping system in the year 2007. E-stamping is a computer-based application and a secured electronic way of stamping documents. While introducing e-stamping in the country, GoI had appointed the Stock Holding Corporation of India Limited (SHCIL) to act as a central record-keeping agency (CRA) to facilitate e-stamping through SHCIL's various branches and banks. Recently, the Government has constituted a Group to examine the present system of physical stamp and e-Stamping, and the Group has been tasked with the following objectives:-

(i) To examine the present system of physical stamp papers and e-Stamping, and the limitations/lacunae;

(ii) To consider means to reform the present system of physical stamp papers and e-Stamping, including through use of block chain technology;

(iii) To study the latest systems used in collection of taxes by Government of India and various States so as to put in place a robust, modern and transparent system for collection of stamp duty.

14.4. Security Printing and Minting Corporation of India Limited (SPMCIL)

14.4.1 **The Department of Economic Affairs** is theAdministrative Department of SPMCIL and look into all issues relating to appointment to Board Level posts in

SPMCIL and Residual establishment matters of the nine Units of SPMCIL. Others include coordination of Meetings of SPMCIL Board, SPMCIL Pension Fund Trust,; MoU with SPMCIL; Preparation of Annual Report of SPMCIL; Modernization of mints and security paper mill.

14.4.2 Security Printing and Minting Corporation of India Ltd. (SPMCIL), a Mini-ratna 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 by the Government of India (Ministry of Finance) directly. The Company is wholly owned by the Central Government with Authorized Share Capital of ₹2500 crores and paid-up Share Capital of ₹1064.24 crores as on 31.03.2018.

14.4.3 The Reserve Bank of India (RBI) is the customer for currency notes supplied by two Currency Presses of the Company, i.e. Bank Note Press (BNP), Dewas and Currency Note Press (CNP), Nashik. The Ministry of External Affairs (MEA) and Ministry of Home Affairs (MHA) are customers for passports and visa stickers respectively and the State Governments are customers for Non-Judicial Stamp Papers and allied stamps and the Postal Department is the customer for postal stationery, stamps, etc. supplied by the two Security Presses of the Company, i.e. Security Printing Press (SPP), Hyderabad and India Security Press (ISP). These Security Presses also produce various security items like cheques, railway warrants, income tax return order forms, saving instruments, commemorative stamps, certificates etc. for various customers. The Department of Economic Affairs (DEA), Ministry of Finance is the customer for circulating coins supplied by the four India Govt. Mints (IGMs) of the Company at Mumbai, Kolkata, Hyderabad and Noida. The Company has one Security Paper Mill (SPM) at Hoshangabad which manufactures Security Paper for use by Currency / Security Presses. The Company also has an Ink Factory at Dewas which manufactures Offset Ink, UV Ink and Quickset Intaglio Ink for use by the presses of SPMCIL and BRBNMPL.

14.4.4 The Company had achieved the targets in the production of Bank Notes, Coins, Security Paper, Passports, Security Inks and other Security Products during the year 2017-18. While achieving the production targets, the Company had also increased productivity per employee considerably. The Company had produced 9219 million pieces of the Bank Notes and supplied 8594 million pieces of Bank Notes to Reserve Bank of India (RBI) during the year 2017-18. This was 4.94% higher than the production of 8785 million pieces of the Bank Notes during the year 2016-17. Production of the Bank Notes per employee had increased to 2.72 million pieces in 2017-18 as against 2.48 million pieces achieved during the year 2016-17.

14.4.5 The Company had produced 6703 million pieces of the Circulating Coins andsupplied 5571 million pieces of the Circulating Coins during the year 2017-18. This was 30.76% lower than the production of 9681 million pieces of Circulating Coins achieved during the year 2016-17. Production of Coins per Employee had also decreased to 2.55 million pieces in 2017-18 as against 3.37 million pieces achieved in 2016-17. The decrease in the production/productivity of Circulating Coins in the year 2017-18 was due to huge reduction in the indent of Circulating Coins by RBI in the month of July, 2017.

14.4.6 The Company had produced 5779 Metric Ton (MT) Security Paper and supplied 4657 MT of Security Paper to the printing presses during the year 2017-18. This was 80.60% higher than the production of 3200 MT of Security Paper during the year 2016-17. Production of Security Paper per Employee had increased to 5.16 MT in 2017-18 as against 2.74 MT achieved during the previous year. The Company had produced 579 Metric Tonnes (MT) of the Security Inks in 2017-18 at Ink Factory, Dewas. This production includes the complete requirement of all four SPMCIL presses, which was around 500 MT and the excess ink was supplied to the currency presses of Bharatiya Reserve Bank Note Mudran Private Limited (BRBNMPL) at Mysore and Salboni.

14.4.7 During the year 2017-18, the Sales Turnover of the Company was ₹4347.29 crores as compared to ₹5842.15 crores during the last year 2016-17 showing a decrease of 25.59% over the previous year. The Sales per Employee during 2017-18 had decreased by 20.05% to ₹45.11 lacs from ₹56.42 lacs during the year 2016-17. The Revenue from Operations of the Company had decreased to ₹4445.16 crores in 2017-18 from ₹5966.02 crores during the previous year 2016-17. The main reason for decline in the sales and other revenues was the decline in the sales of circulating coins during the year 2017-18 to ₹1426.43 crores as against ₹2707.25 crores in the year 2016-17. Total expenditure for the year 2017-18 was ₹4015.89 crores as compared to ₹5189.50 crores for the year 2016-17, showing a decrease of 22.62% over the previous period due to decline in cost of consumption of material on account of reduction in production of Circulating Coins as per revised indent of RBI. Profit before Tax (PBT) from continuing operations for the year 2017-18 was ₹629.94 crores as compared to ₹914.44 crores for the year 2016-17, a decrease of 31.11% mainly on account of reduction in sales of Circulating Coins in 2017-18. The company had achieved a Total Comprehensive Income (TCI) of ₹663.77 crores in the year 2017-18 as compared to a TCI of ₹615.68 crores in the year 2016-17. The consolidated TCI had increased to ₹779.65 crores in the year 2017-18 i.e. after taking into account the 50% share of Joint Venture Company, Bank Note Paper Mill India Private Ltd (BNPMIPL) as compared to the Consolidated TCI of ₹745.80 crores in the year 2016-17. There had been a huge saving in financial costs during the year 2017-18 due to prudent decision of pre-payment of balance Term Loan of ₹1135 crores from DEA, Ministry of Finance carrying interest @ 11.50% p.a. in February, 2017.

14.4.8 In accordance with the Guidelines on Capital Restructuring of CPSEs issued by Department of Investment and Public Asset Management (DIPAM), the Board of Directors of SPMCIL in its 80th meeting held on 29.11.2017 had approved the buy-back of 11,82,49,000 Equity Shares of ₹10/- each (fully paid) from Government of India at the book value of ₹38.50 per share. The total outgo on account of aforesaid buyback of shares was ₹455.26 crores plus applicable tax. The consideration against the aforesaid buyback was paid on 05.01.2018 to the Government of India.

14.4.9 The Company had paid Final Dividend @ 5% of the Net-worth of the Company for the year 2017-18 aggregating to ₹204.87 crores plus applicable Dividend Distribution Tax to the Government of India in accordance with the guidelines on Capital Restructuring of CPSEs issued by DIPAM. The Company had been granted the 'Good' rating by the Department of Public Enterprises (DPE) for its MoU evaluation for the year 2017-18.

14.4.10 During the year 2017-18, the Company had taken-up many modernization and capacity augmentation initiatives. CNP, Nashik had installed two numbers of Computerized Random Numbering (CRN) systems on Numerota Machine. BNP, Dewas had commissioned PlastiRota III CD machine, Plasimix PM11-Mixer & Special Finishing Machine. Five numbers of TRMs with press-out devices and two numbers of heavy duty twin shaft mixers had been installed and commissioned at Ink Factory, Dewas. The technical team of IGM, Mumbai had modified all the 10 barelles of Pickling & Polishing Lines (PPL) to make it suitable for using satellite balls. All the processes required for this modification and necessary automation were done in-house by the technical team of IGM, Mumbai. IGM, Noida had upgraded conventional Counting & Packaging line (Bosch Line-I & II) to automate feeding of coins to counters and to pack in small/big sachet bags automatically. Installation, commissioning and testing of Weighing Bridge and Digital Hardness Tester had been done at IGM, Noida. ISP, Nashik had modernized Booklet Transport System on Final Finishing Machine No. 4 in APMS Section. The complete system was designed, manufactured and implemented in-house. ISP, Nashik had also modernized Full Book Perforation (except first 4 pages) in UNO e-Passport Machine and APMS Passport Machine No.4. The complete mechanism was designed, manufactured and implemented in-house thus saving huge modification cost which might have been charged by OEM. ISP, Nashik had upgraded and modified Numbering Boxes of Rapida machine to seven digits numbering from existing six digits numbering. SPP, Hyderabad had completed the redesign and reassembling work of Old Grapha Machine delivery unit. In SPM, Hoshangabad, in-house modifications had been done in reject line at paper machine approach flow system to bring reduction in effluents load at ETP and extra recovery of security items (like M-feature & security fibre) and other chemicals. New Guillotine machine had been installed to recover fibre from spoil sheets, which will reduce raw material cost per MT of paper.

14.4.11 The state-of-the-art Corporate R&D Centre had been setup at CNP, Nashik to carry out research and development activities on currency, passport and security documents etc. at par with international standards. Infrastructure such as counterfeit deterrence technology laboratory, material characterization laboratory (optics, spectroscopy & microscopy), chemical analysis laboratory, pilot plant had been developed for in-house R&D activities. A new R&D setup had been created at ISP, Nashik and various equipment viz. Digital Tear Resistance Tester, Cobb Tester, Digital Tensile Strength Tester, Digital Roughness/Porosity Tester, Digital Folding Endurance Tester, Brightness/ Opacity & Colour Tester, Crumpling Instrument and Digital Bursting Strength Tester had been installed and commissioned during the year 2017-18. A full-fledged R&D Centre for Paper, Pulp etc. had been established at SPM, Hoshangabad. Latest testing equipment & machinery had been procured and installed successfully in the R&D Centre. At IGM, Mumbai, Gold Reference Standard i.e. Bharatiya NirdeshakDravya (BND), Gold Certified Reference Standard of 999.99 fineness (gold that is 99.99% pure) was developed under the 'Make in India' programme of Govt. of India. IGM, Hyderabad had also taken an important initiative i.e. development of Pickling and Polishing Compound for improving Coin Quality and controlling pollution. It led to development of indigenous formulations as replacement of imported chemical KH-50. The patent had been registered for the same with NITW (Patent No. CHE No. 201741036100). IGM, Hyderabad had also signed MoU with International Advanced Research Centre for Powder Metallurgy and New Materials for PVD coating on tools. BNP, Dewas had brought down the consumption rate of OVI Ink by doing indigenous modification i.e. application of OVI from direct to indirect method on Intaglio machine no. 9. It led to saving of OVI ink of about 0.5 kg/mpcs. Ink Factory, Dewas had developed improved version of QSI ink. It had also developed wide number of Pantone shade inks for designing currency notes.

14.4.12 The Manpower Strength in the Company had come down to 9638 as on 31.03.2018 which includes 349 Executives, 1100 Supervisors and 8189 Workers working in 9 Units and Corporate office in comparison to previous year's employee strength of 10354. Training and retraining of employees to upgrade their functional skills and expertise along with development of their soft skills and group dynamics are thrust areas for the Company. The Industrial Relations remained peaceful and cordial during the year 2017-18 in all the units of SPMCIL.

14.4.13 Indigenization: One new Security Paper line of 6000 MT capacity at SPM, Hoshangabad was started in May, 2015. The Company had also setup a 50:50 Joint Venture in October, 2010 with Bhartiya Reserve Bank Note Mudran Private 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 all the aforesaid paper lines had 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.

14.4.14 During the year 2017-18, the following commemorative coins have been released:

(i) Nabakalebara Festival in connection with Puri Jagannath Temple

(ii) 150th Birth Anniversary of ShrimadRajchandra

(iii) Birth Centenary of Dr. M.S. Subbulakshmi

(iv) Birth Centenary of PanditDeendayalUpadhyay

14.4.15 RTI Act: SPMCIL has taken various steps towards implementation of the RTI Act, 2005. The desired information is provided to the applicant on time. The following initiatives were taken for effective implementation of RTI Act:-

- Training was conducted for CPIOs and Appellate Authority for better understanding of RTI Act.
- For better handling including disposal of RTI application, departmental wise CPIOs and FAAs have been nominated.
- CPIOs were also sent to external agencies (like ISTM etc.) for training.
- For transparency and quick disposal of RTI application, disclosures are made on our website i.e. www.spmcil.com.

15. UN Division

15.1 United Nations sub-Division comes under BC and SF Division. It looks after work related to United Nations Development Programme (UNDP), Global Environment Facility (GEF), Green Climate Fund (GCF), and Sustainable Finance, apart from co-ordination related work of the UN. The UN sub-Division is required to provide strategic direction in the matters of management and governance of these institutions.

15.2 **United Nations Development Programme:** UNDP is an agency of the United Nations working in the areas of human development, systems and institutional strengthening, inclusive growth and sustainable livelihoods, sustainable energy, environment and resilience.

15.3 UNDP is led by the Executive Board which provides inter-governmental support to and supervision of UNDP activities. The Board carries out this mandate by, among other things, monitoring the performance of UNDP; approving programmes, including country programmes, as appropriate; and deciding on administrative and financial plans and budgets. The Board is made up of representatives from 36 countries who serve on a rotating basis. Currently, India is a member of the Board where Permanent Representative of India to the UN represents India.

15.4 India's annual contribution to the UNDP has been to the extent of US$ 4.5 million. This amount is released by DEA on annual basis at the UN Pledging Conference which is held in November every year at New York. Besides this contribution, India pays the local office expense to UNDP towards Government Local office contributions (GLOC). This amount is calculated based on the categorization of India on income group. There are over 40 projects under implementation by UNDP in India.

15.5 DEA is the point of interface between UNDP and any other national or sub-national authorities and agencies in India. DEA decides on voluntary contribution to UNDP and makes local office contribution. All projects implemented by UNDP in India are cleared by the DEA. UN sub-division is also coordination point for UN related matters in DEA.

15.6 **Global Environment Facility:** It was established on the eve of the 1992 Rio Earth Summit to help tackle our planet's most pressing environmental problems. The GEF Secretariat is based in Washington, D.C. The GEF unites 183 countries in partnership with international institutions, civil society organizations (CSOs), and the private sector to address global environmental issues while supporting national sustainable development initiatives. GEF provides grants for projects related to biodiversity, climate change, chemical waste, international waters and land degradation.

15.7 The GEF Assembly is the highest decision making body composed of all 183 member countries, or Participants. It meets every three to four years at the ministerial level to review general policies; review and evaluate the GEF's operation based on reports submitted to Council; review the membership of the Facility; and consider, for approval by consensus, amendments to the Instrument for the Establishment of the Restructured GEF on the basis of recommendations by the Council.

15.8 The GEF Council is the main governing body of the GEF. It comprises 32 members appointed by constituencies of GEF member countries (14 from developed countries, 16 from developing countries and 2 from economies in transition). Council Members - List of Council Members and Alternates - rotate every three years or until the constituency appoints a new Member. The Council, which meets twice annually, develops, adopts and evaluates the operational policies and programs for GEF-financed activities. It also reviews and approves the work program.

15.9 GEF Agencies are the operational arm of the GEF. They work closely with project proponents — government agencies, civil society organizations and other stakeholders — to design, develop and implement GEF-funded projects and programs. The GEF works with18 agencies, like IBRD, IFAD, UNDP.

15.10 India is a founder member of GEF. India is a member of a constituency which includes other South Asian countries such as Bangladesh, Bhutan, Maldives, Nepal and Sri Lanka. The South Asian Constituency in GEF is represented by Executive Director of India in the World Bank Group. India in GEF is represented by DEA and MoEF&CC being the Political Focal Point (PFP) and Operational Focal Point (OFP) respectively. The PFP deals with the financing framework of GEF as per which the funds are contributed by the member countries to the GEF kitty. The OFP coordinates all GEF-related activities within a country. The OFP reviews project ideas, checks against eligibility criteria and ensures that new project ideas will not duplicate an existing project.

15.11 India is a donor as well as recipient member of GEF. India has contributed around USD 78 million to GEF since its inception in 1991. Under the current replenishment cycle, i.e. GEF-7 that runs from 2018-2022, India has pledged USD 15, 000,000 to GEF. So far, GEF has financed 102 projects in India with a total GEF grant support of USD732.9 million (these include both national projects as well as global/regional projects of which India is a part). Under GEF-7, India has received a total allocation of USD 85.61 million for three focal areas namely biodiversity, climate change and land degradation.

15.12 Being Political Focal Point for GEF, DEA decides voluntary contribution to GEF. As Political Focal Point, DEA represents India in the Executive Board of GEF, and thus assists the Executive Director of India in the World Bank Group in affirming India's position in the Board.

15.13 **Green Climate Fund:** GCF was established in 2010 by 194 countries who are parties to the UN Framework Convention for Climate Change (UNFCCC). UNFCCC, which was adopted at the Rio Earth Summit held in 1992, currently serves as the main framework for international cooperation to combat climate change and its impacts. The key objective of the Convention is to stabilize greenhouse gas concentrations "at a level that would prevent dangerous anthropogenic (human induced) interference with the climate system." It states that "such a level should be achieved within a time-frame sufficient to allow ecosystems to adapt naturally to climate change, to ensure that food production is not threatened, and to enable economic development to proceed in a sustainable manner.

15.14 The Convention puts the onus on developed countries to lead the way in combating climate change. The idea is that, as they are the source of most past and current greenhouse gas emissions, industrialized countries are expected to do the most to cut emissions at home and also provide technical and financial assistance to support climate change activities in developing countries.

15.15 To facilitate this flow of financial assistance, the Convention established a financial mechanism to provide financial resources to developing country Parties. The operation of the Financial Mechanism is entrusted with Global Environmental Facility and GCF. While GEF has served as an operating entity of the financial mechanism since the Convention's entry into force in 1994, GCF was designated as an operating entity in 2011.

15.16 Subsequent to the adoption of the Governing Instrument, the GCF Board was established with equal members from the developing and developed country Parties. In 2013, the Fund established its permanent headquarters in Songdo, Republic of Korea. Below is a representation of various GCF bodies and their relationship. The board comprises 24 members (each with an alternate member) with equal representation from developing and developed nations. To ensure fair representation, members from developing countries span across Asia-Pacific, Africa, and Latin America and the Caribbean, with at least one member from a Least Developed Country (LDC) and one from a Small Island Developing State (SIDS). At the helm of the Board sit two Co-Chairs – one each from the developed and developing countries – who steer the meetings and secure the rules of procedure. They are elected by their respective constituency for one-year terms. The Board meets three times a year and is answerable to the Conference of Parties.

15.17 GCF utilizes a variety of financial instruments to invest in projects. These include grants, concessional debt financing, equity and guarantees. In addition, GCF has private sector support which includes assisting entities to tap financial markets.

15.18 Ministry of Environment, Forest and Climate Change is the National Designated Authority from India and serves as the main point of contact with the GCF. So far, three projects of India have been approved by the GCF Board.

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

Report No. 2 of 2019 – Union Government (Civil) – Accounts of the Union (Financial Audit)

Laid in Parliament on 12 February 2019

Chapter-1

- CISF booked security deposit/advance of ₹329 crore (till December 2017) as revenue receipts under Major Head-0055, thereby understating the liability of the Government as reflected under Deposits heads in Public Account.

(Para 1.2 (b))

Chapter-2

- In 36 Major heads, more than 50 *per cent* of total expenditure and receipts amounting to ₹11,801 crore was recorded under Minor head 800-Other Expenditure/Other Receipts, rendering the accounts opaque.

(Para 2.2)

- ₹94,036 crore collected under Secondary and Higher Education Cess was retained in the Consolidated Fund of India, contrary to procedure, instead of to the Fund that had been created for this purpose.

(Para 2.3(c))

Chapter-3

- Total gross savings (without considering excess) under various Grants amounted to ₹2,50,228 crore (2.77 *per cent* of total authorisations) during 2017-18. Out of total savings, savings of ₹100 crore or more amounting to ₹2,47,227 crore (98.80 *per cent* of total savings) had occurred in 72 segments of 54 Grants.

(Para 3.3)

- During 2017-18, the entire cash supplementary remained unutilised in 18 cases across 15 Grants. In 11 such cases involving cash supplementary of ₹11,017 crore, actual expenditure was even less than the original provisions.

(Para 3.4)

- Excess expenditure aggregating ₹1,156.80 crore was incurred during 2017-18 without obtaining prior approval of Parliament as Ministry of Finance did not devise a suitable mechanism in respect of New Service/New Instrument of Service.

(Para 3.7)

- In two instances, Ministry of Finance violated its own instructions regarding prior approval of CAG before concurring with re-appropriation orders for enhancing the provision under object head 'Secret Service Expenditure'.

(Para 3.10)

Report No. 20 of 2018 – Union Government (Civil) – Compliance of the Fiscal Responsibility and Budget Management Act, 2003

Laid in Parliament on 08 January 2019

The Fiscal Responsibility and Budget Management (FRBM) Act 2003, as amended from time to time, was enacted to provide for the responsibility of the Central Government with the objectives of ensuring inter-generational equity in fiscal management and long-term macro-economic stability. The FRBM Act required that the Central Government should work to attain sufficient revenue surplus and ensure prudential debt management through limits on borrowings, debt and deficits. Greater transparency in fiscal operations and having fiscal policy in a medium-term framework were also stated objectives of the FRBM Act. In order to meet these objectives, the FRBM Act and the Rules framed thereunder specified targets with regard to eliminating/ containing three fiscal indicators namely, Revenue Deficit, Effective Revenue Deficit and Fiscal Deficit and stipulated capping of guarantees and additional liabilities.

The present report discusses the compliance of the provisions of FRBM Act, 2003 and the Rules made thereunder by the Union Government for the financial year 2016-17. Audit has examined a few cases of off budget financing and analyzed impact of such operations on overall fiscal operations.

FRBM targets and achievement for 2016-17

Fiscal Indicator	Revenue Deficit	Fiscal Deficit	Effective Revenue Deficit
Target	**2.1**	**3.3**	**0.9**
Achievement	**2.1**	**3.5**	**1.0**

Major observations

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

Government had fixed target of Revenue deficit, Fiscal deficit and Effective Revenue deficit at 2.3, 3.5 and 1.2 *per cent* of GDP respectively in the budget 2016-17. The

FRBM targets for 2016-17 of Revenue deficit, Fiscal deficit and Effective Revenue deficit were 2.1, 3.3 and 0.9 *per cent* respectively. The actual achievement was 2.1, 3.5 and 1.0 *per cent* of GDP respectively.

However, the achievement of annual target in 2016-17 was against the base that prevailed in 2015-16 in respect of Effective Revenue deficit and Fiscal deficit. Effective Revenue deficit and Fiscal deficit at the end of March 2017 would have been 0.9 *per cent* and 3.3 *per cent* instead of 1.0 and 3.5 *per cent* of GDP respectively, after taking into account cumulative annual reduction target for 2015-17 together due to deviation in 2015-16.

(Para 2.1, 3.1.1, 3.2.1 and 3.3.1)

There is mismatch between the provision under FRBM Act and corresponding provision under FRBM Rules in respect of liability targets. The Act provided for ceiling on total annual liability to be assumed, however the Rules provided for annual additional liability instead of total liability. Moreover, the Rules envisaged a sunset point at the end of March 2014 after which no additional liability was to be assumed. However, in 2014-15, 2015-16 and 2016-17, additional liability assumed by the Government was 4.1, 4.7 and 3.2 *per cent* of GDP respectively.

(Para 2.2)

The Government could not meet the mid-year fiscal deficit and Revenue deficit target of 70 *per cent* of Budget Estimate for the year 2016-17 even after relaxing this target twice from 45 *per cent* in 2004-05 to 60 *per cent* in 2012-13 and 70 *per cent* in 2015-16. Further, factors responsible for such deviation vis-à-vis expenditure and receipt, and specific corrective measures, which Government was to take in the year, were not presented in the statement to the Parliament.

(Para 2.3)

Government has increasingly resorted to off-budget financing for revenue as well as capital spending. In terms of revenue spending, off-budget financing was used for covering deferring fertilizer arrears/bills through special banking arrangements; food subsidy bills/arrears of FCI through borrowings and for implementation of irrigation scheme (AIBP) through borrowings by NABARD under the Long Term Irrigation Fund (LTIF). In terms of capital expenditure, off budget financing of railway projects through borrowings of the IRFC and financing of power projects through the PFC are outside the budgetary control. Such off-budget financing are not part of calculation of the fiscal indicators despite fiscal implications.

(Para 3.1.2 and 3.7)

Taking into account the understatement of Public Account liability of ₹7,63,280 crore, total liability of the Central Government at the end of the financial year 2016-17 would be ₹76,69,545 crore which is 50.5 *per cent* of GDP rather than 45.5 *per cent* against the projection of 47.10 *per cent* in MTFP statement 2016-17.

(Para 3.4.2)

Misclassification of expenditure, short/non-transfer of levy/cess to earmarked funds in the Public Account from the CFI, etc. resulted in understatement of revenue expenditure at least by ₹50,999 crore and hence revenue deficit was understated by the same amount.

(Para 4.3 and 4.4)

The actuals for the year 2016-17 in respect of gross tax revenue, outstanding liabilities, and disinvestment varied from the projection for financial year 2016-17 included in Medium Term Fiscal Policy Statement placed with the Budget for 2014-15.

(Para 5.1)

Revised Estimates/Actuals of 2016-17 under various heads of expenditure for financial year 2016-17 varied from the projections included in Medium Term Expenditure Framework Statements placed in 2015.

(Para 5.2, Annexure-5.1)

Audit noticed variation in (a) deficit figures depicted in Budget at a Glance and Annual Financial Statements/ Union Government Finance Accounts; (b) in disclosure of actual expenditure on grants for creation of capital assets between Expenditure Budget/Budget at a Glance and Union Government Finance Accounts; and (c) in disclosure of liability position shown through Receipt Budget and Union Government Finance Accounts.

(Para 6.1)

Refunds of ₹1,72,894 crore (including interest on refunds of taxes) were made from gross direct tax collection in financial year 2016-17 but no corresponding disclosure was available in the Government accounts.

(Para 6.2)

Disclosure statements mandated under the FRBM Act and the Rules made thereunder placed before Parliament reflected inconsistencies relating to disclosure of non-tax revenue and assets.

(Para 6.3)

Annexure-I

DEPARTMENT OF ECONOMIC AFFAIRS (MAIN)

Representation of SCs, STs, and OBCs

(As on 31/12/2018)

Groups	Number of Employees				Number of appointments made during the previous year i.e. 2018									
					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	540	97	40	76	7	2	1	4	11	3	12	10	1	0
Group B	264	35	30	31	0	0	0	0	29	4	0	1	0	0
Group C	234	82	6	30	0	0	0	0	0	0	0	4	0	0
Group D (Excluding SafaiKarmachari)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Group D (Safai Karmachari)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	**1038**	**214**	**76**	**137**	**7**	**2**	**1**	**4**	**40**	**7**	**12**	**15**	**1**	**0**

Annexure-II

DEPARTMENT OF ECONOMIC AFFAIRS (MAIN)

Representation of Persons With Disabilities (PWD) SCs, STs, and OBCs

(As on 31/12/2018)

					BY DIRECT RECRUITMENT							PROMOTION						
Groups	Number of Employees				No. of Vacancies reserved			No. of Appointments made				No. of Vacancies reserved			No. of Appointments made			
	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
Group A	540	0	0	3	-	-	1	-	-	-	-	-	-	-	-	-	-	-
Group B	264	0	3	4	-	-	-	-	-	-	-	-	-	-	1	-	-	1
Group C	234	0	0	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group D	0	0	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**1038**	**0**	**3**	**10**	**-**	**-**	**1**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1**	**-**	**-**	**1**

Annexure-I

NATIONAL SAVINGS INSTITUTE, NEW DELHI

Representation of SCs, STs, and OBCs

(As on 31/12/2018)

Groups	Number of Employees				Number of appointments made during the previous year i.e. 2018									
					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	6	2	0	0	0	0	0	0	0	0	0	0	0	0
Group B	18	2	2	3	0	0	0	0	0	0	0	0	1	0
Group C	37	11	4	12	0	0	0	0	1	1	0	0	0	0
Group D (Excluding Safai Karmachari)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Group D (SafaiKarmacharis)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	**61**	**15**	**6**	**15**	**0**	**0**	**0**	**0**	**1**	**1**	**0**	**0**	**1**	**0**

Annexure-II

NATIONAL SAVINGS INSTITUTE, NEW DELHI

Representation of Persons With Disability (PWD) SCs, STs, and OBCs

(As on 31/12/2018)

					DIRECT RECRUITMENT							PROMOTION						
Groups	Number of Employees				No. of Vacancies reserved			No. of Appointments made				No. of Vacancies reserved			No. of Appointments made			
	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**18**	**19**
Group A	6	0	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group B	18	0	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group C	37	0	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group D	0	0	0	0														
Total	**61**	**0**	**0**	**0**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Annexure-I

SECURITIES APPELLATE TRIBUNAL, MUMBAI
Representation of SCs, STs, and OBCs
(As on 31/12/2018)

Groups	Number of Employees				Number of appointments made during the previous year i.e. 2018									
					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	0	0	1	0	0	0	0	0	0	0	0	0	0
Group B	8	1	0	0	0	0	0	0	0	0	0	0	0	0
Group C	12	2	0	4	0	0	0	0	0	0	0	0	0	0
Group D (Excluding SafaiKarmachari)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Group D (Excluding SafaiKarmacharis)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	**23**	**3**	**0**	**5**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Annexure-II

SECURITIES APPELLATE TRIBUNAL, MUMBAI
Representation of Persons With Disabilities (PWD) SCs, STs, and OBCs
(As on 31/12/2018)

Groups	Number of Employees				BY DIRECT RECRUITMENT							PROMOTION						
					No. of Vacancies reserved			No. of Appointments made				No. of Vacancies reserved			No. of Appointments made			
	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**18**	**19**
Group A	3	0	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group B	8	0	0	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group C	12	0	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group D	0	0	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**23**	**0**	**0**	**1**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Annexure-I

SECURITIES EXCHANGE BOARD OF INDIA

Representation of SCs, STs, and OBCs
(As on 31/12/2018)

Groups	Number of Employees				Number of appointments made during the previous year i.e. 2018									
					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**
OFFICERS	697	95	42	189	24	2	0	3	83	13	5	0	0	0
SECRETARIES	82	2	0	4	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
MESSENGER/ COOK	2	1	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	**783**	**98**	**42**	**194**	**24**	**2**	**0**	**3**	**83**	**13**	**5**	**0**	**0**	**0**

Annexure-II

SECURITIES EXCHANGE BOARD OF INDIA

Representation of Persons With Disability(PWD) SCs, STs, and OBCs
(As on 31/12/2018)

					DIRECT RECRUITMENT							PROMOTION						
Groups	Number of Employees				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	697	10	5	11	2	2	0	24	1	0	0	0	0	0	83	1	1	0
SECRETA-RIES	82	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	**783**	**11**	**5**	**11**	**2**	**2**	**0**	**24**	**1**	**0**	**0**	**0**	**0**	**0**	**83**	**1**	**1**	**0**

Annexure-I

SECURITY PRINTING & MINTING CORPORATION OF INDIA LIMITED (SPMCIL)

Representation of SCs, STs, and OBCs
(As on 31/12/2018)

Groups	Number of Employees				Number of appointments made during the previous year i.e. 2018									
					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	339	55	20	62	11	4	0	3	63	0	0	3	0	1
Group B	1048	157	86	153	34	5	3	8	95	15	7	0	0	0
Group C	7531	1488	664	941	13	1	1	2	1273	361	124	3	0	0
Group D (Excluding SafaiKarmachari)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Group D (SafaiKarmachari)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	**8918**	**1700**	**770**	**1156**	**58**	**10**	**4**	**13**	**1431**	**376**	**131**	**6**	**0**	**1**

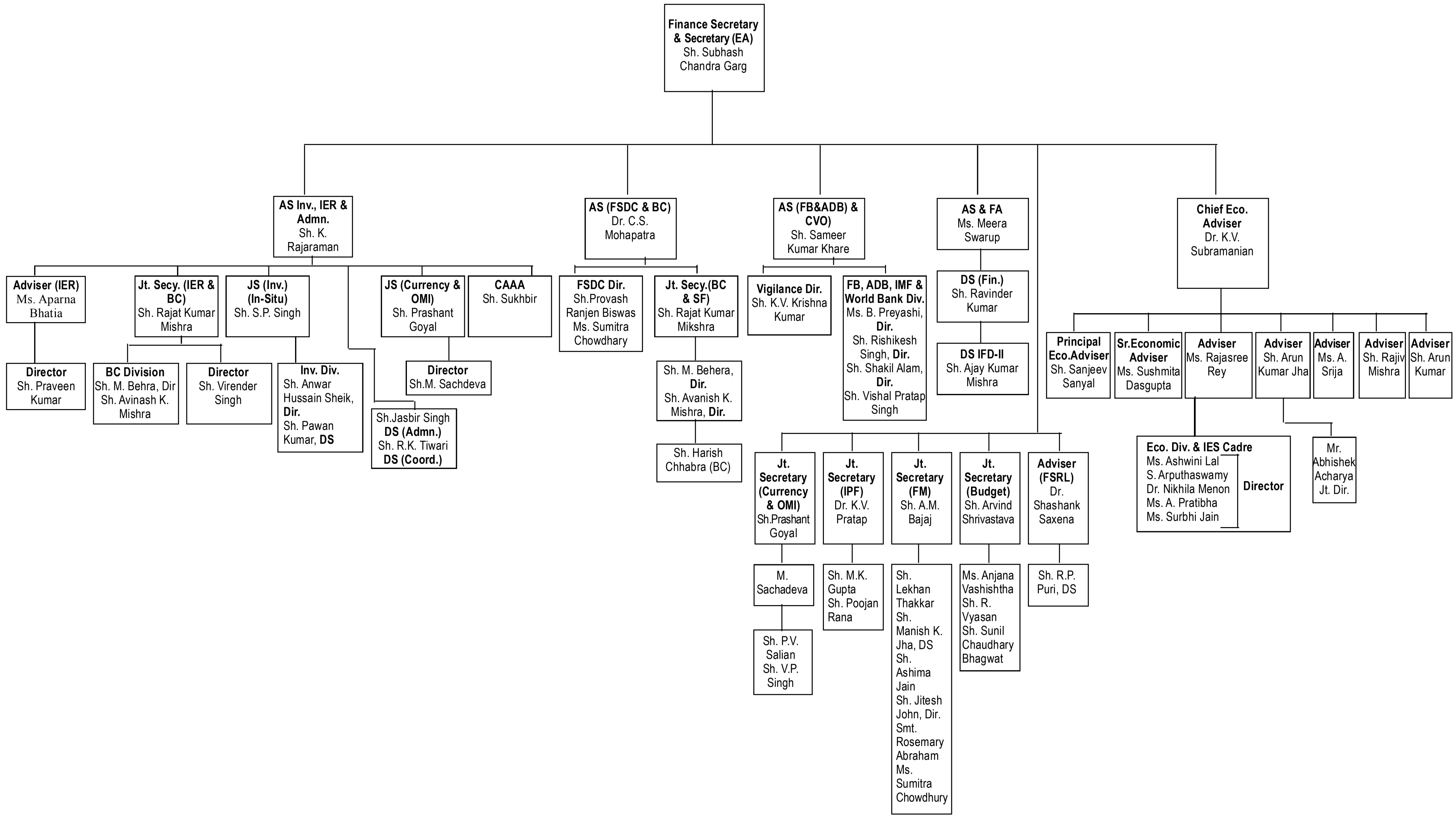
Annexure-II

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

Representation of Persons with Disabilities (PWD)SCs, STs and OBCs
(As on 31/12/2018)

					DIRECT RECRUITMENT							PROMOTION						
Groups	Number of Employees				No. of Vacancies reserved			No. of Appointments made				No. of Vacancies reserved			No. of Appointments made			
	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
Group A	339	0	1	3	0	-	1	11	-	-	1	-	-	-	0	0	-	0
Group B	1048	1	0	12	0	-	2	0	-	-	-	-	-	-	50	0	-	1
Group C	7531	26	58	144	7	-	9	0	-	-	-	-	-	-	679	1	-	3
Group D	0	0	0	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**8918**	**27**	**59**	**159**	**7**	**-**	**12**	**11**	**-**	**-**	**1**	**-**	**-**	**-**	**729**	**1**	**-**	**4**

ORGANISATION CHART IN THE DEPARMENT OF ECONOMIC AFFAIRS



Chapter - II

Department of Expenditure

1. Personnel Division

1.1 The Personnel 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.

1.3 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.

1.4 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 also provided by this Division.

1.5 The Division also 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.

1.6 Expenditure Management Commission (EMC)

1.6.1 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 expenditure 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.

1.6.2 The areas covered by the Commission are fiscal management, defence expenditure, social sector schemes of school education and health, streaming administrative processes, public procurement, user charges, rationalizing cesses, interest expenditure, administrative expenditure, public sector enterprises, autonomous bodies, subsidies for LPG, Kerosene, food and fertilizer 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.

1.6.3 The recommendations of EMC were taken up with 20 Ministries/Departments for implementation. As recommended by the Commission, non-tax revenue portal has been set up for on line deposit on non-tax receipts payable to the Government of India. Government e-Market (GeM) Portal has been set up as an end-to-end procurement system for purchase of common use goods and services by the Government buyers. PFMS system for purchase has been configured to capture pre-authorization process and revised General Financial Rules (GFRs) 2017 has been issued. The concerned Ministries/ Departments have taken action to digitize Public Distribution System (PDS) beneficiaries, neem coating of urea to check its diversion, finalization of medium term debt management strategy, just in time release of funds through PFMS to States, rationalization of Centrally Sponsored schemes and Central Sector Scheme, rationalization of cess receipts removal of distinction between plan and non-plan expenditure classification, upgradation of school database to track enrollment and attendance of children, automated monitoring system for near real time monitoring of Mid-Day Meal (MDM) scheme, notification of free drug policy, roadmap for improved coordination between Directorates of Health Services (DHS) and National Health Mission (NHM), exclusion of well-off consumers from LPG subsidy and review of Autonomous Bodies under Central Government.

1.6.4 As recommended by the Commission, a data base of Autonomous Bodies has been set up in the website of Department of Expenditure and all Ministries/ Departments have uploaded data relating to Autonomous Bodies under their administrative control. Statement on assistance given to autonomous bodies has been provided in Expenditure Profile from FY 2017-18 onwards. Guidelines relating to setting up a new autonomous organization, review of user charges of Autonomous Bodies, internal audit mechanism in Autonomous Bodies and Memorandum of Understanding (MoU) between Autonomous Bodies and their administrative Ministries/ Departments have been issued.

1.6.5 NITI Aayog has set up a Committee for undertaking comprehensive review of all Autonomous Bodies under the Central Government. The Committee has taken up review of Autonomous Bodies incorporated under Societies Registration Act (SRA), 1860 in consultation with the concerned Ministries/Departments and Ministries/Departments are taking necessary action for rationalization of Autonomous Bodies as per the recommendations of the NITI Aayog Review Committee.

1.7 **Seventh Pay Commission & Pay and allowances related issues:**

1.7.1 The recommendations of the 7th Central Pay Commission in respect of Central Government Employees, Armed Forces personnel, Members of All India Services, etc. which were submitted to the Government on 19th November, 2015, were accepted by the Government in respect of matters pertaining to pay and pension in July, 2016. The Government in May, 2017 decided to modify the formula for revision of pension recommended by the 7th Central Pay Commission to the notional pay fixation formula. The recommendations of the commission on various allowances are implemented from 1.07.2017.

1.7.2 The decisions of the Government on the recommendations of the 7th Central Pay Commission benefitted over 1 crore Central Government employees, including Armed Forces personnel and Members of All India Services, comprising approximately 53 lakh pensioners including Armed Forces personnel.

1.8 **Staff Inspection unit (SIU):** 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 towards rationalization 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. The Financial Advisors are main links between the SIU and the Ministries/Departments/ Offices/Organizations. All requests for staffing studies by SIU are routed through the concerned FAs. The studies reports are issued after discussion with the management of the organization studied and are treated as mandatory to be implemented by the concerned organization.

1.9 **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 makes analysis of Pay and Allowances of Central Government Civilian Employees and prepares statistical information regarding expenditure incurred by the 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 civilian employees. It also makes allowances of information on Ministry-wise/Department-wise and Group-wise number of sanctioned posts and numbers of incumbents in position.

1.10 **The Right to Information Act, 2005 :**

1.10.1 The RTI 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.

1.10.2 During the year 2018-19 under RTI Act 2005, 1941 Applications and 92 Appeals received in physical form and 4095 Applications and 310 Appeals received online were disposed off in a time bound manner.

2. Public Finance-States Division

2.1 Special Assistance

2.1.1 Budgetary allocation of Rs.15,000 crore was provided under the head 'Special Assistance' of Department of Expenditure in the Union Budget, 2018-19 (BE) under Demand No.40 'Transfer to States' of Ministry of Finance. Out of which Rs.4,685.81 crore was released during 2018-19.

2.1.2 The releases in 2018-19 include Rs.739.47 crore under Special Plan for Bihar (State Component) now PM's Package for Bihar, 2015 to the State of Bihar, Rs.85 crore to the State of Jammu & Kashmir under Prime Minister Development Package, 2015, Rs. 1200 crore to the State of Uttar Pradesh for organizing Kumbh Mela, Rs.1500 crore to the State of Tripura for under taking investment in capital works and Rs.226.80 crore to the State of Nagaland for completion of capital projects having more than 50% physical progress, Rs. 15.81 crore as reimbursement of interest payments of Externally Aided Projects (EAPs) under the Andhra Pradesh Re-organisation Act, 2014 to the State of Andhra Pradesh, Rs.450 crore to the State of Telangana under the Andhra Pradesh Re-organisation Act, 2014 for development of 9 backward districts, Rs.146 crore to the State of Rajasthan for upgradation of Industrial Effluent Management System of RIICO Industrial Area, Bhiwadi, Rs.309.73 crore to the State of Arunachal Pradesh for all land related pre-investment activities of the Greenfield Airport Project at Hollongi in Itanagar and Rs.8.00 crore to the State of Uttarakhand for Re-organisation of Water Supply Scheme of Mussorie Town. Further, Ministry of Home Affairs was authorized by issuing a Letter of Authority (LoA) for further transmission of Rs.5.00 crore to Andaman and Nicobar Islands for upgradation of existing rural road in Andaman & Nicobar Islands.

2.2 **Additional Central Assistance for Externally Aided Projects:** Additional Central Assistance for Externally-Aided Projects (EAPs) is passed on to the General Category States on back to back basis on the same terms and conditions on which these loans are received by the Central Government from donor agencies. However, in case of 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.26598.18 crore was released to the State Governments during 2018-19 (till March, 2019) as against the Revised Estimates (2018-19) of Rs.27300.84 crore.

2.3 Finance Commission Grants to States

2.3.1 The States are also supported through Finance Commission Grants as per the recommendations of Finance Commissions. The Fourteenth Finance Commission (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 2018-19 is the fourth year of the Award Period of FFC.

2.3.2 FFC while 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, Grant of 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.

2.3.3 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 of 75% for General Category States and 90% for Special Category States.

2.3.4 As against a total Budgetary provision of Rs. 1,06,128.78 crore at RE Stage-2018-19, an amount of Rs. 93,703.58 crore in aggregate was released under the heads of Post Devolution Revenue Deficit Grants (Rs. 34,582.00 crore), Local body Grants(Rs. 49,463.45 crore) and Centre's share in State Disaster Response Fund(Rs. 9,658.13 crore) upto the end of financial year 2018-19. Further, in order to undertake post disaster relief and immediate restoration measures by the States, Rs. 10,000.00 crore have been provided to States in the wake of natural Calamities during the financial year 2018-19.

2.3.5 In addition, Rs. 475.29 crore was also released to Areas not covered by Part XI and XIA of the Constitution which were left out of the recommendations of FFC.

2.4 Fiscal Performance of States

2.4.1 The Fourteenth Finance Commission (FFC) for the award period 2015-20 has made far-reaching changes to strengthen fiscal federalism in the country. Consequently, States have obtained larger fund transfers as well as greater autonomy to utilise funds as per their needs. Total transfers to States have increased from Rs. 10.8 lakh crore in 2017-18 to Rs. 12.4 lakh crore in 2018-19 (RE) and further to Rs. 13.6 lakh crore in 2019-20 (BE).

2.4.2 FFC has worked out a revised fiscal roadmap for the States to have zero revenue deficit and the fiscal deficit within 3% of Gross State Domestic Product (GSDP). Additional borrowing options to the States upto 0.5% of GSDP, over and above normal 3% limit have been allowed subject to States maintain their Debt to GSDP ratio within 25% and Interest Payment to Revenue

Receipts ratio within 10% and also to have zero revenue deficit.

Aggregate fiscal position of the States is as follows:

Item	2016-17 (FA)	2017-18 (RE)	2018-19 (BE)
		As % of GDP	
Revenue Deficit*	0.3	0.4	-0.2
Fiscal Deficit (including UDAY borrowings during 2016-17)	3.5	3.1	2.6
Outstanding Debt and Other Liabilities	23.8	24.0	24.3

**(-) sign indicates revenue surplus.*
(Source: RBI)

2.5 **Borrowings:** 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. For the year 2018-19, the States were permitted to raise aggregate borrowings to the tune of Rs. 6.79 lakh crore as against gross borrowings of Rs.7.32 lakh crore (Net borrowing ceiling including additional borrowings of Rs.5.58 lakh crore). Annual borrowing limits for the States including additional borrowings recommended by FFC have been raised from Rs.4.99 lakh crore in 2017-18 to Rs. 5.58 lakh crore in 2018-19.

3. Public Finance Central Division

3.1 Public Finance (Central) Division is primarily engaged with all issues relating to the Central Plan of the government of India. This Division is handled in two units:- Public Finance (Central-I) and Public Finance (Central-II).

3.2. This division is entrusted with the appraisal and approval of all public funded schemes and projects of the Central Ministries/PSUs. In respect of development schemes and projects, the focus has been on improving the quality of public Expenditure though better scheme/ Project formulation, emphasis on outputs, deliverables, impact assessment and convergence approach. A continuous endeavour is made to rationalize the centrally sponsored Schemes (CSSs) and Central Sector Schemes (CSs) and for optimal and focused use of public resources.

3.3. Public Finance (Central) division deals with the financial restructuring of Central PSUs on the recommendations of the Bureau for Restructuring of Public Sector Enterprises (BRPSE). It is also engaged in working out modalities for financial assistance to CPSEs, quantification of their Internal and Extra Budgetary Resource (I&EBR) generation for preparation of budget, finalizing modernization of plants and machinery to ensure more efficiency in production. Review of Capex and IEBR of CPSEs is also done periodically.

3.4. Various issues relating to Food, Fertilizers and Petroleum subsidy, including their quantification and extension of assistance to the stake holders are also dealt within this division. This Divison 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.

3.5. The PFC division also deals with various issues of Direct Benefit Transfer (DBT) in coordination with the DBT Mission, Aadhaar seeding of beneficiaries data base and use of the Public Financial Management System (PFMS) in order to have end to end digitized information on all central expenditures encompassing CSSs, SCs, subsidies and other expenditure.

3.6. It maintains the Swachh Bharat Kosh (SBK) to attract Corporate Social Responsibility (CSR) funds from corporate sector and contributions from individuals and philanthropists for achieving the objective of Clean India (Swachh Bharat) by the year 2020.

3.7. This division is responsible for preparation of outcome budgets for all Central Ministries/Departments in consultation with the NITI Aayog. This output-outcome framework shall be for all CSSs, and CSs dealing with identified measurable outcome in the relevant medium term framework and physical and financial outputs are targeted on a year to year basis. A consolidated Outcome Budget 2018-19 was presented in the Parliament as a part of the Budget Documents of 2018-19.

3.8. During the period from 1st January, 2018 to 31st December, 2018, the Expenditure Finance Committee (EFC) Chaired by Secretary (EXP) recommended 82 investment proposal/schemes of various Ministries/ Department costing Rs. 3,82,758.30 crores.

3.9. Also, during the period, Public investment Board (PIB) chaired by Secretary (Exp.) considered and recommended 16 proposal involving an amount of Rs. 56,407.98 crore.

3.10. In order to speed up the appraisal process, and online portal for uploading EFC/PIB/SFC/DIB proposals to relevant Ministries, receiving comments, fixing dates for the meetings and dispatching minutes after approval has been functional since August, 2017.

4. Public Procurement Division

4.1 A Public Procurement Cell (PPC) was set up in this Department in June, 2011 to take follow up action on the Report of the Committee on Public Procurement (CoPP) and 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 **Functions of PPD:**

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 2017 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:**

(i) 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.

(ii) 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 procurement with estimated value of Rs.2 lakh or more in a phased manner. Use of e-procurement has enhanced transparency and accountability and made procurement more efficient. This also helps in monitoring delays and reducing the procurement cycle.

(iii) Currently, approximately 1,10,000 tenders are floated per month using facility of CPPP. This translates to more than 18 Lakhs crores worth procurement per annum through CPPP only. Apart from it, many procurement organizations like Railways, PSUs like ONGC, BHEL etc. have their own e-procurement portals.

4.4 **Government e-Marketplace:**

For ensuring prompt payment to suppliers/ vendors of GeM who supply Goods/ Services to the non-PFMS organisations/ Agencies/ entities (NPAE) through GeM, it has been decided that all NPAE who come on board on GeM, shall open & operate a special purpose account namely GeM Pool Account.

4.5: **Capacity Building:**

It is imperative that the executives/officers engaged in public procurement process have through knowledge of all the relevant rules, regulations and procedures of public procurement. For the purpose, one week training programme on Public Procurement and one week training programme on Advance Public Procurement are being conducted through National 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 are being trained every year.

5. Official Language

5.1 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 week/ fortnight/ day. In addition to these, efforts for achieving annual targets set 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.

5.2 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 2018, 02 officials were nominated for Hindi Stenography training.

5.3 To increase original correspondence with other Offices/individuals in Hindi, circulars were issued to sections/divisions/offices from time to time. As per quarterly progress report for the quarter ended on December 31, 2018, original correspondence in Hindi with Region "A", "B" and "C" is 68.6%, 59.2% and 37.1% respectively.

5.4 Regular Quarterly meetings of the Departmental Official Language Implementation Committee were held. These were held on June 20, 2018, October 30, 2018 and March 26, 2019. Discussions were held on quarterly progress reports received from various sections/ divisions/offices of the Department. Wherever shortcomings were found, it was advised to rectify/ improve usage of Hindi in official work.

5.5 In order to overcome practical difficulties faced in doing Official work in Hindi and to increase use of Hindi, a workshop was organized on March 28, 2019. Officials of the Department were imparted training on 'How to work in Hindi on computers' and 'How to use simple & appropriate Hindi words'. 14 officers/officials participated in each of these workshops. The workshops were found very useful by the employees.

5.6 In January, 2019, in order to take stock of the status of use of Hindi in official work in various sections/ divisions/attached offices of the Department, 08 sections and an attached office were inspected. After detailed review, inspection reports with the approval of JS (Pers.) were sent to the sections concerned suggesting various measures to increase/improve the use of Hindi.

5.7 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 31.03.2018 was done keeping in view the targets prescribed in the Annual Program and review reports were sent to Controller General of Accounts, Central Pension Accounting Office, Institute of Government Accounts & Finance and National Institute of Financial Management for follow up and necessary action.

5.8 Replies of letters received from members of Parliament and other VIPs were promptly sent and follow up action ensured.

5.9 During the year 2018 "Hindi Week" was organized in the Department from 14-24 September, 2018. During "Hindi Week" various competitions were organized which included Hindi Essay Writing, Noting-Drafting, Official Language and General knowledge, Hindi Typing, Knowledge of Departmental Glossary, 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, 2018. As many as 110 officers and employees took part in these competitions/ campaign enthusiastically.

5.10 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 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.

6. Integrated Finance Unit (IFU)

6.1 The Integrated Finance Unit works under Joint Secretary & Financial Adviser (Finance) and deals with the expenditure and Budget related proposals under Grant No.30 - 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, 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, 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).

6.2 This Unit also monitors the expenditure under Grant No.36 - Indian Audit & Accounts Department; and Grant No.39 - Pension.

The allocations under the respective Grants are as under:

(in Crore)

Grant No.	Budget Estimates 2018-19			Revised Estimates 2018-19		
	Revenue	Capital	**Total**	Revenue	Capital	**Total**
30 – Department of Expenditure	413.33	0.00	**413.33**	341.02	0.00	**341.02**
36 – Indian Audit & Accounts Department	4630.12	0.00	**4630.12**	4826.01	0.00	**4826.01**
39 – Pensions	47430.00	0.00	**47430.00**	47430.00	0.00	**47430.00**

6.3 The Integrated Finance Unit has expeditiously examined and disposed the financial and expenditure proposal pertaining to the Department of Expenditure including the proposals for appointment of consultants, deputation abroad of officers, grants-in-aid to National Institute of Financial Management etc duly observing austerity instructions issued by the Govt. from time to time.

6.4 The expenditure trend of Grant Nos.30, 36 and 39 have consistently been monitored and strict control has been exercised over the Govt. expenditure. A report of the review is regularly submitted to the Secretary (Expenditure) on monthly basis.

7. Chief Advisor Cost

7.1 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 staffed by Cost Accountants / Chartered Accountants.

7.2 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, profitability analysis and application of modern management tools devising cost and commercial financial accounting for Ministries/Departments of Government of India.

7.3 The Office of Chief Adviser Cost is also cadre controlling office for the Indian Cost Accounts Service (ICoAS) and looks after recruitment, transfer/posting and timely promotions of ICoAS Officers. It also 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.

7.4 The profile of activities of the office of the Chief Adviser Cost broadly encompass i) Rendering advice to various Central Government Ministries/Departments / Organizations on complex Price/Cost related and other financial issues; 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) Functioning as Chairman/ Members of various Committees constituted by Government/ different Departments related to cost/finance and pricing matters ; vi)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; vii) Developing Cost Accounting System for departmental undertakings/Autonomous bodies; and viii) Conducting Time and Cost Overruns of major projects.

7.5. **During the period, January to December 2018, 53 studies/reports were completed by the Office of Chief Adviser Cost.** The studies completed during the year covers a wide spectrum of sectors/areas as detailed below:

- **System Study** : Fixation of Common Hourly Rates and Overhead Percentage in respect of Government of India Presses at Chandigarh, Mysore, Rashtrapati Bhawan, Nilokheri, Coimbatore, Minto Road,Koratty and Temple Street, Kolkata for various years.
- **Fair selling price of products/service where Government/Public Sector Undertaking is the Producer/Service provider as well as the user**: Fixation of Fair Price of rails supplied by Steel Authority of India Ltd. (SAIL) from Bhilai Steel Plant to Indian Railways for the year 2015-16 and 2016-17; Fair price of computation for NGADU for the year 2015-16; Compensation payable to Uranium Corporation of India Ltd. (UCIL) for supplying Uranium Concentrate during the year 2016-17; Cost Study of Weekly Oral Contraceptive Pill 'Saheli/Novex' manufactured/ marketed by M/s HLL Lifecare Limited for the year 2015-16 and 2016-17; Fixation of Fair Price of Condoms supplied by M/s HLL Lifecare Limited for the year 2014-15; Fixation of Fair Price of Bank Notes supplied by Bank Note Press (BNP) Dewas to RBI during the year 2015-16; and Vetting of Provisional Cost of Pulses transferred from Price Support Scheme to Price Stabilization Fund.
- **Fixation of service charges for the services rendered by a Govt. Department/Agency on behalf of the other**: Vetting of claims under Market Intervention Scheme (MIS) for Procurement of Potato in Nagaland for the 2016-17; Vetting of claims under Market Intervention Scheme (MIS) for Procurement of Potato in Uttar Pradesh for the 2016-17; Vetting of claims under Market Intervention Scheme (MIS) for Procurement of Oil Palm Fresh Fruit Bunches in Tamil Nadu for the 2016-17; Vetting of claims under Market Intervention Scheme (MIS) for Procurement of Oil Palm Fresh Fruit Bunches in Andhra Pradesh for the 2015-2016; and Vetting of claims under Market Intervention Scheme (MIS) for Procurement of Garlic in Rajasthan for the 2016-17 season.
- **Determination of subsidy**: Vetting of claims of NAFED for reimbursement of losses and recovery of Gains under Price Support Scheme (PSS) for various crops/commodities; and Subsidy payable to Northern Railway catering units functioning in Parliament House Complex and PMO for the year 2016-17.
- **User Charges** : Revision of Storage Charges payable by Food Corporation of India (FCI) to Central Warehousing Corporation (CWC) for the year 2016-17.
- **Balance Sheet on accrual accounting principles in case of Departmental manufacturing units**: Vetting of Balance Sheet and Income & Expenditure Account of Tear Smoke Unit, Border Security Force (BSF), Tekanpur (Gwalior) for the year 2017-18.
- **Other studies** : Study on working capital formula under interest subsidy eligibility certificate scheme of Khadi and Village Industries Commission; Report on vetting of additional cost incurred on Socio Economic and Caste Census 2011 (SECC-2011) project implemented by Bharat Electronics Ltd, Electronics Corporation of India Ltd and ITI Ltd; Fixation of cost for de-bullet proofing of condemned Bullet Proof Vehicles for BSF-SRO, New Delhi; Examination of Justification for Time and Cost over-run in respect of Uri-II HEP, SEWA-II HEP implemented by M/s NHPC Ltd. and Rampur HEP-II implemented by M/s SJVN Ltd; Examination of Revision/Escalation in the cost of Barmer-Salaya-Bhogat pipeline - Block RJ-ON-90/1; Fixation of terminalling charges to be paid by OMCs to Indian-Oil PetronasPvt. Ltd. (IPPL) for LPG import facility at Haldia and Ennore for the years 2010-11 to 2015-16; Fixation of Pricing Formula for Supply of Columbite - Tantalite; and Revaluation of compensation payable to the prior allottee of Coal Blocks for 'Mine Infrastructure Other than Land' for Parbatpur Central Coal Mine.

7.6 Revised Cost Estimates Committees Represented

In pursuance of Office Memorandum No.24(35)PF-II/2012 dated 05th August, 2016 of Ministry of Finance, Department of Expenditure, Office of Chief Adviser Cost has represented in the Committees for Revision of Cost Estimates in various Ministries/ Departments. Proactive role of this Office in the Revised Cost Committee has facilitated rationalisation of revised cost estimates.

7.7. Other Major Committees Represented

Officers of Chief Adviser Cost Office owing to their expertise in costing/finance/commercial accounting have also served as Chairman/Members on multi-disciplinary Inter-Ministerial/ Expert Committees such as National Pharmaceutical Pricing Authority (NPPA), Department of Pharmaceuticals; Board of Governors and the society of the National Institute of Financial Management (NIFM), Faridabad. Governing Body of Tear Smoke Unit, BSF, Tekanpur, (Gwalior); Committee on

"Modernization of Costing System in India Post" in Department of Post, Ministry of Communications; Advisory Committee for consideration of techno-economic viability of major/ medium, flood control and multipurpose projects, coordinated by Central Water Commission; M/o Water Resources, RD&GR -Special Committee for Interlinking of Rivers; M/o Water Resources, RD&GR Advisory Committee for consideration of Techno-Economic viability of Major & Medium Irrigation, Flood Control & Multipurpose Projects; Standing Committee of Experts under Drugs (Prices Control) Order 2013; Committee for enhancement in the existing sales price of 18 Monthly Journals brought out by Publication Division; Rate Structure Committee of Ministry of Information and Broadcasting for Bureau of Outreach and Communication advertisement rates for (1) Print Media (2) Private FM Radio Stations, (3) Private C&S TV Channels & (4) Social Media; Committee on revisiting of rentals of land, building and tower infrastructure of Prasar Bharati (PB) shared with Private FM radio broadcasters under FM Radio Phase-III- M/o Information & Broadcasting; and EFC/PIB meetings in Ministry of Finance, Department of Expenditure for Projects/Schemes of various Ministries.

8. National Institute of Financial Management (NIFM)

8.1 Introduction about NIFM

8.1.1 NIFM was set up in 1993 as a Society. The Union Finance Minister is the President of the NIFM Society and Secretary (Expenditure) is the Chairman of the Board of Governors.

8.1.2 It began with the core objective of training Officer Trainees (Probationers) of the 6 organised accounts and finance services. However, over the years, the Institute has expanded its activities with four long term programs and a dynamic repertoire of short-term programmes. A brief of some of the programmes is given below. In the process, NIFM has been able to carve a unique identity for itself as a premier institute of Ministry of Finance in professionalizing Public Financial Management.

8.2 Key achievements

8.2.1 NIFM is among the few autonomous bodies that have become financially self-sufficient. A summary of the financial performance of NIFM, in the last 3 years is tabulated below:

Financial Performance Summary

(Figures in Rs. Cr)

	2016-17	2017-18	2018-19 (Provisional)	Increase over 2017-18
Total Revenue *of which*	**28.06**	**27.95**	**36.76**	**41%**
Revenue from short duration Management Development Programmes (MDPs)	*15.88*	*15.50*	*26.02*	*68%*
Revenue from Long term courses & sponsored studies	*10.15*	*10.55*	*10.74*	*2%*
Grant from Ministry	*0.70*	*No Grant*	*No Grant*	
Interest + Misc.	*1.33*	*1.89*	*1.98*	
Net Surplus	**1.95**	**1.98**	**3.70**	**87%**

8.2.2 Years 2016-17 and 2017-18 witnessed two events. One was the implementation of the recommendations of the 7th Pay Commission resulting in increased establishment expenditure. The second was a two-stage reduction of grant from the Ministry (from Rs. 1.4 cr in 2015-16 to zero in 2017-18). It is significant that the effects of both were overcome and the revenues as well as the surplus posted increased considerably. This was made possible by running several well designed Management Development Programmes which fetched good response.

8.2.3 Training programmes being run by NIFM are well received and more and more work is being assigned to the Institute. The vision is to make NIFM a premier research and training institution as well as a think-tank in PFM through its research contribution in all areas fiscal management, public expenditure and policy issues, both at the Central and the State-level. The key sponsored studies undertaken by NIFM include NIFM Research Programme for DEA, studies in the domain of Public Financial Management which included studies of the State Finances of Chhattisgarh and Uttarakhand for 15th Finance Commission and drawing up Financial Manual for the World Bank funded SANKALP project of Ministry of Skill Development & Entrepreneurship (MSDE).

8.3 **Training Programmes**

8.3.1 NIFM conducts four long term programmes. These are -

a. Professional Training Course for Officer Trainees of various Accounts and Finance Services (six months duration).

b. A two-year AICTE approved Post-Graduate Diploma in Financial Management for mid-level officers of Central and State Governments and the Armed Forces.

c. PGDM (Financial Markets): This is a recent program on Financial Markets and attracts participants primarily from the private sector.

d. DGAIA (Diploma in Government Accounts and Internal Audit): A one-year programme to upgrade the technical skills of Group-B officers of the Civil Accounts Department.

8.3.2 Apart from its regular long term programmes, NIFM undertakes short term training programmes on various aspects of Finance and Public Financial Management. Participants include government officials from the States and the Centre, autonomous bodies, PSUs, Armed Forces, university and college teachers, and from the private sector as well. The programmes deal with specific themes and are specially tailored to the needs of the participants. The approach is multi-pronged.

8.4 **Mechanism for measuring outcomes.**

A ready measure for NIFM is (a) number of persons trained and (b) revenues earned. NIFM has managed in the last year to get a substantial increase in numbers trained as well as a significant increase in revenues.

8.5 **Initiatives taken with reference to the Northeast region.**

While the programmes run by NIFM draw participants from all over the country, NIFM also makes special efforts to run training state-specific programmes for the North-eastern states. The details of training conducted by NIFM in North Eastern States during 2018-19 are:

1. Three days training programme on GST at Kohima & Dimapur, Nagaland for state government officers from 10-12 July, 2018. No. of participants 100.

2. Three days training conducted on GST at Palatana, Tripura for ONGC Tripura Power Company Limited, Gomati Tripura from 29th October, 2018 to 2nd November, 2018. No. of participants 40.

3. The officers from North Eastern States also participated in training programme on Procurement, GST & Budgeting & Accounting held every month in NIFM.

8.6 **Initiatives undertaken for Disabled/ Handicapped and SC/ST as well as other weaker sections of Society**

The NIFM campus is disabled friendly and any grievances received in respect of SC/ST or other weaker sections are duly attended to.

8.7 **Gender Budgeting and Empowerment of Women**

8.7.1 National Institute of Financial Management has been designation as the Central Nodal Centre for Gender Budgeting by the Ministry of Women and Child Development for training on capacity building and research work. Gender Budgeting is a scheme which encompasses a gender perspective and sensitivity at all levels of development planning and implementation. It is a means for translating gender commitments into budgetary provisions to meet specific meets of women. In order to bring gender equality and empowerment, there is a need to disseminate the concept and tools of gender budgeting among officials of central and state governments, public sector undertakings, corporate sectors as well as local governments. In this direction, gender budget cells have been formed in various central ministries as well as state governments who are supposed to draw up annual action plan in the various policies during each year. There are two kinds of provisioning for gender budgeting in policy making which features in the statement 13 of expenditure budget of Ministry of Finance. One is 100% women specific scheme and the other is 30% to 99% women oriented scheme.

8.7.2 In this direction, NIFM took concrete steps in advocacy and training of various stake holders for preparation of gender budgeting in the year 2018-19.

1. National Seminar was held at the India Habitat Centre where officials of Ministry of Labour and Employment as well as Ministry of Skill Development were trained for preparation of gender budgeting programmes and schemes within their Ministry in the month of December, 2018.

2. National level Workshop was held in collaboration

with VV Giri National Labour Institute in the month of October, 2018.

3. For the State Governments efforts were made to hold trainings for their officials in Gender Budgeting. Following States were covered in this endeavour:

   a) Telangana

   b) Bihar

   c) Uttarakhand

4. For long term courses like PTC & DGA&IA as well as short term courses, session on Gender Budgeting was included in their classroom sessions to introduce them on the importance of Gender Budgeting as an emerging concepts and tools towards women empowerment and inclusion of marginalize sections in the national mainstream.

5. Gender Responsive Budgeting initiative are in urgent need of research in need assessment data disaggregation as well as impact assessment. NIFM under its FPM programme has research assistant working on Gender Issues.

8.8 **Inputs on E-governance**

8.8.1 **Dissemination of knowledge on new initiatives of the Government**: Whenever there are new initiatives of the Central Government, NIFM has been mandated to launch special training drives to cover all Government entities. In fulfilment of this mandate, NIFM has run several training programmes on **GeM.**

8.8.2 **Digital Governance**: NIFM is a partner Institute under NeGD, and is successfully delivering capacity building and training programmes in e-Governance for all cadres of Government officials. Various training courses run at NIFM have a component on e-governance invariably.

9. Controller General of Accounts

9.1 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.

9.2 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.

9.3 **Functions** : Formulate 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; Prepare, consolidate and submit the monthly and annual accounts of the Central Government through a robust financial reporting system aimed at effective implementation of the Government fiscal policies; Coordinate and assist 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); Administer banking arrangements for disbursements of Government expenditures and collection of government receipts and interact with the Central Bank for reconciliation of cash balances of the Union Government; and Establish a sound Human Resource Management System for recruitment, deployment and improve the career profile management of officers and staff, both at the supervisory level and at the operational level within the Indian Civil Accounts Service.

9.4 **Financial Reporting - Monthly and Annual**: The office of the Controller General of Accounts is responsible for Monthly Consolidation of the Union Government Accounts, a detailed analysis of the monthly trends of receipts, payments, deficit and its sources of financing are presented to the Union Finance Minister every month. The documents has over a period of time evolved into an extremely useful tool for monitoring budgetary compliance and a handy MIS reference for decision making. In consonance with the Government's policy towards transparency in public functioning, an abstract of the Union Government accounts is also released every month on the Internet. The data can be accessed at the website http://www.cga.nic.in; With the advancement of technology this office has started providing flash figures of receipts, payments and deficit to Ministry of Finance as a tool for quick management decision making. Daily flash figures are provided in the month of March, in order to monitor various financial parameters and targets; In tune with the development in best practices, CGA's office also prepares Provisional Accounts of the Government of India within two months of completion of the financial year. The professionalism with which these accounts are prepared is evident from the high accuracy level attained in the last few years as only marginal variations have been observed between the Provisional Accounts and final audited Annual accounts; and The Union Government's Finance and Appropriation Accounts for 2017-18 along with the Audit report of the Comptroller & Auditor General of India were presented in Parliament on 12th February, 2019.

9.5 Implementation of Public Financial Management System (PFMS)

9.5.1 The genesis of PFMS goes back to 2008 when, the then Union Finance Minister in his Budget Speech on 28th February 2008 proposed to put in place a Central Plan Scheme Monitoring System (CPSMS) to be implemented as a Plan Scheme of the erstwhile Planning Commission as a comprehensive decision support and management information system. The intended outcome was to generate and monitor the scheme-wise and state-wise release of funds. The basic premise was that to achieve robust economic growth. It is necessary to put in place effective monitoring, evaluation and accounting system for the large sums of money that are disbursed by the Central Government to State Governments, District/Block level Agencies and other implementing Agencies. The objective was to pay the adequate attention to outcome in addition to outlays and to the achievement of physical targets in addition to financial targets. The PFMS is a Web Based online transaction system for fund management and e-Payment for implementing agencies and beneficiaries.

9.5.2 Ever since its inception in 2009, PFMS has made rapid progress. Today PFMS is processing payments to cover more than 60% of the Union Budget, Defense and interest payments being the major exclusions. In brief, PFMS achievements as on 31st March 2019 may be seen as mentioned below:

i. Number of schemes onboarded on PFMS: 1131

ii. Number of Agencies registered on PFMS: 29,03,219

iii. Number of Banks integrated with PFMS: 264

iv. Number of DBT schemes on PFMS: 417

v. Number of transactions taken place in DBT: 208 Crores

vi. Amount paid under DBT schemes through PFMS: 4.76 Lakh Crores

vii. Number of external systems integrated with PFMS: 21

viii. Maximum Transactions happened in one day: 64.06 Lakhs (18/3/2019)

ix. Treasury Integration status as on date: 31 States/ UTs

9.6 I T Initiatives

- **Treasury Single Account (TSA) through Letter of Credit Mode:** In pursuance of the recommendations of the Expenditure Management Commission (EMC) to minimize the cost of Government borrowings and to enhance efficiency in fund flows to Autonomous Bodies, it was decided by the Government of India to gradually bring all Autonomous Bodies under the Treasury Single Account (TSA) System. Reserve Bank of India will function as primary banker to the Ministries/Departments for TSA without involvement of an agency bank through the assignment accounts with specific limits, assigned by the respective Pay & Accounts Officer through PFMS(EAT) module upto which expenditure can be incurred by an Autonomous Body only. The Monthly Expenditure Plan (MEP) of an AB, as accepted by the Programme Division and IFD, the pace of implementation of the schemes in the AB and the balance grant available with the AB for the said scheme shall form the basis of just-in-time releases to the AB thereby achieving just-in-time release of funds one among the primary goals of setting up of PFMS. The route being proposed and development carried out is the irrevocable Letter of Credit from the accredited Bank of the Ministry to the Banker of Autonomous bodies for expenditure and its reverse flow of accounting information. A pilot run of the system was launched in November 2018 for ICMR, Ministry of Health & Family Welfare.

- **Employees Pay Roll System(EPS):** A comprehensive Employees Pay Roll System covering employee related activity in Central Government to compliment the HRMIS developed by the Department has been conceptualized and the development is underway in the O/o Controller General of Accounts. With generation and capturing of the unique employee ID every HR related event of the individual having financial effect will automatically get catered in the application from the beginning to the relinquishing of the service. The concurrent Centralized GPF, Pension contribution for New Pension Scheme and complete Pension authorization processing are envisaged to be functional through the application while ensuring an integration with the HRMS package of DoPT, in line with the Part II of the final report of Expenditure Management Commission.The application is being developed in 3 Tier Architecture (Web Layer, Business Layer and Database Layer) having advantages of high performance, scalability, improved data integrity, improved security, high degree of flexibility and capable to handle large number of data in long run especially for on boarding the DDOs of para-military forces under the Ministry of Home Affairs having more than 8 lakh employees. In addition to the Ministries/Departments, the other Central Government Offices and Statutory and Autonomous organizations shall also be able to implement this online software utility to cater to all their HR related financial activities as a one stop solution.

- **Centralized online General Provident Fund System:** The Management of General Provident Fund of Central Government employees has been automated on the centralized platform in PFMS facilitating subscribers in hassle free operation of their accounts. Similarly, the system eliminated the requirements of GPF balance transferring from one office to another on shifting of employees on transfer/posting. The subscribers are empowered with the information and status of their GPF Accounts at the click of a button on the system.

- **Centralized online Pension Processing System:** The system developed and implemented in the Civil Ministries/Departments of Government of India facilitates not only the retiring employees to ensure their Pension processing and receiving the retirement benefits on due date, but also the entire stakeholders beginning from the Pension initiating Department to the Pension disbursing public sector bank to integrate at appropriate levels in the cycle.

9.7 Monitoring Cell

9.7.1 Following CAG Audit paras/PAC paras/ Explanatory Notes have been submitted /settled through the APMS portal to the Lok Sabha (PAC Branch) during 2018-19:-

S.No.	Subject	Paras submitted/settled
1.	C&AG audit paras	725
2.	PAC paras	301
3.	EN	68

9.7.2 Beside that Monitoring Cell O/o CGA has upgraded the existing APMS portal to fully online application on the recommendation of PAC and in consultation of O/o C&AG to avoid scanning work or physical submission. Position of ATNs in respect of summary of audit observations against D/o Expenditure for the Year 2018-19 (as on 31st March, 2019) is enclosed as per **Annexure - III**.

9.8 Institute of government accounts and finance

9.8.1 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 a premier 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.

9.8.2 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.

10. Chief Controller of Accounts

10.1 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 Controllers of Accounts, two Assistant Controller of Accounts, 36 Senior Accounts Officers and approximately 300 other staff members at various levels.

10.2 **Function of the CCA organisation**

- 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.
- CCA oversees the payments and accounting 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.
- Another important function of the CCA is financial reporting to Chief AccountingAuthority (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 the accounts of Government of India.
- 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 Departments. The summary statements are also uploaded on the Ministry's official website.
- 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 145 DDOs within the jurisdiction of internal audit.
- Providing support staff to Controller of Aid Accounts and Audit (CAAA).
- Pension authorization under the Pension Rules to the officials retiring on superannuation, seeking voluntary retirement and to the families of deceased employees/pensioners.
- Pension payment to foreign pensioners residing in India on behalf of Sri Lanka, Singapore, UK and Burma.
- Accounting and monitoring of Loans advanced to foreign countries.
- 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 under both the savings fund and Insurance fund components of this scheme.
- Oversee the settlement of C&AG audit Para.
- Responsible for transfer of funds to and from CFI to Public Account. There are 14 such Funds in the Department of Economic Affairs, 2 in Department of Revenue, and one in Department of Expenditure.
- Formulation of detailed Accounting procedures in respect of the Funds maintained under Public Account of India.
- Settlement of the cases relating to combined pension, pro-rata pension, leave encashment, leave salary and pension contributions, revision of pre-2016 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.

10.3 **Highlights of important functions**

10.3.1 ***Internal debt accounting and reporting:***

a. Issue of New Loans Bringing into account all transactions connected with the issue of New Loans on the basis of detailed information supplied by the Reserve Bank of India.

b. Accounting of the discharged loans which inter-alia involves the reconciliation of loan balances as in the books of this office with those of the Reserve Bank of India and to prepare a Statement (14A)& further submitted to Finance Account Section, CGA Office. Accounting of Buyback of Government Securities raised by Government of India.

c. Compilation of Consolidated Abstract of Rupee Loans (Transaction connected with the loans dealt with in Internal Debt & Account Section are also brought to account through this abstract.

d. Accounting of Securities, shares etc., purchased or otherwise acquired held in the Cash Balances; Interest or dividend thereon.

e. Watching the timely payment of principal and payment of interest in respect of all loans mentioned here.

f. Accounting of all securities issued to International Financial Institution like International Monetary Fund, International Bank for Reconstruction and Development etc.

g. Accounting of Special Government of India Securities issued against investment made by National Small Saving Fund (NSSF).

h. Accounting of Special Govt. of India Securities/ Bonds issued to Nationalized Banks Special Government of India Bonds issued to Oil companies, FCI, Fertilizer Companies and Special Securities issue against Securitization of balances under Postal life Insurance which are kept under Public Account.

i. Accounting of different Saving Schemes of Government of India.

j. Preparation of the Quarterly and Annual Statement of Internal Debt balances for submission to the Finance Accounts Section of the Controller General of Accounts.

k. Watching the timely payment of Principal and payment of interest in respect of all Securities, Loans, Special Securities, Compensation & Other Bonds etc. and further reconciliation with Quarterly Statement received from DGBA. Central office, Mumbai.

l. Reconciliation of all Treasury Bills & Cash Management Bills with Monthly and Quarterly Statement received from Public Debt Office, Mumbai and DGBA, Central Office, Mumbai.

m. Calculation of Average Rate of Interest chargeable on the Capital Outlay of the Central Government.

10.3.2 **Monitoring system for transfer of funds from the Ministry of Finance to state Governments**

a. Under the system of Public Financial Management System (PFMS), 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 Public Finance State I (PFS-I) Division. The sanctions are processed in the PFMS portal. The Inter Government Advices (IGA) are 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. Grants-in-aid amounting to Rs. 111488.19/- crore were released to state government through PFMS portal.

d. During the Financial Year 2018-19 (up to 31.12.2018) Rs. 19463.86/- crore worth loans (Block loans & Back to Back Loans) were releasedto state govt.

e. 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.

f. 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.

10.3.3 **Details of loans Advanced to States during 2018-19**

(Up-to December 2018)

(Rs. in Crore)

S. No.	Name of STATE	Opening Balance as on 01.01.2018	Closing Balance as on 31.03.2018	Total loan given up to Dec. 2018	Principal Repaid up to Dec.2018	Interest up to Dec.2018	Closing Balance upto Dec.2018
1	2	3	4	5	6	7	8
1	ANDHRA PRADESH	10276.93	9311.99	1656.44	823.79	340.77	10144.64
2	ARUNACHAL PRADESH	93.66	166.25	0.00	1.69	9.02	164.56
3	ASSAM	735.42	1168.67	82.15	98.89	66.99	1151.93
4	BIHAR	10814.09	10165.50	2052.67	662.43	329.37	11555.75
5	CHHATTISGARH	2472.05	2348.72	555.65	143.44	107.39	2760.93
6	GOA	655.60	1066.00	60.05	52.15	10.96	1073.89
7	GUJARAT	6515.00	5927.90	1697.62	497.60	281.85	7127.92
8	HARYANA	2201.09	2099.00	99.17	122.67	66.86	2075.49
9	HIMACHAL PRADESH	1070.10	1075.61	50.21	59.19	60.62	1066.62
10	JAMMU & KASHMIR	1025.49	1027.63	3.30	82.05	57.26	948.88
11	JHARKHAND	1569.14	2223.53	242.98	123.74	87.64	2342.77
12	KARNATAKA	15034.05	14532.78	1172.70	934.89	502.92	14770.59
13	KERALA	7197.20	7466.62	355.54	458.56	210.91	7363.60
14	MADHYA PRADESH	15009.71	14707.30	3035.39	837.18	536.78	16905.51
15	MAHARASTRA	7958.62	7048.47	305.44	643.46	288.98	6710.46
16	MANIPUR	351.27	321.84	0.00	29.81	15.97	292.03
17	MEGHALAYA	168.57	165.50	15.79	13.37	9.21	167.91
18	MIZORAM	213.27	206.86	9.04	15.16	11.95	200.74
19	NAGALAND	-343.80	116.66	3.22	13.49	6.38	106.40
20	ORISSA	7821.97	7575.65	775.31	537.55	212.47	7813.41
21	PUNJAB	3909.89	3992.68	1292.77	309.87	142.90	4975.58
22	RAJASTHAN	12530.08	12024.36	2287.98	506.17	340.70	13806.18
23	SIKKIM	-186.26	98.25	3.73	6.01	5.50	95.96
24	TELANGANA	7906.68	8237.14	346.84	340.21	152.37	8243.77
25	TAMIL NADU	16899.36	16049.95	1507.02	905.68	389.54	16651.28
26	TRIPURA	-857.63	198.10	0.30	19.92	11.09	178.48
27	UTTARAKHAND	731.26	724.87	92.82	30.17	43.54	787.52
28	UTTAR PRADESH	13414.67	12733.01	682.65	1108.47	525.53	12307.19
29	WEST BENGAL	5915.29	14017.57	1077.09	780.84	533.94	14313.83
	TOTAL	159464.98	156798.42	19463.86	10158.46	5359.40	166103.82

10.3.4 **Details of Grants in Aid to States released by Department of Expenditure during 2018-19**

(Up-to December 2018)

(Rs. in Crore)

S.No.	NAME OF STATE	GRANTS
1	ANDHRA PRADESH	4952.21
2	ARUNACHAL PRADESH	230.06
3	ASSAM	983.75
4	BIHAR	2341.04
5	CHHATTISGARH	1014.86
6	GOA	47.11
7	GUJARAT	2744.34
8	HARYANA	549.06
9	HIMACHAL PRADESH	7315.70
10	JAMMU & KASHMIR	10081.60
11	JHARKHAND	793.57
12	KARNATAKA	2324.30
13	KERALA	4227.53
14	MADHYA PRADESH	2613.66
15	MAHARASTRA	3409.06
16	MANIPUR	1559.23
17	MEGHALAYA	314.42
18	MIZORAM	2042.03
19	NAGALAND	3193.65
20	ORISSA	2839.67
21	PUNJAB	506.92
22	RAJASTHAN	3014.14
23	SIKKIM	138.76
24	TAMIL NADU	2099.30
25	TELANGANA	1213.54
26	TRIPURA	1599.85
27	UTTAR PRADESH	6191.86
28	UTTARAKHAND	1375.25
29	WEST BENGAL	2230.72
	TOTAL	**71947.19**

Grants in Aid to States/UTs by Department of Revenue

(Compensation to State Government for Revenue Rs. 39541.00 (crore)

Loss due to phasing out the Goods & Services Tax (GST)

Total Grant in aid released to state Rs. 111488.19/- (crore)

10.3.5 **Balance under important component of internal Debt (including Major Small Saving & Special Deposits)**

(Rs. in crore)

S. N.	NAME OF SCHEME	BALANCE ASON 01.01.2017	NET ADDITION JAN 17 TO DEC 17	BALANCE ASON 01.01.2018	NET ADDITION JAN 18 TO DEC 18	BALANCE ASON 31.12.2018
	2		4			
				(Rs. In Crore)		
A	**Internal Debt**					
1	Market Loan	4666033	359443	5025476	366496	5391972
2	Special Securities issued to International Institutions	108525	-4401	104124	-4487	99637
3	Compensation and Other Bonds	14161	26772	40933	5514	46447
4	14 day Treasury Bills	106775	42827	149602	-8226	141376
5	91 day Treasury Bills	186766	20698	207464	-28753	178711
6	182 day Treasury Bills	94456	-20611	73845	64419	138264
7	364 day Treasury Bills	156534	-21545	134989	82107	217096
8	Special Securities issued against National Small Saving Fund	310953	119615	430568	97967	528535
9	Marketable Securities issued in conversion of Special Securities	64818	-5000	59818	-12130	47688
10	Special Security issued against PLI Fund	20894	0	20894	0	20894
11	Sovereign Gold Bond Scheme, 2015	0	6548	6548	576	7124
12	Gold Monetisation Scheme,2015	0	0		2450	2450
13	Special Securities issued to Public Sector Banks	0	0	0	131533	131533
A	**Total Internal Debt**	**5729915**	**524346**	**6254261**	**697466**	**6951727**
B	**Major Small Savings Schemes**					
1	Balances under Senior Citizen Saving Scheme 2004 (collection through bank only)	**27270**	20436	**47706**	**25426**	73132
2	Sukanya Samriddhi Account	**2564**	3292	**5856**	**4629**	10485
3	Collection of fund under PPF – 1968 Scheme (collection through bank only)	**329815**	56179	**385994**	**58146**	444140
C	**Special Deposits and Accounts**					
1	Balances under Special Deposit Superannuation and Gratuity Fund - 1975	**102960**	-243	**102717**	**-556**	102161
2	Special Securities issued to Nationalised Banks	**9996**		**9996**		9996
3	Petroleum Bonds 10.5% Oil Company G.O.I.S.B. 2006	**130923**		**130923**		130923
4	Special Securities issued to Stressed Assets Stabilisation Fund	**4486**	-140	**4346**	**-120**	4226
5	Special Securities issued to FCI	**16200**		**16200**		16200
6	Special Securities issued to Fertilizers Companies as Compensation towards Fertilizer Subsidy	**15705**		**15705**		15705
7	Special Securities issued to REC/UTI/IDBI & others	**1546**	81	**1627**	**204**	1831
C	**Total Special Deposits and Accounts**	**281816**	**-302**	**281514**	**-472**	**281042**
	TOTAL (A+B+C)	**6371380**	**603951**	**6975331**	**785195**	**7760526**

10.3.6 Internal Audit

a. The Revised Charter of Financial Advisors released by the Ministry of Finance envisages the Roles and Responsibilities of the Chief Controller of Accounts. Accordingly, Internal Audit functions under the control and supervision of the CCA focuses 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 2018-19, Audits of 39 units were conducted up-to 31st March 2019.

b. The penal interest is levied on all remittances, which are not credited to Government Account at Central Accounts Section RBI, Nagpur within the prescribed time limits i.e. T+1 day(excluding holiday) for public sector banks and T+1 day (including holidays for private banks). 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.

10.3.7 Achievements

1) Enrolment of N.S.I. and Indian Economic Service into Employee Information System (EIS).

2) Recovery of outstanding Penal Interest from Banks

Audit of the banks handling PPF-1968 & SCSS-2004 scheme is conducted by Office of CCA (Finance) to check whether all banks are depositing the collections pertaining to PPF & SCSS Schemes in CAS, Nagpur within prescribed time limit. If banks are not following the time limit, penalty is levied on them, "In case of delays beyond the permissible period (i.e. within T+1 days including holidays for private sector banks and excluding holidays for public sector banks), the penalty payable by accredited banks on such delayed remittances shall be the applicable rate of interest payable to the depositor plus 0.5% in case of delays upto 30 days and plus 1% in case of delays beyond 30 days."

3) Authorization of bank branches for participation in Small Saving Schemes

All branches of Nationalised Public Sector Bank and ICICI, HDFC and Axis Banks have been authorised for handling Small Saving Schemes of Ministry of Finance.

Details of Delayed Penal Interest of all the Banks regarding PPF and SCSS (as on 22/01/2019)

(Amount in Rs.)

	PPF	SCSS	Total
Outstanding as on 31/03/2017	**7935897**	**29541433**	**37477330**
Levied during 2017-18	779715	192432	972147
Recovered during 2017-18	-1785542	5180710	3395168.2
Contested and dropped during 2017-18	0	0	0
Total outstanding as on 31/03/2018	**10501154**	**24553155**	**35054309**
Levied during 2018-19 (upto 22/01/2019)	42937069	59990754	102927823
Total outstanding as on 22/01/2019	**53438223**	**84543909**	**137982132**
Recovered during 2018-19 (upto 22/01/2019)	-302892	63626607	63323715
Contested and dropped during 2018-19 (upto 22/01/2019)	1032122	536724	1568846
Net outstanding as on 22/01/2019	**52708993**	**20380578**	**73089571**

11. Central Pension Accounting Office

11.1 The Central Pension Accounting Office (CPAO) was established w.e.f. 1st Jan, 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, 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
- 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.

11.2 **Achievements**: CPAO issues SSAs to the CPPCs of Banks in fresh and revision of pension cases. In the financial year 2018-19, 45,400 and 2,82,887 authorities were issued in fresh and revision of pension cases respectively.

11.3 **Significant developments/policy decisions taken during the year including initiatives for improving delivery of public services**

1. Electronic- Pension Payment Order (e-PPO) Project- Paperless movement of digitally signed e-Special Seal Authority (e-SSA) from Central Pension Accounting Office (CPAO) to 39 Central Pension Processing Centres (CPPCs) of 24 Authorized Banks for pension is in operation and all the CPPCs are getting digitally signed Special Seal Authority (SSA) in fresh as well as the revision pension cases directly into their SFTP servers.

2. Online Allotment of 12 digits Pension Payment Orders (PPOs) number: With effect from 1st Jan, 2016, Central Pension Accounting Office (CPAO) has started facility of online allotment of PPO numbers on CPAO website to Pay & Accounts Offices to avoid paper based allotment of PPO numbers. This has resulted in less paperwork & the process has been faster than earlier. It has also resulted in saving time & postage cost.

3. Grievance Mechanism-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 the financial year 2018-19; total 90,550 grievances received & settled

4. 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 pensioners.

5. All Banks have confirmed payment of revision of 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.

6. CPAO conducted internal audit of 17 units in the financial year 2018-19. The total 677 pending internal audit paras have been settled during the financial year and 407 fresh audit paras have been raised during the same financial year.

11.4 **e-Governance Initiatives of CPAO**

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:-

(i) **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 13 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.

(ii) **Web Responsive Pensioners' Service (WRPS)**:- Digital India campaign of Government of India emphasizes that Government services should be made available to the citizens electronically by improving online infrastructure and by increasing internet connectivity or by making the country digitally empowered in the field of technology. Under Digital India campaign, Central Pension Accounting Office (CPAO), M/o Finance took two important steps towards empowerment of Central Civil Pensioners and other stakeholders. Hon'ble Union Minister for Finance & Corporate Affairs, Shri Arun Jaitley launched "Web Responsive Pensioners' Service of CPAO on 14th Sep, 2016 and electronic-Pension Payment Order (e-PPO) on 1st March, 2018. This is a mile stone for CPAO towards its commitment to serve the central civil pensioners is an efficient & effective way.

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.

j. **Social Media Presence of CPAO**- Officials Social Media Accounts of Central Pension Accounting Office (CPAO) on platforms Facebook, Twitter and YouTube has been created to provide better services to the pensioners/family pensioners and to lodge their grievances. This is over and above the latest modes available to the pensioners to contact and communicate with CPAO. Various instructive videos have been made for the better use of the WRPS facility, e-Revision Utility for pensioners and other stakeholders.All these initiatives aim at establishing seamless processing and accounting of pension disbursement to enhance efficiency and effectiveness of the pension delivery mechanism.

(A) **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 CPPCs from CPAO.

(B) **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.

(C) **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.

(D) **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.

ANNEXURE-I

DEPARTMENT OF EXPENDITURE

Representation of SCs, STs and OBCs

Groups	Representation of SCs/STs/OBCs (As on 31.12.2018)					Number of Appointments made during the previous calendar year														
						By Direct Recruitment					By Promotion					By Other Methods				
	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
Group A	412	62	26	66	258	08	-	02	06	-	27	08	02	-	17	01	-	-	-	01
Group B	679	120	34	85	440	-	-	-	-	-	51	07	02	-	42	13	02	-	-	11
Group C	348	84	14	82	168	30	04	01	11	14	-	-	-	-	-	-	-	-	-	-
Total	1439	266	74	233	866	38	04	03	17	14	78	15	04	-	59	14	02	-	-	12

ANNEXURE-II

DEPARTMENT OF EXPENDITURE

Representation of Persons With Disabilities

Groups	Representation of VH/HH/OH (As on 01.01.2019)					Number of Appointments made during the previous calendar year														
						DIRECT RECRUITMENT										PROMOTION				
						No. of appointments made					No. of vacancies reserved					No. of appointments made				
	Total	VH	HH	OH	Others	Total	VH	HH	OH	Others	Total	VH	HH	OH	Others	Total	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
Group A	412	01	01	02		01	-	-	01	-	03	01	01	01	-	-	-	-	-	-
Group B	679	01	01	07		-	-	-	-	-	-	-	-	-	-	01	-	-	01	-
Group C	348	02	05	02	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	1439	04	07	11	-	01	-	-	01	-	03	01	01	01	-	01	-	-	01	-

ANNEXURE-III

Position of ATNs in respect of summary of audit observations against D/o Expenditure for the Year 2018-19 (as on 31st March, 2019)

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.	2018	0	0	01	01

ORGANISATIONAL CHART OF DEPARTMENT OF EXPENDITURE

- ***Secretary (Expenditure)*** — *Shri Girish Chandra Murmu*
  - ***Chief Advisor (Cost)*** — *Ms. Aruna Sethi*
  - ***Controller General of Accounts*** — *Shri Anthony Lianzuala*
  - ***Additional Secretary (Expenditure)*** — *Shri Pramod Kumar Das*
  - ***Additional Secretary (Public Finance - State)**** — *Shri Rajeev Ranjan*
  - ***Additional Secretary (Personnel)**** — *Ms. Annie G. Mathew*
  - ***Additional Secretary (Public Finance & Financial Adviser*)*** — *Ms. Meera Swarup*
  - ***Joint Secretary (Public Finance - Central)*** — *Shri Sanjay Prasad*

*Note: The posts of JS(Pers), JS(PF-State) and JS&FA have been temporarily upgraded to AS Level by ACC.

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 Indirect Taxes and Customs (CBIC). 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 Goods and Service Taxes (GST), Customs and Central Excise duties, Service Tax and other Indirect taxes fall within the purview of the CBIC. The two Boards were constituted under the Central Board of Revenue Act, 1963. Each Board has a sanctioned strength of 6 (six) members.

1. 2 The Department of Revenue administers the following Acts:

i. Income Tax Act, 1961;

ii. Black Money (Undisclosed Foreign Income & Assets) Imposition of Tax Act, 2015

iii. Benami Transactions (Prohibition) Act, 1988;

iv. Chapter-VII of Finance (No.2) Act, 2004 (Relating to Levy of Securities Transactions Tax)

v. Chapter VII of Finance Act 2005 (Relating to Banking Cash Transaction Tax)

vi. Chapter V of Finance Act, 1994 (relating to Service Tax)

vii. Central Excise Act, 1944 and related matters;

viii. Customs Act, 1962 and related matters;

ix. Central Sales Tax Act, 1956;

x. Custom Tariff Act, 1975

xi. Central Excise Tariff Act 1985

xii. Narcotic Drugs and Psychotropic Substances Act, 1985;

xiii. Prevention of Illicit Traffic in Narcotic Drugs and Psychotropic Substances Act, 1988;

xiv. Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976;

xv. Indian Stamp Act, 1899 (to the extent falling within jurisdiction of the Union);

xvi. Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974;

xvii. Prevention of Money Laundering Act, 2002; and

xviii. Foreign Exchange Management Act, 1999.

xix. Union Territory Goods & Services Tax Act, 2017

xx. Goods & Services Tax (compensation to States) Act, 2017

xxi. Central Goods & Services Tax Act, 2017

xxii. State Goods & Services Tax Act, 2017

xxiii. Integrated Goods & Services Tax Act, 2017

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 Indirect Taxes 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 and Central Excise, Customs & Service Tax);

xii. National Committee for Promotion of Social and Economic Welfare;

xiii. Competent Authorities appointed under Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976 & Narcotic Drugs and Psychotropic Substances Act, 1985;

xiv. Financial Intelligence Unit, India (FIU-IND);

xv. Adjudicating Authority under Prevention of Money Laundering Act.

xvi. Revision Application Unit.

1.4 A comparison of the collection of Direct and Indirect taxes for the period 2017-18 (April to December) and 2018-19 (April to December) is as follow:

1.5 An **Organisation Chart** of Department of Revenue is given at Annexure-IV.

2. Revenue Headquarters Administration

2.1 Administration

The Department of Revenue looks after matters relating to all administration work pertaining to the Department, coordination between the two Boards (CBIC 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, Goods and

(Rs. in crore)

Sl. No.	Nature of Taxes	Amount collected		
		2017-18	2018-19	%age of growth over last year
1.	Corporate Income Tax	571202	663524	16.2%
2.	Personal Income Tax (excluding STT & WT)	408003	461613	13.1%
3.	Other Taxes (STT & WT)	22832	12520	-45.2%
4.	Central Excise	258834	232008*	-10.4%
5.	Customs	129030	130211*	0.9%
6.	Service Tax	81,228	6,997*	-91.4%
7.	Goods and Services Tax	740650 (August, 2017 to March, 2018)	1177369 (April, 2018 to March, 2019)	**

*Figures are provisional

i. Figures of 2018-19 are provisional (CBDT)

ii. Figures of Other Taxes in 2017-18 included Rs. 10,888 crore of collection under Income Declaration Scheme (IDS), 2016 (CBDT).

** In the absence of full year GST collection for F.Y. 2017-18, percentage growth cannot be calculated.

Service Tax (GST), 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 Ruling for Income Tax and Central Excise, Customs & Service Tax

k. National Committee for Promotion of Social and Economic Welfare (NCPSEW)

l. Financial Intelligence Unit, India (FIU-IND)

m. Adjudicating Authority under Prevention of Money Laundering Act

The following items of works are also undertaken by the Headquarters:

I. Appointment of –

ü Chairman and Members of CBIC and CBDT

ü Chairman, Vice Presidents and Members of CESTAT

ü Chairmen, Vice Chairmen and Members of CCESC and ITSC

ü Chairmen, Vice-Chairman and Members of AARs for Customs / Central Excise and Income Tax

- ü Director General of CEIB
- ü Director of Enforcement
- ü Competent Authorities (SAFEM (FOP) A and NDPSA)
- ü Director (FIU-IND)
- ü Chairperson and Member of Adjudicating Authority set up under PMLA
- ü Chairman and members of "Appellate Tribunal" established under SAFEMA (FoP) Act, 1976.
- ü Appointment of CVO, CBDT/ CBIC.

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.

2.2 Economic Security (ES)

2.2.1 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 Financial Action Task Force (FATF).

2.2.2 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)].

2.2.3 PMLA was amended in 2005, 2009, 2012, 2015, 2016, 2018 and 2019 to overcome the deficiencies and to meet the international standards on Anti-Money Laundering as prescribed by Financial Action Task Force (FATF).

2.2.4 Financial Action Task Force (FATF)

2.2.4.1 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.

2.2.4.2 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.

2.2.5 Adjudicating Authority under Prevention of Money Laundering Act, 2002

2.2.5.1 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.

2.2.5.2 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 of during the pendency of trial for scheduled offences of money laundering or proceeds of crime money laundered.

2.2.5.3 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 210 numbers of Provisional Attachments and 210 numbers of Original Complaints during the year. In addition, 116 numbers Original application for retention of seized documents from Directorate of Enforcement were received during the year. Final orders in original Complaint and Original Application have been pronounced in 307 cases except 57 cases where the Hon'ble courts granted stay in respect of Provisional attachment orders/ Original applications furnished by Directorate of Enforcement.

2.2.5.4 The staff posted in the Authority is on deputation basis and all the posts are ex cadre. No Appointment was made during the previous calendar year either by Direct recruitment/ promotion.

2.3 Revision Application Unit

2.3.1 Formation, function and working of the Revision Application Unit

2.3.1.1 The mandate of the Revision Application Unit is to dispense justice. Under the scheme operative till 10.10.1982, the appeal against the orders of the Commissioners (then called Collectors), of Customs & Central Excise lay with the Central Board of Indirect Taxes & Customs. As far as the appeals against the orders passed by the authorities below the rank of the Collectors (now called Commissioners), were concerned, the same were to be filed before the appellate Collectors of Customs & Indirect tax. Erstwhile Section 131 of the Customs Act, 1962 and Section 36 of the Central Excise & Salt Act, 1944, empowered the Central Government to revise the orders passed by the CBIC and appellate Collectors in exercise of their appellate jurisdiction. At the Government level, while Secretary (Revenue) or Special Secretary disposed of the Revision Applications against orders passed by the CBIC, the Addl. Secretary or Joint Secretary disposed of the applications against the orders passed by the appellate Collectors of Customs & Central Excise and executive Collectors of Customs and Central Excise. The Finance (No. 2) Act, 1980 sought to introduce a new system by establishing appellate Tribunal. The appellate jurisdiction of CBIC and Revisionary jurisdiction of the Central Government were abolished with effect from 11.10.1982, except a few residual transitional provisions and the Customs, Excise and Gold Appellate Tribunal (now CESTAT) was set up with effect from 11.10.1982. The Finance Act, 1984, revived the Revisionary powers of the Central Government in specified type of cases. On the Customs side, Section 129 DD read with proviso to Section 129(A) of the Act, empowered Central Government to revise the appellate orders passed by the Commissioner of Customs (Appeals). On Central Excise side, Section 35EE read with first proviso to sub-section (ii) of Section 35B of the Central Excise Act, 1944 gave review and revisionary powers to Central Government to revise the orders passed by the Commissioner of Central Excise (Appeals).

2.3.1.2 On the Service Tax side the two provisos inserted in sub-section (1) of Section 86 of the Finance Act 1994 vide Section 117 of the Finance Act 2015 (with effect from 14.5.2015) stipulate that where an order, relating to a service which is exported, has been passed under section 85 and the matter relating to grant of rebate of service tax as input service, or rebate of duty paid on inputs, used in providing such service, such order shall be dealt with in accordance with the provisions of section 35EE of the Central Excise Act 1944. All appeals in such matters pending before the Appellate Tribunal shall also be transferred and dealt with in accordance with the provisions of Section 35 EE of the Central Excise Act 1944.

2.3.1.3 The Revision Applications filed either by parties or department against the orders of Commissioner (Appeals) are considered and decided by Additional Secretary (RA). The Central Government is the highest authority in such revision and review matters and orders thus passed by the Additional Secretary (RA) are final. Petitioners, aggrieved with the revision order passed by Additional Secretary (RA) may take re-course to writ petitions under Article 226 of Constitution of India.

2.3.1.4 The Revision Application Unit is directly responsible to Secretary (Revenue).

2.3.2 Jurisdiction

2.3.2.1 Customs jurisdiction - Section 129 DD read with proviso to Section 129 A (1) of Customs Act, 1962 empowered the Central Government to revise or review the appellate orders passed by Commissioner of Customs (Appeals) if such order related to:

(a) Any goods imported or exported as baggage;

(b) Any goods loaded in a conveyance for importation into India, but which are not unloaded at their place of destination in India, or so much of the quantity of such goods as has not been unloaded at any such destination if goods unloaded at such destination are short of the quantity required to be unloaded at the destination;

(c) Payment of drawback as provided in Chapter X and the rules made there under.

2.3.2.2 Central Excise jurisdiction - Section 35 EE read with proviso to Section 35 B (1) of Central Excise Act, 1944 empowered the Central Government to revise or review the appellate orders passed by Commissioner of

Central Excise (Appeals) if such order related to:

(a) A case of loss of goods, where the loss occurs in transit from a factory to a warehouse or to another factory, or from one warehouse to another or during the course of processing of the goods in a warehouse or in storage, whether in a factory or in a warehouse;

(b) A rebate of duty of excise on goods exported to any country or territory outside India or on excisable materials used in the manufacture of goods which are exported to any country or territory outside India;

(c) Goods exported outside India (except to Nepal or Bhutan) without payment of duty.

2.3.2.3 Service Tax jurisdiction – The provisions of Section 35EE of the Central Excise Act 1944, which dealt with revision by the Central Government, have been made applicable to Chapter-V of the Finance Act, 1944 dealing with Service Tax. In the Finance Act 2015, Section 86 has been amended to prescribe that the remedy against the order passed by Commissioner (Appeals) in a matter involving rebate of Service Tax, shall lie in terms of Section 35EE of the Central Excise Act 1944. In such cases against the order passed by the Commissioner (Appeals), revision application is required to be filed before AS (RA).

2.3.2.4 IATT jurisdiction - Rule 13 of Inland Air Travel Tax (IATT) Rules, 1989 empowered the Central Government to revise or review the appellate orders passed by Commissioner of Customs & Central Excise (Appeals) if such order related to payment of IATT.

2.3.2.5 FTT jurisdiction - Rule 15 of Foreign Travel Tax (FTT) Rules, 1979 empowered the Central Government to revise or review the appellate orders passed by Commissioner of Customs & Central Excise (Appeals) if such order related to Payment of Foreign Travel Tax.

2.3.3 Process

The Revision Application Unit receives the revision application in prescribed form EA-8/CA-8 filed by department as well as parties. The stipulated time for filing such applications is 90 days from the date of communication of order-in-appeal. The delay up to 90 days can be condoned by Central Government in deserving cases. The Revision Application Unit on receipt of revision applications issues the acknowledgement to the applicant along with deficiency memo if any deficiency is found. Simultaneously, a check-list in prescribed format is also prepared. Notice is issued to respondent party for filing counter reply. Thereafter, personal hearing is fixed / held in cases, in the order of seniority. Out of turn hearings are allowed only in deserving cases involving substantial revenue, recurring issue resulting into multiplicity of cases, interest liability, the issue is no longer res integra, passenger is going abroad and in cases of financial hardship. After completion of hearing, final revision order is issued by Additional Secretary (RA).

2.3.4 Latest Developments

The Revision Application unit was earlier headed by a Commissioner and ex-officio Joint Secretary. The working of this set-up was stayed by an order of Punjab & Haryana High Court, upheld by the Apex Court also, whereby it was directed that an officer of a higher rank than the Joint Secretary be posted here as the orders of Commissioner (Appeals) are being revised and an officer of the same rank cannot revise these orders. Subsequently, an officer of the rank of Principal Commissioner and ex-officio Additional Secretary was posted in Aug, 2017 and an additional office of Additional Secretary (R.A.) was created at Mumbai to reduce the pending cases which got piled up during the period of stay. The office at Delhi caters to Northern and Eastern regions while the Mumbai Unit takes up the cases pertaining to Southern and Western regions.

2.3.5 Performance

Since the joining of Additional Secretary in Aug, 2017 the work in the unit has picked up very fast from August, 2017 to December, 2018 1580 Revision Applications have been disposed of by Delhi unit alone.

2.4 Narcotics Control (NC)

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 transshipment 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

2.4.1 FUNCTIONS/ WORKING OF THE CENTRAL BUREAU OF NARCOTICS

2.4.1.1 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.

2.4.1.2 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.

2.4.1.3 Achievements

The performance/achievement with respect to issuance of NOCs issued by Central Bureau of Narcotics during the year 2018-19 i.e. period from 1.4.18 to 31.12.2018 and period from 01.01.2019 to 31.03.2019 for the export/import of Precursor Chemicals is as under:

Number of NOC issued	01.04.2018 to 31.12.2018	01.01.2019 to 31.03.2019
For export of Controlled Substance (precursors Chemicals)	1089	362
For import of Controlled Substance (precursors Chemicals)	712	358
No. of Pre-export Notifications (PEN) issued	826	297
Number of Stop Shipments of Precursors Chemical	5	2

International Narcotics Control Board (INCB) has developed online PEN system to make exchange of information between the competent National Authorities. CBN had issued 1123 PEN's (01-4-2018 to 31-03-2019) to the competent authority of various importing countries, for verifying the legitimacy of the transactions. On the initiative, taken by the CBN, through online PEN system, CBN has identified and stopped suspicious transactions of precursors chemicals suspected to be diverted from the licit channels during the year under report.

The performance/achievement with respect to issuance of Export authorization and Import Certificate issued by Central Bureau of Narcotics during the previous year and current financial year from for the export/import of narcotic drugs /psychotropic substances is as under:

Particular	**Psychotropic Substances**		**Narcotic Drugs**	
	01.04.2018 to 31.12.2018	01.01.2019 to 31.03.2019	01.04.2018 to 31.12.2018	01.01.2019 to 31.03.2019
No. of Export Authorization Issued	3139	1115	219	60
No. of Import Certificate issued	406	140	117	14

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:

Particular	01.04.2018 to 31.12.2018	01.01.2019 to 31.03.2019
Registrations of sales contract of poppy seeds	**28**	**0**
No. of Manufacturing license issued	**11**	**23**
Quota of Narcotics Drugs allotted	**287**	**178**
Quota of Synthetic Narcotics Drugs allotted	**29**	**25**

As per Rule 67 E of NDPS Rule 1985, CBN issues allocation of narcotic drugs, during this year 2019, mainly allocation was issued for Codeine Phosphate to 75 companies for quantity of 51806.43421 kgs, whereas 45 companies were issued allocation for 7943.51kgs of medicinal opium for the financial year 2018-19.

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.

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.

2.4.1.4 Enforcement of NDPS Act, 1985

The Central Bureau of Narcotics undertakes action to prevent the illicit trafficking of Narcotic Drugs and Psychotropic Substances. It also undertakes investigations and prosecution of drug related offences, tracing and freezing of illegally acquired property of drug traffickers, derived from illicit drug trafficking, for forfeiture and confiscation.

Disposal of drugs during the period 01.04.2018 to 31.12.2018 and 01.01.2019 to 31.03.2019 is enclosed as **Annexure A.**

Seizure of drugs effected during the period 01.04.2018 to 31.12.2018 and 01.01.2019 to 31.03.2019 is enclosed as **Annexure B**.

Number of persons convicted/ acquitted in CBN cases, decided by various Courts, during the financial year 2018-19 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 (%)
2018-19	605+2*	17	4	80.95%

*foreigners

Number of cases, decided by various Courts, during the financial year 2018-19 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 (%)
2018-19	17	14	3	82.35%

2.4.1.5 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, Deputy Narcotics Commissioner, Neemuch was appointed as a Liaison Officer to look after the interest, representation and welfare of ST/ SC and Physically Handicapped employees. Deputy Narcotics Commissioner, Gwalior was appointed as a Liaison Officer to look after the interest, representation and welfare of OBC employees.

2.4.1.6 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 in respect of any type of harassment of women at work place.

2.4.1.7 Other highlights of performance and achievements during the year 2018-19.

During the crop year 2017-18, a quantity of 290 Metric Tons of opium at 70° consistence was procured. The average yield at 70° consistence on basis of provisional results received from Madhya Pradesh, Rajasthan and Uttar Pradesh for the crop year 2017-18 was 61.34, 62.81 & 54.48 kg/hectare respectively. The All India average yield during 2017-18 was 61.96 kgs/ hectare at 70° consistency. The figures are for crop year 2018-19 as the crop cycle for the cultivation of opium is October to September next year. Settlement/ Licensing operation for crop year 2018-19 has been completed during the month of December, 2018 and consequently 69456 cultivators and Area 6943.60 hectares were settled.

Since crop year 2012-13, a new procedure for payment has been adopted. There was high risk in drawing big amount from Banks, carrying it to weighment centres, disbursing it to concerned cultivators/ Lambardar's and carrying it to villages by cultivators from weighment centres in late evening. Banking infrastructure has been improved in opium growing areas and it is developing day by day. Considering all these factors, cost of opium/commission is being paid through e-payment directly in Bank accounts of cultivators during weighment operation. After receipt of computed challans from Govt. Opium Factories, final payment to cultivators is being done without waiting for Settlement Operation.

World Drug Day, 2018 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, 2018 to 28th June, 2018. The following events were organized:

i. Motor Cycle Rally: - A Road show/ Motor Cycle Rally of around 100 volunteers was organized on 26th June, 2018. 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. Awareness Campaign at public place: - For raising awareness of the masses regarding the growing menace of drug abuse, an awareness Campaign was organized at Gwalior Railway Station on 26th June, 2018.

iii. Health Check-up camps: - On 27-6-2018, free Health Check-up camp by the doctors of Birla Institute of Medical Research Centre, & Ratan Jyoti Netralaya, Gwalior was organized at the Office premises. The health check-up covered the following areas:

- Blood Pressure;
- Sugar testing;
- Eyes check-up

The Doctors advised the patients on proper diet and other aspects of leading a healthy life.

iv. Poster painting & Quiz competition: - An open poster painting & quiz competition was held at the office premises on 27-6-2018. 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 tree plantation, Nukkad Natak at Lucknow, Essay Writing competition, Quiz competition, Slogan and Debate Competitions were organized at Unit Headquarters, Kota, Lucknow and Neemuch.

2.4.2 Government Opium and Alkaloids Works (GOAW)

2.4.2.1 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 GOAWs are administered by a High-Powered Body called the “Committee of Management” constituted and notified by the Government of India in 1970. The Additional Secretary (Revenue), Department of Revenue, Ministry of Finance is the 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 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 Financial Year 2018-19 are as follows:

I. PERFORMANCE OF GOAW FOR THE FINANCIAL YEAR 2018-19

Sl. No.	Particulars	Unit	Actual Production April to December, 2018	Actual Production January to March, 2019
A	**PRODUCTION**			
1	Drying of opium for Export at 90°C	KG.	NIL	NIL
2	a) Morphine Sulphate	KG.	318	242
	b) Codeine Phosphate (C.P.)	KG.	10084	5433
	c) Pure Thebaine	KG.	664	368
	d) Noscapine BP	KG.	699	1322
	e) Pholcodine	KG.	0	0
	f) IMO Powder	KG.	8900	1500
	g) IMO Cake	KG.	3500	4500
	j) Papavarine S.R.	KG.	316	421
3.	C.P. Import for Domestic Market	KG.	12500	0

Sl. No.	Particulars	Sales April to December, 2018		Sales January to March, 2019	
		Quantity (in Kg.)	Amount (Rs. in Crore)	Quantity (in Kg.)	Amount (Rs. in Crore)
B	**SALES**				
1	Export of opium for at 90°C	0	0	0	0
2	a) Codeine Sulphate	42	0.38	0	0
	b) Morphine Sulphate	326	1.22	200	0.75
	c) Codeine Phosphate (Ind. & Imp)	21613	91.86	6643	28.23
	d) Dionine	70	0.85	0	0
	e) Pure Thebaine	1072	4.06	275	1.04
	f) Noscapine BP	455	1.63	203	0.73
	g) Pholcodine	23	0.12	0	0
	h) IMO Powder (Dom. Sales+Export)	7089	7.37	2923	3.11
	i) IMO Cake (Domestic Sales+Export)	3807	3.54	830	0.77
	j) Papavarine S.R.	102	0.03	0	0
	Total 2 (a to j)	**34599**	**111.05**	**11074**	**34.64**
	Grand Total (1+2)	**34599**	**111.05**	**11074**	**34.64**

C. (a) COUNTRY WISE EXPORT OF OPIUM AT 90°C (excluding IMO Powder & Cake) FOR THE FINANCIAL YEAR 2018-19 (UPTO DECEMBER, 2018)

(Quantity in Kgs)

	Unit	USA	France	Japan	Iran	Total
1	Ghazipur	NIL	NIL	NIL	NIL	NIL
2	Neemuch	NIL	NIL	NIL	NIL	NIL
	Total	NIL	NIL	NIL	NIL	NIL

(b) COUNTRY WISE EXPORT OF OPIUM AT 90°C (excluding IMO Powder & Cake) FOR THE FINANCIAL YEAR 2018-19 (FROM JANUARY TO MARCH, 2019)

(Quantity in Kgs)

	Unit	USA	France	Japan	Iran	Total
1	Ghazipur	NIL	NIL	NIL	NIL	NIL
2	Neemuch	NIL	NIL	NIL	NIL	NIL
	Total	NIL	NIL	NIL	NIL	NIL

D. (a) REVENUE RECEIPTS (ON REALISATION BASIS) FOR THE FINANCIAL YEAR 2018-19 (UPTO DECEMBER, 2018)

(Rs. in crore)

		Opium Factory	Alkaloid Works	Total
1	Ghazipur	0.10	32.52	32.62
2	Neemuch	0.08	81.72	81.80
	Total	0.18	114.24	114.42

(b) REVENUE RECEIPTS (ON REALISATION BASIS) FOR THE FINANCIAL YEAR 2018-19 (FROM JANUARY TO MARCH, 2019)

(Rs. in crore)

		Opium Factory	Alkaloid Works	Total
1	Ghazipur	0.03	6.52	6.55
2	Neemuch	0.02	28.84	28.86
	Total	0.05	35.06	35.11

II. ACHIEVEMENT OF CCF ORGANISATION UP TO THE MONTH OF DECEMBER 2018 WITH COMPARATIVE DATA OF PREVIOUS YEAR i.e. 2017 FOR THE SIMILAR PERIOD:

Sl. No.	Particulars	Unit	Actual Production April to December		% age increase over previous year
			2017-18*	2018-19	
(1)	(2)	(3)	(4)	(5)	(6)
A.	**PRODUCTION**				
1	Drying of opium for Export at 90°C	KG.	NIL	NIL	NIL
2	Manufacture of Drugs:				
	a) Morphine Sulphate	KG.	409	318	-22%
	b) Codeine Phosphate	KG.	4513	10084	123%
	c) Pure Thebaine	KG.	31	664	2042%
	d) Noscapine BP	KG.	70	699	899%
	e) IMO Powder	KG.	5500	8900	62%
	f) IMO Cake	KG.	1191	3500	194%
	g) Papavarine S.R.	KG.	18	316	1655%
	Total (2)	KG.	**11732**	**24482**	109%
3.	Import of Codeine Phosphate				
	i) For Domestic Market	KG.	11000	12500	14%

(*****) Both factories remained closed from April, 2017 to July, 2017 for up-gradation work.

B.	SALES				
Sl. No.	Particulars	2017-18 April to December		2018-19 April to December	
		Qty. (Kgs.)	(Rs. in Crore)	Qty. (Kgs)	(Rs. in Crore)
(1)	(2)	(3)	(4)	(5)	(6)
1	Export of opium on accrual basis	1569	0.82	NIL	NIL
2	Domestic Sale of Drugs: (on actual basis)				
	a) Codeine Sulphate	62	0.55	42	0.38
	b) Morphine Sulphate	422	1.60	326	1.22
	c) Codeine Phosphate (Indigenous and Imported)	21679	92.13	21613	91.86
	d) Dionine	108	1.31	70	0.85
	e) Pure Thebaine	679	2.56	1072	4.06
	f) Noscapine BP	1425	5.11	455	1.63
	g) Papavarine S.R.	20	0.01	103	0.03
	h) Pholcodine	42	0.23	23	0.12
	i) IMO Powder (Domestic sale + Export)	6427	6.33	7089	7.37
	j) IMO Cake (Domestic sale + Export)	2704	2.55	3807	3.54
	Total (2)	33568	112.39	**34599**	**111.05**
	Grand Total (1+2)	**35137**	**113.21**	**34599**	**111.05**

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

(Qty. in Kgs. at 90ºC)

Unit	USA	FRANCE	HUNGARY	JAPAN	IRAN	TOTAL
2017-18						
Ghazipur	--	--	--	--	--	--
Neemuch	569	1000	--	--	--	1569
Total	569	1000	--	--	--	1569
2018-19						
Ghazipur						
Neemuch						
Total						

D. COMPARATIVE REVENUE RECEIPTS ON REALISATION BASIS (up to December of each financial year)

(Rs. in Crores)

	(Provisional)		
Unit	**Opium Factories**	**Alkaloid Works**	**Total**
2017-18			
Ghazipur	0.09	36.39	36.47
Neemuch	0.82	68.01	68.84
Total	**0.91**	**104.40**	**105.31**
2018-19			
Ghazipur	0.10	32.51	32.61
Neemuch	0.08	81.72	81.80
Total	**0.18**	**114.23**	**114.41**

2.4.2.2 Development of North Eastern Region: The CCF organization including GOAWs are located in Uttar Pradesh, Madhya Pradesh and Delhi only and therefore, there is nothing to specify with regard to work done on the development of North Eastern region and Sikkim Project Schemes.

2.4.2.3 E-Governance Activities: The Organization of Chief Controller of Factories has launched its own website which contains complete information about the organization, its activities, contact details, etc. All tenders for procurement of material and services are timely loaded in the website for information and participation of the manufacturers / suppliers. The organization has also arranged to display various information pertaining to production of drugs, sale of drugs, etc. through internet. Placing of various other information for information of the concerned authorities have also been taken up and likely to be provided soon through internet.

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

2.4.2.5 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 CCF office, New Delhi, GOAW, Neemuch & Ghazipur for the purpose of dealing the complaints received regarding sexual harassment at workplace.

2.4.2.6 Activities Undertaken for Disability Sector & SCs/STs & Other Weaker Sections of Society: The CCF organization is strictly adhering to the prescribed rules and regulations for the welfare and development of disabled, SCs, STs and other weaker sections. With an objective to initiate prompt action on grievances of such sections, a committee has been formed with members drawn from such sections. Roster registers for this purpose are also being maintained.

Annexure- A

Disposal of Drugs during the year 2018 (01.04.18 to 31.12.18) and 2019 (up to 31.03.19)

Narcotics Drugs / Psychotropic Substances/ Precursor	From 01.04.18 to 31.12.18		From 01.01.19 to 31.03.19	
	No. of Cases	Quantity in Kg.	No. of Cases	Quantity in Kg.
Opium	71	543.876	06	98.215
Herion	35	25.520	09	3.380
Morphine	04	6.000	-	-
Charas	02	19.700	02	06.020
Poppy Straw/ Poppy Husk	13	3617.900	05	5926.420
Alprazolam	01	50.140	01	111000
Ganja	02	09.080	01	03.450
Acetic Anhydride	03	106.450	01	42.000
Poppy Capsule	-	4.400	-	-
Lanced Opium Plant	01	0.300	-	-
Nitrezepam	-	-	01	02.475

Annexure-B

Seizure effected by CBN during the year 2018 (01.04.18 to 31.12.18) and 2019 (up to 31.03.19)

Type of Drug / Substances		**2018 (01.04.18 to 31.12.18)**	**2019 (up to 31.03.19)**
Opium	Quantity (in Kgs.)	1.935	119.95
	Cases	1	3
	P.A.	0	6
Morphine	Quantity (in Kgs.)	0.800	-
	Cases	1	-
	P.A.	1	-
Heroin	Quantity (in Kgs.)	1.560	0.380
	Cases	3	1
	P.A.	7	1
Charas	Quantity (in Kgs.)	3.670	-
	Cases	1	-
	P.A.	1	-
Poppy Straw/ Poppy Husk	Quantity (in Kgs.)	277.830	2356.580
	Cases	9	3
	P.A.	10	3
Diazepam	Quantity (in Kgs.)	-	-
	N.O.	1400*tabs + 380 inj*	-
	Cases	-	-
Buprenorphine	Quantity (in Kgs.)	-	-
	No. of Inj.	6050 inj*	-
	Cases	-	-
Pentazocin	Qty	3194 inj*	-
	Cases	-	-
Codein Phosphate Cough Syrup	Quantity (in Kgs.)	10402 bottles*	-
	Cases	3	-
	P.A.	4	-
Afrazolam Tab	Qty.	207715 tablets*	-
Zolpidem Tartrate	Qty.	300 tablets*	-
Clonazepam	Qty.	3190 tablets*	-
Nitrazepam	Qty.	22055 tablets*	-
Tramadol	Qty.	132522 tablets*	-
Tramadol Inj.	Qty.	245 Nos (0.490 Kg.)	-
	Cases	1	-
	P.A.	1	-
Chlordia-zepoxide	Qty.	7800* tablets	-
Lorazepam	Qty.	31260* tablets	-
Phychotropic Substances	Quantity (in Kgs.)	0.125	-
	Cases	1	-
	P.A.	1	-

2.5 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 deals with legislative work relating to Central Acts having significant interface with the States like the Indian Stamp Act, 1899 and the Constitution (One Hundred and First Amendment) Act, 2016 for implementation of Goods and Services Tax (GST) as well as administrative and budgetary matters in respect to Goods and Services Tax Network (GSTN)- Special Purpose Vehicle incorporated for providing IT platform for the GST. Apart from the above, Union Territory Goods and Services Tax (UTGST) Act, 2017 and GST Settlement of Funds Rules, 2017 are other subject matters of the Section. Brief description of the same are as under.

2.5.1 Goods and Services Tax (GST):

The introduction of Goods and Services Tax (GST) regime in the country was a very significant step in the field of indirect tax reforms in India. By amalgamating a large number of Central and State taxes into a single tax, the aim was to mitigate cascading or double taxation in a major way and pave the way for a common national market. Before implementation of the GST regime in the country, the issue was deliberated in detail by the Empowered Committee of State Finance Ministers, Select Committee of Rajya Sabha and Parliamentary Standing Committee on Finance. After detailed and prolonged deliberation, the Constitution (One Hundred and First Amendment) Act, after ratification by 50% of the States, was assented to by the President on 8th September, 2016. Thereafter, Central Goods and Services Tax (CGST) Act, Integrated Goods and Services Tax (IGST) Act, Union Territory Goods and Services Tax (UTGST) Act, and Goods and Services Tax (Compensation to States) Act were enacted in order to successful roll out of the GST regime in the country from 1st July, 2017.

2.5.2 Union Territories Goods and Services Tax (UTGST):

Like State Goods and Services Tax (SGST) Act, which is enacted by the respective States/ UTs with legislature to levy and collect on all transactions within the respective State/ UT, Union Territories Goods and Services Tax (UTGST) Act, 2017 is enacted to levy and collect GST specifically in the Union Territories without legislature i.e. Andaman and Nicobar Islands, Lakshadweep, Dadra and Nagar Haveli, Daman and Diu and Chandigarh.

2.5.3 Goods and Services Tax Settlement of Funds Rules, 2017:

The Goods and Services Tax Settlement of Funds Rules, 2017 have also been notified on 27th July, 2017, which, layout the procedure to be followed for the settlement of funds between the Centre and the States on account of cross-utilisation of input tax credit between IGST and SGST / UTGST, and apportionment of IGST. A total amount of Rs. 3,74,507 crores have been settled from IGST between April, 2018 and March, 2019 and distributed among Centre and States/ UTs. This included Rs. 1,74,512 crores IGST amount released to States/ UTs (SGST/UTGST) and Rs. 1,99,995 crores to Centre (CGST).

2.5.4 Special Purpose Vehicle for Goods & Services Tax Network (GSTN):

Goods and Services Tax Network (GSTN) was set up as a non-government, not-for-profit private limited company on 28th March, 2013, in order to provide IT infrastructure and services to the Central and State governments, tax payers and other stakeholders for implementation of Goods and Services Tax (GST). Upon recommendations of GST Council, the Union Cabinet has approved the proposal to convert GSTN into a Government owned company.

2.5.5 Indian Stamp Act, 1899:

2.5.5.1 The Indian Stamp Act, 1899 (2 of 1899) is a fiscal statute laying down the law relating to tax levied in the form of stamps on instruments recording transactions. Briefly, the scheme relating to stamp duties, provided for in the Constitution is as follows: -

i. 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.

ii. 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.

iii. 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.

2.5.5.2 The rates of stamp duty in respect of Debenture and Promissory Notes have been rationalized by the Central Government in September, 2008. Vide Finance Act, 2019, the Indian Stamp Act, 1899 has been amended.

2.5.6 Highlights of the performance and achievements during the year:

The Union Territory Goods and Services Tax (Amendment) Act, 2018 was passed by the Parliament and notified on 30.08.2018.

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 Goods and Services Tax (Compensation to States) Act, 2017. Facilitation in respect of State level Value Added Tax (VAT) in the form of assistance for computerization of State Value Added Tax system.

2.5.7 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 assistance of Rs. 4.00 crore has been provided to Centre for Taxation Studies, Kerala.

2.5.8 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 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. Balance amount of Rs. 5854.69 crore CST compensation for year 2012-13 to all the States/ UTs was proposed to be released as second installment in the end of FY 2016-17. However, required Budget provision of additional fund of Rs. 1284.94 crore in this regard has not been provided under Head 3601 in last batch of supplementary for FY 2016-17. Therefore, it was decided with approval of Hon'ble FM to release balance CST compensation to all the States on pro-rata basis as per budget availability under head 3601 & 3602 (i.e. 74.74% amount balance

CST compensation to States and full CST compensation to UTs for year 2012-13). Accordingly, second installment of Rs 4469.75 crore was released to all the States/ UTs in March, 2017. The balance amount of Rs. 1284.94 crore as CST compensation for year 2012-13 to the all the States and Rs 99 crore to Goa for balance CST compensation 2007-08 - 2009-10 has also been released to States/UTs in March, 2018 as per aforesaid Cabinet decision dated 17.03.2015 and commitment given by FM to States/ UTs.

2.5.9 GST Compensation

The Goods and Service Tax (Compensation to States) Bill, 2017 was passed by Lok Sabha on 29th March 2017 to provide for compensation to the States for the loss of revenue arising on account of implementation of the goods and services tax in pursuance of the provision of the Constitution (One Hundred and First Amendment) Act, 2016. Accordingly, GST compensation Act, 2017 has been enacted which provides detailed mechanism for compensation to the States for loss on account of implementation of GST. GST compensation amounting to Rs. 48178 crore for the period July, 2017 to March, 2018 and Rs. 62243 crore for the period April, 2018 to January, 2019 has been released to the States/ UTs towards GST compensation on bimonthly basis as per GST (Compensation to States Act), 2017.

2.6 Competent Authority

2.6.1 The Appellate Tribunal under SAFEMA

2.6.1.1 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. It hears the appeals files against the orders of Competent Authority under SAFEM/ NDPS Acts, Adjudicating Authority under PMLA, FEMA and Prohibition of Benami Property Transactions Act 1998.

2.6.1.2 The Appellate Tribunal is located at New Delhi. It consists of a Chairman (who is, or has been or is qualified to be a Judge of the Supreme Court or High Court) and 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.

2.6.1.3 During the period 01.01.2018 to 31.12.2018 in total 1027 Appeals (639 in PMLA, 37 in NDPSA, 26 in SAFEMA, 113 in FEMA and 212 in PBPT) were filed and in addition 1813 Miscellaneous petitions (1249 in PMLA, 24 in NDPSA, 80 in SAFEMA, 289 in FEMA and 171 in PBPT) were filed during the said period. Total 364 appeals (126 in PMLA, 12 in NDPSA, 84 in SAFEMA, 93 in FEMA and 49 in PBPT) were disposed during the said period.

2.6.2 Competent Authority under SAFEMA/ NDPS

2.6.2.1 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, 1947, Foreign Exchange Regulation Act, 1974 and the persons detained under the Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974. The Narcotics Drugs and Psychotropic Substances Act, 1985 (NDPSA) provides for tracing, freezing, seizure and forfeiture of illegally acquired property of the persons convicted under that Act or any corresponding law of any foreign country, and those who are detained under the Prevention or Illicit Traffic in Narcotic Drugs and Psychotropic Substances Act, 1988 and Jammu and Kashmir Prevention of Illicit Traffic in Narcotic Drugs and Psychotropic Substances Act, 1988.

2.6.2.2 SAFEM(FOP) Act and NDPS Act 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/NDPS Act.

2.6.2.3 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 of, year-wise, from 2000-01 to 2018-2019 are given in **Annexure 'A'.**

Annexure 'A'

FORFEITURE OF ILLEGALLY ACQUIRED PROPERTY UNDER NDPSA AND SAFEM (FOP)A BY COMPETENT AUTHORITIES

Financial Year	Number of reports received from Enforcement Agencies	Number of Notices for Forfeiture issued and value of Property involved.		Number of Forfeiture Orders issued and value of Property involved.		Value of sale proceeds of Property disposed off (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	45	22	1232.95	19	2.35	778.44 and $443783.19
2017-2018	40	7	77.92	3	39.47	1641.45
2018-2019 (Jan-Dec 2018)	115	50	6425.04	11	226.67	721.44

2.7 Customs, Excise & Service Tax Appellate Tribunal (CESTAT)

2.7.1 Functions/ working of the Organisation

2.7.1.1 The Customs, Excise and Service Tax Appellate Tribunal formerly known as Customs Excise & Gold (Control) Appellate Tribunal) is a quasi-judicial forum hearing appeals filed against the orders passed by the Commissioners of Customs and Central Excise under the Customs Act, 1962 and Central Excise Act, 1944. Service Tax appeals are also now filed before the Tribunal under the Finance Act, 1994. The Tribunal is also having appellate jurisdiction in Anti-dumping matters under the Customs Tariff Act and the special bench headed by the President, CESTAT, hears the appeals against the orders passed by the designated authority of the Ministry of Commerce. The Principal Bench of the Tribunal is situated at Delhi and the regional benches are situated at Mumbai, Kolkata, Chennai, Bangalore and Ahmadabad. For speedy disposal of appeals to the benefit of litigants, the Ministry of Finance, vide notification no. 7/2013 has notified creation of three new benches of the Tribunal at Chandigarh, Allahabad and Hyderabad and three additional Benches one each at Delhi Mumbai and Chennai. The regional benches at Allahabad, Chandigarh and Hyderabad started functioning w.e.f. 1.10.2015, 1.12.2015 and 14.12.2015 respectively.

2.7.1.2 Each Bench of the Tribunal consists of a Judicial Member and a Technical Member. To expedite the disposal of small cases with financial stake up to Rs. 50, 00,000 (Fifty lacs rupees), wherein no question of rate of duty or valuation is involved, single member bench is constituted. The Tribunal is also the final appellate authority hearing appeals from the orders of the Commissioner (Appeals) of Customs, Excise and Service Tax. Appeals from the orders of the Tribunal are filed before the Hon'ble Supreme Court on Classification and Valuation issues.

2.7.1.3 The Tribunal is headed by the President who is a retired Judge of a High Court. There are 16 posts of Members (Judicial) and 16 posts of Members (Technical). At present 8 posts of Technical Members and 3 posts of Judicial Members are lying vacant.

2.7.2 Highlights of the performance and achievements during the year

2.7.2.1 In spite of various constraints including several vacancies of Members and required number of staff, there is consistent disposal of appeals. A sample statement showing institution and disposal of appeals is given below:

Year	Institutions		Disposal	
	Appeals	Stay	Appeal	Stay
From January 2018 to March 2019	**31318**	**1371**	**29857**	**1099**

2.7.2.2 The process of online filing of appeals and online payment of appeal fee is undertaken by NIC. Information is uploaded on the website of the Tribunal for the sake of transparency in administration. The daily orders of the Tribunal are also uploaded besides real time display of item number taken by the bench which is available both in the website and display boards installed in the premises.

2.7.2.3 The whole north eastern region is conveniently placed under the jurisdiction of Kolkata Bench. However, the indirect tax litigation from N.E. region is relatively less.

2.7.2.4 All facilities as required by the Government in respect of weaker sections including differently abled and SC/ST are strictly followed and extended to the eligible candidates/Staff.

2.7.2.5 All facilities are being extended to female employees of this Tribunal as per O.M. No.13018/4/2009-Estt.(L) dated 08/07/2009 of DOPT To redress the grievances of women, a complaint committee under the Chairperson of Hon'ble Rachna Gupta, Member (J), CESTAT, has been constituted. So far, no complaint has been received by the committee.

2.7.2.6 Regarding representation of SC/ ST/ OBC and persons with disabilities in the prescribed proforma - Annexure –I to II is enclosed herewith. Requisitions to the SSC/UPSC for selection of candidates belonging to these categories are sent keeping the reservation policy. Promotion to the higher posts is also done strictly following the reservation policy.

2.7.2.7 The dynamic website of the Tribunal started in January 2017 is fully operational with the help of NIC and is now extended to all eight Regional Benches. Cause lists are uploaded on weekly basis and Daily orders are uploaded on daily basis. Final orders are uploaded as soon as they are signed by the Members. All information concerning the Tribunal are available as required by DOPT OM No.1/6/2011 dated 15/04/2013. The NIC has undertaken the job of online filing of appeal which is first of its kind in a Tribunal. Online payment of appeal fee is also done along with it.

2.7.2.8 The Tribunal is trying to strictly adhere to the provisions of FRBM Act. All expenditures are limited to the budget allocated for the Tribunal. The Members of the Tribunal are being sent on official tour to other benches where there are vacancies. Though they are entitled for travel by Business class flights, the Members are being requested to travel by economy class and stay at the Govt guest houses wherever feasible. In spite of escalation in prices of various items/ services and the function of additional benches, the expenditure is restricted to the granted ceiling. Sincere efforts are being done to control the expenditure with propriety and reasonableness.

2.8 Authority for Advance Ruling Division

2.8.1 Customs & Central Excise Settlement Commission

2.8.1.1 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 adjudication proceedings. It offers a one time opportunity to 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.

2.8.1.2 Highlights of the Performance and achievements of the Commission during the Year is given below:

No. of applications received from April, 2018 to March, 2019	No. of applications disposed from April, 2018 to March, 2019	Duty Settled (Rs. in crores) from April, 2018 to March, 2019
535	490	291.06

2.8.1.3 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	844	174	814	1037.13
2017-18	563	116	488	428.95
2018-19	535	73	417	291.06
Total	**20100**	**3110**	**16749**	**6012.17**

2.8.2 Income Tax Settlement Commission

2.8.2.1 The Income Tax Settlement Commission (ITSC) was set up in pursuance of the recommendations of the Wanchoo Committee (1971) w.e.f. 01.04.1976. It is an Alternate Disputes Resolution (ADR) body within the realm of Direct Taxes for settlement of Income Tax and Wealth Tax cases. The main objective for setting up of this commission was to give a statutory basis for settlement of cases in the interest of revenue. The Settlement Commission was established as a forum of mediation in place of litigation. The aim was to move the conflicting parties to a consensus than subjecting them to adversial procedure inherent in regular administration of justice. This was envisaged as an institution for statutory arbitration.

2.8.2.2 The objective behind this institution is aptly summarized in the off-quoted passage from the report of the Wanchoo Committee as under:

"This, however, does not mean that the door for compromise with an errant tax payer should forever remain closed. In the administration of fiscal laws, whose primary objective is to raise revenue, there has to be room for compromise and settlement. A rigid attitude would not only inhibit a one-time tax evader or an un-intending defaulter from making a clean breast of his affairs, but also unnecessarily strain the investigational resources of the Department in cases of doubtful benefit to revenue, while needlessly proliferating litigation and holding up collections".

2.8.2.3 The Settlement Commission has seven benches as under: -

(i) One Principal Bench and Two Additional Benches at New Delhi.

(ii) Two Additional Bench at Mumbai.

(iii) One Additional Bench at Kolkata.

(iv) One Additional Bench at Chennai.

2.8.2.4 The Commission comprises of Members who are appointed by the Central Government from amongst the persons of integrity and outstanding ability, having special knowledge of and experience in problems relating to the direct taxes and business accounts.

2.8.2.5 Each bench has three Members. The Principal is presided over by the Chairman and each Additional Bench is presided over by Vice Chairman. The Chairman is of the rank of a Secretary to Government of India. The Vice-Chairman and the Members are of the rank of an Additional Secretary to the Government of India. Members of the Commission are appointed from the serving Chief Commissioners of Income Tax or of equivalent rank. The senior most Member of every Bench, other than the Principal Bench is called Vice-Chairman of the respective Bench. 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 Chairman of the Commission.

2.8.2.6 An assessee is required to make an application to the Settlement Commission in the prescribed form to get his case settled. He has to disclose 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. An Application filed before the Commission, if admitted, is required to be disposed of by the Settlement Commission within 18 months from the date of filing of the application. The Commission has wide power of granting immunity from penalty and prosecution under the Income Tax Act, 1961 and Wealth Tax Act, 1957, which in usual course, would involve prolonged litigation between the department and the taxpayer. An order passed by the Commission is final and conclusive. At present the benefit of the Settlement mechanism can be availed by a tax payer only once in life-time, who has made the first application as on or after 1st June, 2007. Further details about the Commission are available on its Website.

2.8.2.7 A statement showing the number of Applications filed 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**
2016-17	1117	541	576	48.4
2017-18	1055	384	670	36.39
2018-19	1073	461	612	42.96

2.8.3 Authority for Advance Rulings

2.8.3.1 With a view to avoiding dispute in respect of assessment of income-tax liability in the case of non-residents (and also specified categories of residents), a Scheme of Advance Ruling has been incorporated in Chapter XIX-B of the Income-tax Act. The Authority for Advance Rulings (AAR) pronounces rulings on the applications of the non-resident/residents and such rulings are binding both on the applicant and the Income-tax department. Thus, the applicant can avoid expensive and time-consuming litigation on any question of law or fact which might arise from normal income-tax assessment proceedings. Similar provisions for obtaining an advance ruling are contained in Chapter V-B in the Customs Act, 1962. The scheme of Advance Rulings allows eligible persons to seek clarity on tax liability before venturing into a particular taxable activity. Pursuant to the Finance Act, 2017, the AAR constituted under Income Tax Act 1961 is acting as AAR for Customs legislations. However, this Authority has been converted into an Appellate Authority for ruling under the Customs Act passed by the new Authority named Customs Authority for Advanced Rulings created under Finance Act, 2018.

2.8.3.2 There are three benches of the Authority – Principal Bench at Delhi having jurisdiction over applicants residing in the Union territory of Delhi and non-residents who do not have offices in India, NCR Bench at Delhi having jurisdiction over northern and eastern states and Mumbai Bench having territorial jurisdiction covering central and southern states.

2.8.3.3 The Authority for Advance Rulings has also been notified vide Notification dated 17-03-2005 (as amended by Notification dated 07-06-2005) as Central Sales Tax Appellate Authority to settle Inter-State disputes falling under Section 6A read with section 9 of the Central Sales Tax Act, 1956. It started functioning as CSTAA w.e.f. 01-03-2006 vide Notification dated 03-02-2006.

2.8.3.4 The vacant post of Chairperson, Principal Bench was filled in July 2018 and the Member (Revenue) joined Principal Bench in the month of November, 2018. Thereafter efforts to dispose the pending cases respect of Income Tax, and CST have been expedited. As regards, NCR Bench AAR, Member (Law) had joined on 04.01.2019 and Member (Revenue) joined the Bench on 01.05.2019. In the Mumbai Bench of AAR, Member (Revenue) has joined the Bench on 01.05.2019. Efforts to fill up the vacant post of Vice-Chairman in the AAR NCR Bench is in process. All these efforts are to ensure speedy disposal of applications in Authority. The pendency position is as per Table 1, 2 & 3: -

Table - 1

PENDENCY POSITION OF IT CASES AS ON 31ST DECEMBER, 2018

Office Name	Financial Year	Opening Balance	Application Received	Total	Disposed of	C/F
Principal Bench + NCR Bench	2018-19	141	25	166	10	156
Mumbai Bench	2018-19	260	3	263	28	235

Table – 2

PENDENCY POSITION OF CST CASES AS ON 31ST DECEMBER, 2018

Financial Year	Opening Balance	Application Received	Total	Disposed of	C/F
2018-19	114	21	158	03	132

Table – 3

PENDENCY LIST OF (CUSTOM, CENTRAL EXCISE & SERVICE TAX) CASES AS ON 31ST DECEMBER, 2018

Financial Year	Opening Balance	Application Received	Total	Disposed Of	C/F
2018-19	47	NIL	47	NIL	47

2.8.4 National Institute of Public Finance and Policy (NIPFP)

2.8.4.1 The NIPFP is a premier research organization for 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"

2.8.4.2 The Governing Body is chaired by an Economist of Eminence and at present Dr. Vijay Kelkar, currently the Chairman of Janwani, Pune, Vice President of Pune International Centre, 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 and representatives of FICCI and ASSOCHAM on the Governing Body. There is an Academic Committee advising the Director.

2.9 Central Economic Intelligence Bureau (CEIB)

2.9.1 Organization and Functions

2.9.1.1 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.

2.9.1.2 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 65 only.

2.9.1.3 In terms of its existing charter, the CEIB functions as

a) The Secretariat for the Economic Intelligence Council (EIC)

b) Coordination between various agencies for coordinating action and repository of economic intelligence (ECOINT) and

c) Administers the COFEPOSA Act 1974 at Central Government Level.

2.9.1.4 As part of its mandate, the CEIB

i) Maintains databases on economic offenders and offences

ii) Acts as a Think Tank and studies and analyses macro level economic activities

iii) Supervises and monitors the functioning of Regional Economic Intelligence Councils (REICs), which are coordinating bodies at the field level and comprise representatives from various Central and State enforcement and investigative agencies dealing with economic offences.

iv) Organizes training programmes in premier training institutions for officers of the Department of Revenue/ Member agencies of REICs.

v) Vets applications under Global Entry Program (GEP)

2.9.2 Major activities undertaken by the Bureau during the financial year 2018-19 are as follows:

2.9.2.1 Head of Agencies (HOA):

The Head of Agencies Committee comprises 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.

2.9.2.2 Group on Economic Intelligence (GEI):

The Group on Economic Intelligence (GEI) mechanism was formed w.e.f. 01.12.2005 in accordance with the directions from Economic Intelligence Council (EIC) during its meeting dated 23.11.2005. The GEI consist of officers representing different agencies and functions as the point for receiving and sharing information.

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.

The following GEI were formed during the Fy 2018-19:

(i) GEI on Economic Frauds and Tax Evasion by use of Fake Invoices:

The issue of commercial frauds/fraudulent input tax credit by use of fake / bogus invoices was taken up by GEI formed under the chairpersonship of DG, CEIB consisting member agencies ED, CBI, DGGI, DRI, DFS, RBI, CBDT, DGFT, FIU, IB, State Tax Delhi & CBIC. The Group met on 11.01.2019 and decisions arrived at are being taken up before the higher authorities for implementation.

(ii) GEI on Trade Based Money Laundering (TBML) through overvaluation in import of diamonds & precious stones:

The issue of Trade Based Money Laundering (TBML) through overvaluation in import of diamonds & precious stones was taken up by GEI formed under the chairpersonship of DG, CEIB consisting member agencies ED, CBI, DGGI, DRI, CBDT, RBI, DFS & FIU. Meeting of the GEI was held on 06.03.2019. The group would finalize its recommendations shortly.

2.9.2.3 Coordinate the functioning of Regional Economic Intelligence Councils (REICs):

The REIC forum meets bimonthly and exchanges information concerning economic offences. The Bureau monitors the performance of all 30 REICs. It also convenes Conferences of the Conveners of the REICs wherein the performance of the REICs is reviewed. The Bureau circulates alerts/circulars/guidelines time and again to the REICs for their effective functioning. The Bureau reviews the performance of all REICs on half yearly basis. In Financial Year 2018-19, total of 153 meetings were conducted across 30 REICs, additional revenue of Rs.124.5 Crores has been realized based on the information exchange in the REICs during 2018-19 and 1093 cases were shared.

Two Video Conferences with all 30 Conveners and the designated members of the respective REICs were organized on 24.04.2018 and 25.02.2019 by the Bureau. They were chaired by the Finance/Revenue Secretary and also attended by the heads of various Agencies, highlighting the concern at the highest levels regarding need to ensure that the REICs regain their effectiveness.

2.9.2.4 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. In pursuance of recommendations of the Public Accounts Committee contained in their Ninety Sixth Report on "Management of Narcotics Substances" to develop a facility whereby an image of illegally cultivated area can be uploaded by anyone, a WhatsApp contact (+919868505002) has been provided by CEIB to receive images of illegally cultivated area from the citizens. Citizens are expected to provide inputs on the issue and also imagery reports / information on opium cultivation on this whatsapp number.

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 where under fourteen Member Agencies can communicate with each other in a secured environment. To expand the SIEN across the nation, integration of SIEN with Intelligence Bureau's MAC is under process.

2.9.2.5 Studies in the Bureau and Reports of Inter-Ministerial Groups:

A. Bank Fraud:

As per DFS mandate, CEIB started receiving bank fraud/FIRs from PSBs in FY 2018-19, which account for more than 90% of such cases. It was felt that not only was the magnitude of the fraud very large but also it had a corrosive effect on a country's economy, government, and social well-being, besides being inequitable for smaller borrowers, farmers, etc. It was also observed that bank frauds may provide lead to other LEAs for detection of offences like evasion of taxes arising out of fraudulent claims of depreciation (on assets not entered in books) or interest claimed on borrowed funds (when in reality, these funds had been diverted for non-business purposes) or sale outside books, manipulation of foreign exchange, siphoning of funds, violations of the Companies Act and culpability of officials etc. To prevent further offences, coordination among the concerned intelligence / investigation agencies is required and the Bureau has taken up the matter with all earnestness. The issue regarding pendency of filing of charge sheets by CBI long after complaint has been registered by the PSBs has been taken up with CVOs of Banks, DFS & CBI.

A 73-page report on "timely detection and prevention of bank frauds" was prepared and submitted to Secretary (R), CVC, NSA, Secretary, DFS, Director CBI and Chairman CBDT. The report analysed 146 cases of frauds reported by banks and discussed various typologies and modus operandi adopted by the offenders.

B. CEIB has an MoU with RBI on sharing of KYC/AML violations (as shared by RBI with FIU) and FEMA violations (as shared with ED). In this regard, it was noticed that that following adoption of risk-based approach to supervision of Scheduled Commercial Banks (SCBs) by RBI, the recording of specific instances of KYC/AML violations had been dispensed with. However, this was against the Second Recommendation of FATF, i.e. member countries should have in place, an institutional arrangement for formulation of AML/CFT policies (considering contemporary risks identified from time to time) and the coordination and implementation thereof. Accordingly, CEIB requested RBI to reconsider the unilateral decision and henceforth include KYC/AML/CFT in their inspections of SCBs. The system of recording individual account details of KYC/AML violations in SCBs, is under review in RBI.

C. CEIB took up with RBI and DFS, the suggestion to make suitable modification of the present policy of allowing international air passengers, personal carriage of unlimited foreign currency, subject to all such currencies at the Red Channel Counter of Customs at all International Indian Airports, as per RBI Notification No. FEMA 6/RB/-2000 dated 03.05.2000 and Para B of Circular No. A.P. (Dir Series) 45/2015-16 dated 04.02.2016. Instances were highlighted from cases available in the bureau to impress upon the fact that free movement of unlimited cash currency, without restrictions, may provide easy tools to facilitate money laundering, terror funding, counterfeiting and other such unlawful activities, besides militating against the true spirit of legislations such as PMLA, UAPA, etc. The matter is under consideration of the DEA.

D. From the inputs received in the Bureau, large number of cases of frauds / irregularities / misutilisation of loan accounts etc including non-observance of proper KYC norms / AML standards and Customs Due Diligence (CDD) by the banks in violation of RBI were noticed. The matter was studied and RBI & DFS were suggested to make necessary amendments in Banking Regulation Act, 1949 (as amended) so to provide for imposition of fiscal penalty as well as fastening criminal liability in deserving cases for non-compliance of KYC norms / AML standards / CDD.

E. 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 were:

i. Information on important offenders.

ii. Dossier Status.

iii. Identification of issues for examination 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, mis-use 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.

2.9.2.6 Meeting of Economic Intelligence Council (EIC):

The EIC comprises 18 Member agencies (CBDT, CBIC, ED, MHA, SEBI, RBI, DEA, Revenue Secretary, DCA, NSCS, CEIB, NCB, DRI, DGGI, Addl. Secretary, DoR, DGFT& FIU). The special invitees in EIC are DG NIA, Dir IB, Dir CBI, DG BSF, Secretary MEA and Secretary RAW. CEIB acts as the Secretariat to the EIC. After a gap of two and a half year, the last meeting of the EIC was held on 15.11.2018. During the meeting (i) the actions taken on the decisions arrived in the previous meetings of EIC and Working Group were reviewed, (ii) the issues pertaining to intelligence gathering and coordination were discussed, (iii) the performance of the REIC's were reviewed, and (iv) appropriate directions were given to improve proper coordination and timely action among the agencies.

2.9.2.7 Some major cases coordinated by the Bureau relate to:

(i) Dissemination of cases culled out from reports received in the Bureau:

(a) An information regarding money laundering by an entity was culled out from the case details shared by DRI and was shared with Directorate of Enforcement (ED). As per the information, the entity was involved in diversion of duty-free imported gold to Domestic Tariff Area (DTA) from SEZ, suspected diversion of bank loans by fraud / cheating and non-realization of export remittance amounting to USD 129,207,970 (Rs.840 crores) for gold jewellery exported. Based on the information shared by the Bureau, ED, Lucknow Zonal Unit has registered a case under PMLA, 2002. The CBI, based on Bureau's information, has requested all members of consortium of lenders, SBI, Bank of Baroda, IDBI Bank, Bank of India to examine the aspect of criminality of the Company, as the loan accounts have not yet been declared fraudulent. Further, the Noida SEZ authority has cancelled the license to operate in SEZ. DFS has been informed of these developments.

(b) In response to an information shared by Bureau regarding illegal transactions of foreign currency by a Mumbai based FFMC company, RBI has initiated action against the company and subsequently cancelled the licenses for violation of KYC / AML guidelines, of the said company and 4 other FFMC companies, found indulging in similar activities. Further, it has been informed by RBI that another 5 FFMCs are also suspected to be involved in diverting foreign exchange to the exporters in a similar manner. Follow up is being done with RBI regarding these

5 FFMCs.

(c) Sharing of an intelligence input regarding evasion of Service Tax by a company who had cheated people through ponzi schemes and instead of repaying the investor's money to the tune of Rs.7500 crore, had siphoned off a large amount of money to sister companies, was coordinated by the Bureau among various agencies. In this case, demand of more than Rs.900 crores has been raised by DGGI against the company. Two Directors of the company have also been arrested by Mumbai Police.

(d) An information regarding cheating over 5000 depositors to the tune of Rs.260 crores by Maharashtra based group was shared with ED, CBI & CBDT.

(e) Inputs regarding (i) Non-deposit of undisputed statutory dues with the appropriate authorities i.e. Income Tax/Service Tax etc. amounting to Rs.3,07,95,121/-, (ii) violations of FEMA, misuse of Global Deposit Receipts and manipulation of share price after issue of GDRs to enable cheap buy back & (iii) misrepresentation of financials and misuse of book of accounts by an entity has been shared with RBI, ED, SEBI, DGCoA, SFIO, DGGI & CBDT for necessary action at their end. As per Auditor's report, the unreported amount is approximately Rs.316 Crores. Later, Bureau received inputs from the Nepalese Embassy regarding unpaid statutory dues owed to Income Tax and VAT authorities in Nepal and shared it with all above agencies and MEA.

(f) Details regarding alleged indulgence of a Telangana based Group of Companies in circular trading of goods without actual transfer of goods, manipulation of turnover to avail bank finance & funds and violation under other statutes had been shared by the Bureau. Further information regarding (i) CBI cases for bank frauds by one of the sister concerns to the tune of Rs. 71.46 Cr (Andhra bank), Rs 133.3 Cr (Central Bank of India) and Rs. 108.5 crores (Corporation Bank) & (ii) operation of shell companies at least 120 numbers by the owner of group was shared with MCA, CBIC, CBDT, DGGI, ED & RBI. MCA has directed its Regional Directorate for investigation under sections 206(4) of the Companies Act, 2013 in respect of one group company and inspection u/s 206(5) of the Companies Act, 2013 in respect of another group company.

(g) Inputs regarding alleged bank loan fraud (PSBs & NBFCs) with collective amount more than Rs. 350 crores by a corporate group and its constituent companies were shared with Department of Financial Services (DFS) and further with SBI, IDBI & Bank of India to take appropriate steps to safeguard the interest of concerned Public Sector Banks in the matter.

(h) An information regarding financial irregularities, defrauding of foreign investors and channelizing money through web of shell companies to personal bank accounts, couching these amounts as receivables in order to obtain further credit and disguise the source of funds by an Indian national, was shared with MCA and R&AW. As per the input, the amount involved is Rs.75 crores which seems to be only a fraction of the total amount defrauded.

(i) An input regarding (i) fraudulent allotment of land worth approximately Rs.3000 crores for a below market consideration of Rs 94.5 crores and (ii) duping of investors by siphoning off approximately Rs.400 crores collected from them to other projects by a Gurugram based amusement park company was shared with ED & SEBI.

(j) Inputs regarding irregularities in opening of saving bank accounts and operation thereof and violations of KYC norms by bank officials of a public sector bank in Karnal were shared with FIU, DFS & RBI. It has been intimated by RBI that inspection of the subject bank highlighted significant KYC deficiencies and poor conduct of transactions in the accounts and RBI is in the process of initiating appropriate action in the matter. RBI has also intimated suspected beneficiaries of the irregular accounts and this has been passed onto the Income Tax Department. The RBI further directed PNB to conduct a comprehensive KYC audit of the branch, which is reported to be under process. The findings of the audit are proposed to be placed before the Audit Committee of PNB Board of Directors, which would then decide the corrective actions, including examination of staff accountability.

(k) An interim demand of more than Rs.2 crores was raised by various Commissionerates of CBIC, based on information shared by the Bureau regarding evasion of Customs duty on import of various brand of beers through Mumbai Port (JNPT) and ICD Tughlakabad, Delhi by an Indian company. As the issue was found having State Tax ramifications, the same has been shared with Delhi & Maharashtra State Tax authorities.

(l) Intelligence regarding financial irregularities relating to evasion of Customs duty to the tune of Rs.751 crores by diversion of duty-free imported goods, outstanding loan to the tune of Rs. 4375 crores and evasion of Service Tax to the tune of Rs.4.23 crores by a

Mumbai based group was shared with Directorate of Revenue Intelligence (DRI), DGFT, ED, REIC Mumbai and DGIT (Inv.) Mumbai.

(m) Inputs regarding (i) evasion of Central Excise duty mainly fraudulent availment of CENVAT credit amounting more than Rs.130 crores & (ii) bank fraud to the tune of Rs.2654 crores (consortium of 11 banks) by a Gujarat based group were shared with DGFT, DGCoA, DGIT, DFS, ED, REIC & DRI.

(n) Subsequent to information shared by the Bureau, Ministry of Home Affairs (FCRA Division), has placed a political party under Red Flag category.

(o) Intelligence regarding financial irregularities, bank fraud & commodity trading by a listed entity was developed and shared by the Bureau with concerned law enforcement agencies and RBI. RBI has placed at least 9 loan accounts with banks in red flag category, the total exposure to consortium being Rs 6606 crores. Later on, it was noticed from the inputs received in the Bureau from LEAs that the company along with other 14 companies was also involved issuing / receiving fake invoices to avail Input Tax Credit fraudulently, thereby causing loss to public exchequer amounting to crores. The matter is being coordinated by the Bureau amongst the concerned agencies.

(p) In a matter of financial irregularities (alleged siphoning off of funds around USD 100 Million in buying companies abroad) by a Kolkata based group, further intelligence was developed and shared with the concerned agencies. The matter is being coordinated by the Bureau.

(q) Intelligence was gathered by the Bureau regarding alleged evasion of Income Tax by violating Place of Effective Management (POEM) regulations by a company which is apparently operating from Singapore but allegedly having POEM in India and is a subsidiary of an Indian company. This company is in the business of Trading of Metal Scrap (Ferrous and Non-Ferrous, Chrome etc.) and all decision making and execution of decisions are controlled from India office only. The turnover of company is USD 100 Million recorded in March 2018. The information was shared with Income Tax Department, Delhi for necessary action.

(r) Bureau coordinated with various LEAs in sharing of information in the matter of financial irregularities by a pan India based group. The flagship companies and promoters of the group were involved in diversion of substantial funds obtained from Banks/Financial Institutions as loan/credit facility through the way of showing huge bogus long term capital gains, wrongful inflation of expenses (capital and revenue). Further it was revealed that such diverted money was ploughed back as share capital in the main companies/fully owned investment companies /non-genuine name lending companies, and a portion was found to be routed to the personal accounts of the promoters as exempt income. Investigation indicated that such diversions were the main reason for the loans to become sticky/bad thus requiring the restructuring and eventually written off by the banks/ financial institutions affecting loss of the public money. Bankers have undertaken the forensic audit of the accounts of the Group companies which is underway. During Investigations approximate amounts of bogus long-term gain and bogus Share capital were estimated at Rs. 1245.6 crore and Rs. 4090 crores respectively. The group was also found to be involved in claiming fraudulent CENVAT Credit based on the fake invoices to the tune of croes.

(s) Inputs received from Customs Currency Declaration Form (CDF) for foreign currency 95000 Euros by one passenger (resident of J&K) was shared with NIA and Intelligence Bureau. In response, it has been informed by IB that the above person is living presently with his uncle, a close associate of a person who was arrested by Special Cell of Delhi Police with Hawala money Rs.55 lakhs and presently absconding and reported to be in Dubai. His uncle was one of the main hawala operators / conduit to be involved in channelizing money to separatists in 1990s in the garb of carpet export business. The information was shared with DRI, NIA, Cab-Sec, DEA, RBI and J&K Police.

(t) Information culled out from an ECIR (Enforcement Directorate) regarding raising, receiving & collecting funds domestically & abroad by separatist leaders through various illegal channels including hawala for funding separatist & terrorist activities in J&K was shard with concerned LEAs.

(u) A bank fraud case of Rs.149.91 crores against one company was shared with DGCoA, REIC Hyderabad, CBDT, ED and CVOs of PSBs. In response, MCA has directed DGCoA to carry out inspection of the company under Section 206 (5) of Companies Act, 2013 and further report is awaited.

(v) Bureau shared an information regarding a corporate fraud of Rs. 3000 cr. wherein the subject company fraudulently in connivance with old business partners foiled the bidding process during dissolution under direction of NCLT and quoted a much less amount than the actual worth of the dissolving company, with Income tax Department, Ministry of Corporate Affairs, ED and Competition Commission of India.

(w) 222 number of bank fraud cases as received from CBI / Banks were studied from the angle of violation of other statutes and accordingly have been shared with CBDT, ED, REIC, DRI & DGCoA etc. Also 564 number of Enforcement Complaint Information Report (ECIR) as received from ED were studied from the angle of violation of other statutes and accordingly have been shared with jurisdictional REICs, DGITs and DGCoA etc.

(ii) During the year, 28 inputs received from LEAs were shared. While the list is exhaustive, few sample cases are as under:

a) A company along with its seven other associate companies was engaged in providing accommodation entries of bogus expenditure to other companies. The beneficiary companies also made huge payment to some Kolkata based companies for alleged contractual jobs mainly supply of soil, rubbish etc. Further, these companies did not do the job directly but sub-contracted the jobs to various other companies. All these companies who had been given sub-contract job, were found to be paper/shell companies. The beneficiary companies deducted tax at source to give a colour of genuineness of the transactions. But the "contractor-companies" did not deduct any tax at source claiming that the transactions were not "contractual" but merely purchase. Bureau had shared the intelligence with MCA which in turn had ordered further investigation in 08 cases.

b) CBDT had shared gist of search on an entity at Nagpur, which resulted in seizure of cash of Rs. 19 Lakhs and jewellery of Rs. 108.15 Lakhs. The search also resulted in unearthing evidences of discrepancy on account of excess production of goods/cables. The quantum of excess production on estimate basis was around Rs. 35 Crores for the period of A.Y. 2012-13 to A.Y. 2018-19. Further, the issue of bogus expenses of around Rs. 20 Crores claimed on account of sales commission and packaging material was also found. As per the report the quantum of undisclosed income was Rs. 42 Crores without taking into account estimated out of books production and sales made by the company. The findings of the report of CBDT were shared with CGST Nagpur.

c) SEBI found that for the F.Y. 2011-12, a manufacturing company registered in Mumbai had netted off Loans and Advances against short term borrowings, against all norms of Accounting Standards, and also transferred borrowed money to companies trading in bullion and for real estate purposes, which amounts to diversion of funds, as it is not related to the core business. FIRs have been filed by the CBI on complaints filed by various banks. The findings were shared with CBDT with the request to direct the AO to examine whether the fact of diversion of borrowed funds for non-business purposes, as per SEBI order and CBI chargesheets in the above case for FY 2011-12 onwards would call for disallowance of interest, not being an expenditure specified u/s 36(1)(iii) of the Income Tax Act.

d) SEBI passed an order restraining a company having head office at Mumbai from collecting money from investors through existing/new schemes. SEBI found that the Company had collected substantial amounts from investors through its various holiday plans. It is suspected that instead of returning of the money to the investors on maturity, a large amount of money was diverted to other companies. SEBI had imposed a four year ban on the Company for illegally raising over Rs.2656 crores in the grab of 'time share' holiday plans. Bureau shared this information with DGP, Maharashtra, CBI and DGCEI. Consequently, EOW Maharashtra has registered a case against Directors of the company and their investigations are in progress. During the investigation, EOW has arrested 2 directors of the company.

e) Inputs were received from SEBI that, being connected group, various entities/individuals had indulged in trade of a particular company in miniscule quantities repeatedly at prices higher than last traded price, resulting in fraudulent manipulation (rise) in the price of the share of the company. Analysis of the findings pointed to generation of huge bogus long-term capital gains by some identified beneficiaries. The information was shared with CBDT for further appropriate action.

2.9.2.8 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 documents 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 information shared by the Bureau, Income Tax Department has raised demand for an amount of Rs. 1377.95 crores and total tax liability comes to Rs.169.41 crores. The CBI has filed charge sheets in 8 cases, which are at various stages of hearing. CEIB continues to monitor and coordinate these cases. Further, additional inputs regarding fraudulent acquisition of Bank of Rajasthan (BoR) by the Group and fraudulent merger of BoR with ICICI bank were developed and shared with RBI, SEBI, CBI and DFS. 6 nos. of FIRs received from CBI against companies of this group were studied and since violations of various statutes were found, these have been shared with the concerned law enforcement agencies and with the concerned REICs.

2.9.2.9 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 reports are being furnished by CEIB as and when such references are received from banks. During the FY 2018-19, 2492 requests (NPA -1537, Fresh Credit/ Renewal – 955) references were replied to.

2.9.2.10 Other Steps taken by Bureau:

(i) **South Asian Regional Intelligence and Coordination Centre on Transnational Organised Crime (SARICC-TOC):** An MoU between India, Bangladesh, Bhutan, Maldives, Nepal and Sri Lanka is in the process for establishing of SARICC-TOC, a regional criminal intelligence sharing platform for South Asia in Colombo. National Coordination Body will be the focal point for exchange of information and coordination with SARICC-TOC, in the nation. Department of Revenue has been requested to appoint CEIB as the National Focal Point in the National Coordination Body for the matters pertaining to Economic Intelligence / Offences.

(ii) It was observed from news report of a national daily that smuggling cartel from Afghanistan, Myanmar and Nigeria are operating in India and Delhi Police in an operation arrested dozens of people and seized 83 Kgs of Heroin valued at Rs.350 crores. Further, modus operandi and valuable inputs were culled out from the information received from BSF and were shared with DRI, NCB, CBN, NIA, DoR and DGPs of Bihar, Assam and Manipur.

(iii) 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 the period comments / inputs for on following were provided by the Bureau:

(a) Inputs sought by the Department of Financial Services on possible misuse of the liberalized remittance scheme (LRS) of RBI;

(b) Member of the Multi-Disciplinary Centre on Economic Intelligence convened by the Election Commission of India for the general elections 2019; An Election Intelligence Cell has been constituted in the Bureau;

(c) Proposal for nominations for Padma Awards – 2018 and 2019 received from Ministry of Home Affairs and processed;

(d) Member agency in Committee on Combating Terror Financing, formed in the Ministry of Home Affairs;

(e) Member of the State level Coordination Committee (SLCC) for economic offences conducted by RBI; (so far, only meetings at New Delhi attended)

(f) A Counter-Terror Financing Cell has been formed in the Bureau.

(g) Membership of Multi-Agency Centre (MAC) sought from IB;

(h) Membership in Multi-Disciplinary Investigation Team sought from NSA.

(iv) Sharing of Intelligence inputs: The Bureau, in its role as a coordinating agency for various Law Enforcement Agencies, receives inputs from public & OSINT (open intelligence) and utilizes such intelligence inputs which involve numerous aspects of economic offences. During the Year 2018-19, the Coordination Section disposed and shared 539 such inputs received from various LEAs/individuals. For sharing the intelligence inputs with various LEAs, a total of 456 letters were sent.

(v) Information Sharing Protocol: On the basis of decision taken in WGIA, an Information sharing Protocol

(ISP) was finalized by CEIB, after circulation of a draft ISP for feedback from LEAs, specifying the information as well as the time-frame within which the LEAs have to mandatorily share the information with CEIB. The same was circulated to the LEAs of the WGIA, Central Vigilance Officers of the public sector banks and Financial Institutions and 35 Director Generals of Police of the States and Union Territories for compliance. After implementation of ISP, the receipt of intelligence inputs has picked up pace. As against a total of 3435 inputs received in Financial Year 2017-18, 14,851 inputs were received in Financial Year 2018-19.

2.9.2.11 National Economic Intelligence Network (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 8500 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 58,000 offence cases, booked by various agencies. The DATA Base of dossier maintained in CEIB has been designed to capture the data subject-wise and stored accordingly which could be instantly retrieved and viewed for the requesting agency. To make the system robust and user-friendly, hardware and operating system has been upgraded.

Member agencies of Secured Information Exchange Network (SIEN) have been provided simultaneous access to National Economic Intelligence Network (NEIN) database for their utilization during investigation/ intelligence development.

2.9.3 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 27.11.2018.

2.9.4 Administration of Conservation of Foreign Exchange and Prevention of Smuggling Activities (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 Wing of the Department functioning under the Central Economic Intelligence Bureau administers this Act. During the year 2018-19, Preventive Detention Orders were passed against 51 persons and 44 persons (including absconders from Detention Orders of previous years) were detained under the COFEPOSA Act.

2.9.5 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. FIU-IND has recently appreciated the inputs available in the CEIB database.

2.9.6 Training on intelligence and relevant areas for DoR:

The Bureau also organizes training programmes in premier training institutions for officers of the Department of Revenue/ Member agencies of REICs. The Bureau has taken up the task of coordinating training programmes with various specialized agencies on different subjects for upgradation of the capacity and skills of the Officers under the Department of Revenue/ Member agencies of REICs. The programmes conducted during the year 2018-2019 are as under:

(1) Legal Aspects & Legal Matters' at National Law University, New Delhi. (2) Banking Operation & Fiscal law Enforcement' at State Bank Institute of Consumer Banking, Hyderabad

(3) Investigating Economic Crime in Securities Market' at National Institute of Securities Markets, Mumbai.

(4) Intelligence Gathering & Intelligence Tradecraft' at Cabinet Secretariat Training Institute, Gurgaon.

(5) Intelligence Gathering & Intelligence Tradecraft' by Intelligence Bureau at National Intelligence Academy, New Delhi.

(6) Trade Based Money Laundering' at State Bank Institute of Consumer Banking, Hyderabad. (Sl. No. 1 & 6 were conducted two times in the F.Y. 2018-19).

2.9.7 Global Entry Program (GEP):

GEP is a US Customs and Border Protection (CBP) program for expedited clearance of travellers arriving at US airports which has been rolled out for India during the last visit of Hon'ble Prime Minister to US and India has becomes only the 11th country whose citizens are eligible to enrol in the program along with Argentina, Colombia, Germany, Mexico, the Netherlands, Panama, the Republic of Korea, Singapore,Switzerland, and the United Kingdom. Before granting GEP membership to any applicant, United States seeks cooperation from our nation in background check of the applicant as the MOU in this regard emphasize the need for vetting process.

In order to complete the vetting process, Ministry of External Affairs (MEA) seeks reports from Ministry of Finance (MOF). ADG (EI), CEIB has been designated as nodal officer on behalf of Ministry of Finance to provide clearance report to MEA. For expedite clearances of GEP applications, a Virtual Private Network (VPN) based online GEP clearance system has been developed which is expanded to zonal offices of some LEAs. The system is a cloud-based system. Through the online system, Bureau has provided clearance report w.r.t. more than 7100 GEP applicants to MEA.

2.10 NATIONAL COMMITTEE FOR PROMOTION OF SOCIAL AND ECONOMIC WELFARE

2.10.1 The Government of India constituted the National Committee for Promotion of Social & Economic Welfare in 1992 for recommending the projects for promotion of sports, social and economic welfare, pollution control, etc. received from Trusts/Institutions, to the Central Government for Notification under Section 35 AC of Income Tax Act, 1961. The funding of the approved projects is through donations on which the donors are entitled to 100% deduction under the Income Tax Law.

2.10.2 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 former Chief Justice of India as Chairman of the Committee and other 13 persons of public eminence, hailing from various walks of life, as Members of the Committee. So far 9 such Committees have been constituted, all headed by a retired Chief Justice of India.

2.10.3 In this context, it may be stated that Section 35AC of IT Act, as amended by the Finance Act, 2016, provides that no deduction under this section shall be allowed in respect of any assessment year on or after 1st April, 2018. Accordingly, the benefit of deduction under Section 35AC of Income tax Act was available only up to previous year ending 31.3.2017 (Assessment year 2017-18) in respect of payment made to association or institution already approved by the National Committee for carrying out any eligible project or scheme and as such no deduction u/s 35AC is available after 31.3.2017 (F.Y.).

2.10.4 The 9th National Committee for Promotion of Social and Economic Welfare was reconstituted vide Notification dated 31st March, 2017 and the extended tenure is till August, 2019.The composition of the Committee is as follows: -

S.No.	Name of the Committee Members	Designation	Place
1.	Justice Mr. R.C. Lahoti, former Chief Justice of India	Chairman	Noida, Uttar Pradesh
2.	Shri Amardeep Singh Cheema	Member	Batala, Punjab
3.	Shri Amiya Kumar Sharma	Member	Guwahati, Assam
4.	Shri Baldev Chowdhary	Member	Lucknow, Uttar Pradesh
5.	Smt. Chetna Sinha	Member	Satara Maharashtra
6.	Shri D.R. Mehta	Member	Jaipur, Rajasthan
7.	Shri Enrico Piperno	Member	Kolkata, West Bengal
8.	Shri Habib A. Fakih	Member	Mumbai, Maharashtra
9.	Prof. Naladi Samuyelu	Member	Guntur, Andhra Pradesh
10.	Dr. Naresh Gupta	Member	New Delhi
11.	Shri Sanjiv Kumar Arora	Member	New Delhi.
12.	Smt. Shameema Raina	Member	Srinagar, J&K.
13.	Smt. Shashikala Vamanan	Member	Chegalpattu, Tamil Nadu.
14.	Shri Vinayak Lohani	Member	Kolkata, West Bengal

2.10.5 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. The projects/schemes of the institutions/ organizations recommended by the National Committee and accepted by the Central Government are notified in the Official Gazette. In cases where the National Committee does not recommend the scheme or project for approval, the decision of the Committee is communicated to the applicants by the Secretariat of the National Committee.

2.11 Directorate of Enforcement

2.11.1 ORGANIZATION AND FUNCTIONS:

2.11.1.1 The Directorate of Enforcement is headed by the Director of Enforcement. The other officers of the Directorate are Principal Special Director, 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.

2.11.1.2 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 19 Zonal Offices and 15 Sub Zonal Offices.

The total sanctioned strength of the Directorate is now 2067, as under:

Post	Sanctioned Strength	In position (as of 31.03.2019)
Executive	1227	743
Ministerial	384	205
Computer Staff/Official Language Staff	55	13
Operational Staff	375	145
Legal Staff	26	09
Total	**2067**	**1115**

(I) Functions of Executive Wing:

The Directorate of Enforcement implements three Acts viz. Foreign Exchange Management Act, 1999 (FEMA), Prevention of Money Laundering Act, 2002 (PMLA) and Fugitive Economic Offenders Act, 2018 (FEOA). 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 offence booked by the concerned Law Enforcement Agency and such proceeds have been laundered. If a prima facie case of money laundering is made out, to attach the property derived from the proceeds of crime.

ix) To file prosecution complaints in the designated PMLA Court for the offence of money laundering under PMLA.

x) To provide and seek mutual legal assistance to/from contracting states in respect of attachment/ confiscation of proceeds of crime as well as in respect of transfer of accused persons under PMLA.

xi) To facilitate international cooperation in Anti-Money Laundering (AML) efforts.

xii) To confiscate properties and assets of economic offenders that evade prosecution by remaining outside the jurisdiction of Indian courts under FEOA, if the total value involved in such offence or offences is one hundred crore rupees or more.

(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.

2.11.2 HIGHLIGHTS OF THE PERFORMANCE AND ACHIEVEMENTS DURING THE YEAR 2018 (1st January-31st December):

(i) During the year, total 2437 cases were disposed of under Foreign Exchange Management Act, 1999 (FEMA) and 295 cases were disposed under Prevention of Money Laundering Act, 2002 (PMLA). The percentage disposal increased from 29% to 36.40% in FEMA and from 25% to 36% in PMLA. Further, 852 Show Cause Notices were issued under FEMA and 721 cases were adjudicated under FERA / FEMA. Total INR 44078.28 lakhs of penalty was imposed under FERA / FEMA and INR 1918.34 lakhs of penalty realized during the year. Under PMLA, total 213 prosecution complaints were filed, 30 persons were arrested, 199 Provisional Attachment Orders (PAO) issued in which assets worth of INR 1521950.43 lakhs were provisionally attached. 187 PAO confirmed during the year in which amount of INR 1191830.68 lakhs was got confirmed.

(ii) Special focus was given to terror financing cases. During the year, proceeds of crime of Rs. 212 crore have been identified and assets of Rs. 59.5 crore were attached under PMLA in the cases of Hafiz Mohd. Saeed, Sayed Salahuddin, Dr. Zakir Naik, Shabir Shah & other terror funding cases of J&K. After completion of investigation, prosecution complaints have been filed in 12 cases and 2 accused have been convicted and sentenced imprisonment of seven years under PMLA. A penalty of Rs. 14.40 lakhs has been levied on Syed Ali Shah Geelani along with confiscation of foreign exchange of USD 10,000 and a penalty of Rs. 62.93 lakhs has been levied on Zahoor Shah Ahmed Watali under FEMA.

(iii) Money laundering by the Naxals operative was another important area of focused investigation. During the year, eight cases have been registered against nine top naxal leaders which included six CPI (Maoists) and three naxal leaders of Jharkhand. The investigation has led to provisional attachment of assets of Rs. 2.85 crore (attachment in three cases have already been confirmed by the Ld. Adjudicating Authority, PMLA) and filing of prosecution complaint in three cases.

(iv) Further, during the 26th Quarterly Conference of Zonal Officers (QCZO) of the Directorate held on 15/02/2019 & 16/02/2019 at New Delhi, Regional Special Director (Northern Region), raised the issue of drug menace and the drug money being linked with terror financing. The direction of Hon'ble Punjab & Haryana High Court was also quoted wherein cases have to be registered under PMLA in all the drug cases; accordingly, total 9800 cases in the Northern Region itself were identified and selected. Also, in light of the recent events in Jammu & Kashmir, it has been felt that the focus on drug cases and drug money linked with Terror Financing should be on war footing. Taking into account the success achieved in the similar initiative taken in the cases of Naxal financing, a Special Task Force headed by the Special Director was formed in Headquarter Office of the Directorate on 20.03.2019. The main objective of Special Task Force is to make focused investigation in the drug cases for tracing and identifying the crime proceeds and to unearth the unholy nexus. The Special Task Force should be able to tackle the cases of drug related money laundering in various States suffering from the menace of drug trafficking. The Special Task Force is to provide better coordination with various Enforcement Agencies in India and abroad targeting the organized drug syndicate.

(v) The details of the performance and achievements of the Directorate during the year 2018 are also attached as per **Annexure 'A'** (in respect of FEMA and FERA) and **Annexure 'B'** (in respect of PMLA). The performance and achievements of the Directorate during period 01.01.2019 to 31.03.2019 are as per **Annexure 'A1'** (in respect of FEMA and FERA) and **Annexure 'B1'** (in respect of PMLA).

2.11.3 PERFORMANCE/ ACHIEVEMENTS UPTO THE LAST YEAR (2017-18):

The performance and achievements of the Directorate during the financial year 2017-18 are as per **Annexure 'C'** (in respect of FEMA and FERA). The performance and achievements of the Directorate during the financial year 2017-18 are as per **Annexure 'D'** (in respect of PMLA).

Comparison in disposal of the cases viz-a-viz the corresponding period of 2017 are as under: -

FEMA	Cases under Investigation									
	Pending at beginning of the year as on		Registered during the year		Disposed of during the year		Pendency as on		Percentage disposal w.r.t. pendency	
	01.01.2018	**01.01.2017**	**2018**	**2017**	**2018**	**2017**	**31.12.2018**	**31.12.2017**	**2018**	**2017**
	6855	4707	2826	3986	2437	1945	6703	6855	36.40	29.00

PMLA	Cases under Investigation									
	Pending at beginning of the year as on		Registered during the year		Disposed of during the year		Pendency as on		Percentage disposal w.r.t. pendency	
	01.01.2018	**01.01.2017**	**2018**	**2017**	**2018**	**2017**	**31.12.2018**	**31.12.2017**	**2018**	**2017**
	1053	1155	152	159	295	261	824	1053	36.00	25.00

FEMA	Cases under Investigation			
	Pending at beginning of the year as on 01.01.2019	**Registered from 01.01.2019 to 31.03.2019**	**Disposed of from 01.01.2019 to 31.03.2019**	**Pendency as on 31.03.2019**
	6703	750	784	6669

PMLA	Cases under Investigation			
	Pending at beginning of the year as on 01.01.2019	**Registered from 01.01.2019 to 31.03.2019**	**Disposed of from 01.01.2019 to 31.03.2019**	**Pendency as on 31.03.2019 Percentage disposal w.r.t. pendency**
	824	50	33	865

2.11.4 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.

2.11.5 GENDER BUDGETING/EMPOWERMENT OF WOMEN:

No fresh case has been reported regarding sexual harassment at work place during the year 2018.

2.11.6 ACTIVITIES UNDERTAKEN FOR DISABILITY SECTOR & SC/ST & OTHER WEAKER SECTIONS OF THE SOCIETY:

The rules framed by the Government and guidelines issued from time to time are adhered to and followed by the Directorate.

2.11.7 OTHER INITIATIVES IN ED

The activities initiated in ED viz. Swachch Bharat Abhiyan, Biometric Attendence System, Vigilance Awareness Week, International Day of Yoga, An MoU signed between Directorate of Enforcement and Gujarat Forensic Science University and NATGRID mentioned in **Annexure 'E'.**

ANNEXURE-A
(FERA & FEMA)

STATISTICAL DATA FROM JAN, 2018 TO DEC, 2018

A	**Searches & Seizures**	**FEMA**			
1.	Searches Conducted	149			
2.	FE seized (Rs. in Lakhs)	510.24			
3.	IC seized (Rs. in Lakhs)	1167.07			
B	**Investigation**	**FEMA**			
1.	Initiated	2826			
2.	Disposed	2437			
3.	Pending	6703			
4.	SCNs issued	852			
C	**Adjudication**	**FERA**		**FEMA**	**TOTAL**
1.	Cases Adjudicated	60	+	661	721
2.	Cases pending Adjudication	113	+	1085	1198
3.	Confiscation of Foreign Exchange (Rs. in Lakhs)	0	+	90.63	90.63
4.	Confiscation of Indian Currency (Rs. in Lakhs)	0	+	628.99	628.99
D	**Penalties**	**FERA**		**FEMA**	**TOTAL**
1.	Imposed (Rs. in Lakhs)	135.17	+	43943.11	44078.28
2.	Realized (Rs. in Lakhs)	206.55	+	1711.79	1918.34
3.	Pending for realization (Rs. in Lakhs)	937727	+	288192	1225919
E	**COFEPOSA**	**FERA**		**FEMA**	**TOTAL**
1.	Orders issued	0	+	4	4
2.	Detained	0	+	3	3
F	**Prosecutions**	**FERA u/s 56**		**FERA u/s 57**	**TOTAL**
1.	Disposal	28	+	207	235
i)	Conviction	13	+	1	14
ii)	Acquittal	6	+	0	6
iii)	Discharge	24	+	232	256
iv)	Withdrawn	0	+	1	1
v)	Otherwise disposed off	1	+	19	20
vi)	Cases reduced	0	+	0	0
2.	Pending	1152	+	664	1816

ANNEXURE-B
(PMLA)

STATISTICAL DATA OF PMLA CASES FROM JAN, 2018 TO DEC, 2018

S. No.	ACTIONS	Total at the end of the month
1.	No. of ECIRs	152
2.	No. of Provisional Attachment Orders issued	199
3.	Value of properties under attachment (in Lacs of Rupees)	1521950.43
4.	No. of PAOs confirmed	187
5.	Value of assets under PAO confirmed by the Adjudicating Authority (in Lacs of Rupees) during the period	1191830.68
6.	No. of Appeals before Tribunal	
	a) Filed by the party	338
	b) Filed by the Directorate	12
	Total	350
7.	No. of persons arrested	30
8.	No. of cases in which Prosecution Complaints filed.	213

ANNEXURE-A1
(FERA & FEMA)

STATISTICAL DATA FROM JAN, 2019 TO MARCH, 2019

A	**Searches & Seizures**	**FEMA**			
1.	Searches Conducted	18			
2.	FE seized (Rs. in Lakhs)	643.89			
3.	IC seized (Rs. in Lakhs)	17.76			
B	**Investigation**	**FEMA**			
1.	Initiated	750			
2.	Disposed	784			
3.	Pending	6669			
4.	SCNs issued	259			
C	**Adjudication**	**FERA**		**FEMA**	**TOTAL**
1.	Cases Adjudicated	10	+	187	197
2.	Cases pending Adjudication	104	+	1118	1222
3.	Confiscation of Foreign Exchange (Rs. in Lakhs)	0	+	10.58	10.58
4.	Confiscation of Indian Currency (Rs. in Lakhs)	0	+	8.35	8.35
D	**Penalties**	**FERA**		**FEMA**	**TOTAL**
1.	Imposed (Rs. in Lakhs)	147	+	160529.85	160676.85
2.	Realized (Rs. in Lakhs)	4.8	+	829.26	834.06
3.	Pending for realization (Rs. in Lakhs)	0	+	0	0
E	**COFEPOSA**	**FERA**		**FEMA**	**TOTAL**
1.	Orders issued	0	+	14	14
2.	Detained	0	+	0	0
F	**Prosecutions**	**FERA u/s 56**		**FERA u/s 57**	**TOTAL**
1.	Disposal	31	+	53	84
i)	Conviction	01	+	01	02
ii)	Acquittal	01	+	00	01
iii)	Discharge	29	+	39	68
iv)	Withdrawn	00	+	00	00
v)	Otherwise disposed off	00	+	13	13
vi)	Cases reduced	00	+	00	00
2.	Pending	1121	+	611	1732

ANNEXURE-B1
(PMLA)

STATISTICAL DATA OF PMLA CASES FROM JAN, 2019 TO MARCH, 2019

S. No.	ACTIONS	Total at the end of the month
1.	No. of ECIRs	50
2.	No. of Provisional Attachment Orders issued	53
3.	Value of properties under attachment (in Lacs of Rupees)	303949.70
4.	No. of PAOs confirmed	43
5.	Value of assets under PAO confirmed by the Adjudicating Authority (in Lacs of Rupees) during the period	218227.44
6.	No. of Appeals before Tribunal	
	a) Filed by the party	398
	b) Filed by the Directorate	4
	Total	402
7.	No. of persons arrested	03
8.	No. of cases in which Prosecution Complaints filed.	20

ANNEXURE-C
(FERA & FEMA)

STATISTICAL DATA FROM JAN., 2017 TO DEC, 2017

A	**Searches & Seizures**	**FEMA**			
1.	Searches Conducted	138			
2.	FE seized (Rs. in Lakhs)	574.97			
3.	IC seized (Rs. in Lakhs)	915.90			
B	**Investigation**	**FEMA**			
1.	Initiated	3986			
2.	Disposed	1945			
3.	Pending	6855			
4.	SCNs issued	689			
C	**Adjudication**	**FERA**		**FEMA**	**TOTAL**
1.	Cases Adjudicated	40	+	1126	1166
2.	Cases pending Adjudication	390	+	1084	1474
3.	Confiscation of Foreign Exchange (Rs. in Lakhs)	0.18	+	221.71	221.89
4.	Confiscation of Indian Currency (Rs. in Lakhs)	34.6	+	553.04	587.64
D	**Penalties**	**FERA**	+	**FEMA**	**TOTAL**
1.	Imposed (Rs. in Lakhs)	1320.44	+	5480.15	6800.59
2.	Realized (Rs. in Lakhs)	224.67	+	1273.38	1498.05
3.	Pending for realization (Rs. in Lakhs)	753466.82	+	117535.99	871002.81
E	**COFEPOSA**	**FERA**	+	**FEMA**	**TOTAL**
1.	Orders issued	0	+	0	0
2.	Detained	0	+	0	0
F	**Prosecutions**	**FERA**			**TOTAL**
1.	Disposal	263			263
i)	Conviction	20			20
ii)	Acquittal	10			10
iii)	Discharge	218			218
iv)	Withdrawn	0			0
v)	Otherwise disposed off	15			15
vi)	Cases reduced	0			0
2.	Pending	2111			2111

ANNEXURE-D
(PMLA)

STATISTICAL DATA OF PMLA CASES FROM JAN, 2017 TO DEC, 2017

S. No.	ACTIONS	Total at the end of the month
1.	No. of ECIRs	159
2.	No. of Provisional Attachment Orders issued	201
3.	Value of properties under attachment (in Lacs of Rupees)	587495.38
4.	No. of PAOs confirmed	181
5.	Value of assets under PAO confirmed by the Adjudicating Authority (in Lacs of Rupees)	1080025.85
6.	No. of Appeals before Tribunal	
	a) Filed by the party	293
	b) Filed by the Directorate	17
	Total	310
7.	No. of persons arrested	43
8.	No. of cases in which Prosecution Complaints filed.	104

Annexure-E

OTHER INITIATIVES IN DIRECTORATE OF ENFORCEMENT:

1. The **Biometric Attendance System** has also been installed in various offices of this Directorate including the Headquarters where it was installed during October, 2014. The same is being continuously monitored for any aberrations from defined inputs/complaints have been lodged in the software and rules and regulations by employees.

2. A **Vigilance Awareness Week** was also organized by the Directorate during 29th October to 3rd November, 2018 to create awareness among staff to check corruption at every level so that a corruption free society could be attained.

3. **International Day of Yoga** was celebrated on 21st June, 2018 by all the offices of this Directorate. All the officers / officials of the Directorate participated with enthusiasm and zeal.

4. **MoU** signed by **Directorate of Enforcement** and **Gujarat Forensic Science University (GFSU)** to deliver technical cooperation between the two agencies. GFSU being the prime Forensic Lab in the country will provide support with regard to technical and procedural aspects of Cyber Labs. They will undertake capacity building exercises at Directorate and will also help us to get 79 A Certification.

5. A **server of NATGRID** has been installed in Head Quarters office which will facilitate all requests to various agencies at online platform itself. The project is still at preliminary stage and server installed at Head Quarter office is to get a "hands on" the server/software installed by NATGRID officials.

2.12 Financial Intelligence Unit – India (FIU-IND)

2.12.1 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.

2.12.2 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 PMLA 2002 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.

2.12.3 Highlights of the Performance/ achievements during 2018-19 (up to March, 2019)

■ **Collection of information: -**

Ö 13504487 Cash Transaction Report (CTRs) received.

- Ö 1013918 Suspicious Transaction Reports (STRs) received.
- Ö 319663 Counterfeit Currency Reports (CCRs) received.
- Ö 649716 NPO Transaction Report (NTRs) received.

- ■ **Analysis and dissemination of information: -**
- Ö 89646 STRs processed.
- Ö 80793 STRs disseminated.

- ■ **Collaboration with domestic Law Enforcement and Intelligence Agencies: -**
- Ö Regular interaction and exchange of information.
- Ö Received 1709 requests for information from intelligence and Law Enforcement Agencies.
- Ö Provided information in 1398 cases requested by the agencies.

- ■ **Regional and global AML/CFT efforts: -**
- Ö 102 requests received from foreign FIUs during 01.01.2018 to 31.03.2019.
- Ö 273 requests sent to foreign FIUs during 01.01.2018 to 31.03.2019.

- ■ **Increasing awareness about money laundering and terrorists financing:**
- Ö 22 Programmes for training REs were conducted in which 967 participants participated.
- Ö 17 Review meetings at FIU-IND were held in which 60 participants participated.
- Ö 28 Training Programmes for training LEAs were conducted in which 803 participants participated.
- Ö 15 meetings with LEAs were conducted in which 568 participants participated.
- Ö 02 days 'Train the Trainers' Programme was organized. First day, it was attended by 290 representatives and second day session for Designated Director was organized which was attended by 28 ED level officers. Besides 04 more sessions, industry wise, were attended by total of 221 senior officers of different reporting entities.

- ■ **Strengthening legislative and regulatory framework:**
- Ö Regular interaction with the Department of Revenue and Regulators.
- Ö Suggestions received from stake holders or through Department of Revenue for amendments to the Prevention of Money Laundering Act, 2002 and the PML (Maintenance of Records) Rules, 2005 were dealt with.
- Ö Participated in proceedings of the AML Steering Committee for evolving Risk based approach and framing of the National ML/TF Risk Assessment.

- ■ **Strengthening IT information:**
- Ö Strengthening of data validation so as to improve the quality of data reported by various reporting entities.
- Ö Introduction of user-friendly features in FInex as per the feedback received from various agencies.
- Ö Appointment of Consultant for designing project FINnet 2.0
- Ö Preparation of RFP and tendering process for FINnet 2.0

2.12.4 IT Information

2.12.4.1 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, related crimes and terrorist financing.

2.12.4.2 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.

2.12.4.3 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.

2.12.4.4 Changes in the legal and operational framework have necessitated the re-assessment of processes and Technology. With this in view FIU-IND has initiated the design of FINnet 2.0. RFP of FINnet 2.0 has been finalized and tendering process commenced and is in progress.

2.12.4.5 Main functionalities envisaged in FINnet 2.0 are as given below:

- ■ **Advanced case analysis capabilities**
  - Ö Advanced Analysis

- Ö Parallel processing of data
- Ö Integration of Open source Intelligence
- Ö Strategic Analysis Module
- Ö Alert Module enhancement
- Ö Machine Learning
  - o Automatic case assignment and review
  - o The processing module to learn from the history of cases analysed and disseminated
  - o Faster case analysis and subsequent dissemination
  - o Algorithms to decode patterns of case analysis in the past and use these insights to accelerate case dissemination.

■ **Expansion of FINnet ecosystem**

- Ö Mobile Application
  - o Secure mobile eco-system for FINnet users
  - o Seamless and real time information sharing between entities
  - o Comprehensive notification Framework (email, mobile, sms)
  - o Automated reporting to FIU
- Ö API Integration

■ **Ensuring Compliance**

- Ö eLearning Module

3. Central Board of Indirect Taxes and Customs

3.1 Organization and functions

Central Board of Indirect Taxes & Customs (CBIC) deals with the tasks of formulation of policy concerning levy and collection of Customs & Central Exise duties and Goods and Service Tax, prevention of smuggling and evasion of duties and all administrative matters relating to Customs, Central Excise and Goods & Service Tax formations. The Board discharges the various tasks assigned to it, with the help of its field formations namely, the Zones of Customs & GST, Commissionerates of Customs & GST 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.

3.1.1 Zones of Customs, GST and Customs (Preventive)

Re-organisation of the field formations in CBEC (now CBIC) in GST regime has been approved by the competent authority for allocation of the revised cadre strength amongst formations on 16.06.2017, the details are furnished below:

Reorganization of the Field Formations:

Sl. No.	Formations	Number
1	No. of GST Zones	21
2	No. of GST Commissionerates	107
3	No. of GST Audit Commissionerates	48
4	No. of GST Appeal Commissionerates	49
5	No. Customs Zones	11
6	No. of Customs / Customs (P) Commissionerates	58
7	No. of Customs Appeal Commissionerate	9
8	No. of Customs Audit Commissionerate	3
9	No. of Directorates General / Directorates	22

(i) Goods & Service Tax Formations: There are 21 integrated Goods & Service Tax Zones, 107 GST Commissionerates and 48 GST Audit Commissionerates.

Following are Goods & Service Tax Zones and Commissionerates:

GST Zones (headed by Principal Chief Commissioner): **Ahmedabad, Bengaluru, Chennai, Delhi, Lucknow, Mumbai, Kolkata.**

GST Zones (headed by Chief Commissioners): **Bhopal, Bhubaneshwar, Chandigarh, Hyderabad, Jaipur, Meerut, Nagpur, Panchkula, Pune, Ranchi, Guwahati, Thiruvananthapuram, Vadodara, Vishakhapatnam.**

GST Commissionerates (headed by Principal Commissioner)**: Chandigarh, Ludhiana, Delhi South, Delhi East, Gurgaon, Lucknow, Meerut, Noida, Vishakhapatnam, Hyderabad, Bengaluru East, Bengaluru West, Thiruvananthapuram, Kochi, Chennai North, Coimbatore, Patna-I, Ranchi, Kolkata North, Bhubaneshwar, Jaipur, Ahmedabad South, Vadodara I, Mumbai East , Mumbai South, Pune I, Nagpur I, Bhopal, Raipur, Guwahati,**

(ii) Customs Formations**: There are Eleven (11) Customs Zones and sixty (60) Customs/ Customs (Preventive) Commissionerates and (9) Customs Appeal Commissionerates and (3) Customs Audit Commissionerates after reorganization and re-allocation vide Ministry's letter F.No. A-11019/15/2017-Ad.IV dated 12.01.2018 and 28.03.2018. They have been assigned the following functions:**

(a) Implementation of the provisions of the Customs Act, 1962 and the allied acts, which includes levy and collection of customs duties and enforcement functions in their earmarked jurisdictions.

(b) Surveillance of coastal and land borders to prevent smuggling activities. Marine and telecommunications wings are available with the Board to assist these Commissionerates in their anti-smuggling work and surveillance of sensitive coastline.

Following are the details of Zones and Commissionerates:

Customs Zones (headed by Principal Chief Commissioner): Mumbai-I,

Customs Zones (headed by Chief Commissioner): Delhi, Mumbai-II, Mumbai-III, Kolkata, Chennai, Bangalore, Delhi Customs (P), Patna Customs (P), Tiruchirapalli Customs (P), Ahmedabad.

Customs Commissionerates (headed by Principal Commissioner): ACC (Import) Delhi, ICD Tughlakabad, Delhi, Delhi Cus.(P), Mumbai General, Nhava Sheva-I, Nhava Sheva-II, Mumbai Airport, Mumbai ACC Import, Mumbai Preventive, Kolkata Port, Kolkata Airport & ACC, Chennai-I Airport, Chennai-III, Chennai VII ACC, Bangalore Airport & ACC, Ahmedabad, Mundra, Hyderabad, NOIDA, Vishakhapatnam.

Customs Commissionerates (headed by Commissioner): Delhi General & Airport, Delhi ACC Export, ICD Tughlakabad Export, ICD Padpadgang & other ICDs, Mumbai Import-I, Mumbai-Import-II, Mumbai Export-I, Nhava Sheva-III, Nhava Sheva-IV, Nhava Sheva-V, Nhava Sheva General, Mumbai Cus.I (Airport), Mumbai Cus.II (APSC), Mumbai Cus. III (ACC Import), Mumbai Cus.IV (ACC- Export), Mumbai Cus.V(General), West Bengal Customs (P), Chennai-II, Chennai-IV, 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, Thiruvananthapuram CH, Thiruvananthapuram Customs (P), Jamnagar Customs (P), Kandla, Shillong Customs (P), Bhubaneshwar Customs (P), Vijaywada Customs (P), Pune, Goa, Indore Cus.(P), Nagpur Cus.(P).

(iii) Strengthening of Audit Set-up in GST and Customs Zones: In the present non-intrusive indirect taxes administration, it was necessary to strengthen audit set-up in the Department in order to plug revenue leakages. Accordingly, 45 dedicated Audit Commissionerates, which are responsible for conducting GST Audit as well as Post-clearance Audit in Customs, have been created.

GST Audit Commissionerates (headed by Commissioner):**Chennai-I, Chennai-II, Delhi-I, Delhi-II, Kolkata-I, Kolkata-II, Durgapur, Vadodara, Surat, Ahmedabad, Rajkot, Bengaluru-I, Bengaluru-II, Mysore, Belgavi, Bhopal, Indore, Raipur, Bhubaneshwar, Chandigarh, Jammu, Ludhiana, Thiruvananthapuram, Coimbatore, Jaipur, Jodhpur, Meerut, Noida, Dehradun, Mumbai –I, Mumbai-II, Mumbai-III, Thane, Raigarh, Nagpur, Nasik, Pune-I, Pune-II, Patna, Ranchi, Shillong, Panchkula, Gurgaon, Lucknow, Kanpur, Visakhapatnam, Hyderabad-I, Hyderabad-II**

CUSTOMS Audit Commissionerates (headed by Commissioner): **Delhi Customs, Mumbai Customs, Chennai Customs.**

(iv) Directorates General / Directorates: The functional requirements of the Department needed strengthening of Directorates, which have pan-India jurisdiction and assist CBIC in policy formulation. Particular emphasis has been placed in the reorganization exercise on strengthening of Directorate General of Service Tax, Directorate General of Revenue Intelligence, Directorate General of Systems & Data Management, Directorate General of GST Intelligence, Directorate General of Vigilance and the National Academy of Customs, Indirect Tax & Narcotics (NACIN).

Following Table encapsulates the reorganization of the field formations:

(v) Appellate and Tax Recovery Machinery: Presently, there are 58 Commissioners of GST & Customs (Appeals). 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.

(vi) Commissioners in CBIC: There are 6 Commissioners of Central Excise & Customs in Central Board of Excise & Customs, who assist the Board in various policy matters. Commissioners in the CBIC are assisted by 4 Addl./ Jt. Commissioners and 22 Dy./ Asst. Commissioners from the sanctioned strength of Directorate General of Personnel Management.

(vii) Commissioners (Adjudication): There are presently 4 posts of Commissioner (Adjudication) (2 each in DGRI and DGCEI) to decide the cases having all-India ramifications and high revenue stakes. These Commissioners will attend to GST as well as Customs cases.

(viii) Attached/ Subordinate Offices: In the performance of administrative and executive functions, the following attached / subordinate offices assist the Board in the reorganized set up:

(A) Directorate General of GST 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, Indirect Tax and Narcotics

(F) Directorate General of Vigilance

(G) Directorate General of Systems & Data Management

(H) Directorate General of Audit

(I) Directorate General of Anti Profiteering

(J) Directorate General of Export Promotion

(K) Directorate General of Goods and Service Tax

(L) Directorate General of Valuation

(M) Directorate General of Analytics and Risk Management

(N) Directorate General of Tax Payer Services

(O) Directorate of Logistics

(P) Directorate of Legal Affairs

(Q) Office of the Chief Commissioner (AR)

(R) Central Revenues Control Laboratory

(S) Directorate of International Customs

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 GST Intelligence

(a) To collect, collate and disseminate intelligence relating to evasion of central excise duties;

(b) To study the price structure, marking patterns and classification of commodities vulnerable to evasion of central excise duties;

(c) To coordinate action with other departments like Income Tax etc. in cases involving evasion of central excise duties;

(d) To investigate cases of evasion of Central excise duties having inter-Commissionerate ramification; and

(e) To advise the Board and the Commissionerates on the modus operandi of evasion of central excise duties and suggest appropriate remedial measures, procedures and practices in order to plug any loopholes.

B. Directorate General of Revenue Intelligence:

(a) To study and disseminate intelligence about smuggling;

(b) To identify the organized gangs of smugglers and areas vulnerable to smuggling, targeting of intelligence against them and their immobilization;

(c) To maintain liaison with the intelligence and enforcement agencies in India and abroad for collection of intelligence and in-depth investigation of important cases having inter-Commissionerate and international ramification;

(d) To alert field formations for interception of suspects and contraband goods assessment of current and likely trends in smuggling;

(e) To advise the Ministry in all matters pertaining to anti-smuggling measures and in formulating or amending laws, procedures and practices in order to plug any loopholes; and,

(f) To attend to such other matters as may be entrusted to the Directorate by the Ministry or the Board for action/ investigation.

C. Directorate General of Performance Management

i. To study the working of the Customs, Central Excise Departmental Machinery throughout the country.

ii. To suggest measures for improvement of its efficiency and rectification of important defects in it through inspection and by laying down procedures for smooth functioning.

iii. To carry out inspection to determine whether the working of the field 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 finalise and implement the strategy for realisation of arrears with the objective of meeting the targets.

D. Directorate General of Human Resource Development

I. HRM Wing:

(a) Cadre Management Division:

a) To devise and design CBIC's Human Resource Management plans in congruence with the goals and vision of the department;

b) To analyse and propose changes in the Recruitment Rules;

c) To prepare a charter of duties for various posts and periodically review the charter;

d) To provide support to CBIC in drawing its annual recruitment plan (ARP) or direct recruitment;

e) To support CBIC 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 CBIC 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 CBIC for further action;

j) To provide support to in its Cadre Review and Restructuring exercise for the department in the context of changing economic scenario and needs;

k) To assist the CBIC 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 CBIC in bringing about uniformity/ homogeneity in the administrative practices followed by field formations across the country.

(b) Performance Management Division:

a) To develop an effective Management Information System (MIS) and Performance Management System (PMS) for capturing and assessing individual performances;

b) To develop performance indicators for the organization at the group and individual levels based on objective goal setting, taking into account manpower and infrastructural limitations;

c) To design a scientific appraisal system and a scheme for performance measurement, etc.;

d) To coordinate receipt of annual performance appraisals;

e) To link rewards with performance and design an appropriate reward policy;

f) To liaison with "external consultants" for developing a suitable system to track, support and monitor individual performance and maintain accountability, and

g) To review formats for annual performance appraisal (APAR) for all cadres and suggest meaningful changes to it from time to time;

(c) Capacity Building and Strategic Vision Division:

a) To identify training needs for officers at all levels and create a training needs inventory;

b) To disseminate information regarding HRD issues among officers and staff;

c) To coordinate in-service training programmes in consultation with DG, NACEN for officers and staff of the department at various service intervals (e.g. 6-9 years of service, 10-16, 17-19 and 20-30 years of service) in consultation with training institutions within and outside the country;

d) To assist the Ministry in development of viable models of 'Training Needs Analysis', 'Designs for Training' etc, and nominate 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 CBIC 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 CBIC;

h) To form a Strategic Vision Group through inclusion of retired officers and outside experts on the subject;

i) To forecast future developments and suggest changes in the organization, personnel management and procedure to be able to respond to them; and

j) To assist the Ministry in processing the requests of the officers and staff for training programmes under the Domestic Funding Scheme of the Government of India.

II. Infrastructure & Welfare Wing:

(d) Infrastructure Division:

a) To function as 'nodal authority' for examination and processing of all infrastructure proposals received directly by the Division from field formations and forward them along with its recommendations to the CBIC/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 CBIC 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 CBIC;

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 CBIC and its field formations by communicating the observations/ queries/ approvals/sanctions of the Ministry on the submitted proposals to the field formations.

(e) Welfare Division:

a) To identify and recommend welfare measures to the CBIC;

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 CBIC 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, CBIC 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, Indirect Tax and Narcotics

(a) To impart training to direct recruits and to arrange refresher courses for departmental officers.

(b) To assist in formulation of training policies and to implement the policies approved by the Board by devising schemes and syllabi of studies for training of direct recruits and departmental officers; and,

(c) To arrange study tours of Customs and excise officers from neighboring countries under United Nations Development Programme.

F. Directorate General of Vigilance

(a) To monitor the vigilance cases against the officers of Customs and Central Excise formations;

(b) To maintain proper surveillance on the officials of doubtful integrity; and,

(c) To maintain close liaison with the Central Bureau of Investigation, Directorate General of Revenue Intelligence and vigilance and anti-corruption in order to ensure that the programmes on vigilance and anti-corruption are implemented in all Commissionerates of customs, central excise and narcotics formations.

G. Directorate General of Systems and Data Management

(a) Directorate of Systems

To look after all aspects of the implantation of customs, central excise and service tax computerization projects including acquisition of hardware, development and maintenance of software, training of personnel and monitoring of expenditure budget on computerization at the central and field levels.

(b) Directorate of Data management

(i) To collect and consolidate data and statistics pertaining to realization of revenue from indirect taxes and advise the Ministry and the Board in forecasting budget estimates; and

(ii) To collect statistics for compilation of statistical bulletins and statistical yearbook in respect of revenue, arrears, seizures, court cases etc. pertaining to indirect taxes.

H. Directorate 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 Anti Profiteering

(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 Analytics and Risk Management

The Directorate General of Analytics and Risk Management (DGARM) has been created in July 2017 as an attached office of CBIC. It's an Apex body of CBIC for data analytics and risk management. The DGARM will utilize internal and external data sources for detailed data mining and analysis to generate outputs for focused and targeted action by field formations and investigation wings of CBIC. Its main functions are as under:

1. Business Intelligence & Analytics (CBIA)

- Responsible for identification of different information requirement of CBIC
- Nodal Agency for identifying sources of data to strength Analytics @ CBIC
- Responsible for providing analytical input to support targeting and risk management functions of National Training Centre, Risk Management Centre for GST & Targeted Enforcement, Risk Management Centre for Customs
- To incorporate advancement in the area of Analytics

2. Risk Management Center for GST

- To develop appropriate risk management development tools & techniques
- To institutionalize mechanism to collect necessary inputs& share the outcome for risk-based identification for scrutiny/ audit & enforcement functions

3. Risk Management Center for Customs

- Responsible for application of nationally coordinated approach to Risk Analysis, Assessment & Risky cargo crossing the borders through sea, air & land
- Overall responsibility of management of the Risk Management System
- Identify, develop & maintain risk parameters in relating to trade commodities & all stakeholders in global supply chain

4. National Targeting Centre

- Responsible for application of nationally coordinated approach to Risk Analysis, Assessment & Risky goods & passengers crossing the borders of the country
- 24 X 7 Operational Risk Interdiction supports to CBIC.

N. Directorate General of Tax Payer Services

· The terms of reference of the newly formed directorate is as follows:

(I) **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 CBIC 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 analysing 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

(II) 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 CBIC 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 handouts, 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 CBIC

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.

O. 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.

P. 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.

Q. 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.

R. Central Revenues Chemical Laboratory

To analyse 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 good.

S. Directorate of International Customs

The Directorate of International Customs is to assist CBIC in the following areas of work:

(i) International Cooperation, foreign delegations and visits abroad

(ii) Authorized Economic Operator Programme

(iii) Secretarial Assistance to National Committee on Trade Facilitation

(iv) Policy support in matters relating to Customs Tariff, IGST, Post Clearance Audit including Onsite Post clearance Audit and drafting of various Rules and Regulations under Customs Act.

Indirect Tax Revenue: FY 2018-19

In Rs. Crore

Indirect Tax	Actuals 2018-19 (Provisional)
Customs	130,211
Central Excise	232,008
Service Tax [arrears]	6,997
Sub-total (Non-GST)	**369,216**
CGST	457,532
IGST	17,257
GST-Compensation Cess	94,678
Sub-total (GST)	**569,467**
Grand Total (GST+Non-GST)	**938,683**

3.2 GST: CONCEPT AND STATUS

3.2.1 Introduction:

Whether it was uniformity of taxation and consequent free interior trade or possession of 'the jewel in the crown' at the root of prosperity of Britain is debatable, nonetheless the words of father of modern economics on the benefits of uniformity of system of taxation cannot be taken too lightly. Before implementation of Goods and Service Tax (GST), Indian taxation system was a farrago of central, state and local area levies. By subsuming more than a score of taxes under GST, road to a harmonized system of indirect tax has been paved making India an economic union.

3.2.2 CONSTITUTIONAL SCHEME OF INDIRECT TAXATION IN INDIA BEFORE GST:

3.2.2.1 Article 265 of the Constitution of India provides that no tax shall be levied or collected except by authority of law. As per Article 246 of the Constitution, Parliament has exclusive powers to make laws in respect of matters given in Union List (List I of the Seventh Schedule) and State Government has the exclusive jurisdiction to legislate on the matters containing in State List (List II of the Seventh Schedule). In respect of the matters contained in Concurrent List (List III of the Seventh Schedule), both the Central Government and State Governments have concurrent powers to legislate.

3.2.2.2 Before advent of GST, the most important sources of indirect tax revenue for the Union were customs duty (entry 83 of Union List), central excise duty (entry 84 of Union List), and service tax (entry 97 of Union List). Although entry 92C was inserted in the Union List of the Seventh Schedule of the Constitution by the Constitution (Eighty-eighth Amendment) Act, 2003 for levy of taxes on services, it was not notified. So tax on services were continued to be levied under the residual entry, i.e. entry 97, of the Union List till GST came into force. The Union also levied tax called Central Sales

Tax (CST) on inter-State sale and purchase of goods and on inter-State consignments of goods by virtue of entry 92A and 92B respectively. CST however is assigned to the State of origin, as per Central Sales Tax Act, 1956 made under Article 269 of the Constitution.

3.2.2.3 On the State side, the most important sources of tax revenue were tax on sale and purchase (entry 54 of the State List), excise duty on alcoholic liquors, opium and narcotics (entry 51 of the State List), Taxes on luxuries, entertainments, amusements, betting and gambling (entry 62 of the State List), octroi or entry tax (entry 52 of the State List) and electricity tax (entry 53 of the State List). CST was also an important source of revenue though the same was levied by the Union.

3.2.3 HISTORICAL EVOLUTION OF INDIRECT TAXATION IN POST-INDEPENDENCE INDIA TILL GST:

3.2.3.1 In post-Independence period, central excise duty was levied on a few commodities which were in the nature of raw materials and intermediate inputs, and consumer goods were outside the net by and large. The first set of reform was suggested by the Taxation Enquiry Commission (1953-54) under the chairmanship of Dr. John Matthai. The Commission recommended that sales tax should be used specifically by the States as a source of revenue with Union governments' intervention allowed generally only in case of inter-State sales. It also recommended levy of a tax on inter-State sales subject to a ceiling of 1%, which the States would administer and also retain the revenue.

3.2.3.2 The power to levy tax on sale and purchase of goods in the course of inter-State trade and commerce was assigned to the Union by the Constitution (Sixth Amendment) Act, 1956. By mid-1970s, central excise duty was extended to most manufactured goods. Central excise duty was levied on unit, called specific duty, and on value, called ad valorem duty. The number of rates was too many with no offsetting of taxes paid on inputs leading to significant cascading and classification disputes.

3.2.3.3 The Indirect Taxation Enquiry Committee constituted in 1976 under Shri LK Jha recommended, *inter alia*, converting specific rates into *ad valorem* rates, rate consolidation and input tax credit mechanism of value added tax at manufacturing level (MANVAT). In 1986, the recommendation of the Jha Committee on moving on to value added tax in manufacturing was partially implemented. This was called modified value added tax (MODVAT). In principle, duty was payable on value addition but in the beginning, it was limited to select inputs and manufactured goods only with one-to-one correlation between input and manufactured goods for eligibility to take input tax credit. The comprehensive coverage of MODVAT was achieved by 1996-97.

3.2.3.4 The next wave of reform in indirect tax sphere came with the New Economic Policy of 1991. The Tax Reforms Committee under the chairmanship of Prof. Raja J Chelliah was appointed in 1991. This Committee recommended broadening of the tax base by taxing services and pruning exemptions, consolidation and lowering of rates, extension of MODVAT on all inputs including capital goods. It suggested that reform of tax structure must have to be accompanied by a reform of tax administration, if complete benefits were to be derived from the tax reforms. Many of the recommendations of the Chelliah Committee were implemented. In 1999-2000, tax rates were merged in three rates, with additional rates on a few luxury goods. In 2000-01, three rates were merged into one rate called Central Value Added Tax (CENVAT). A few commodities were subjected to special excise duty.

3.2.3.5 Taxation of services by the Union was introduced in 1994 bringing in its ambit only three services, namely general insurance, telecommunication and stock broking. Gradually, more and more services were brought into the fold. Over the next decade, more and more services were brought under the tax net. In 1994, tax rate on three services was 5% which gradually increased and in 2017 it was 15% (including cess). Before 2012, services were taxed under a 'positive list' approach. This approach was prone to 'tax avoidance'. In 2012 budget, negative list approach was adopted where 17 services were out of taxation net and all other services were subject to tax. In 2004, the input tax credit scheme for CENVAT and Service Tax was merged to permit cross utilization of credits across these taxes.

3.2.3.6 Before state level VAT was introduced by States in the first half of the first decade of this century, sales tax was levied in States since independence. Sales tax was plagued by some serious flaws. It was levied by States in an uncoordinated manner the consequences of which were different rates of sales tax on different commodities in different States. Rates of sales tax were more than ten in some States and these varied for the same commodity in different States. Inter-state sales were subjected to levy of Central Sales Tax. As this tax was appropriated by the exporting State credit was not allowed by the dealer in the importing State. This resulted into exportation of tax from richer to poorer states and also cascading of taxes. Interestingly, States had power of taxation over services from the very beginning. States levied tax on advertisements, luxuries, entertainments, amusements, betting and gambling.

3.2.3.7 A report titled "Reform of Domestic Trade Taxes in India", on reforming indirect taxes, especially State sales tax, by National Institute of Public Finance and Policy under the leadership of Dr. Amaresh Bagchi, was prepared in 1994. This Report prepared the ground for implementation of VAT in States. Some of the key recommendations were; replacing sales tax by VAT by moving over to a multistage system of taxation; allowing input tax credits for all inputs, including on machinery and equipment; harmonization and rationalization of tax rates across States with two or three rates within specified bands; pruning of exemptions and concessions except for a basic threshold limit and items like unprocessed food; zero rating of exports, inter-State sales and consignment transfers to registered dealers; taxing inter-State sales to non-registered persons as local sales; modernization of tax administration, computerization of operations and simplification of forms and procedures.

3.2.3.8 The first preliminary discussion on transition from sales tax regime to VAT regime took place in a meeting of Chief Ministers convened by the Union Finance Minister in 1995. A standing Committee of State Finance Ministers was constituted, as a result of meeting of the Union Finance Ministers and Chief Ministers in November, 1999, to deliberate on the design of VAT which was later made the Empowered Committee of State Finance Ministers (EC). Haryana was the first State to implement VAT, in 2003. In 2005, VAT was implemented in most of the states. Uttar Pradesh was the last State to implement VAT, from 1st January, 2008.

3.2.4 INTERNATIONAL PERSPECTIVES ON GST / VAT:

3.2.4.1 VAT and GST are used inter-changeably as the latter denotes comprehensiveness of VAT by coverage of goods and services. France was the first country to implement VAT, in 1954. Presently, more than 160 countries have implemented GST/VAT in some form or the other. The most popular form of VAT is where taxes paid on inputs are allowed to be adjusted in the liability at the output. The VAT or GST regime in practice varies from one country to another in terms of its technical aspects like 'definition of supply', 'extent of coverage of goods and services', 'treatment of exemptions and zero rating' etc. However, at a broader level, it has one common principle, it is a destination-based consumption tax. From economic point of view, VAT is considered to be a superior system over sales tax of taxing consumption because the former is neutral in allocation of resources as it taxes value addition. Besides, there are certain distinct advantages of VAT. It is less cascading making the taxation system transparent and anti-inflationary. From revenue point of view, VAT leads to greater compliance because of creation of transaction trails.

3.2.4.2 When compared globally, VAT structures are either overly centralized where tax is levied and administered by the Central government (Germany, Switzerland, Austria), or dual GST structure wherein both Centre and States administer tax independently (Canada)or with some co-ordination between the national and sub-national entities (Brazil, Russia). While a centralized structure reduces fiscal autonomy for the States, a decentralized structure enhances compliance burden for the taxpayers. Canada is a federal country with unique model of taxation in which certain provinces have joined federal GST and others have not. Provinces which administer their taxes separately are called 'non-participating provinces', whereas provinces which have teamed up with the Federal Government for tax administration are called 'participating provinces'.

3.2.4.3 The rate of GST varies across countries. While Malaysia has a lower rate of 6% (Malaysia though scrapped GST in 2018 due to popular uproar against it), Hungary has one of the highest rates of 27%. Australia levies GST at the rate of 10% whereas Canada has multiple rate slabs. The average rate of VAT across the EU is around 19.5%.

3.2.5 NEED FOR GST IN INDIA:

3.2.5.1 The introduction of CENVAT removed to a great extent cascading burden by expanding the coverage of credit for all inputs, including capital goods. CENVAT scheme later also allowed credit of services and the basket of inputs, capital goods and input services could be used for payment of both central excise duty and service tax. Similarly, the introduction of VAT in the States has removed the cascading effect by giving set-off for tax paid on inputs as well as tax paid on previous purchases and has again been an improvement over the previous sales tax regime.

3.2.5.2 But both the CENVAT and the State VAT have certain incompleteness. The incompleteness in CENVAT is that it has yet not been extended to include chain of value addition in the distributive trade below the stage of production. Similarly, in the State-level VAT, CENVAT load on the goods has not yet been removed and the cascading effect of that part of tax burden has remained unrelieved. Moreover, there are several taxes in the States, such as, Luxury Tax, Entertainment Tax, etc. which have still not been subsumed in the VAT. Further, there has also not been any integration of VAT on goods with tax on services at the State level with removal of cascading effect of service tax.

3.2.5.3 CST was another source of distortion in terms of its cascading nature. It was also against one of the basic principles of consumption taxes that tax should accrue to the jurisdiction where consumption takes place. Despite remarkable harmonization in VAT regimes under the auspices of the EC, the national market was fragmented with too many obstacles in free movement of goods necessitated by procedural requirement under VAT and CST.

3.2.5.4 In the constitutional scheme, taxation powers on goods was with Central Government but it was limited up to the stage of manufacture and production while States have powers to tax sale and purchase of goods. Centre had powers to tax services and States also had powers to tax certain services specified in clause (29A) of Article 366 of the Constitution. This sort of division of taxing powers created a grey zone which led to legal disputes. Determination of what constitutes a goods or service is difficult because in modern complex system of production, a product is normally a mixture of goods and services.

3.2.5.5 As can be seen from the previous paragraphs, India moved towards value added taxation both at Central and State level, and this process was completed by 2005. Integration of Central VAT and State VAT therefore is nothing but an inevitable consequence of the reform process. The Constitution of India envisages a federal nature of power bestowed upon both Union and States in the Constitution itself. As a natural corollary of this, any unification of the taxation system required a dual GST, levied and collected both by the Union and the States.

3.2.6 GST: A HISTORICAL PERSPECTIVE:

3.2.6.1 The Kelkar Task Force on Fiscal Responsibility and Budget Management (FRBM) recommended in 2005 introduction of a comprehensive tax on all goods and service replacing Central level VAT and State level VATs. It recommended replacing all indirect taxes except the customs duty with value added tax on all goods and services with complete set off in all stages of making of a product.

3.2.6.2 In the year 2000, the then Prime Minister introduced the concept of GST and set up a committee to design a GST model for the country. In 2003, the Central Government formed a taskforce on Fiscal Responsibility and Budget Management, which in 2004 recommended GST to replace the existing tax regime by introducing a comprehensive tax on all goods and services replacing Central level VAT and State level VATs. It recommended replacing all indirect taxes except the customs duty with value added tax on all goods and services with complete set off in all stages of the value chain. An announcement was made by the then Union Finance Minister in Budget (2006-07) to the effect that GST would be introduced with effect from April 1, 2010 and that the EC, on his request, would work with the Central Government to prepare a road map for introduction of GST in India. After this announcement, the EC decided to set up a Joint Working Group in May 10, 2007, with the then Adviser to the Union Finance Minister and Member-Secretary of the Empowered Committee as its Co-conveners and four Joint Secretaries of the Department of Revenue of Union Finance Ministry and all Finance Secretaries of the States as its members. This Joint Working Group got itself divided into three Sub-Groups and had several rounds of internal discussions as well as interaction with experts and representatives of Chambers of Commerce & Industry. On the basis of these discussions and interaction, the Sub-Groups submitted their reports which were then integrated and consolidated into the report of Joint Working Group (November 19, 2007).

3.2.6.3 This report was discussed in detail in the meeting of the EC on November 28, 2007, and the States were also requested to communicate their observations on the report in writing. On the basis of these discussions in the EC and the written observations, certain modifications were considered necessary and were discussed with the Co-conveners and the representatives of the Department of Revenue of Union Finance Ministry. With the modifications duly made, a final version of the views of EC on the model and road map for the GST was prepared (April 30, 2008). These views of EC were then sent to the Government of India, and the comments of Government of India were received on December 12, 2008. These comments were duly considered by the EC (December 16, 2008), and it was decided that a Committee of Principal Secretaries/Secretaries of Finance/Taxation and Commissioners of Trade Taxes of the States would be set up to consider these comments, and submit their views. These views were submitted and were accepted in principle by the EC (January 21, 2009). Based on discussions within the EC and between the EC and the Central Government, the EC released its First Discussion Paper (FDP) on GST in November, 2009. This spelled out the features of the proposed GST and has formed the basis for discussion between the Centre and the States.

3.2.7 CHALLENGES IN DESIGNING GST:

3.2.7.1 In the discussion that preceded amendment in the Constitution for GST, there were a number of thorny issues that required resolution and agreement between Central Government and State Governments. Implementing a tax reform as vast as GST in a diverse country like India required the reconciliation of interests of various States with that of the Centre. Some of the challenging issues, addressed in the run up to GST, were the following:

3.2.7.2 Origin-based versus Destination-based taxation: GST is a destination-based consumption tax. Under destination-based taxation, tax accrues to the destination place where consumption of the goods or services takes place. The existing VAT regime was based on origin principle where Central Sales Tax was assigned to the State of origin where production or sale happened and not to the State where consumption happened. Many manufacturing States expressed concerns over the loss of revenue on account of shift from origin-based taxation to destination-based taxation.

3.2.7.2.1 An argument put forward on behalf of producing states in support of origin-based taxation is that they need to collect at least some tax from inter-State sales in order to recover the cost of infrastructure and public services provided by the State Governments to the industries producing the goods which are consumed in other states. This line of reasoning is based on the assumption that in the absence of a tax on inter-State sales, the location of export industries within their jurisdiction would not contribute to the tax revenues of the exporting state. This view was missing the fact that any value addition in a jurisdiction necessarily means extra income in the hands of the residents of that jurisdiction. Spending of this income on consumer goods expands the sales tax base of the producing states and thereby contributes to their revenues. In fact, to the extent that consumer expenditures are dependent on the level of income of the residents of a State, it is the producing States that stand to gain the most in additional sales tax revenues (even under the destination basis of consumption taxes) from increased export output.

3.2.7.3 Rate Structure and Compensation: There was uncertainty about gains in revenue after implementation of GST. Though attempts were made to estimate a revenue neutral rate, nonetheless it remains an estimate only. It was difficult to estimate accurately as to how much the States will gain from tax on services and how much they will lose on account of removal of cascading effect and phasing out of CST. In view of this, States asked for compensation during the first five years of implementation of GST.

3.2.7.3.1 A Committee headed by the Chief Economic Adviser Dr. Arvind Subramanian on possible tax rates under GST suggested RNR (Revenue Neutral Rate). The term RNR refers to that single rate, which preserves revenue at desired (current) levels. This would differ from the standard rate, which is the rate that would apply to a majority of goods and services. In practice, there will be a structure of rates, but for the sake of analytical clarity and precision it is appropriate to think of the RNR as a single rate. It is a given single rate that gets converted into a whole rate structure, depending on policy choices about exemptions, what commodities to charge at a lower rate and what to charge at a very high rate.

3.2.7.3.2 The Committee recommended RNR of 15-15.5% (to be levied by the Centre and States combined). The lower rates (to be applied to certain goods consumed by the poor) should be 12%. Further, the sin or demerit rates (to be applied on luxury cars, aerated beverages, pan masala, and tobacco) should be 40%.

3.2.7.4 Dispute Settlement: A harmonized system of taxation necessarily required that all stakeholders stick to the decisions taken by the supreme body, which was later constituted as the Goods and Services Tax Council (the Council). However, the possibility of departure from the recommendations of such body cannot be completely ruled out. Any departure would definitely affect other stakeholders and in such circumstances, there must be a statutory body to which affected parties may approach for dispute resolution. The nature of such dispute resolution body was a bone of contention. Under the Constitution (One Hundred Fifteenth Amendment) Bill, 2011, a Goods and Services Tax Dispute Settlement Authority was to be constituted for this purpose. This body was judicial in nature. The proposed constitution of this Authority was challenged because it's powers would override the supremacy of the Parliament and the State Legislatures. The Constitution (One Hundred Twenty Second Amendment) Bill, 2014 departed from the previous GST amendment bill and proposed that the Goods and Services Tax Council may decide about the modalities to resolve disputes arising out of its recommendations.

3.2.7.5 Alcohol and Petroleum products: Alcoholic liquor for human consumption and petroleum products are major contributor to revenue of States. As States were uncertain about impact of GST on their finances and moreover loss of autonomy in collection of tax revenue, States unanimously argued for exclusion of these products from the ambit of GST. In the 115th Amendment Bill alcoholic liquor for human consumption and five petroleum products namely crude petroleum, high speed diesel, motor spirit or petrol, aviation turbine fuel and natural gas were kept out of GST. But in the 122nd Amendment Bill, only alcoholic liquor for human consumption was kept outside GST and above mentioned five petroleum products were proposed to be brought under GST from a date to be recommended by the Council. The Central Government has also retained its power to tax tobacco and tobacco products, though these are also under GST. Thus, to ensure smooth transition and provide fiscal buffer to States, it was agreed to keep alcohol completely out of the ambit of GST.

3.2.8 CONSTITUTIONAL AMENDMENT:

3.2.8.1 As explained above, unification of Central VAT and State VAT was possible in form of a dual levy under the constitutional scheme. Power of taxation is assigned to either Union or States subject-wise under Schedule VII of the Constitution. While the Centre is empowered to tax goods up to the production or manufacturing stage, the States have the power to tax goods at distribution stage. The Union can tax services using residuary powers but States could not. Under a unified Goods and Services Tax scheme, both should have power to tax the complete supply chain from production to distribution, and both goods and services. The scheme of the Constitution did not provide for any concurrent taxing powers to the Union as well as the States and for the purpose of introducing goods and services tax amendment of the Constitution conferring simultaneous power on Parliament as well as the State Legislatures to make laws for levying goods and services tax on every transaction of supply of goods or services was necessary.

3.2.8.2 The Constitution (115th Amendment) Bill, 2011, in relation to the introduction of GST, was introduced in the Lok Sabha on 11th March, 2011. The Bill was referred to the Standing Committee on Finance on 29th March, 2011. The Standing Committee submitted its report on the Bill in August, 2013. However, the Bill, which was pending in the Lok Sabha, lapsed with the dissolution of the 15th Lok Sabha.

3.2.8.3 The Constitution (122nd Amendment) Bill, 2014 was introduced in the 16th Lok Sabha on 19th December, 2014. The Constitution Amendment Bill was passed by the Lok Sabha in May, 2015. The Bill was referred to the Select Committee of Rajya Sabha on 12th May, 2015. The Select Committee submitted its Report on the Bill on 22nd July, 2015. The Bill with certain amendments was finally passed in the Rajya Sabha and thereafter by Lok Sabha in August, 2016. Further the bill was ratified by required number of States and received assent of the President on 8th September, 2016 and has since been enacted as Constitution (101st Amendment) Act, 2016 w.e.f. 16th September, 2016.

3.2.8.4 The important changes introduced in the Constitution by the 101st Amendment Act are the following:

a) Insertion of new article 246A which makes enabling provisions for the Union and States with respect to the GST legislation. It further specifies that Parliament has exclusive power to make laws with respect to GST on inter-State supplies.

b) Article 268A of the Constitution has been omitted. The said article empowered the Government of India to levy taxes on services. As tax on services has been brought under GST, such a provision was no longer required.

c) Article 269A has been inserted which provides for goods and services tax on supplies in the course of inter-State trade or commerce which shall be levied and collected by the Government of India and such tax shall be apportioned between the Union and the States in the manner as may be provided by Parliament by law on the recommendations of the Goods and Services Tax Council. It also provides that Parliament may, by law, formulate the principles for determining the place of supply, and when a supply of goods, or of services, or both takes place in the course of inter-State trade or commerce.

d) Article 270 has been amended to provide for distribution of goods and services tax collected by the Union between the Union and the States.

e) Article 271 has been amended which restricts power of the Parliament to levy surcharge under GST. In effect, surcharge cannot be imposed on goods and services which are subject to tax under Article 246A.

f) Article 279A has been inserted to provide for the constitution and mandate of GST Council.

g) Article 366 has been amended to exclude alcoholic liquor for human consumption from the ambit of GST, and services have been defined.

h) Article 368 has been amended to provide for a special procedure which requires the ratification of the Bill by the legislatures of not less than one half of the States in addition to the method of voting provided for amendment of the Constitution. Thus, any modification in GST Council shall also require the ratification by the legislatures of one half of the States.

i) Entries in List I and List II have been either substituted or omitted to restrict power to tax goods or services specified in these Lists or to take away powers to tax goods and services which have been subsumed in GST.

j) Parliament shall, by law, on the recommendation of the Goods and Services Tax Council, provide for compensation to the States for loss of revenue arising on account of implementation of the goods and services tax for five years.

k) In case of petroleum and petroleum products, it has been provided that these goods shall not be subject to the levy of Goods and Services Tax till a date notified on the recommendation of the Goods and Services Tax Council.

3.2.9 GOODS & SERVICE TAX COUNCIL:

3.2.9.1 As provided for in Article 279A of the Constitution, the Goods and Services Tax Council (the Council) was notified with effect from 12th September, 2016. The Council is comprised of the Union Finance Minister (who will be the Chairman of the Council), the Minister of State (Revenue) and the State Finance/Taxation Ministers as members. It shall make recommendations to the Union and the States on the following issues:

a) the taxes, cesses and surcharges levied by the Centre, the States and the local bodies which may be subsumed under GST;

b) the goods and services that may be subjected to or exempted from the GST;

c) model GST laws, principles of levy, apportionment of IGST and the principles that govern the place of supply;

d) the threshold limit of turnover below which the goods and services may be exempted from GST;

e) the rates including floor rates with bands of GST;

f) any special rate or rates for a specified period to raise additional resources during any natural calamity or disaster;

g) special provision with respect to the North- East States, J&K, Himachal Pradesh and Uttarakhand; and

h) any other matter relating to the GST, as the Council may decide.

3.2.9.2 The Council shall recommend the date on which the goods and services tax be levied on petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel. While discharging the functions conferred by this article, the Goods and Services Tax Council shall be guided by the need for a harmonized structure of goods and services tax and for the development of a harmonized national market for goods and services.

3.2.9.3 One half of the total number of Members of the Goods and Services Tax Council shall constitute the quorum at its meetings. The Goods and Services Tax Council shall determine the procedure in the performance of its functions. Every decision of the Goods and Services Tax Council shall be taken at a meeting, by a majority of not less than three-fourths of the weighted votes of the members present and voting, in accordance with the following principles, namely: —

a) the vote of the Central Government shall have a weightage of one-third of the total votes cast, and

b) the votes of all the State Governments taken together shall have a weightage of two-thirds of the total votes cast, in that meeting.

3.2.9.4 The Council has met for 34 times and no occasion has arisen so far that required voting to decide any matter. The following major recommendations have been made by the Council:

3.2.9.4.1 Legal/Rules:

(i) Recommending GST laws, namely CGST Law, UTGST Law, IGST Law, SGST Law and GST Compensation Law paving the way for implementation of GST.

(ii) Rules on composition, registration, input tax credit, invoice, determination of value of supply, accounts and records, returns, payment, refund, assessment and audit, advance ruling, appeals and revision, transitional provisions, anti-profiteering, E-way Bill, inspection, search and seizure, demands and recovery and offences and penalties have been recommended.

3.2.9.4.2 Registration and Threshold:

(i) Threshold limit of aggregate turnover for exemption from registration and payment of GST for suppliers of services would be Rs. 20 lakhs and Rs. 10 lakhs (in the States of Manipur, Mizoram, Nagaland and Tripura).

(ii) Threshold limits of aggregate turnover for exemption from registration and payment of GST for the suppliers of goods would be Rs. 40 lakhs and Rs. 20 lakhs (in the States of Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Puducherry, Sikkim, Telangana, Tripura and Uttarakhand) with effect from 01.04.2019.

(iii) The following classes of taxpayers shall be exempted from obtaining registration:

a. Suppliers of services, having turnover up to Rs. 20 lakh, making inter State supplies;

b. Suppliers of services, having turnover up to Rs. 20 lakh, making supplies through e-commerce platforms.

(iv) Taxpayers may opt for multiple registrations within a State/Union territory in respect of multiple places of business located within the same State/ Union territory.

(v) Mandatory registration is required for only those e-commerce operators who are required to collect tax at source.

(vi) Registration to remain temporarily suspended while cancellation of registration is under process, so that the taxpayer is relieved of continued compliance under the law.

3.2.9.4.3 Migration:

(i) One more window for completion of migration process is being allowed. The due date for the taxpayers who did not file the complete **FORM GST REG-26** but received only a Provisional ID (PID) till 31.12.2017 for furnishing the requisite details to the jurisdictional nodal officer was extended till 31.01.2019. Also, the due date for furnishing **FORM GSTR-3B** and **FORM GSTR-1** for the period July, 2017 to February, 2019 / quarters July, 2017 to December, 2018 by such taxpayers was extended till 31.03.2019.

3.2.9.4.4 Composition Scheme:

(i) Composition scheme has been formulated for small businessmen being supplier of goods and supplier of restaurant services. Under the scheme, person with annual turnover up to Rs. 1.5 crore (Rs. 75 lakhs in States of Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura and Uttarakhand) needs to pay tax equal to 1% to 5% on his turnover and needs to file his returns annually with quarterly payment from FY 2019-20.

(ii) Composition Scheme has been made available for suppliers of services (to those who are not eligible for the presently available Composition Scheme) with a tax rate of 6% (3% CGST +3% SGST) having an annual turnover in the preceding FY up to Rs. 50 lakhs. They would be liable to file one Annual Return with quarterly payment of taxes. This has been made effective from 01.04.2019.

(iii) Composition scheme shall not be available to inter-State suppliers and specified category of manufacturers.

3.2.9.4.5 Tax Administration:

(i) In order to ensure single interface, all administrative control over 90% of taxpayers having turnover below Rs. 1.5 crore would vest with State tax administration and over 10% with the Central tax administration. Further all administrative control over taxpayers having turnover above Rs.1.5 crore shall be divided equally in the ratio of 50% each for the Central and State tax administration.

(ii) Powers under the IGST Act shall also be cross-empowered on the same basis as under CGST and SGST Acts with few exceptions.

(iii) Power to collect GST in territorial waters shall be delegated by Central Government to the States.

(iv) Power to take enforcement action over entire taxpayer's base would be with both Central as well as State tax administration.

3.2.9.4.6 Compensation to States:

(i) Formula and mechanism for GST Compensation Cess has been finalized.

3.2.9.4.7 Reverse Charge Mechanism (RCM):

(i) Levy of GST on reverse charge mechanism on receipt of supplies from unregistered suppliers, to be applicable to only specified goods in case of certain notified classes of registered persons, on the recommendations of the GST Council. In this regard, notification No. 07/2019-Central Tax (Rate) dated 29.03.2019 has been issued which prescribes that the promoter shall pay tax on reverse charge basis w.e.f. 01.04.2019 on following supplies received from unregistered suppliers -

a. such supplies which constitute the shortfall from the minimum value of goods or services or both required to be purchased by a promoter for construction of a project as prescribed in notification No. 11/2017-Central Tax (Rate) dated 28.06.2017,

b. cement which constitute the shortfall from the minimum value of goods or services or both required to be purchased by a promoter for construction of project as prescribed in notification No. 11/2017- Central Tax (Rate), and

c. capital goods supplied to a promoter for construction of a project on which tax is payable or paid at the rate prescribed in notification No. 11/2017- Central Tax (Rate).

(ii) Earlier the reverse charge mechanism under sub-section (4) of section 9 of the CGST Act, 2017 and under sub-section (4) of section 5 of the IGST Act, 2017 was kept under suspension till 30.09.2019.

3.2.9.4.8 Payment of Tax:

(i) There shall be no requirement on payment of tax on advances received for supply of goods by all taxpayers.

(ii) A Group of Ministers constituted for promoting digital payment has recommended to allow cash back to an amount equal to 20% of GST paid or Rs. 100/-, whichever is lower for cases where payment is made by BHIM or Rupay card. The necessary infrastructure is being developed and soon the scheme would be implemented on pilot basis in State of Assam and few other States which volunteer for the same.

(iii) In principle, approval has been given for amendment of section 50 of the CGST Act to provide that interest should be charged only on the net tax liability of the taxpayer, after taking into account the admissible input tax credit, i.e. interest would be leviable only on the amount payable through the electronic cash ledger. This would be implemented once the law is amended.

3.2.9.4.9 Exemption:

(i) Supply from GTA to unregistered persons has been exempted from tax.

3.2.9.4.10 Refunds:

(i) A scheme of single authority for disbursement of the refund amount sanctioned by either the Centre or the State tax authorities would be implemented on pilot basis. The modalities for the same are being finalized.

(ii) All the supporting documents/invoices in relation to a claim for refund in **FORM GST RFD-01A** shall be uploaded electronically on the common portal at the time of filing of the refund application itself, thereby obviating the need for a taxpayer to physically visit a tax office for submission of a refund application.

3.2.9.4.11 Return:

(i) All taxpayers are required to file return **FORM GSTR-3B**& pay tax on monthly basis.

(ii) Taxpayers with turnover up to Rs. 1.5 crore are required to file information in **FORM GSTR-1** on a quarterly basis. Other taxpayers would have to file **FORM GSTR-1** on a monthly basis.

(iii) The due date for furnishing the annual returns in **FORM GSTR-9**, **FORM GSTR-9A** and reconciliation statement in **FORM GSTR-9C** for the Financial Year 2017 – 2018 shall be extended till 30.06.2019.

3.2.9.4.12 Late Fees:

(i) Late fee shall be completely waived for all taxpayers in case **FORM GSTR-1**, **FORM GSTR-3B** & **FORM GSTR-4** for the months / quarters July, 2017 to September, 2018 are furnished after 22.12.2018 but on or before 31.03.2019.

(ii) From October 2017 onwards, the amount of late fee for late filing of GSTR-3B payable by a registered person is as follows:

a. whose tax liability for that month was 'NIL' will be Rs. 20/- per day instead of Rs. 200/- per day;

b. whose tax liability for that month was not 'NIL' will be Rs. 50/- per day instead of Rs. 200/- per day.

3.2.9.4.13 New Return System:

(i) The new return filing system shall be introduced on trial basis from 01.04.2019 and mandatory basis from 01.07.2019.

(ii) All taxpayers excluding small taxpayers and a few exceptions like ISD etc. shall file one monthly return.

(iii) The new return system is simple with two main tables. One for reporting outward supplies and one for availing input tax credit based on invoices uploaded by the supplier.

(iv) Invoices can be uploaded continuously by the supplier and can be continuously viewed and locked by the buyer for availing input tax credit. This process would ensure that very large part of the return is automatically filled based on the invoices uploaded by the buyer and the supplier. Simply put, the process would be "UPLOAD – LOCK – PAY" for most tax payers.

(v) Taxpayers would have facility to create his profile based on nature of supplies made and received. The fields of information which a taxpayer would be shown and would be required to fill in the return would depend on his profile.

(vi) NIL return filers (no purchase and no sale) shall be given facility to file return by sending SMS.

(vii) There shall be quarterly filing of return for the small taxpayers having turnover below Rs. 5 crore as an optional facility. Quarterly return shall be similar to main return with monthly payment facility but for two kinds of registered persons – small traders making only B2C supply or making B2B + B2C supply. For such taxpayers, simplified returns have been designed called Sahaj and Sugam. In these returns, details of information required to be filled is lesser than that in the regular return.

(viii) The new return design provides facility for amendment of invoice and also other details filed in the return. Amendment shall be carried out by filing of a return called amendment return. Payment would be allowed to be made through the amendment return as it will help save interest liability for the taxpayers.

3.2.9.4.14 ITC:

(i) ITC in relation to invoices issued by the supplier during FY 2017-18 may be availed by the recipient till the due date for furnishing of FORM GSTR-3B for the month of March, 2019, subject to specified conditions.

(ii) The due date for submitting **FORM GST ITC-04** for the period July 2017 to March 2019was extended till 30.06.2019.

3.2.9.4.15 TDS/TCS:

(i) TDS/TCS provisions shall be implemented from 01.10.2018.

(ii) Further, to provide some more time to TDS deductors to familiarize them with the new system, last date for furnishing return in **FORM GSTR-7** for the months of October, 2018 to December, 2018 and January, 2019was extended up to 28.02.2019. Further, exemption from TDS for been made for supply made by Government / PSU to another Government /PSU.

3.2.9.4.16 Export:

(i) E-Wallet Scheme shall be introduced for exporters from 01.04.2020 and till then relief for exporters shall be given in form of broadly existing practice.

(ii) Supply of services to Nepal and Bhutan shall be exempted from GST even if payment has not been received in foreign convertible currency – such suppliers shall be eligible for input tax credit.

(iii) Supply of services to qualify as exports, even if payment is received in Indian Rupees, where permitted by the RBI.

3.2.9.4.17 Rate of Interest:

(i) Rate of interest on delayed payments and delayed refund has been recommended.

3.2.9.4.18 MSME:

(i) A Group of Ministers has been constituted to look into the issues being faced by MSMEs and to provide solutions for the same.

3.2.9.4.19 Revenue Mobilization:

(i) A Group of Ministers has been constituted to study the revenue trend, including analysing the reasons for structural patterns affecting the revenue collection in some of the States. The study would include the underlying reasons for deviation from the revenue collection targets vis a vis original assumptions discussed during the design of GST system, its implementation and related structural issues.

(ii) The Group of Ministers will be assisted by the committee of experts from Central Government, State Governments and the NIPFP (National Institute of Public Finance and Planning), who would study and share the findings with GoM. The GoM in turn would give its recommendation to the GST Council.

(iii) The amount of IGST not apportioned to the Centre or the States/UTs may, for the time being, on the recommendations of the Council, be apportioned at the rate of fifty per cent. to the Central Government and fifty per cent. to the State Governments or the Union territories, as the case may be, on ad-hoc basis and this amount shall be adjusted against the amount finally apportioned.

(iv) Fifty per cent. of such amount, as may be recommended by the Council, which remains unutilized in the Compensation Fund, at any point of time in any financial year during the transition period shall be transferred to the Consolidated Fund of India as the share of Centre, and the balance fifty per cent. shall be distributed amongst the States in the ratio of their base year revenue.

(v) In case of shortfall in the amount collected in the Fund against the requirement of compensation to be released for any two months' period, fifty per cent. of the same, but not exceeding the total amount transferred to the Centre and the States as recommended by the Council, shall be recovered from the Centre and the balance fifty percent from the States in the ratio of their base year revenue.

3.2.9.4.20 Real Estate:

The GST Council in its 33rd & 34th meetings held on 24.02.2019 & 19.03.2019 respectively have made following decisions with respect to the real estate sector:

(i) GST shall be levied at effective rate of 5% on residential properties outside affordable segment and 1% on affordable housing properties.

(ii) Definition of affordable housing: A residential house/flat of carpet area of up to 90 sqm in non-metropolitan cities/towns and 60 sqm in metropolitan cities having value up to Rs. 45 lacs (both for metropolitan and non-metropolitan cities). Metropolitan Cities are Bengaluru, Chennai, Delhi NCR (limited to Delhi, Noida, Greater Noida, Ghaziabad, Gurgaon, and Faridabad), Hyderabad, Kolkata and Mumbai (whole of MMR).

(iii) Conditions for new tax rate:

a. Input tax credit shall not be available

b. 80% of inputs and input services [other than capital goods, TDR/ JDA, FSI, long term lease (premiums)] shall be purchased from registered persons. On shortfall of purchases from 80%, tax shall be paid by the builder @ 18% on RCM basis. However, Tax on cement purchased from unregistered person shall be paid @ 28% under RCM, and on capital goods under RCM at applicable rates.

(iv) GST exemption on TDR/ JDA, long term lease (premium), FSI: Intermediate tax on development right, such as TDR, JDA, lease (premium), FSI shall be exempted only for such residential property on which GST is payable.

(v) The new rate has become applicable from 01.04.2019.

(vi) One-time transition option given to real estate firms to continue to pay tax at the old rates (effective rate of 8% or 12% with ITC) on on-going projects (buildings where construction and actual booking have both started before 01.04.2019) which have not been completed by 31.03.2019. Real estate firms can communicate their option till 10th May, 2019 to the jurisdictional officers.

3.2.9.4.21 Lottery:

(i) The GST Council in its 32nd Meeting held on 10.01.2019 constituted a **Group of Ministers** to examine the GST Rate Structure on Lotteries.

3.2.9.4.22 Natural Calamity Cess:

(i) GST Council in its 32nd Meeting held on 10.01.2019 approved levy of Cess on Intra-State

Supply of Goods and Services within the State of Kerala at a rate not exceeding 1% for a period not exceeding 2 years. Kerala Government has, accordingly, decided to levy one per cent. 'Kerala Flood Cess' on value of intra-state supply of all goods by registered dealers, at the last supply point, coming within the GST tax bracket of 12%, 18% and 28%. 0.25% flood cess will be levied on all goods coming under the fifth schedule including gold, silver and platinum ornaments on the value of supply. All services will attract one per cent. cess. The Kerala government has also decided to allow local bodies to collect entertainment tax on movie tickets up to 10 per cent.

3.2.9.4.23 Recent Law amendments w.e.f. 01.02.2019:

(i) Scope of input tax credit has been widened, and it would now be made available in respect of the following:

a. Most of the activities or transactions specified in Schedule III;

b. Motor vehicles for transportation of persons having seating capacity of more than thirteen (including driver), vessels and aircraft;

c. Services of general insurance, repair and maintenance in respect of motor vehicles, vessels and aircraft on which credit is available;

d. Goods or services which are obligatory for an employer to provide to its employees, under any law for the time being in force.

(ii) The order of cross-utilization of input tax credit has been rationalized.

(iii) Commissioner empowered to extend the time limit for return of inputs and capital sent on job work, up to a period of one year and two years, respectively.

(iv) Place of supply in case of job work of any treatment or process done on goods temporarily imported into India and then exported without putting them to any other use in India, would be outside India.

(v) The following transactions to be treated as no supply (no tax payable) under Schedule III:

a. Supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering India;

b. Supply of warehoused goods to any person before clearance for home consumption;

c. Supply of goods in case of high sea sales.

(vi) Registered persons may issue consolidated credit/debit notes in respect of multiple invoices issued in a Financial Year.

(vii) Amount of pre-deposit payable for filing of appeal before the Appellate Authority and the Appellate Tribunal capped at Rs. 25 crore and Rs. 50 crore respectively.

(viii) Recovery can be made from distinct persons, even if present in different State/Union territories.

3.2.9.4.24 Others:

(i) In principle approval has been given for creation of a Centralized Appellate Authority for Advance Ruling (AAAR) to deal with cases of conflicting decisions by two or more State Appellate Advance Ruling Authorities on the same issue. This would be implemented once the law is amended.

(ii) Existing tax incentive schemes of Central or State governments may be continued by respective government by way of reimbursement through budgetary route. The schemes, in the present form, would not continue in GST.

(iii) 50% of the GST paid will be refunded to CSD (Defence Canteens).

(iv) Centralized UIN shall be issued to every Foreign Diplomatic Mission / UN Organization by the Central Government for handling their refund related applications.

(v) There would be a single cash ledger for each tax head. The modalities for implementation would be finalized in consultation with GSTN and the Accounting authorities.

(vi) Free Accounting and Billing Software shall be provided to Small Taxpayers by GSTN.

3.2.10 THE DESIGN OF INDIAN GST:

3.2.10.1 Concurrent dual model of GST: India has adopted dual GST model because of its unique federal nature. Under this model, tax is levied concurrently by the Centre as well as the States on a common base, i.e. supply of goods or services or both. GST to be levied by the Centre would be called Central GST (Central tax / CGST) and that to be levied by the States would be called State GST (State Tax / SGST). State GST (State Tax / SGST) would be called UTGST (Union territory tax) in Union Territories without legislature. CGST & SGST / UTGST shall be levied on all taxable intra-State supplies.

3.2.10.2 The IGST Model: Inter-State supply of goods or services shall be subjected to integrated GST (Integrated tax / IGST). The IGST model is a unique contribution of India in the field of VAT. The IGST Model envisages that Centre would levy IGST (Integrated Goods and Service Tax) which would be CGST plus SGST on all inter-State supply of goods or services or both. The inter-State supplier will pay IGST on value addition after adjusting available credit of IGST, CGST, and SGST on his purchases. The Exporting State will transfer to the Centre the credit of SGST used in payment of IGST. The person based in the destination State will claim credit of IGST while discharging his output tax liability in his own State. The Centre will transfer to the importing State the credit of IGST used in payment of SGST. The relevant information will also be submitted to the Central Agency which will act as a clearing house mechanism, verify the claims and inform the respective governments to transfer the funds. The major advantages of IGST Model are:

a) Maintenance of uninterrupted ITC chain on inter-State transactions.

b) No upfront payment of tax or substantial blockage of funds for the inter-State supplier or recipient.

c) No refund claim in exporting State, as ITC is used up while paying the tax.

d) Self-monitoring model.

e) Model takes ‘Business to Business’ as well as ‘Business to Consumer’ transactions into account.

3.2.10.3 Tax Rates: Owing to unique Indian socio-economic milieu, four rates namely 5%, 12%, 18% and 28% have been adopted. Besides, some goods and services are exempt also. Rate for precious metals and affordable housing are an exception to ‘four-tax slab-rule’ and the same has been fixed at 3% and 1% respectively. In addition, unworked diamonds, precious stones, etc. attracts a rate of 0.25%. A cess over the peak rate of 28% on certain specified luxury and demerit goods, like tobacco and tobacco products, pan masala, aerated water, motor vehicles is imposed to compensate States for any revenue loss on account of implementation of GST. The list of goods and services in case of which reverse charge would be applicable has also been notified.

3.2.10.4 Compensation to States: The Goods and Services Tax (Compensation to States) Act, 2017 provides for compensation to the States for the loss of revenue arising on account of implementation of the goods and services tax. Compensation will be provided to a State for a period of five years from the date on which the State brings its SGST Act into force. For the purpose of calculating the compensation amount in any financial year, year 2015-16 will be assumed to be the base year, for calculating the revenue to be protected. The growth rate of revenue for a State during the five-year period is assumed be 14% per annum. The base year tax revenue consists of the states’ tax revenues from: (i) State Value Added Tax (VAT), (ii) central sales tax, (iii) entry tax, octroi, local body tax, (iv) taxes on luxuries, (v) taxes on advertisements, etc. However, any revenue among these taxes arising related to supply of alcohol for human consumption, and five specified petroleum products, will not be accounted as part of the base year revenue. A GST Compensation Cess is levied on the supply of certain goods and services, as recommended by the GST Council to finance the compensation cess.

3.2.10.5 E-Way Bill System: The introduction of e-way (electronic way) bill is a monumental shift from the earlier “Departmental Policing Model” to a “Self-Declaration Model”. It envisages one e-way bill for movement of the goods throughout the country, thereby ensuring a hassle-free movement for transporters throughout the country. The e-way bill system has been introduced nation-wide for all inter-State movement of goods with effect from 1st April, 2018. As regards intra-State supplies, option was given to States to choose any date on or before 3rd June, 2018. All States have notified e-way bill rules for intra-State supplies last being NCT of Delhi where it was introduced w.e.f. 16th June, 2018.

3.2.10.6 Anti-Profiteering Mechanism: Implementation of GST in many countries was coupled with increase in inflation and the prices of the commodities. This happened in spite of the availability of the tax credit. This was happening because the supplier was not passing on the benefit to the consumer and thereby indulging in illegal profiteering. Any reduction in rate of tax or the benefit of increased input tax credit should have been passed on to the recipient by way of commensurate reduction in prices.

3.2.10.6.1 National Anti-profiteering Authority (NAPA) has been constituted under GST by the Central Government to examine the complaints of non-passing the benefit of reduced tax incidence. The Authority shall cease to exist after the expiry of two years from the date on which the Chairman enters upon his office unless the Council recommends otherwise.

3.2.10.6.2 The Authority may determine whether any reduction in the rate of tax or the benefit of input tax credit has been passed on to the recipient by way of commensurate reduction in prices. It can order reduction in prices, imposition of penalty, cancellation of registration and any other decision as may deem fit, after inquiry into the case.

3.2.10.7 Concept of Supply: GST would be applicable on supply of goods or services as against the present concept of tax on manufacture of goods or on sale of goods or on provision of services. It includes all sorts of activities like manufacture, sale, barter, exchange, transfer etc. It also includes supplies made without consideration when such supplies are made in certain specified situations.

3.2.10.8 Threshold Exemption: Threshold limits of aggregate turnover for exemption from registration and payment of GST for the suppliers of goods would be Rs. 40 lakhs and Rs. 20 lakhs (in the States of Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Puducherry, Sikkim, Telangana, Tripura and Uttarakhand) with effect from 01.04.2019.

Threshold limit of aggregate turnover for exemption from registration and payment of GST for suppliers of services would be Rs. 20 lakhs and Rs. 10 lakhs (in the States of Manipur, Mizoram, Nagaland and Tripura).

A common threshold exemption would apply to both CGST and SGST.

The benefit of threshold exemption, however, is not available in inter-State supplies of goods.

3.2.10.9 Composition Scheme: Composition scheme has been formulated for small businessmen being supplier of goods and supplier of restaurant services. Under the scheme, person with turnover up to Rs. 1.5 crore (Rs. 75 lakhs in States of Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura and Uttarakhand) needs to pay tax equal to 1% to 5% on his turnover and needs to file his returns annually with quarterly payment from FY 2019-20.

Composition scheme has also been formulated for supplier of services (to those who are not eligible for the presently available composition scheme). Under the scheme, person with turnover up to Rs. 50 lakhs need to pay tax equal to 6% on his turnover and needs to file his returns annually with quarterly payment from FY 2019-20.

3.2.10.10 Zero rated Supplies: Export of goods and services are zero rated. Supplies to SEZs developers and SEZ units are also zero-rated. The benefit of zero rating can be taken either with payment of integrated tax, or without payment of integrated tax under bond or Letter of Undertaking.

3.2.10.11 Cross-utilization of ITC: IGST credit can be used for payment of all taxes. CGST credit can be used only for paying CGST or IGST. SGST credit can be used only for paying SGST or IGST.

The credit would be permitted to be utilized in the following manner:

a) ITC of CGST allowed for payment of CGST & IGST in that order;

b) ITC of SGST allowed for payment of SGST & IGST in that order;

c) ITC of UTGST allowed for payment of UTGST & IGST in that order;

d) ITC of IGST allowed for payment of IGST, CGST & SGST/UTGST in that order.

ITC of CGST cannot be used for payment of SGST/UTGST and vice versa. It has been further provided that IGST balances shall be exhausted for payment of IGST, CGST or SGST, as the case may be, before utilization of CGST or SGST.

3.2.10.12 Settlement of Government Accounts: Accounts would be settled periodically between the Centre and the State to ensure that the credit of SGST used for payment of IGST is transferred by the originating State to the Centre. Similarly, the IGST used for payment of SGST would be transferred by Centre to the destination State. Further the SGST portion of IGST collected on B2C supplies would also be transferred by Centre to the destination State. The transfer of funds would be carried out on the basis of information contained in the returns filed by the taxpayers.

3.2.10.13 Modes of Payment: Various modes of payment of tax available to the taxpayer including internet banking, debit/ credit card and National Electronic Funds Transfer (NEFT) / Real Time Gross Settlement (RTGS).

3.2.10.14 Tax Deduction at Source: Obligation on certain persons including government departments, local authorities and government agencies, who are recipients of supply, to deduct tax at the rate of 1% from the payment made or credited to the supplier where total value of supply, under a contract, exceeds two lakh and fifty thousand rupees. The provision for TDS has been operationalized w.e.f. 01st October, 2018. Exemption from the provisions of TDS has been given to certain authorities under the Ministry of Defence.

3.2.10.15 Refunds: Refund of tax to be sought by taxpayer or by any other person who has borne the incidence of tax within two years from the relevant date. Refund of unutilized ITC also available in zero rated supplies and inverted tax structure.

3.2.10.16 Tax Collection at Source: Obligation on electronic commerce operators to collect 'tax at source', at such rate not exceeding two per cent of net value of taxable supplies, out of payments to suppliers supplying goods or services through their portals. The provision for TCS has been operationalized w.e.f.01st October, 2018.

3.2.10.17 Self-assessment: Self-assessment of the taxes payable by the registered person shall be the norm. Audit of registered persons shall be conducted on selective basis. Limitation period for raising demand is three (3) years from the due date of filing of annual return or from the date of erroneous refund for raising demand for short-payment or non-payment of tax or erroneous refund and its adjudication in normal cases. Limitation period for raising demand is five (5) years from the due date of filing of annual return or from the date of erroneous refund for raising demand for short-payment or non-payment of tax or erroneous refund and its adjudication in case of fraud, suppression or wilful mis-statement.

3.2.10.18 Recovery of Arrears: Arrears of tax to be recovered using various modes including detaining and sale of goods, movable and immovable property of defaulting taxable person.

3.2.10.19 Appellate Tribunal: Goods and Services Tax Appellate Tribunal would be constituted by the Central Government for hearing appeals against the orders passed by the Appellate Authority or the Revisional Authority. States would adopt the provisions relating to Tribunal in respective SGST Act.

3.2.10.20 Advance Ruling Authority: Advance Ruling Authority would be constituted by States in order to enable the taxpayer to seek a binding clarity on taxation matters from the department. Centre would adopt such authority under CGST Act.

3.2.10.21 Transitional Provisions: Elaborate transitional provisions have been provided for smooth transition of existing taxpayers to GST regime.

3.2.10.22 Subsuming of taxes, duties etc.: Among the taxes and duties levied and collected by the Union, Central Excise duty, Duties of Excise (Medicinal and Toilet Preparations), Additional Duties of Excise (Goods of Special Importance), Additional Duties of Excise (Textiles and Textile Products), Additional Duties of Customs (commonly known as CVD), Special Additional Duty of Customs (SAD), Service Tax and cesses and surcharges insofar as they related to supply of goods or services were subsumed. As far as taxes levied and collected by States are concerned, State VAT, Central Sales Tax, Purchase Tax, Luxury Tax, Entry Tax, Entertainment Tax (except those levied by the local bodies), Taxes on advertisements, Taxes on lotteries, betting and gambling, cesses and surcharges insofar as they related to supply of goods or services were subsumed.

3.2.11 GST LEGISLATIONS:

3.2.11.1 Four Laws namely CGST Act, UTGST Act, IGST Act and GST (Compensation to States) Act were passed by the Parliament and since been notified on 12th April, 2017. All the other States (except J&K) and Union territories with legislature have passed their respective SGST Acts. The economic integration of India was completed on 8th July, 2017 when the State of J&K also passed the SGST Act and the Central Government also subsequently extended the CGST Act to J&K.

3.2.11.2 In its 28th meeting held in New Delhi on 21.07.2018, the GST Council recommended certain amendments in the CGST Act, IGST Act, UTGST Act and the GST (Compensation to States) Act. These amendments have been passed by Parliament and have been enacted w.e.f. 01.02.2019, as the Central Goods and Services Tax (Amendment) Act, 2018, the Integrated Goods and Services Tax (Amendment) Act, 2018, the Union Territory Goods and Services Tax (Amendment) Act, 2018 and the Goods and Services Tax (Compensation to States) Amendment Act, 2018, respectively.

3.2.11.3 On 22nd June, 2017, the first notification was issued for GST and notified certain sections under CGST. Since then, 170 notifications under CGST Act have been issued notifying sections, notifying rules, amendment to rules and for waiver of penalty, etc. 19, 34 and 2 notifications have also been issued under IGST Act, UTGST Act and GST (Compensation to States) Act respectively. Further, 86,89,86 and 9 rate related notifications each have been issued under the CGST Act, IGST Act, UTGST Act and GST (Compensation to States) Act respectively. Similar notifications have been issued by all the States under the respective SGST Act.

Apart from the notifications,101 circulars,18orders and12 Removal of Difficulty Orders have also been issued by CBIC on various subjects like proper officers, ease of exports, and extension of last dates for filling up various forms, etc.

3.2.12 ROLE OF CBIC:

3.2.12.1 CBIC is playing an active role in the drafting of GST law and procedures, particularly the CGST and IGST law, which will be exclusive domain of the Centre. This apart, the CBIC has prepared itself for meeting the implementation challenges, which are quite formidable. The number of taxpayers has gone up significantly. The existing IT infrastructure of CBIC has been suitably scaled up to handle such large volumes of data. Based on the legal provisions and procedure for GST, the content of work-flow software such as ACES (Automated Central Excise & Service Tax) would require re-engineering. The name of IT project of CBIC under GST is 'SAKSHAM' involving a total project value of Rs. 2,256 Cr.

3.2.12.2 Augmentation of human resources would be necessary to handle large taxpayers' base in GST scattered across the length and breadth of the country. Capacity building, particularly in the field of Accountancy and Information Technology for the departmental officers has to be taken up in a big way. A massive four-tier training programme has been conducted under the leadership of NACIN. This training project is aimed at imparting training on GST law and procedures to more than 60,000 officers of CBIC and Commercial Tax officers of State Governments.

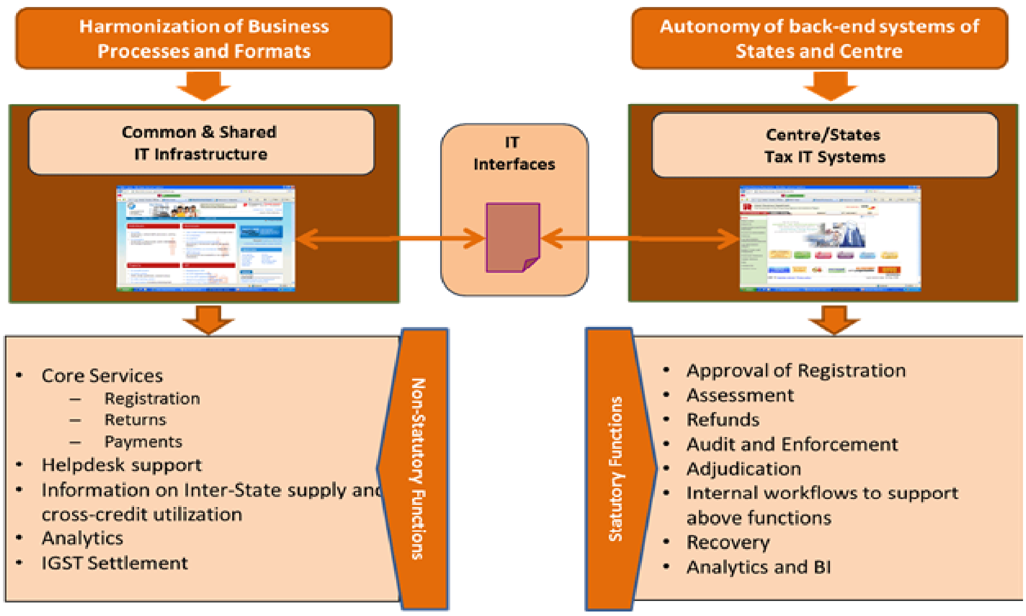
3.2.12.3 CBIC would be responsible for administration of the CGST and IGST law. In addition, excise duty regime would continue to be administered by the CBIC for levy and collection of central excise duty on five specified petroleum products as well as on tobacco products. CBIC would also continue to handle the work relating to levy and collection of customs duties.

3.2.12.4 Director General of Anti-profiteering, CBIC has been mandated to conduct detailed enquiry on anti-profiteering cases and should give his recommendation for consideration of the National Anti-profiteering Authority.

3.2.12.5 CBIC has been instrumental in handholding the implementation of GST. It had set up the Feedback and Action Room which monitored the GST implementation challenges faced by the taxpayer and act as an active interface between the taxpayer and the Government.

3.2.13 GOODS & SERVICES TAX NETWORK:

3.2.13.1 Goods and Services Tax Network (GSTN) has been set up by the Government as a private company under erstwhile Section 25 of the Companies Act, 1956. GSTN would provide three front end services to the taxpayers namely registration, payment and return. Besides providing these services to the taxpayers, GSTN would be developing back-end IT modules for 27 States who have opted for the same. Infosys has been appointed as Managed Service Provider (MSP). GSTN has selected 73 IT, ITeS and financial technology companies and 1 Commissioner of Commercial Taxes (CCT, Karnataka), to be called GST Suvidha Providers (GSPs). GSPs would develop applications to be used by taxpayers for interacting with the GSTN. The diagram below shows the work distribution under GST.



3.2.13.2 Central Government holds 24.5 percent stake in GSTN while the state government holds 24.5 percent. The remaining 51 percent are held by non-Government financial institutions, HDFC and HDFC Bank hold 20%, ICICI Bank holds 10%, NSE Strategic Investment holds 10% and LIC Housing Finance holds 10%. The GST Council in its 27th meeting held on 04.05.2018 has approved the change in shareholding pattern of GSTN. Considering the nature of 'state function' performed by GSTN, the GST Council felt that GSTN be converted into a fully owned Government company. Accordingly, the Council approved acquisition of entire 51 per cent of equity held by non-Governmental institutions in GSTN amounting to Rs. 5.1 crore, equally by the Centre and the State Governments.

3.2.13.3 The design of GST systems is based on role-based access. The taxpayer can access his own data through identified applications like registration, return, view ledger etc. The tax official having jurisdiction, as per GST law, can access the data. Data can be accessed by audit authorities as per law. No other entity can have any access to data available with GSTN.

3.2.14 GST: A GAME CHANGER FOR INDIAN ECONOMY:

3.2.14.1 GST will have a multiplier effect on the economy with benefits accruing to various sectors as discussed below.

3.2.14.2 Benefits to the exporters: The subsuming of major Central and State taxes in GST, complete and comprehensive setoff of input goods and services and phasing out of Central Sales Tax (CST) would reduce the cost of locally manufactured goods and services. This will increase the competitiveness of Indian goods and services in the international market and give boost to Indian exports. The uniformity in tax rates and procedures across the country will also go a long way in reducing the compliance cost.

3.2.14.3 Benefits to small traders and entrepreneurs: GST has increased the threshold for GST registration for small businesses. Those units having aggregate annual turnover more than Rs 20 lakhs (Rs. 10 lakhs in certain cases) in case of supplier of services and Rs. 40 lakhs (Rs. 20 lakhs in certain cases) in case of supplier of goods have be registered under GST. Unlike multiple registrations under different tax regimes earlier, a single registration is needed under GST in one State. An additional benefit under Composition scheme has also been provided for businesses with aggregate annual turnover up to Rs1.5crore (Rs. 75 lakhs in certain cases) in case of supplier of goods and restaurant services and Rs. 50 lakhs in case of supplier of services. With the creation of a seamless national market across the country, small enterprises will have an opportunity to expand their national footprint with minimal investment.

3.2.14.4 Benefits to agriculture and Industry: GST will give more relief to industry, trade and agriculture through a more comprehensive and wider coverage of input tax set-off and service tax set-off, subsuming of several Central and State taxes in the GST and phasing out of CST. The transparent and complete chain of set-offs which will result in widening of tax base and better tax compliance may also lead to lowering of tax burden on an average dealer in industry, trade and agriculture.

3.2.14.5 Benefits for common consumers: With the introduction of GST, the cascading effects of CENVAT, State VAT and service tax will be more comprehensively removed with a continuous chain of set-off from the producer's point to the retailer's point than what was possible under the prevailing CENVAT and VAT regime. Certain major Central and State taxes will also be subsumed in GST and CST will be phased out. Other things remaining the same, the burden of tax on goods would, in general, fall under GST and that would benefit the consumers.

3.2.14.6 Promote "Make in India": GST will help to create a unified common national market for India, giving a boost to foreign investment and "Make in India" campaign. It will prevent cascading of taxes and make products cheaper, thus boosting aggregate demand. It will result in harmonization of laws, procedures and rates of tax. It will boost export and manufacturing activity, generate more employment and thus increase GDP with gainful employment leading to substantive economic growth. Ultimately it will help in poverty eradication by generating more employment and more financial resources. More efficient neutralization of taxes especially for exports thereby making our products more competitive in the international market and give boost to Indian Exports. It will also improve the overall investment climate in the country which will naturally benefit the development in the states. Uniform CGST & SGST and IGST rates will reduce the incentive for evasion by eliminating rate arbitrage between neighbouring States and that between intra and inter-State supplies. Average tax burden on companies is likely to come down which is expected to reduce prices and lower prices mean more consumption, which in turn means more production thereby helping in the growth of the industries. This will create India as a “Manufacturing hub”.

3.2.14.7 Ease of Doing Business: Simpler tax regime with fewer exemptions along with reduction in multiplicity of taxes that are at present governing our indirect tax system will lead to simplification and uniformity. Reduction in compliance costs as multiple record-keeping for a variety of taxes will not be needed, therefore, lesser investment of resources and manpower in maintaining records. It will result in simplified and automated procedures for various processes such as registration, returns, refunds, tax payments. All interaction shall be through the common GSTN portal, therefore, less public interface between the taxpayer and the tax administration. It will improve environment of compliance as all returns to be filed online, input credits to be verified online, encouraging more paper trail of transactions. Common procedures for registration of taxpayers, refund of taxes, uniform formats of tax return, common tax base, common system of classification of goods and services will lend greater certainty to taxation system.

3.2.15 EXPERIENCE OF REGISTRATION, RETURN FILING & REVENUE:

3.2.15.1 Registration & Returns Snapshot:

S.No.	Details	As on 31st March, 2019
1.	No. of transited (migrated) taxpayers	66,25,077
2.	Total No. of new applications received for registration	76,98,644
3.	No. of applications approved	65,62,975
4.	No. of applications rejected	10,91,708
5.	**Total No. of taxpayers; new + migrated (1 + 3)**	1,31,88,052
6.	No. of taxpayers who have opted for composition scheme	17,74,379
7.	No. of GSTR-3B returns filed for July, 2017	65,80,580
8.	No. of GSTR-3Breturns filed for August, 2017	71,67,079
9.	No. of GSTR-3Breturns filed for September, 2017	75,14,357
10.	No. of GSTR-3Breturns filed for October, 2017	72,72,643
11.	No. of GSTR-3Breturns filed for November, 2017	73,63,558
12.	No. of GSTR-3Breturns filed for December, 2017	74,49,906
13.	No. of GSTR-3Breturns filed for January, 2018	75,65,896
14.	No. of GSTR-3Breturns filed for February, 2018	76,89,206
15.	No. of GSTR-3Breturns filed for March, 2018	77,96,536
16.	No. of GSTR-3B returns filed for April, 2018	78,59,111
17.	No. of GSTR-3Breturns filed for May, 2018	79,99,938
18.	No. of GSTR-3Breturns filed for June, 2018	80,98,132
19.	No. of GSTR-3Breturns filed for July, 2018	81,81,569
20.	No. of GSTR-3Breturns filed for August, 2018	82,62,681
21.	No. of GSTR-3Breturns filed for September, 2018	83,17,224
22.	No. of GSTR-3Breturns filed for October, 2018	83,16,424
23.	No. of GSTR-3Breturns filed for November, 2018	81,56,247
24.	No. of GSTR-3Breturns filed for December, 2018	81,35,306
25.	No. of GSTR-3Breturns filed for January, 2019	79,89,776
26.	No. of GSTR-3Breturns filed for February, 2019	75,95,735

S.No.	Details	As on 31st March, 2019
27.	No. of GSTR 1 returns filed for July, 2017	60,58,584
28.	No. of GSTR 1 returns filed for August, 2017	25,35,102
29.	No. of GSTR 1 returns filed for September, 2017	68,51,313
30.	No. of GSTR 1 returns filed for October, 2017	26,15,196
31.	No. of GSTR 1 returns filed for November, 2017	26,54,010
32.	No. of GSTR 1 returns filed for December, 2017	69,51,848
33.	No. of GSTR 1 returns filed for January, 2018	26,58,601
34.	No. of GSTR 1 returns filed for February, 2018	26,64,859
35.	No. of GSTR 1 returns filed for March, 2018	71,19,259
36.	No. of GSTR 1 returns filed for April, 2018	28,03,367
37.	No. of GSTR 1 returns filed for May, 2018	28,28,567
38.	No. of GSTR 1 returns filed for June, 2018	73,11,707
39.	No. of GSTR 1 returns filed for July, 2018	28,47,960
40.	No. of GSTR 1 returns filed for August, 2018	28,38,682
41.	No. of GSTR 1 returns filed for September, 2018	73,60,602
42.	No. of GSTR 1 returns filed for October, 2018	27,94,677
43.	No. of GSTR 1 returns filed for November, 2018	27,45,892
44.	No. of GSTR 1 returns filed for December, 2018	69,88,144
45.	No. of GSTR 1 returns filed for January, 2019	25,51,931
46.	No. of GSTR 1 returns filed for February, 2019	22,72,076
47.	No. of GSTR 2 returns filed for July, 2017	25,72,552
48.	No. of GSTR 4 returns filed for quarter July-September, 2017	10,06,040
49.	No. of GSTR 4 returns filed for quarter October-December, 2017	15,16,184
50.	No. of GSTR 4 returns filed for quarter January-March, 2018	15,74,383
51.	No. of GSTR 4 returns filed for quarter April-June, 2018	15,46,101
52.	No. of GSTR 4 returns filed for quarter July-September, 2018	15,00,898
53.	No. of GSTR 4 returns filed for quarter September-December, 2018	14,15,038

3.2.15.2 Revenue Collection Snapshot:

S. No.	Revenue Collected in the Month of	Amount (in Rs. Thousand crore)
1.	July, 17	**21,572**
2.	August, 17	**95,633**
3.	September, 17	**94,064**
4.	October, 17	**93,333**
5.	November, 17	**83,780**
6.	December, 17	**84,314**
7.	January, 18	**89,825**

S. No.	Revenue Collected in the Month of	Amount (in Rs. Thousand crore)
8.	February, 18	**85,962**
9.	March, 18	**92,167**
10.	April, 18	**1,03,458**
11.	May, 18	**94,016**
12.	June, 18	**95,610**
13.	July, 18	**96,483**
14.	August, 18	**93,960**
15.	September, 18	**94,442**
16.	October, 18	**1,00,710**
17.	November, 18	**97,637**
18.	December, 18	**94,726**
19.	January, 19	**1,02,503**
20.	February, 19	**97,247**
21.	March, 19	1,06,577
22.	**Total**	**19,18,019**

3.2.16 CHALLENGES & FUTURE AHEAD:

3.2.16.1 Any new change is accompanied by difficulties and problems at the outset. A change as comprehensive as GST is bound to pose certain challenges not only for the government but also for business community, tax administration and even common citizens of the country. Some of these challenges relate to the unfamiliarity with the new regime and IT systems, legal challenges, return filing and reconciliations, passing on transition credit. Lack of robust IT infrastructure and system delays makes compliance difficult for the taxpayers. Many of the processes in the GST are new for small and medium enterprises in particular, who were not used to regular and online filing of returns and other formalities.

3.2.16.2 Based on the feedback received from businesses, consumers and taxpayers from across the country, attempt has been made to incorporate suggestions and reduce problems through short-term as well as long-term solutions. After rectifying system glitches, E-way bill for inter-State movement of goods has been successfully implemented from 1st April 2018. As regards intra-State supplies, option was given to States to choose any date on or before 3rd June, 2018. All States have notified e-way bill rules for intra-State supplies last being NCT of Delhi where it was introduced w.e.f. 16.06.2018.

3.2.16.3 NAPA has initiated investigation into various complaints of anti-profiteering and has passed orders in some cases to protect consumer interest.

3.2.16.4 To expedite sanction of refund, electronic filing of refunds, along with all supporting documents/ invoices, has been enabled on the common portal. Clarificatory Circulars and notifications have been issued to guide field formations of CBIC and States in this regard. The government has put in place an IT grievance redressal mechanism to address the difficulties faced by taxpayers owing to technical glitches on the GST portal.

3.2.16.5 The introduction of GST is truly a game changer for Indian economy as it has replaced multi-layered, complex indirect tax structure with a simple, transparent and technology–driven tax regime. It will integrate India into a single, common market by breaking barriers to inter-State trade and commerce. By eliminating cascading of taxes and reducing transaction costs, it will enhance ease of doing business in the country and provide an impetus to “Make in India” campaign. GST will result in “ONE NATION, ONE TAX, ONE MARKET”.

Changes in GST Rates for Goods as on 1st January, 2019

(A) Reduction of rate on 28% slab goods

i. Reduction from 28% to 18%- 21 items

a) Items of use by Common Man

- Paints and varnishes (including enamels and lacquers)
- Refrigerators,
- Washing machines.
- Vacuum cleaners
- Domestic electrical appliances such as food grinders, juicers, mixers
- Shaver, hair clippers etc.
- Storage water heaters
- Hair dryers
- Electric smoothing irons
- Televisions and computer monitors up to the size of 32 inches
- Power banks of lithium ion batteries.
- Digital cameras and video camera recorders
- Video game consoles and other games and sports requisites

b) Items of Industrial, Agricultural or Office Use

- Glaziers' putty, grafting putty, resin cements
- Freezers and other refrigerating or freezing equipment including water cooler, milk coolers, ice cream freezer etc.
- Special purpose motor vehicles. e.g., crane lorries, fire fighting vehicle, concrete mixer lorries, spraying lorries
- Works trucks of the type used in factories, warehouses, dock areas or airports for short transport of goods.
- Trailers and semi-trailers.
- Miscellaneous articles such as scent sprays and similar toilet sprays, powder-puffs and pads etc.
- Lithium-ion batteries
- Buses, for use in public transport, which exclusively run on bio-fuels

ii. Reduction from 28% to 12%-1 item

Items of Industrial, Agricultural or Office Use

- Fuel Cell Vehicle

iii. 28% to 5%-1 item

Items of Industrial, Agricultural or Office Use

- Parts and accessories for the carriages for disabled persons

(B) Reduction from 18% slab

i. 18% to 12%-27 items

a) Items of use by Common Man

- Sugar boiled confectionary
- Drinking water packed in 20 litters bottles
- Wooden frames for painting, photographs, mirrors etc
- Art ware of cork
- Stone art ware, stone inlay work
- Ornamental framed mirrors
- Glass statues [other than those of crystal]
- Glass art ware
- Art ware of iron
- Art ware of brass, copper/ copper alloys, electro plated with nickel/silver
- Aluminum art ware
- Handcrafted lamps
- Worked vegetable or mineral carving, articles thereof etc.
- Ganjifa card
- Bamboo flooring
- Brass Kerosene Pressure Stove.
- Zip and Slide Fasteners

b) Items of Industrial, Agricultural or Office Use

- Bio-diesel
- Specified Bio-pesticides
- Bamboo wood building joinery
- Drip irrigation system including laterals, sprinklers

- Mechanical Sprayer Handbags including pouches and purses; jewellery box
- Fertilizer grade Phosphoric acid
- Cork roughly squared or debagged
- Articles of natural cork
- Agglomerated cork
- Hand Operated Rubber Roller

ii. 18% to 5%-6 items

a) Items of use by Common Man

- Tamarind Kernel Powder
- Mehendi paste in cones
- Solid bio fuel pellets
- Marble rubble
- LPG supplied for supply to household domestic consumers by private LPG distributors

Items of Industrial, Agricultural or Office Use

- Scientific and technical instruments, apparatus, equipment, accessories, parts, components, spares, tools, mock ups and modules, raw material and consumables required for launch vehicles and satellites and payloads.
- Ethanol supplied to Oil Marketing Companies for Ethanol Blending Program

(C) Reduction from 12% to 5%-15 items

a) Items of use by Common Man

- Walking Stick
- Handmade carpets and other handmade textile floor coverings (including namda/ gabba)
- Handmade lace
- Hand-woven tapestries
- Hand-made braids and ornamental trimming in the piece
- Toran
- Handloom dari
- Knitted cap/topi having retail sale value not exceeding Rs 1000

b) Items of Industrial, Agricultural or Office Use

- Velvet fabric
- Articles of straw, of esparto or of other plaiting materials; basket ware and wickerwork
- Narrow woven fabric including cotton newar
- Natural cork
- Fly ash Blocks
- Chenille fabrics and other fabrics under heading 5801
- Phosphoric acid (fertilizer grade only).

(D) Reduction from 3% to 0.25%-1 item

- Diamonds and precious stones

(E) List of Goods exempted from GST -13 items

a) Items of use by Common Man

- Rakhi [other than that of precious or semi-precious material of chapter 71]
- Sanitary Napkins,
- Vibhuti
- Stone/Marble/Wood Deities
- Phool Bhari Jhadoo [Raw material for Jhadoo]
- Khali dona.
- Music Books
- Vegetables, (uncooked or cooked by steaming or boiling in water), frozen, branded and put in a unit container
- Vegetable provisionally preserved (for example by sulphur dioxide gas, in brine, in sulphur water or in other preservative solutions), but unsuitable in that state for immediate consumption.

b) Items of Industrial, Agricultural or Office Use

- Parts and accessories for manufacture of hearing aids.
- De-oiled rice bran
- Coir pith compost
- Sal Leaves siali leaves and their products such as Sabai Rope

Changes in GST Rates for Services:

1. **Rationalization of GST Rates of Services (slab wise)**

I. GST Rates reduced from 18% to 12%:

(i) Multimodal transportation of goods.

(ii) Cinema tickets up to Rs. 100.

(iii) Third party insurance premium of goods carrying vehicles.

II. GST Rates reduced from effective rate of 12% to 8% for

III. Reduction of GST Rates from 18% to 5% on

Supply consisting only of e-books.

IV. Reduction of GST Rates from 18% with ITC to 5% without ITC

Air travel of pilgrims by non-scheduled/charter operations, for religious pilgrimage facilitated by the Government of India under bilateral arrangements.

V. Reduction of GST Rates from 28% with ITC to 18%

Cinema tickets above Rs. 100.

VI. Other rationalization of GST Rates

(i) Hotel industry has been given major relief by providing that the rate of tax on accommodation service shall be based on transaction value instead of declared tariff.

(ii) To extend the same tax treatment with regard to payment of tax under RCM (reverse charge mechanism) to Parliament and State legislatures as available to Central and State Governments.

VII. Exemption from levy of GST

(i) Services by an old age home run by Central Government, State Government or by an entity registered under section 12AA of the Income-tax Act, 1961.

(ii) Services supplied by an establishment of a person in India to any establishment of that person outside India provided the place of supply of the service is outside India.

(iii) Import of services by United Nations or a specified international organisation for official use of the United Nations or the specified international organization.

(iv) Import of services by Foreign diplomatic mission or consular post in India, or diplomatic agents or career consular officers posted therein.

(v) Services supplied by electricity distribution utilities by way of construction, erection, commissioning, or installation of infrastructure for extending electricity distribution network up to the tube well of the farmer or agriculturalist for agricultural use.

(vi) Services by way of warehousing of minor forest produce.

(vii) Services by Coal Mines Provident Fund Organisation to persons governed by the Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948.

(viii) Services by National Pension System (NPS) Trust to its members against consideration in the form of administrative fee.

(ix) Services supplied by Central Government, State Government, Union territory to their undertakings or Public Sector Undertakings (PSUs) by way of guaranteeing the loans taken by such undertakings or PSUs from the financial institutions and banking companies.

(x) Services by way of licensing, registration and analysis or testing of food samples supplied by the Food Safety and Standards Authority of India (FSSAI) to Food Business Operators.

(xi) Services by way of artificial insemination of livestock (other than horses).

(xii) Services supplied by a State Government to Excess Royalty Collection Contractor (ERCC) by way of assigning the right to collect royalty on behalf of the State Government on the mineral dispatched by the mining lease holders.

(xiii) Services provided by an unincorporated body or a non-profit entity registered under any law for the time being in force, engaged in, -

a) activities relating to the welfare of industrial or agricultural labour or farmer; or

b) promotion of trade, commerce, industry, agriculture, art, science, literature, culture, sports, education, social welfare, charitable activities and protection of environment, to its own members against consideration in the form of membership fee up to an amount of one thousand rupees (Rs 1000/-) per member per year.

(xiv) It was clarified that the Central and State Educational Boards shall be treated as

Educational Institution for the limited purpose of providing services by way of conduct of examination to the students.

(xv) Services supplied by a banking company to Basic Saving Bank Deposit (BSBD) account holders under Pradhan Mantri Jan Dhan Yojana (PMJDY).

(xvi) Services supplied by rehabilitation professionals recognised under Rehabilitation Council of India Act, 1992 by way of rehabilitation/therapy/ counselling and such other activity as covered by the RCI Act, 1992 at medical establishments, educational institutions, rehabilitation centers established by Central Government / State Government or Union Territories or an entity registered under section 12AA of the Income-tax Act.

(xvii) To exclude the following from payment of tax on services of GTA under RCM-

a. a department or establishment of Central Government or State Government; or

b. local authority; or

c. Governmental agencies,

which have taken registration under the CGST Act only for the purpose of deducting tax under Section 51 and not for making a taxable supply of goods or services and exempt the same.

VIII. Certain activities to be treated neither as supply of goods nor a supply of service

Services by way of any activity in relation to a function entrusted to a Municipality under Article 243W of the Constitution.

GST rate structure for services and its rationalization

1. The GST rates on services were fitted into 4 slabs i.e. 5%, 12%, 18% and 28%, largely based on the Pre-GST indirect tax incidence both of Centre and States, including the embedded taxes. These rates were recommended by the GST Council in its 14th and 15th meetings held on 18.05.2017 and 03.06.2017 respectively.
2. The said GST rate structure was reviewed by the GST Council in its subsequent meetings and certain changes in the rate structure were recommended. These changes were notified vide various notifications and are detailed below:

Sl. No.	GST Council Meeting	Gist of Rate Changes of services	Date of Implementation by way of Notification
1	20th Meeting dated 5th August, 2017	GST rate was reduced on total 10 group of services	22-08-2017
2	21st Meeting, dated 9th September,2017	GST rate was reduced on total 4 group of services	21-09-2017
3	22nd Meeting, dated 6th October, 2018	GST rate was reduced on total 21 group of services	13-10-2017
4	23rd Meeting, dated 10th November, 2018	GST rate was reduced on total 3 group of services	14-11-2017
5	25th Meeting, dated 18th January, 2018	GST rate was reduced on total 34 group of services	25-01-2018
6	28th Meeting dated 21st July, 2018	GST rate was reduced on total 16 group of services	27-07-2018
7	31st Meeting dated 22nd December, 2018	GST rate was reduced on total 8 group of services	01-01-2019
8	32nd Meeting dated 10th January, 2019	Composition Scheme for Services	07-03-2019
9	34th Meeting dated 19th March, 2019	GST rate was reduced on construction of apartments	29-03-2019

3. In the GST Council meeting held on 18th January, 2018 and 21st July, 2018 major GST rate rationalisation exercise was made with GST rate reduction on 50 specified services.
4. The above changes in the GST rate structure have been recommended by the GST Council keeping in view the representation from trade and industry and the interest of consumers and the same are expected to benefit the overall economy and consumers.

GST on services – Measures taken for Common Man during

(i) 2017-18

1. Two major services consumed by common man,

namely, health care services provided by clinical establishments and educational services provided by educational institutions are exempted from GST.

2. The GST rate on services provided by restaurants (except by restaurants in hotels having tariff of Rs. 7500 per unit per day or more) have been reduced from 18% to 5%.

3. Effective GST rate on construction services under Pradhan Mantri Awas Yojana (PMAY) has been reduced from 12% to 8%. Further, the concessional effective rate of 8% on construction services has also been extended to houses constructed or acquired under the Credit Linked Subsidy Scheme (CLSS) for Economically Weaker Section (EWS)/Lower Income Group (LIG)/Middle Income Group – 1 (MIG-1)/Middle Income Group – 2 (MIG-2) under the Housing for All (Urban) Mission/Pradhan Mantri Awas Yojana. As a result, beneficiaries of Credit Linked Subsidy Scheme in Middle Income Group having income up to Rs. 18 lakh per annum have twin benefits of interest rate subvention and reduced GST on construction of houses. Similarly, beneficiaries of the affordable housing in partnership component of the Housing for All (Urban) Mission/Pradhan Mantri Awas Yojana or under any housing scheme of a State Government or construction of houses having carpet area of up to 60 sq. metres are entitled for reduced effective GST rate of 8%.

4. GST rate on leasing of motor vehicles purchased or leased prior to 01-07-2017 has been reduced to 65% of the applicable GST and compensation rates.

5. GST rate on cinema theatres having entry ticket of up to Rs. 100 has been prescribed at reduced rate of 18%.

6. GST rate on services provided by amusement parks including theme parks, water parks, joy rides, merry go rounds, go carting and ballet has been reduced from 28% to 18%.

7. Services of a Resident Welfare Associations (RWA) to its members against contribution of an amount up to Rs. 7500 per month have been exempted.

8. In addition, following services consumed by the common man have been completely exempted from GST –

(a) Services received from a provider of service located by way of supply of online educational journals or periodicals to a higher educational institution (i.e., other than an institution providing pre-school education and education up to higher secondary school or equivalent;

(b) Services provided by an educational institution by way of conduct of entrance examination against consideration in the form of entrance fee.

(c) Services provided to an educational institution, by way of supply of services relating to admission to, or conduct of examination by all educational institutions.

(d) Service provided by Fair Price Shops to Central Government, State Government or Union territory by way of sale of food grains, kerosene, sugar, edible oil, etc. under Public Distribution System against consideration in the form of commission or margin.

(e) Services by way of giving on hire motor vehicle for transport of students, faculty and staff, to a person providing services of transportation of students, faculty and staff to an educational institution providing services by way of pre-school education and education up to higher secondary school or equivalent (sub-contractor will also be exempt from GST)

(f) Services by way of admission to a protected monument so declared under the Ancient Monuments and Archaeological Sites and Remains Act 1958 or any of the State Acts, for the time being in force.

(g) Services by way of right to admission to circus, dance, or theatrical performance including drama or ballet; award function, concert, pageant, musical performance or any sporting event other than a recognised sporting event; recognised sporting event; planetarium, where the consideration for right to admission to the events or places is not more than Rs 500 per person.

(h) Services of life insurance business provided by way of annuity under National Pension System regulated by PFRDA is exempt.

(ii) 2018-19

1. Hotel industry has been given major relief by providing that the rate of tax on accommodation service shall be based on transaction value instead of declared tariff.

2. Services by old age homes run by Central Government, State Government or an entity registered under 12AA of IT Act, 1961 to its residents (60 years or more) against consideration up to Rs 25,000/- per month per member has been exempted.

3. Services by National Pension System (NPS) Trust

to its members against consideration in the form of administrative fee has been exempted.

4. Services of life insurance business provided under life micro-insurance product as approved by the Insurance Regulatory and Development Authority, having maximum amount of cover of Rs 2 lakh has been exempted.
5. The definition of educational institution has been expanded to include Educational Boards for the limited purpose of conduct of examination.
6. Services supplied by rehabilitation professionals recognised under Rehabilitation Council of India Act, 1992 by way of rehabilitation/therapy/counselling and such other activity as covered by the RCI Act, 1992 has been exempted.
7. GST rate on cinema tickets above Rs. 100 has been reduced from 28% to 18% and on cinema tickets up to Rs. 100 GST rate has been reduced from 18% to 12%.
8. GST rate on air travel of pilgrims by non-scheduled/ charter operations, for religious pilgrimage facilitated by the Government of India under bilateral arrangements has been reduced to 5%.
9. In order to boost the demand of real estate sector, with effective from 01.04.2019, GST at effective rate of 1% without ITC on affordable residential apartments and 5% without ITC on residential apartments outside affordable segment has been levied.
10. Intermediate tax on development right, such as Transfer of Development Rights, long term lease (premium), Floor Space Index has been exempted to address the cash flow issues in the real estate sector.

GST on services – Measures taken for MSME during 2017-19

(i) 2017-18

1. GST rate on most of the job work services particularly in textile, leather, food processing, printing, jewellery and diamonds, handicraft goods have been reduced from 18% to 5%.
2. GST rate on Government contracts for construction of roads, bridges, canals, dams, civil structures other than for commercial or industrial use such as offices, schools, hospitals has been reduced from 18% to 12%. This has also been extended to the sub-contractors undertaking such works contract. Most of the Government contractors and sub-contractors are in the MSME sector.
3. Effective GST rate on construction of houses for poor under Pradhan Mantri Awas Yojana (PMAY) has been reduced from 12% to 8%.
4. The GST rate on services provided by restaurants has been reduced from 18% to 5%. [Except by restaurants in hotels having tariff of Rs. 7500 per unit per day or more]
5. Hotel accommodation having tariff less than Rs 1000 per day has been exempted and those having tariff up to Rs. 2500 per day attracts reduced rate of 12%. Both these types of accommodation are mainly provided by hotels in MSME sector.
6. Two major services in which large number of MSMEs are engaged, namely, health care services provided by clinical establishments and educational services provided by educational institutions continue to be exempt.
7. Service providers whose annual aggregate turnover is less than Rs. 20 lacs (Rs. 10 lacs in special category states except J & K) have been exempted from obtaining registration even if they are making inter-State taxable supplies of services. This measure is expected to significantly reduce the compliance cost of small service providers.
8. Services of Goods Transport Agency who are mainly in MSME sector have been kept under RCM, thereby shifting the compliance burden on recipient of services. GTAs have also been given option to pay GST @ 12% with full ITC under forward charge.
9. Services supplied by an insurance agent, recovery agent or individual Direct Selling Agents have been kept under RCM, thereby shifting the compliance burden on the recipient of service."

(ii) 2018-19

1. GST rate on supply, of goods, being food or any other article for human consumption or any drink, by the Indian Railways or Indian Railways Catering and Tourism Corporation Ltd. or their licensees, whether in trains or at platforms has been reduced to 5%.
2. Services supplied by agent of Business correspondent (BC), Business facilitator (BF), supply of security personnel to a registered person by any person other than body corporate have been kept

under RCM, thereby shifting the compliance burden on the recipient of service.

3. GST rate on third party insurance premium of goods carrying vehicles has been reduced from 18% to 12%.

4. GST rate on supply consisting only of e-book has been reduced to 5%.

5. To boost the MSME sector, with effect from 01.04.2019, composition scheme for service providers has been introduced. The scheme can be availed by a registered person having annual turnover up to RS. 50 lakhs in the preceding financial year. The service providers opting for new composition scheme can now pay GST @ 6% and would not be eligible to avail any input tax.

3.3 CUSTOMS

Customs Single Window Project:

Single Window Interface for Facilitation of Trade (SWIFT), as part of CBIC, is meant for taking proactive measures on simplification of procedures and reduction of interface of the trade in coordination with the regulatory agencies under 'Ease of Doing Business'. A brief of work done by Single Window Project is as under:

i. **Integrated Declaration:** Traders submit integrated Import & Export Declarations that contain clearance related information required by all Participating Government Agencies (PGAs) online at a single point with Customs electronic gateway i.e. ICEGATE. Separate forms/ declarations pertaining to different PGAs are dispensed with.

ii. **Integrated Risk Assessment:** All Participating Government Agencies (PGAs) will use an automated system to apply the principles of risk-based selectivity for carrying out inspection and testing. As of now WCCB & FSSAI has devised its risk criteria and same has been integrated with Customs RMS.

iii. **Automated Routing:** A system of automatic referral of consignments to PGAs is operational in imports. System is routing import consignments to PGAs based on the CTHs, End Use of the consignments and other risk criteria provided by the PGAs. Automatic referral of consignments has also been with WCCB to all EDI locations in exports. This system replaces discretionary power of officer of regulatory authorities and automatically refers consignments to PGAs for their intervention thereby securing and promoting a transparent business environment.

iv. **Online Release:** A system of online release of consignments whereby all the PGAs are communicating their decision online at a single window is operational with 6 agencies namely Food Safety (FSSAI), Drug Controller, Plant Quarantine, Animal Quarantine, Textile Committee and Wild Life Crime Control Bureau. Online release of consignments has also been started with WCCB to all EDI locations in exports.

v. **Paperless processing (eSANCHIT):** Paperless Processing under the name "eSANCHIT" application has been initiated at all EDI locations in imports as well as exports. It is a system that allows a trader to submit all regulatory information [Including Supporting Documents] electronically with digital signatures. Instead of submitting supporting documents manually to Customs or PGA officers, documents will be uploaded online with digital signatures and same will be visible to the assessing officer online, thereby dispensing with the need of submitting hardcopy of documents for exports and imports.

vi. **Automatic License Transmission and Verification (PGA eSANCHIT):** This work is being conducted under two phases. In Phase I the PGAs are required to upload the License/Permit/Certificate/Other Authorization (LPCO) issued by them on eSANCHIT. Currently, 53 PGAs have been identified for the implementation out of which 27 agencies have registered for uploading LPCOs on eSANCHIT.

vii. **Compliance Information Portal:** Under SWIFT, a single web-based source is being created which will project all clearance-related procedural steps, duties, fees and charges for import and export of any commodity. CIP will promote a secure business environment by enabling a trader to obtain all compliance related information, including that of PGAs, at a single point only.

3.3.2 INTERNATIONAL CUSTOMS DIVISION, CBIC

International Customs Division (ICD) of CBIC coordinates with foreign customs administrations for building and improving cooperation and coordination among customs administrations to achieve common goal of trade facilitation and improved enforcement of customs laws. ICD examines relevant international conventions, exploring possible advantage in improving import/export customs procedures; drafting and notifying rules and regulations under the

Customs Act, 1962, once India accedes to such conventions.

Some of the most important items of work done during the financial year 2018-19 is as given below:

3.3.2.1 Customs Mutual Administrative Assistance (CMAA) Agreements/MoU

CMAAs Agreements/MoU provide for cooperation between Customs administrations in a wide range of areas. Traditionally, the focus of such agreements was singularly on investigative assistance and intelligence exchange, but in contemporary times, the scope is much wider and includes inter-alia areas such as technical assistance, capacity building, exchange of personnel, and trade facilitative mechanisms.

(i) India-Tajikistan

Agreement between the Government of the Republic of India and the Government of the Republic of Tajikistan on Cooperation and Mutual Assistance in Customs Matters was signed and ratified, on behalf of the Government of India, in the month of May, 2018.

(ii) India-Peru

Cabinet Note for Agreement between the Government of the Republic of India and the Government of the Republic of Peru on Co-operation and Mutual Assistance in Customs Matters was prepared during this period, approval for which was received in September 2018.

This agreement was signed on 05.12.2018, on the side-lines of the 80th Session of the Policy Commission meeting of the World Customs Organizations (WCO) held in Mumbai, India, from 3rd-5th December 2018.

(iii) The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC)

In month of May, first Customs Working Group meeting of BIMSTEC members was hosted by MEA, based on proposal from CBIC, to help early conclusion of a plurilateral CMAA. During the meeting, chaired by CBIC all pending issues were resolved. Final consensus on the text is awaited from Thailand Customs, to proceed for internal approvals for signing.

(iii) ICD has also worked on draft texts of CMAAs with **New Zealand**, **Canada** and **Netherlands** leading to substantial text being agreed.

3.3.2.2 BRICS cooperation

Considerable progress has been made this year in finalizing the draft text of BRICS CMAA by close coordination with Brazil, Russia, China and South Africa. CBIC during the BRICS Customs meetings held during this period, pushed for active participation and comments from other customs administrations, leading to agreement on 75% of the text.

CBIC through negotiation also gained consensus of all other BRICS Customs administrations, to treat newly constructed regional National Academy of Customs, Indirect Taxes and Narcotics (NACIN) at Bengaluru, as a BRICS Customs Training Centre, which was recorded in the strategic framework document signed by heads of all Customs Administrations on the side-lines of WCO Council meeting held in July in Brussels this year.

3.3.2.3 Negotiations under various Free Trade Agreements

CBIC provides inputs to Department of Commerce on text on Rules of Origin and Customs Procedures and Trade Facilitation for ongoing Trade negotiations, along with its officers participating in some of the negotiations. This involves thorough examination of the draft text, arriving at positions and preparation of detailed response on each issue related to Customs or implications on implementation of such Agreements at the Port

Representative of CBIC has been a lead negotiator for chapter on Customs Procedures and Trade Facilitation (CPTF), under the Regional Comprehensive Economic Partnership (RCEP), involving sixteen countries. The strategy and counter proposals provided by CBIC led to an early conclusion of this chapter, with favourable outcomes. This is the only chapter to be concluded under RCEP this year, with negotiations having commenced in 2014.

3.3.2.4 The Shanghai Cooperation Organization (SCO)

SCO is a permanent intergovernmental international organization, the creation of which was announced on 15 June 2001 in Shanghai (China). India has joined the SCO as full member in June, 2017. Other members of the SCO are China, Russia, Kazakhstan, Kyrgyz Republic, Tajikistan, Uzbekistan and Pakistan.

CBIC actively worked on 'Memorandum between the Customs services of the Member States of the Shanghai Cooperation Organization on the exchange of information on the trans-boundary movement of ozone-depleting substances' and 'Regulations for the Communication Of 24-Hour Contact Points through the Cencom Rilo-Moscow Operational Platform Channels', ensuring that it aligns with India's position. After ensuring all necessary approvals, these two Customs documents were signed during the SCO Summit held in China in June this year.

3.3.2.5 Electronic Origin Data Exchange System (EODES) under Free Trade Agreement

Noting the importance of quick and efficient communication of vital information related to country of origin of goods, being cleared under preferential tariff treatment, CBIC has taken a lead in working on electronic capture of origin related data for better trade facilitation and improve risk management.

CBIC has initiated a dialogue with Korea Customs Service to work on electronic exchange of origin related data directly between the respective customs administrations, doing away with the need for a paper format to be submitted by an importer at time of customs clearance. This will not only allow for immediate transmission but also instantly authenticate the information received and save time in sending requests for validating same through diplomatic channels.

On successful roll out of same, it is aimed to negotiate such arrangement with other free trade partners.

3.4 LAND CUSTOMS

3.4.1 Agreement between India and Bangladesh for use of Chittagong and Mongla Port for movement of goods to and from India

The agreement on use of Chittagong and Mongla port was negotiated with Bangladesh alongside the Ministry of Shipping and the same has been signed between the two countries in October 2018. CBIC had prepared the draft Agreement and has been instrumental in the negotiations and its early signing. This is expected to bring enhanced access to landlocked North Eastern states.

3.4.2 Agreement between the Government of India and the Government of Nepal for the Regulation of Passenger Traffic between the two countries 2014.

Though an agreement was signed between India and Nepal for Regulation of Passenger Traffic between the two countries in 2014 no protocol was mooted by India for regulation of personal vehicles. CBIC in consultation with MEA and MoRTH has proposed a draft Protocol for the movement of personal vehicles under the Agreement for the Regulation of Passenger Traffic between the two countries. This would enable regulation of the movement of personal vehicles between India and Nepal.

3.4.3 Promoting Make in India by bringing clarity regarding Manufacture and Other Operations in Warehouse.

With a view to enable Make in India, attract investment & promote exports, manufacture & other operations under Section 65 of the Customs Act, has been streamlined by Indian Customs by simplifying end-to-end procedures.

3.4.4 Off-border clearance of export consignments to Nepal and Bangladesh by leveraging technology.

To overcome the problems associated with poor border infrastructure, Circular No. 32/2018-Customs dated 13th September, 2018 have expanded the facility of off-border clearance for export consignments to Nepal and Bangladesh from all ICDs. Through this facility, exporters can clear export goods at an inland facility (ICD) and after cargo is loaded and sealed, the trucks or containers are allowed to be taken the border crossing by rail or/and road. The formalities at the border are primarily confined to checking the integrity of the seal and allowing the export. This enables clearance at locations convenient to trade, but also allows faster movement of cargo from hinterland locations to border crossings, decongest the border points and obviate the need to develop elaborate facilities at the borders.

3.4.5 Foreign Post Office

In order to facilitate exports and specifically give a fillip to the global outreach of India's exporters via e-commerce (more so to the MSME sector), all IEC holders have been permitted to export goods through FPOs. Any IEC holder exporting goods through the FPO, will be eligible for zero rating of exports, by way of IGST refund or discharge of LUT. Those who do not wish to avail this facility or fall in the category of Exempted/Non-Taxable are also permitted to export under the same procedure. In order to cater to e-commerce exports through post, the Board has prescribed the declaration forms under "Exports by Post Regulations, 2018". Two postal bills of export have been notified, one specifically for e-commerce exports.

A Circular dated 4th June 2018 has been issued clarifying the procedure for e-commerce exports through post and personal imports through post. The issue of the Regulations and Circular ibid have brought the much-needed regulatory clarity for exports and imports through posts.

3.4.6 TIR Convention

The TIR Convention is an international transit system under the auspices of the United Nations Economic Commission for Europe. India's accession to TIR Convention has been completed on 15th December 2017. The Federation of Indian Chambers of Commerce and Industry has been appointed by CBIC as the National Guaranteeing Association. FIICI has successfully completed the admission process and India has been declared as a country in which

TIR transports can be arranged. The TIR Carnet would act as a common customs document as well as guarantee for the duties involved in the goods in transit along the territories of the contracting parties creating a facilitative and non-intrusive environment for multi-modal transport of goods through several countries.

The TIR Convention can be an instrument for increasing India's global trade prospects particularly in movement of goods along the International "North-South" Transport (INSTC) Corridor, boosting trade with Central Asian Republics and other Commonwealth of Independent States (CIS).

Circular dated 03rd December, 2018 has been issued for the movement of cargo under the cover of TIR Carnet.

3.4.7 Transhipment of export cargo from Bangladesh to third countries through Indian gateways:

Transhipment of export cargo from Bangladesh to third countries through Land Customs Stations operationalized through Circular dated 02nd November, 2018. This would enable better cargo evacuation and improve logistics efficiency while also leveraging India's transport and logistics sector.

3.5 OTHERS

3.5.1 Rate of Exchange and Tariff Values Notifications: The process of fortnightly issue of Rate of Exchange and Tariff Value notifications was continued smoothly. Fifty-six such notifications were issued during the financial year 2018-19.

3.5.2 Notification of Exchange rate for additional currencies: The process to include Turkish Lira and Korean Won in the rate of exchange notifications has been completed. This is expected to facilitate the exports and imports made in these currencies.

3.5.3 Review of tariff value formula: The procedure of fixation of tariff value was revisited in the case of edible oils and poppy seeds to revise it as per the import trends of subject commodities.

3.5.4 Standardization of UQCs: Work on standardization of UQCs was initiated and extensive study was done in respect of the top 1500 commodities, to identify discrepancies in the UQC and to standardize and rationalize the same. This exercise would lead to improvement in data quality, making valuation controls effective and enhancing the accuracy of trade statistics.

3.5.5 Free Trade Agreement related verification: Field formations were galvanized into scrutinizing the certificates of origin and making verification requests. Several cases of verification under DFTP, AIFTA, ISLFTA, SAFTA and other FTAs were made to the countries of export, actively followed up and the reports received were analysed and appropriate directions were issued to field formations. This has gone a long way in deterring the misuse of preferential benefits under FTAs.

3.5.6 Valuation studies: Issues relating to under-valuation were taken up and several valuation alerts were got issued through Directorate General of Valuation. The implementation of the straties was closely monitored.

3.5.7 Notification requirements: In terms of requirements under "Agreement on Implementation of Article VII of GATT 1994" under WTO, which is also known as the Agreement on Customs Valuation (ACV), the following four types of notification requirements were fulfilled by India under the Agreement:

a) Treatment of interest charges in the customs value of imported goods;

b) Valuation of carrier media bearing software for data processing equipment's;

c) National Legislation in accordance with Article 22 of the Agreement;

d) Checklist of issues.

India hand not notified WTO on either treatment of interest charges or valuation of carrier media from India. India last notified WTO vide Notification No. G/VAL/N/1/IND/3 dated 15.07.2002 along with the checklist.

3.5.8 Pro-active Facilitation Centre for clearance of risk-free cargo

As a measure of Trade Facilitation and Ease of Doing Business, a dedicated Facilitation Centre has been set up for expediting clearance to risk free consignments facilitated by the EDI System. The officers posted at the Facilitation Centre scrutinise import declaration and the supporting documents and on being satisfied with the correctness of payment of Customs duty and verification of compliance requirements give immediate clearance. The Facilitation Centre enables the importer / broker to complete the entire procedure for release / clearance of goods under one roof after which he can directly proceed to taking delivery of the goods. The operations of the Facilitation Centre are 24x7. The combination of various reforms measures such as

(i) one-stop shop in the form of Facilitation Centre

(ii) pre-arrival processing of import declarations (wherein percentage of advance filing of import declarations has gone up)

(iii) suo-moto clearance given to select consignments which are profiled by the system as low risk,

(iv) e-Sanchit (uploading of supporting documents and ensuring paperless clearance),

(v) web based goods registration for examination of goods or inspection of container seal and

(vi) on-line clearance module (whereby the AEOs can obtain clearance of goods even without visiting the Facilitation Centre) and

(vii) RFID enabled tracking of movement of containers have considerably reduced the cost and time associated with clearance of imported goods.

The response of the trade to the setting up of the Facilitation Centre has been extremely positive and the number of Bills of Entry processed at the Centre has been increasing consistently owing to the real saving in time and cost that it provides. It is pertinent to mention that on an average around 2000 Bills of Entry are processed at the Centre every day. (Refer P.N. 123/2018 dt. 20.08.2018, P.N. no. 133/2018 dt. 26.09.2018)

3.5.9 Introduction of ICEDASH

ICEDASH (Indian Customs EDI Dashboard) is an extremely handy, user friendly, informative Dashboard which is automatically populated to indicate the Customs station-wise performance in regard to time taken for clearance of imports. This is mapped against the target time to enable the field formations to monitor on real time basis whether or not their performance is below par and take remedial steps, whenever needed. It also enables the comparison across similarly placed Customs stations. ICEDASH also shows the progress made in the last one month for each Customs station. Thus, it is a powerful tool for real time monitoring of import clearances. Further, it uses the colour coding like Green for clearances where time is less than 36 hours, red for clearances taking more than 72 hours and amber for time in between two extremes. This tool has actually altered the behaviour of the officers as they are now aware that their performance is being monitored by higher authorities. This reform is resulting in behavioural changes of the customs officers and it was introduced on International Customs Day in January 2019.

3.5.10 Operationalization of Drive Through Containers at JNPT

A new Drive Through Scanner has been made operational at JNCH from 1st November 2018. The Officers are able to see on their screen whether a container has been selected for scanning or not. Further, they are also able to see on their screen whether a container has been scanned or not and result of scanning i.e. whether image has been marked “clean” or “suspicious”. The high-speed container scanner has helped in reducing the dwell time for imports significantly. The scan speed of 80 Scans per hour has ensured that the movement of containers has become faster leading to substantial savings in terms of time and cost associated with clearances. The import procedures have been streamlined in line with the operations of the scanner by Jawaharlal Nehru Customs House.

3.5.11 Introduction of Priority Assessment and Priority Examination Module

This was introduced for Authorised Economic Operators (AEO) opting Direct Port Delivery (DPD) on 02.08.2018. The AEO importers are entitled for Priority in assessment and examination. An important decision was taken to introduce it at local level through the module at JNCH website. The AEO importer has to enter his IEC, BE no (import Declaration number) and the concerned Appraising group electronically to get priority in assessment and examination within 2 hours of request. As soon as a request is received a SMS is sent to the concerned officer by the module. Likewise, a message is sent to the concerned Docks officer on receipt of the request so that priority in examination may be granted. This facility is in addition to the priority in assessment already available to AEO importers in the Appraiser’s role in the EDI System and is monitored by the RMS Centre Officers.

3.5.12 Shift from thrust on Gateway controls to post clearance audit

The time taken for clearance at ports is related to the risks associated with the consignments which further links to the need for further examination or verification to be done by regulatory authorities. In the total spectrum of risk, distinction has been brought wherein certain risks associated with contraband smuggling are being addressed prior to clearance and certain category of commercial risks are being addressed at post clearance audit stage. In order to address the said category of commercial risks, it was decided to create separate audit formations. The necessary changes have been made in Customs Act, 1962 by introducing a new Section 99A to give audit a statutory force. Already four Audit Commissionerates have started operations w.e.f 1st April, 2018. These audit formations are engaged in conducting transactional audit, thematic audit and on-site post clearance audits. It is expected that these audit formations would eventually help in reducing burden at ports which would eventually free up manpower at those ports to cater to priority areas. Overall it would help reducing time of clearance at customs ports to a great extent.

3.6 DRAWBACK

I. Important items of work accomplished by the Drawback Division during the period 01.01.2018 to 31.12.2018 are as follows:

a. Issues raised during the review of All Industry Rates of Duty Drawback (made effective from 01.10.2017) were redressed on priority vide Notification No. 08/2018-Customs (NT) dated 22.01.2018. Circular No. 04/2018-Customs dated 24.01.2018 was also issued explaining the said amendments.

b. To enhance ease of doing business, Dhamra and Dighi Ports were notified for the purpose of use under Export Promotion (EP) Schemes vide Notification No. 3/2018-Customs dated 12.01.2018.

c. Notification No.46/2018-Cus (N.T.) dated 25.05.2018 was issued revising All Industry Rates of Duty Drawback for Silver jewellery & articles. Notification No. 82/2018-Cus (NT) dated 24.09.2018 was also issued to revise the All Industry Rates of Duty Drawback for Gold jewellery, Silver jewellery & articles.

d. Notification No. 52/2018-Customs dated 14.07.2018 was issued so as to expand the list of certain items allowed to be imported duty free for use in manufacture of handicrafts for exports.

e. Exports of goods under MEIS through e-commerce platform has been permitted from all International Courier Terminals and Foreign Post Offices and the value limit for such exports was enhanced and aligned to that under Foreign Trade Policy. Notification No. 63/2018-Cus dated 18.09.2018 has been issued in this regard.

f. Notification No.35/2018-Customs dated 28.03.2018 was issued to amend various Customs exemption notifications to exempt integrated tax and goods and services tax compensation cess on import of goods under Advance Authorisation/EPCG Schemes till 01.10.2018. Notification No.66/2018-Customs dated 26.09.2018 was issued to further extend the exemption up to 31.03.2019.

g. For the purpose of annual review of All Industry Rates of Duty Drawback, representations were invited from the trade and other stakeholders. These were examined and Notification No.95/2018-Cus (N.T.) dated 6.12.2018 was issued to revise the All Industry Rates of Duty Drawback. Circular No.52/2018 dated 12.12.2018 was also issued explaining the changes.

II. Important items of work accomplished by the Drawback Division during the period 01.01.2019 to 31.03.2019are as follows:

a. In response to demands from trade/industry among others, Notification No. 01/2019-Cus dated 10.01.2019 was issued to remove pre-import condition and include specified deemed export supplies for exemption from integrated tax and compensation cess for materials imported against Advance Authorizations and Advance Authorizations for Annual Requirement.

b. Issues raised during review of All Industry Rates of Duty Drawback that were made effective from 19.12.2018 were examined and resolved by amendments made effective from 20.02.2019 (including revision of All Industry Rates of Duty Drawback for Gold jewellery, Silver jewellery & articles) vide Notification No. 12/2019-Customs (NT) dated 16.02.2019. Circular No. 05/2019-Customs dated 20.02.2019was also issued explaining the said amendments.

c. Notification No. 08/2019-Customs dated 25.03.2019 was issued to further extend the exemption from integrated tax and compensation cess up to 31.03.2020 on goods imported against AA/EPCG authorizations.

d. For smooth transition of Ministry of Textile's Rebate of State Levies (RoSL) scheme to new scheme for Rebate of State and Central taxes and Levies on export of garments and made-ups (RoSCTL), Circular No.10/2019-Cus dated 12.03.2019 was issued for guidance of trade and officers.

3.7 Budgetary Changes and Policy Initiative: Major Achievement of CBIC during 2018-19

A. Reduction in Customs duty on inputs and raw materials

S. No.	Commodity	From	To
I	**Food processing**		
1	Cashew nuts in shell [Raw cashew]	5%	2.5%
II	**Capital goods and Electronics**		
1	Ball screws, linear motion guides, CNC systems for manufacture of all types of CNC machine tools falling under headings 8456 to 8463	7.5%	2.5%

S. No.	Commodity	From	To
2	Solar tempered glass or solar tempered [anti-reflective coated] glass for manufacture of solar cells /panels/modules	5%	Nil
III	**Medical Devices**		
1	Raw materials, parts or accessories for the manufacture of Cochlear Implants	2.5%	Nil

[Objective: To reduce input costs or to remove duty inversion, so as to incentivize the domestic value addition in these sectors.]

B. Increase in Customs duty on certain goods:

S. No.	Commodity	From	To
I	**Food Processing**		
1	Orange fruit juice	30%	35%
2	Cranberry juice	10%	50%
3	Other fruit juices and vegetable juices	30%	50%
4	Miscellaneous Food preparations (other than soya protein)	30%	50%
II	**Perfumes and toiletry preparations**		
1	Perfumes and toilet waters	10%	20%
2	Beauty or make-up preparations and preparations for the care of the skin (other than medicaments), including sunscreen or suntan preparations; manicure or pedicure preparations	10%	20%
3	Preparations for use on the hair	10%	20%
4	Preparations for oral or dental hygiene, including denture fixative pastes and powders; Yarn used to clean between the teeth (dental floss), in individual retail packages	10%	20%
5	Pre-shave, shaving or after-shave preparations, personal deodorants, bath preparations, depilatories and other perfumery, cosmetic or toilet preparations, not elsewhere specified or included, prepared room deodorizers, whether or not perfumed or having disinfectant properties	10%	20%
III	**Automobiles and automobile parts**		
1	Specified parts/accessories of motor vehicles, motor cars, motor cycles	7.5%/10%	15%
2	CKD imports of motor vehicles, motor cars, motor cycles	10%	15%
3	CBU imports of motor vehicles [8702 or 8704]	20%	25%
4	Truck and Bus radial tyres	10%	15%
IV	**Textiles**		
1	Silk Fabrics	10%	20%
V	**Footwear**		
1	Footwear	10%	20%
2	Parts of footwear	10%	15%
VI	**Precious stones, Jewellery**		
1	Cut and polished colored gemstones;	2.5%	5%
2	Diamonds including lab grown diamonds-semi processed, half-cut or broken; non-industrial diamonds including lab-grown diamonds (other than rough diamonds), including cut and polished diamonds	2.5%	5%
3	Imitation Jewellery	15%	20%
VII	**Electronics/Hardware**		
1	Cellular mobile phones	15%	20%
2	Specified parts including lithium ion battery of cellular mobile phones	7.5%/10%	15%
3	PCBA of charger/adapter and Moulded plastics of charger/ adapter of cellular mobile phones	Nil	10%
4	Inputs or parts of PCBA, or moulded plastics for manufacture of charger/adapter of cellular mobile phones	Applicable rate	Nil
5	Smart watches/wearable devices	10%	20%
6	LCD/LED/OLED panels and other parts of LCD/LED/OLED TVs	7.5%/10%	15%
7	12 specified parts for manufacture of LCD/LED TV panels	Nil	10%
8	Preform of silica for use in the manufacture of telecommunication grade optical fibres or optical fibre cables	Nil	5%
VIII	**Furniture**		
1	Seats and parts of seats [other than aircraft seats and their parts]	10%	20%

S. No.	Commodity	From	To
2	Other furniture and parts	10%	20%
3	Mattresses supports; articles of bedding and similar furnishing	10%	20%
4	Lamps and lighting fitting, illuminated signs, illuminated name plates and the like [except solar lanterns or solar lamps]	10%	20%
IX	**Watches and Clocks**		
1	Wrist watches, pocket watches and other watches, including stop watches	10%	20%
2	Clocks with watch movements	10%	20%
3	Other clocks, including alarm clocks	10%	20%
X	**Toys and Games**		
1	Tricycles, scooters, pedal cars and similar wheeled toys; dolls' carriages; dolls; other toys; puzzles of all kinds	10%	20%
2	Video game consoles and machines, articles for funfair, table or parlor games and automatic bowling alley equipment	10%	20%
3	Festive, carnival or other entertainment articles	10%	20%
4	Articles and equipment for sports or outdoor games, swimming pools and paddling pools [other than articles and equipment for general physical exercise, gymnastics or athletics]	10%	20%
5	Fishing rods, fishing-hooks and other line fishing tackle; fish landing nets, butter fly nets and similar nets; decoy birds and similar hunting or shooting requisites	10%	20%
6	Roundabouts, swings, shooting galleries and other fairground amusements; travelling circuses, traveling menageries and travelling theatres	10%	20%
XI	**Miscellaneous items**		
1	Candles, tapers and the like	10%	25%
2	Kites	10%	20%
3	Sunglasses	10%	20%
4	Date, sealing or numbering stamps, and the like	10%	20%
5	Cigarette lighters and other lighters, whether or not mechanical or electrical, and parts thereof other than flints and wicks.	10%	20%
6	Scent sprays and similar toilet sprays, and mounts and heads therefor; powder-puffs and pads for the application of cosmetic or toilet preparations.	10%	20%

[Objective: To provide adequate protection to domestic value addition to ensure better capacity utilization and achieve import substitution, in line with the 'Make in India' Policy of the Government.]

C. Rationalization in Customs duty rates:

S. No.	Commodity	From	To
I	**Edible oils of vegetable origin**		
1	Crude edible vegetable oils like Ground nut oil, Olive oil, Cotton seed oil, Safflower seed oil, Saffola oil, Coconut oil, Palm Kernel/Babasu oil, Linseed oil, Maize corn oil, Castor oil, Sesame oil, other fixed vegetable fats and oils.	12.5%	30%
2	Refined edible vegetable oils, like Ground nut oil, Olive oil, Cotton seed oil, Safflower seed oil, Saffola oil, Coconut oil, Palm Kernel/Babasu oil, Linseed oil, Maize corn oil, Castor oil, Sesame oil, other fixed vegetable fats and oils, edible margarine of vegetable origin, Sal fat; specified goods of heading 1518	20%	35%
II	**Refractory Items**		
1	Refractory items, falling under tariff item/headings 6815 91 00, 6901, 6902 and 6903	5%/10%	7.5%

D. Duties have been increased on plastic articles, washing machine, refrigerator, air conditioners, speakers, telecom equipment and certain other items which are largely imported from China.

E. The customs duty rates on most of the electronic and IT products imported from China have been increased several times over the last 2 years. There have been increase on finished electronics goods and consumer durables like cellular mobile phones, LED TV's, microwave ovens, refrigerators, air conditioners etc. to promote domestic value addition. Further the customs duty on Manmade fibre fabrics was increased on 298 tariff lines from 10% to 20% on the recommendations of the Ministry of Textiles for protecting domestic industry from cheap Chinese imports. Further BCD was increased on 504 tariff lines of textile articles including garments.

3.8 ENFORCEMENT:

3.8.1 ANTI-SMUGGLING PERFORMANCE

The Anti-Smuggling Unit assists the Central Board of Excise & Customs (CBIC) 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 coordinates with other Ministries, National Security Council Secretariat (NSCS), Central Economic Intelligence Bureau (CEIB), Economic Intelligence Council (EIC) and National Committee on Strengthening Maritime and Coastal Security (NCSMCS) etc. on issues relating to economic, marine, coastal and national security.

Performance in the last two years

	Year	Total	
Category	**Year**	**No. of Cases**	**Value of Seizures (Rs. Cr)**
Outright Smuggling	**2017-18**	31266	2807.60
	2018-19	23806	2871.82
Commercial Frauds	**2017-18**	3933	3962.64
	2018-19	2966	5643.96

Outright Smuggling Cases in 2018-19

Description	No. of Cases	2018-19 Value of goods seized (in Rs Cr)
GOLD	5231	1297.607
NARCOTICS (Value in LMV)	358	440.1945
FICN (FACE VALUE)	9	0.4985
WILDLIFE/FLORA/FAUNA	5410	215.5071
OZONE DEPLETING SUBSTANCES	0	0
IPRCASES	13	27.466
OTHERS	12785	890.5527
Total	**23806**	**2871.82**

Commercial Fraud Cases in 2018-19

Description	Number of Cases	Duty Involved (In Rs Cr)
IMPORT FRAUD CASES	2446	5186.03
UNDERVALUATION	482	626.87
MIS-DECLARATION	947	864.22
MISUSE OF DEEC/ADVANCE LICENCE SCHEME	103	879.71
MISUSE OF EPCG SCHEME	47	92.45
MISUSE OF EOU/EPZ/SEZ SCHEME	3	4.95
MISUSE OF END USE AND OTHER NOTIFICATION	224	777.86

Description	Number of Cases	Duty Involved (In Rs Cr)
OTHERS	640	1939.98
EXPORT FRAUD CASES	520	457.93
MISUSE OF DEEC/ADVANCE LICENCE SCHEME	3	2.16
MISUSE OF EPCG SCHEME	2	1.13
MISUSE OF DRAWBACK SCHEME	241	76.12
OTHERS	274	378.52
GRAND TOTAL	**2966**	**5643.96**

3.8.2 Measures for strengthening enforcement capabilities:

As border control agencies, field formations of CBIC keep constant vigil on the illicit imports through ports, airports, Land Customs Stations (LCS), Inland Container Depots (ICDs), Foreign Post Office (FPOs) and Courier Terminals. Each Customs Commissionerate is having intelligence and investigation units for checking smuggling and other commercial frauds. Besides the Directorate General of Revenue Intelligence (DRI) having pan India presence are the specialized agencies under CBIC involved in anti-smuggling and anti-evasion activities.

CBIC has put in place non-intrusive methods of examination and checking by installing X-Ray Baggage Inspection Systems, Container Scanners and Pallet Scanners to check smuggling by concealment besides deploying marine vessels for patrolling.

Indian Customs has participated in various global multilateral enforcement operations from time to time organized by World Customs Organization (WCO is an intergovernmental organization comprising of customs administration of 180 countries comprising 98% of world trade).

I. Container Scanners and other equipment

With growing international trade, examination of cargo by Customs officers is becoming increasingly difficult. This problem is being addressed by (a) Selective examination using a Risk Management System (RMS); and (b) Through Non-Intrusive Inspection (NII) of cargo using Container Scanners. This not only helps to detect the entry of restricted and prohibited goods into the country but also facilitates speedy clearance of genuine cargo. Accordingly, Mobile Gamma Ray scanners, Fixed X-Ray Scanners and Drive through Scanners were procured and installed at various major ports. The Anti-smuggling Equipment such as X-Ray Baggage Systems (XBIS), High Energy X-Ray Cargo Pallet Scanners (HEXS), Explosive and Narcotic Detectors, Door Frame Metal Detectors (DFMD), Hand Held Metal Detectors (HHMD), Hand Held Search Lights (HHSL), Binoculars, Devices etc. have been provided to all Customs and Customs Preventive formations functioning under CBIC.

II. Procurement of new Customs Marine Vessels:

There are 109 high speed sophisticated Customs Marine vessels deployed at various ports/ riverines. The fleet comprises of 24 Customs Patrol Vessels (Category -I), 22 Customs Interceptor Crafts (Category -II) and 63 Customs Patrol Tenders (Category III A and III B).

III. Central Revenues Control Laboratory

Central Revenues Control Laboratory (CRCL) along with 11 other Laboratories at Kandla, Vadodara, Mumbai, Nhava-Sheva, Goa, Mangalore, Cochin, Tuticorin, Vizag, Chennai and Kolkata provide the laboratory infrastructure for Customs, CGST and Central Excise formations. Besides these, the laboratories at Government Opium Alkaloid Works, Ghazipur and Neemuch are also manned by the CRCL staff. Nine of the Revenue Laboratories, namely, CRCL, New Delhi, Kandla, Mumbai, Cochin, Chennai, Vizag, Kolkata, Ghazipur and Neemuch are notified for test of narcotics, drugs and psychotropic substances for prosecution under the NDPS Act read with the provisions of CrPC.

IV. Protocol to Eliminate Illicit Trade in Tobacco Products.

The World Health Assembly adopted the WHO Framework Convention on Tobacco Control (WHO FCTC) in 2003. The WHO FCTC addresses the problem relating to tobacco control in three major ways, namely, price and tax measures to reduce the demand for tobacco, provision of support for economically viable alternatives and elimination of illicit trade in tobacco products. WHO FCTC, negotiated and adopted the Protocol to Eliminate Illicit Trade in Tobacco and Tobacco Products, in 2012. The objective of the Protocol is eliminating all forms of illicit trade in tobacco products through a package of measures to be taken by countries acting in cooperation with each other. It comprehensively provides for putting in place an effective control mechanism right from the source to the end consumer. India became party to the Protocol on 5.6.2019 and participated in the first Meeting of Parties (MoP1) held in October 2018 in Geneva. The Anti-

Smuggling Unit of CBIC played a vital role in India's accession to the Protocol.

V. Training in Export Control

The Anti-Smuggling Unit coordinates various training Programmes conducted by the US Government in the field of Export Control relating to Weapons of Mass Destructions (WMD), Chemical Biological Radiological and Nuclear and Equipment (CBRNe) etc.

3.8.3 ANTI EVASION PERFORMANCE (up to March 2019)

(Rs. In Cr.)

	No. of Cases	Amount involved (Rs. In Cr.)	Recovery made (Rs. In Cr.)
GST	34487	44123.88	25015.26
CX	857	3479.36	222.54
SERVICE TAX	5460	31581.07	3872.67
TOTAL	40804	79184.31	29110.47

3.9 PERFORMANCE HIGHLIGHTS AND ACHIEVEMENT OF DIRECTORATE GENERAL OF PERFORMANCE MANGAEMENT (DGPM) (2018-19)

(A) Analysis of Part V of Monthly Performance Report (MPR):

As per the CBIC'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 analysed.

The Monthly Performance Report for **Central Excise**, **Customs** and **Service Tax** covers Key Areas viz. Adjudication, Call Book, Provisional Assessments, Refund-Rebate & miscellaneous. The reports are compiled on the basis of the data of all the Zones and DG-GSTI/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 all the Members. A copy is also marked to the Chairman. The analysis indicates top Zones comprising of 80% of the pendency in each of the Key Area.

(B) Inspection of field formations:

The DGPM is tasked with inspection of field Commissionerate to ensure that the field offices are working as per CBIC'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.

CBIC has revised the norms of frequency for inspection of field formation Central Excise, Customs and Service Tax vide BMB No. 32/2010 dated 12.05.2010. 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.

(i) Central Excise, Service Tax & GST:

As per approved annual action plan for the year 2018-19, 40 Central Excise & GST Commissionerates were scheduled for inspection by DGPM (H.Q. and its Regional Units). The remaining 67 Central Excise & GST Commissionerates were allocated to jurisdictional Chief Commissioners.

At all India level there are 107 GST Commissionerates which were required to be inspected during the financial year 2018-19.

Formation	Allotted (2018-19)
GST	
GST HQ	10
NRU	07
SRU	08
ERU	06
CRU	03
WRU	06
Jurisdictional C.C.	67
Total	**107**

(ii) Customs Section:

As per approved Annual Customs Action Plan for the year 2018-19, 19 Customs commissionerates were scheduled for inspection by Headquarters and its Regional Units, the remaining 39 Customs formations were allocated to jurisdictional Chief Commissioners for inspection.

Formation	Allotted (2018-19)
Customs	
Customs, HQ	08
NRU	03
ERU	01
CRU	01
SRU	02
WRU	04
Jurisdictional C.C	39
Total	**58**

(C) Implementation of Official language Policy:

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 Indirect Taxes and Customs for implementing various works relating to Hindi (Rajbhasha) in the field formations and to coordinate with Grih Mantralya (Rajbhasha Vibhag). These directions have been approved by the Chairman (CBIC).

In the financial Year 2018-19 (from 01.04.2018 to 31.03.2019) the following major work for promotion of the Official Language was undertaken:

- 74 inspections of different field formations with respect to implementation of Official Language Policy during the year were conducted. Translation of various materials in Hindi.
- **Hindi Week** was celebrated and various competitions were held.
- Workshops on Official Language Policy and Unicode along with voice typing in Hindi and Quarterly 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. Quarterly Progress Report of DGPM was prepared and forwarded to Ministry.
- Correspondences with diverse offices were made. Periodic reports received from commissionerates and Directorates were reviewed, consolidated and forwarded to Official Language section of Department of Revenue.
- Orders & Instructions received from Official Language section of Department of Revenue were circulated amongst field formations.
- Twenty-eight Meetings of Hon'ble Parliamentary Committee on Official Language were coordinated and attended. Full help was given in preparations of questionnaire.

Implementation Plan for the Year 2019-20:

- Official Language inspections of 82 offices under CBIC are proposed to be conducted as per the Annual Programme 2019-20 of Department of Official Language, Ministry of Home Affairs.
- Participation in forthcoming meetings of Hon'ble Parliamentary Committee on Official Language.
- Official Language implementation Committee meetings proposed to be organized as per the Annual Programme 2019-20 of Department of Official Language.
- Periodical review of quarterly Progress report on Official Language received from commissionerates and Directorates proposed to be done.
- Apart from these, all type of works related to Nodal agency of CBIC for Official Language proposed to be performed.

(D) Process and Sanction refund to Government of Bhutan

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 CBIC which in turn are sent to DGPM.

Year (Jan - Dec)	Amount of refund (in Rs.)
Amount claimed for the year 2017	Rs. 264.16 Crore
Amount Finalized	Rs. 262.32 Crore

3.10 PERFORMANCE HIGHLIGHTS AND ACHIEVEMENT OF Directorate General of Human Resource Development (DGHRD) (2018-19)

I. Major Achievements of EMC Wing of DGHRD

The Expenditure Management Cell (EMC), DGHRD, is mandated to act as the Nodal Authority in respect of all Budget matters for the Grant No. 35 – Indirect Taxes.

(a) Consequent to proper budget planning by EMC Wing of DGHRD, a token Supplementary Demand (in the 1st and 2nd phases) of Rs. 1.00 lakh each was secured for shifting of accepted provision under MH-2038-UED towards MH-2042-CGST as well as utilization of savings under Capital Section towards the proposals of acquisition of land involving expenditure of Rs. 71.35 crore which were not reflected in Detailed Demands for Grants (2018-19). Subsequently, a token Supplementary Demand (in the IIIrd phase) of Rs. 1.00 lakh each secured under Major Head 4059 (Capital Outlay on Public Works) and under Major Head 4216 (Capital Outlay on Housing) for utilization of savings towards proposals not reflected in Detailed Demands for Grants (2018-19).

(b) For the first time, an "EMC Manual" on budgeting and expenditure procedures incorporating the updated GFRs, 2017, and relevant instructions by Dept. Of Expenditure has been published and circulated to all Budgetary Authorities drafted.

(c) During the period from 01.01.2019 to 31.03.2019, 71 Operational Vehicles were provided to the field formations under CBIC and similarly a proposal for hiring of 876 operational vehicles for creation of E-Way squads under 21 CGST Zones has moved to IFU/Ministry for necessary approval and financial sanction.

(d) During the period from 01.01.2019 to 31.03.2019, two (02) cases for creation of 20 posts on cost recovery basis in different grade and five (05) cases for continuation of 23 posts in different grade, were conveyed by DoE with the approval of the Finance Minister. In addition to this, two (02) cases for exemption from the payment of cost recovery charges were approved from IFU, CBIC during the aforesaid period.

II. Major achievements of Infrastructure Division, DGHRD

Construction projects sanctioned

S. No.	Proposal in brief	Amount (in Rs.)	Date of a/a & e/s
1.	Construction of office building for DRI (G+6) storied with basement, Kolkata Zonal Unit at Kolkata.	**64,49,85,000/-**	08.02.2019
2.	Construction of office building (G+7) at JNCH, Nhava Sheva, Raigad, Mumbai.	**85,60,92,506/-**	14.02.2019
3.	Construction of office building for Customs, Central Excise & Service Tax, Divisional office (now known as CGST Divisional office, Agartala) and Agartala Audit Circle at Agartala.	**28,04,03,700/-**	18.02.2019
4.	Construction of Office building for Division Office of Central Excise and Service Tax Division, Bhilwara.	**9,72,07,100/-**	21.02.2019

III. SANCTIONED PROPOSALS OF LAND IN FINANCIAL YEAR 2018-19

S. No.	Zone/ Commissionerate.	Proposal	Amount Sanctioned (In Rupees)	Area (in Sq.mtrs.)	Sanction Order & Date
1	Meerut Zone/ Noida	A/a & e/s for construction of office building and residential complex at Anand Vihar Yojana, Hapur (**purchase from Hapur Pilkhuwa Development Authority, HPDA)**	11,26,464	4842.8	Land/13/sanction/2018-19 dated 10.01.2019. Funds released by EMC on 16.01.2019 **(4059)**

S. No.	Zone/ Commissionerate.	Proposal	Amount Sanctioned (In Rupees)	Area (in Sq.mtrs.)	Sanction Order & Date
2	Customs (Prev.) Patna	Transfer of land for construction of office building for LCS, Gauriphanta, Distt. Lakhimpur Kheri.	2,10,000/-	1000	Land/14/Sanction/2018-19 dated 21.01.2019. Funds released by EMC on 25.01.2019 **(4059).**
3	Ahmedabad/ Rajkot;	Purchase of Land of area 1000 SqMtr at Survey No. 318, RaiyaTaluka, Rajkot from State Govt. for Construction of Quarters at Rajkot- enhancement of cost of land by State Government.	93,21,880/-	1000	Const./21/Sanction/2018-19 dated 30.01.2019. Funds released by EMC on 30.01.2019. **(4216)**
4	DRI Chennai	Purchase of plot of land for office premises of DRI, Chennai (Tamilnadu Housing Board, Chennai)	21,19,49,417/-	1506.5	LAND/15/SANCTION/ 2018-19 dated 13.02.2019. Funds released by EMC on 15.02.2019 **(4059)**
5	Chandigarh CGST	Budget- Requirement of funds for the acquisition of land measuring 2.847 acres for construction of office building for various offices of CBIC at Chandigarh (UT Chandigarh	**9,51,63,108/-** **(**5,31,76,314/- + 4,19,86,794/-)	11520.62	LAND/16/SANCTION/ 2018-19 dated 14.02.2019. Funds released by EMC on 19.02.2019 **(4059)**
6	DRI, Ahmedabad	Purchase of a plot of land of area 3100Sq/Mtr for construction of office premises for DRI(ZU) Ahmadabad from Ahmedabad Urban Development Authority	28,68,95,700/-	3100	LAND/17/SANCTION/ 2018-19 dated 14.02.2019. Funds released by EMC on 19.02.2019 **(4059) –** Amount surrendered
7	DRI/Hyderabad /	Proposal for acquiring land for Construction of office building for DRI, Hyderabad Zonal Unit (From State Govt. of Telangana)	12,06,00,100/-	1254	LAND/18/SANCTION/ 2018-19 dated 27.02.2019. Funds released by EMC on 28.02.2019 **(4059)**
8	DRI, Vasant Kunj, Delhi	Allotment of land from DDA measuring 6200 sqm. for construction of building for DRI (Hqrs.) at Vasant Kunj, New Delhi	9,00,15,837/-	6200	LAND/19/SANCTION/ 2018-19 dated 27.02.2019. Funds released by EMC on 28.02.2019 **(4059)**
9	Bengaluru Customs/	Allotment of land for Custom House at Kempegowda International Airport, Bengaluru (from Bangalore International Airport Limited, BIAL)	3,06,00,000/-	4035	LAND/20/SANCTION/2018-19 dated 28.03.2019. Funds released by EMC vide letter dated 28.03.2019 **(4059) –** Rs.3 Cr. Utilized and Rs.6 lakhs surrendered

IV. Ready Built Accommodation proposal sanctioned/validated during F.Y. 2018-19

S. No.	Sanction Order No	Zone/ Commissionerate	Subject	Amount (In Rupees)	Revalidation
1.	RBF/02/2016-17-SANCTION Dated 20.12.2016	Central Excise, Guwahati	Purchase of ready built office accommodation (1,03,951 Sq. Ft.) from HOUSEFED, Assam at Fency Bazar, Kedar Road, Guwahati.	**87,28,62,022/-**	15.11.2018

3.11 WAY FORWARD/INITIATIVES TAKEN BY INFRASTRUCTURE WING (RBA SECTION) OF DGHRD

GREEN INFRASTRUCTURE PROJECTS

A detailed course on 'Green Building' has been organized by the International Centre for Environment Audit and Sustainable Development (iCED) for the first time for CBIC officers that covers important topics like energy Efficiency and Conservation, Water Conservation in buildings, Waste Management with focus on e-Waste and office waste, Sustainable Public Procurement, Environment Management, etc.

RESTORATION OF VINTAGE BUILDINGS:

INTACH (Indian National Trust for Art and Cultural Heritage) has been appointed by CBIC as consultancy agency for restoration and conservation of departmental buildings which have been granted status of 'Heritage Building'.

Example: **1.** Customs House, Kolkata

2. Old Light House Building, Puducherry

MANDATORY INSTALLATION OF LED BASED LIGHTS AND ENERGY EFFICIENT EQUIPMENT (FANS AND AIR-CONDITIONERS) IN ALL GOVERNMENT OWNED BUILDINGS

1. Name of the Scheme: UJALA (Unnat Jyoti by Affordable LEDs for All)
2. Designated Agency: M/s. Efficient Energy Services Limited
3. Target/Objective: Mandatory Installation of LED lights and energy efficient equipment in all 468 Government Owned Buildings
4. Progress Report:

S. No.	Progress Status	Number of buildings
1.	CBIC owned government buildings in which work of installation of LED based lighting has been completed	**94**
2.	CBIC owned government buildings in which work of installation of LED based lighting has been partially completed and is under progress	**84**
	Total	**178**

Installation of Rooftop Solar Panels in Government Buildings (under RESCO Model)

1. Name of the Scheme: National Solar Mission
2. Designated Agency: M/s. Solar Energy Corporation of India Limited
3. Target/Objective: Installation of Rooftop Solar Panels in 468 Government owned Buildings wherever practical and feasible
4. Progress Report:
   - No. of buildings identified by CPWD for the installation of Solar Panels = **227**
   - No. of buildings in which matter is under process/ Preliminary Survey (PS) has been conducted by CPWD/SECI = **158**
   - No. of buildings in respect of which Preliminary Survey (PS) Report has been submitted = **85**
   - No. of buildings found feasible for the installation of Solar Panels during the PS conducted by CPWD/SECI = **53**

- No. of buildings not found feasible for the installation of Solar Panels during the PS conducted by CPWD/SECI = **32**
- No. of buildings for which Power Purchase Agreement (PPA) has been signed by the field formations (applicable only for RESCO model) = **22**

Major Achievements/ New Initiatives WELFARE DIVISION (2018-19) (From 1st April, 2018 to 31st March, 2019)

- **Medical: 288** requests for medical expenses of the Departmental officials not reimbursed under CGHS/ CS (MA) Rules have been sanctioned by the Governing Body of the Customs & Central Excise Welfare Fund during the financial year 2018-19 involving an amount of **Rs. 2.57 Crores**.
- **Ex-gratia**: **107** requests of the widows/ dependents of the deceased/ permanently disabled Departmental officials have been approved by the Governing Body of the Customs & Central Excise Welfare Fund during the financial year 2018-19 involving an amount of **Rs. 1.82 Crores**.
- **Scholarships:113** Scholarships were sanctioned to the children of Departmental officials for pursuing the undergraduate level professional courses by the Governing Body of the Customs & Central Excise Welfare Fund during the financial year 2018-19 involving an amount of **Rs. 25.0 Lakhs**.
- **Guest Houses: 14** requests/ proposals from the field formations for setting up/ refurbishing of the Guest Houses have been approved by the Governing Body of the Customs & Central Excise Welfare Fund during the financial year 2018-19 involving an amount of **Rs. 1.18 crore**.
- **Hostel Accommodation: One** proposal from the field formations for setting up of the Hostel Accommodation has been approved by the Governing Body of the Customs & Central Excise Welfare Fund during the financial year 2018-19 involving an amount of **Rs. 11.40 Lakhs**.
- **Canteens/ Kitchenettes/ Tiffin Rooms:6** requests/proposals from the field formations for setting up/ refurbishing of the Canteens/ Kitchenettes/ Tiffin Rooms have been approved by the Governing Body of the Customs & Central Excise Welfare Fund during the financial year 2018-19 involving an amount of **Rs. 19.87 Lakhs.**
- **Gym/Sports/Re-creation Centre:3** proposals from the field formations for setting up of Gym/ Sports/ Re-creation Centre has been approved by the Governing Body of the Customs & Central Excise Welfare Fund during the financial year 2018-19 involving an amount of **Rs. 8.34 Lakhs**.
- **Creche Facility: One** proposal from the field formations for setting up of Creche facility has been approved by the Governing Body of the Customs & Central Excise Welfare Fund during the financial year 2018-19 involving an amount of **Rs. 1.76 Lakhs.**
- **Financial assistance for the Subsidized transport facility for the Staff posted at JNCH, Nhava Sheva, Raigarh:** As reimbursement under the Scheme for partial funding of the subsidized transport facility for the officers/staff posted at JNCH, Nhava Sheva, Raigarh a total amount of **Rs. 40.12 Lakh** was approved by the Governing Body of the Customs & Central Excise Welfare Fund during the financial year 2018-19.
- **Financial assistance to sports persons:** An amount of **Rs. 23,971/-** have been sanctioned to **Shri Joseph Kuok. Asstt Commissioner**, CGST, North, Delhi and an amount of **Rs. 5,62,535/-** has been sanctioned **M. Yogendra, Supt.,** Central Tax, South, Bangalore for participation international sports competition/ event, by the Governing Body of the Customs & Central Excise Welfare Fund during the financial year 2018-19.

New Initiatives/ Schemes:

- A proposal for implementation of Public Financial Management System (PFMS) for benefits under the C&CE Welfare Fund and Delegation of Powers in favour of the Zonal Chief Commissioners/ Directors General for grant of financial assistance under the various Welfare Schemes under the Welfare Fund is under consideration of the Governing Body of the Welfare Fund in consultation with the Pr. CCA, CBIC.
- The revision of guidelines for common facilities like- Guest House, Canteens, Gyms etc. has been undertaken by DGHRD and the revised guidelines shall be circulated after due approval of the Governing Body.
- Approximately 3100 applications have been received from the field formations in

response to the circular seeking applications under the revised scheme for grant of Cash Awards to the meritorious children of Departmental officials on the basis of their performance in the 10th /12th Board Examinations for the academic years 2015-16, 2016-17 and 2017-18. The applications are being examined and the eligible shall be granted Cash Awards shortly after the due approval of the Governing Body.

3.12 Steps being taken in compliance of FRBM Act & Rules framed thereunder

(a) In order to function efficiently, any organisation in Government should know the location and condition of their assets, and whether they are being utilised optimally. Timely maintenance of assets can extend the life of the asset and enhance its service potential. Proper asset recording, regular update of asset registers, and regular review of assets can also help prevent misappropriation and loss. Capital investment decisions also benefit from such reliable information.

(b) The FRBM Rules require the recording of physical as well as financial assets.

(c) The Infrastructure Division of the Directorate keeps account of the assets of CBIC through the creation, maintenance and regular updation of an Asset Register.

ASSET REGISTER AS ON 31.03.2018

Demand No. 35 – Indirect Taxes

	Assets at the beginning of the year 2017-18	Assets acquired during the year 2017-18	Cumulative total of Assets at the end of the year 2017-18
	Cost (Rs. in crore)	Cost (Rs. in crore)	Cost (Rs. in crore)
PHYSICAL ASSETS:			
Land	3448.68	40.00	3488.68
Building			
Office	3165.77	0	3165.77
Residential	3551.23	198.00	3749.23
Roads	0	0	0
Bridges	0	0	0
Irrigation Project	0	0	0
Power Projects	0	0	0
Other Capital Projects	0	0	0
Machinery & Equipment	108.32	0.96	109.28
Office Equipment	81.19	13.37	94.56
Vehicles	54.09	4.06	58.15
Vessels	37.59	0	37.59
Total	**10446.87**	**256.39**	**10703.26**
FINANCIAL ASSETS:			
Equity Investments			
Shares	-	-	-
Bonus Shares	-	-	-
Loans and Advances			
Loans to State & UT Govts.	-	-	-
Loans to Foreign Govts.	-	-	-
Loans to companies	-	-	-
Loans to others	-	-	-
Other Financial Investments	0.21	0	0.21
Total	**0.21**	**0**	**0.21**

3.13 PERFORMANCE HIGHLIGHTS AND ACHIEVEMENT OF DIRECTORATE GENERAL OF SYSTEMS AND DATA MANAGEMENT

The Directorate General of Systems and Data Management performs the critical role of IT enabling all the business processes that fall within the domain of C.B.I.C, as well as work functions of the field formations. From conceptualizing, implementation, running, maintenance and upgradation of various IT applications to procurement and maintenance of the IT hardware underpinning the applications, the Directorate performs a vast gamut of roles to build, sustain and strengthen the invisible IT backbone of C.B.I.C's domain functions. It has in a large way enabled the transformation of CBIC into a tax administration which delivers Citizen-centric services through "single window" interface on an "anytime anywhere" basis, ushered in transparency and accountability, reduced transaction costs, raised the ease of doing business etc.

Customs:

The Central Board of Indirect tax and Customs (CBIC) has large taxpayer data base pertaining to GST, Customs, Central Excise and Service Tax. ICES is the core IT system through which import and export documents required for Customs clearance of import and export goods {Bills of Entry, Shipping Bills, Import General Manifests (IGMs) and Export General Manifests (EGMs) etc. are processed. The ICES system has become essential part of Customs ecosystem and the officer needs to work on it to administer the border clearances.

EDW:

The Directorate General of System, CBIC holds the data under Enterprise Data Warehouse (EDW) Project, which is also actively being used to address the data requests of both internal and external agencies and also for development of new projects. A new project ADVAIT is under development which will bring advanced analytic capabilities having state of art data visualization, real time data capture, predictive and fraud analytics. It will use big data and will have a full-fledged Data Science Lab.

ICEGATE:

The e-commerce web portal, Indian Customs EDI Gateway **(ICEGATE)**, is the single point of interaction between ICES and partners in the Customs community and provides services such as e-filing services, custom duty payment to the 'Trading Partners', message exchange with participating agencies, Drawback, IGST and RoSL refunds, helpdesk as well as data exchange between Customs and various regulatory and licensing authorities, facilitation of compliant trade (with concomitant reduction in transaction costs and cargo dwell time) and targeting of non-compliant or risky transactions, achieved through the Risk Management System. At the moment, around 24,000 users registered with ICEGATE are serving 6 lakh importers as well as exporters. ICEGATE links 15 broad type partners with Customs Electronic Data Interchange through message exchanges which leads to faster customs clearance facilitating EXIM trade.

Transactional Services

- Document Filing and Processing for 156 EDI locations
- Customs duty payment from 21 Banks
- Export Incentive disbursal
- Logistics Management
  - Port/ Custodians
  - Cargo Handling
  - Carrier Operations
- Licensing Control
- IPR Registration

Informational Services

- Real Time Tracking
- 54 Tracking modules
- Daily Reports
- Customs Duty Calculator
- Help Desk
  - Toll Free No.: 1800-3010-1000
  - Email: icegatehelpdesk@icegate.gov.in
- Connecting standards

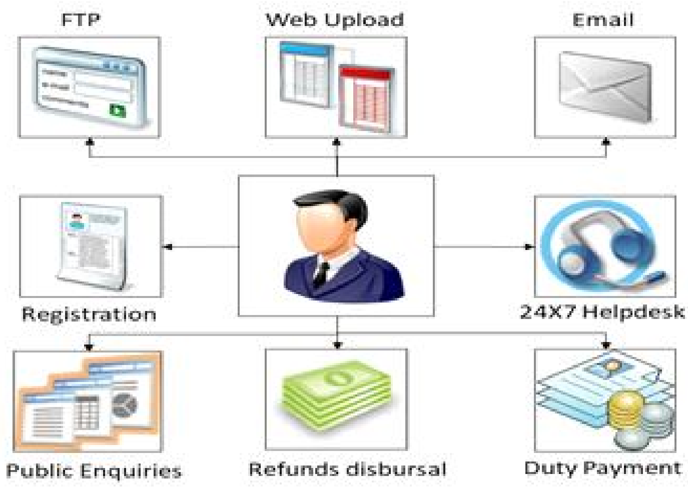


Figure 1: Overview of Services offered to the Trader by ICEGATE

Every electronic document and message that is handled by ICEGATE is processed at the Customs' end by the Indian Customs EDI System, which has been running at 134 customs locations. The Department has centralized its infrastructure and all customs locations have been shifted to centralized infrastructure that is hosted at Data Centre by linking then through MPLS based WAN.

GST:

In the GST regime, the front-end interface for business processes such as registrations, return, payments, and refunds is GSTN portal. Appropriate CBIC-GST Application has been developed to manage the back-end functionalities like receipt, storage, processing of API data, presentation of data to the departmental user for decision taking, analysis and reporting. DG Systems has further been entrusted with the objective of designing and development of backend modules in respect of Dispute Resolution, Investigation, Appeals, Review, Recovery, Mobility application, Audit, E-Way Bill and maintenance of CBIC-GST Dealer Portal.

SI & LANWAN:

In this, four data centres at Delhi & Chennai having database servers, blade servers, storage and datacentre network, have been set up. There is Wide Area Network with MPLS connectivity at 717 locations provided by BSNL and 78 locations by TCL. Further the remaining 641 sites are connected by VPN.

LANWAN forms an integral part of Project SAKSHAM. This division manages all physical infrastructure needs including connectivity at various local CBIC offices across India. Total 1300 sites are operational with 12426 nodes. A total of 23361

All in One Desktops, 1100 Laptops and 65 handhelds have been provided. There are 750 Resident Engineers and 111 GST handholders at various sites.

Directorate of Data Management

It provides statistical inputs to the Board and is the Nodal Agency for collection, tabulation, validation and reporting revenue for indirect taxes. It also covers Demand, Adjudication, Refund, Arrear, Appeals, Anti-smuggling etc. and submits Monthly Performance Report (MPR).

Additionally, DG Systems is overseeing the following projects: -

1. **ECCS project for automation of Courier Clearances** at all three Courier Terminals namely Mumbai, Delhi and Bangalore.

2. **Advanced Passenger Information System (APIS)-** It involves capture of a passenger's travel information and other flight details by the carrier prior to departure/after closing of flight and the transmission of the details by electronics means to the Border Control Agencies in the destination country. The Primary objective of API systems is to profile the international passengers &provide advance warning of passengers of interest (PoI) travelling to the country and to facilitate bona fide passengers on arrival. It acts as a decision-making tool for Customs to decide on action to be taken against PoI upon arrival. It includes information about passengers, crew and transit travellers.

key/flagship programmes being implemented are as under:

- To reduce physical interface between Customs/ regulatory agencies and the trade/industry and increase the speed of clearance in both Imports & Exports, a facility to upload digitally signed Licenses/ Permits/ Certificates/Other Authorizations (LPCOs) by Participating

Government Agencies (PGAs) on e-SANCHIT introduced at all the EDI locations across India.

- DR Simulation activity for Customs Applications (ICES, RMS, ICEGATE and e-SANCHIT) completed on 24th Nov '18.
- Approval obtained for CBIC's Advanced Analytics project "ADVAIT". This project is expected to significantly improve tax recovery and fraud detection and provide inputs for policy formulation. Contract has been awarded & project has been kick-started on 15.10.2018.
- Value mismatch of around Rs. 12 lakh crores detected as a result of data matching exercise conducted between Service income declared in Income Tax data of CBDT in comparison to that shown in Service Tax returns for FY 2015-16.
- Migration of RMS, ICEGATE, ICES & EDW to new Saksham IT infrastructure.
- New RFP for "Program Governance & Monitoring Agency" (PG&MA) has been floated. The Bidding process is in the final stages of completion.
- Drive-through Container Scanner solution implemented by M/s RAPISCAN at Mundra integrated with Customs systems from an infrastructure perspective. Integration with RMS in underway.
- Revised refund processing, integration of the export data and online processing of IGST Refunds from Non-EDI sites, SMS alerts and notifications to exporters etc.
- Enhanced security by OTP based login for officers, in addition to user id & password for accessing the ICES application.
- E-Mobility solution, Customs PCA with RMS implemented in ECCS.
- e-SAJAG, web-based application for Vigilance Clearance launched on 20th December 2018.
- On the GST Front, CBIC Mitra helpdesk has achieved 80% satisfaction rate based on user feedback.
- Further, Registration, Payment, Returns & Refund Modules with a number of functionalities deployed into production in the GST application.
- 24 MIS reports, including 5 analytical reports in GST have been made available to the field formations.
- DRC 07 module is released in GST for updating liability ledger on confirmation of demand by adjudication order.
- Samarth, the Learning Management System (LMS) upgraded and made live on Intranet and Internet. It hosts the learning modules prepared by NACIN and DG Systems.
- 1389 CBIC offices have been included under the LAN-WAN implementation scope. Out of these, 1101 sites have been completed and rest are nearing completion.
- Non-EDI to EDI conversion has been completed at 23 out of 24 locations/sites by LAN/WAN. Out of these, 5 are in production and 16 are in pre-production in ICES.
- In 2018-19, 490 cases of attempted smuggling of gold, weighing over 460 kgs, valued at approx. Rs.142 Cr. were booked apart from several cases of tobacco products, garments, electronics etc. through APIS (Advance passenger information system)
- ICEDASH- A trade facilitation initiative is a dashboard to monitor Dwell time involved in daily clearance and evaluate the same against target parameters for achieving Top 50 rank in Trading across border in the World Bank's EoDB report 2020.
- Directorate of Data Management developed an IT application for obtaining structural feedback on DGARM reports sent through DDM website to field formations.
- Directorate General of Systems was conferred with the "Open Group Award" in the category "Security by Design".

TURANT CUSTOMS-Next generation reform for Ease of Doing Business (EoDB)

Turant Customs is a novel process to grant Customs clearance of imported goods at the seaports even before the goods have landed. It leverages technology to significantly cut down the clearance time of imported goods from the present average of 4 to 7 days at the seaports and 8 to 15 days at the inland ports (ICDs) to only 2 days. Attendant advantages of Turant Customs include a boost to digitalization, improved competitiveness of our industry by lowering transaction costs, faster collection of Customs revenue and reduced interface between importers and Customs. It would also provide the ICDs an opportunity to re-position as Export Facilitation Centres, which would enhance exports. The various initiatives already implemented under Turant Customs are given below:

a) Implementation of PGA e-SANCHIT

With the objective of reducing physical interface between Customs/regulatory agencies and the trade and to increase the speed of clearance in both Imports &

Exports and a facility was introduced to upload digitally signed Licenses/ Permits/ Certificates/Other Authorizations (LPCOs) by Participating Government Agencies (PGAs) on e-SANCHIT, the online document uploading platform.

b) Export e-SANCHIT

With the launch of e-SANCHIT, submission of physical paper copies of supporting documents was replaced by online uploading of documents, thus adding a milestone in our journey towards green governance. After implementation in imports the same was extended to exports this financial year.

c) Online Goods Registration

A facility has been provided for self-goods registration by importer through the ICEGATE web portal. All validations like duty payment, goods arrival etc. are verified by system. This development obviates the mandatory requirement for importer to approach Customs officer physically for goods registration, making the process more transparent and efficient. Report provided in ICES listing BEs where goods registration is done successfully online so that these BEs can be taken up for OOC on priority.

d) Paperless Advance Authorization and EPCG licenses.

A facility by the name of "All India License View" has been provided in the ICES application wherein all officers involved in the clearance of goods can view Advance Authorization and EPCG licenses issued by DGFT, irrespective of the fact whether such license has been registered in their jurisdiction or not. This provision has been made in accordance with CBIC's Circular No. 07/2019-Cus dated 21.02.2019 which envisaged the discontinuation to paper copy of Advance Authorization and EPCG licenses with effect from 01.03.2019.

e) Next steps towards contactless/green Customs.

Under Project iCODE (Indian Customs Original Document of EDI), the department plans to digitally signed, QR code enabled copies of the Bills of Entry and Shipping Bills electronically to the importers and exporters. As a pilot implementation under iCODE, generation & transmission of first copy of BE (copy after assessment, presented for examination) in PDF has now been made operational. In the second phase, the facility will be extended to Shipping Bill copies as well.

f) Automated Queuing of BEs for OOC.

In consonance with Board's Circular No. 09/2019-Customs date 28.02.2019 on next generation reform for Ease of Doing Business, a new automated queuing feature has been introduced in the System which will not require the importer/authorized person to physically present the bill of entry to the customs officer for Out of Charge. The Bills of Entry pending for clearance will automatically come before the OOC officer following FIFO rule.

New groups of custodians/CFSs have been created to which OOC officers can be mapped in the System so as to receive BEs pertaining to those custodians/CFSs automatically. For faster clearance of RMS facilitated cargo, a dedicated "Facilitated" group has also been created which can be allocated to designated officers for giving OOC to fully facilitated Bills of Entry.

g) Sea Cargo Manifest and Transhipments Regulations (SCMTR), 2018:

Sea Cargo Manifest and Transhipments Regulations (SCMTR), 2018 would be implemented soon, wherein the various stakeholders, from Shipping Lines to Custodians have to file an application to operate under the new regulations. A facility has been provided for the registration (and its approval by officer) of the stakeholders, which will among other thing capture details like master applicant entity, persons authorized by them to work on their behalf, the various operations they intend to perform under the new regulations.

The Application/Registration Process for operating under the New Manifest Regulations is now open for AES (Authorised Eseal for Exports), ASC (Authorised Sea Carrier), ASA (Authorised Sea Agent). It is to be opened for Authorised Terminal Operator, Authorized Transhipper and Non-Vessel Owner Common Carrier.

The Enterprise Data Warehouse (EDW) is transforming to a new generation data platform to leverage the capabilities of data science and advanced analytics and a new contract was awarded by CBIC to M/s. IBM for maintenance of existing Enterprise Data Warehouse (EDW) as well as setting up and maintenance of Project 'Tax 360' (now Project ADVAIT)

3.14 PERFORMANCE OF DIRECTORATE GENERAL OF TAXPAYER SERVICES:

I. PUBLICITY

DGTS is responsible for publicity & information dissemination requirements of CBIC. GST – the single biggest tax reform since independence – was barely 9 months old in April, 2018 having been launched on 1st July, 2017. Therefore, the focus of outreach efforts continued to be on GST. As GST is an indirect taxation system which covers the entire value chain i.e. from the manufacturers/service providers to consumers, the advertising and publicity campaign covered different aspects of the new tax regime including but not limited to benefits of GST, e-way Bill system, provisions & procedures of GST for the awareness, information & education of taxpayers, other stakeholders and public.

Initiatives taken by the department during this period for enhancing ease of doing business on the Customs side were also given adequate attention in the advertising and publicity efforts.

Thee-Way Bill System -one of the most important spin-offs of GST implementation- was implemented from 1st April, 2018. E-way bill system is a very significant initiative, with the potential of revolutionizing goods transport in the country by making it smoother, faster and easier. Creation of adequate awareness - not only amongst taxpayers but also the transporting community - about the e-Way Bill System was key to reaping its full benefits. Another important component of our outreach efforts was ensuring publicity of Anti-profiteering measures, whereby interests of consumers & recipients of goods & services are protected in GST regime. GST campaigns also covered important areas like MSME Sector, Interests of Common man, Real Estate, Assistance in return filing, Refund to Exporters, Ease of Doing Business, Completion of one year of GST& UIN clarification under GST. Other important GST areas covered in publicity were Indo-Nepal ECTS; Warning regarding Illegal Foreign Origin Firecrackers; CBIC Pavilion at IITF-2018; Vigilance Awareness Week-2018. While newspapers have been the most important media for publicity, other important mediums of communication for reaching out to stake-holders i.e. TV, Radio, Digital Cinema, outdoor hoardings, websites, etc. were also used as part of an Integrated Communication strategy for best effect.

CBIC Website

Recognizing the speed and reach of internet and also popularity of CBIC website, extensive use of CBIC website was made for publicity, awareness and information dissemination. Information available on this site includes GST Acts & Rules, notifications, circulars, orders, Public Notices, Press Releases, GST Fliers, General FAQs, Sectoral FAQs, Overview of GST, Anti-profiteering etc.

Social Media

Considering the importance of social media as a powerful means of instant communication with citizens, the Department has effectively used this platform namely Facebook page (CBECINDIA), twitter handle (@CBEC_India and @askGST_GOI) and Youtube channel (GST_India). Over 270 Creatives were released through social media sites Twitter and Facebook covering varied topics related to GST such as GST Council decisions: e-way Bill launch; Validity of e-Way Bill; World Intellectual Property Rights Day; GST revenue Collections; Single Tax to Bring Down Prices for Households; GST for Restaurants; GST: Relief to Exporters; GST -Cleaner Economy & Increasing Formalization; Increasing Opportunities for MSME; Transparency; E-Way Bill Generation; Simplified returns namely Sahaj & Sugam; Quarterly Returns for Small Taxpayers; Take Bill; Refund Fortnights; Exports and Refunds; Creatives released on the Customs side covered Streamlining of Customs Processes; Seizures by Customs; World Environment Day; Customs goes digital; Elimination of Mate Receipts; National Trade Facilitation Action Plan; Improvement in EODB rankings; Revised Authorized Economic Operators Program (AEO); Reforms for courier imports and exports; SWIFT; Reduction in import& export documents; Customs Clearance Facilitation Committee; Amendment in warehousing provisions; E-Sanchit; Risk Management System; Tracking Status on ICEGATE; Impact of Reforms on Cost & Time; Direct Port Delivery; Cost & Time (Time Release Study); IGM Streamlined for Sea Imports; Initiatives for Reduction in Transaction Cost; 61 Glorious Years of Safeguarding India; DRI Seizures; New era in cross border co-operation, etc.

CBIC Pavilion at IITF-2018

The CBIC Pavilion set at India International Trade Fair-2018 Pragati Maidan, New Delhi from 14th to 27th November, 2018 – formed part of department's initiatives to create and enhance awareness about GST amongst public. The focus of this Pavilion was on GST. Information on various aspects of GST and also Customs was displayed through panels, translites, blowups & digital screens displaying departmental films/audio-visuals. As GST is envisaged to change the indirect taxation landscape covering both Central and State Taxes, a lot of queries, clarifications etc. from the visiting public were anticipated concerning GST. With this in view, six Helpdesks were set up, manned by senior departmental officers and supervised by a trained DC/AC rank officer to authoritatively address the queries of trade & public. Updated booklets on various topics were made available for distribution to visitors. Visitors were also advised to visit CBIC website for referring to FAQs on GST published by CBIC in English & Hindi and also regional languages. Quiz kiosks on GST were installed. To popularize GST, nukkad natak and Ventriloquist shows were performed by trained artists during the entire duration of IITF which received a lot of public attention and participation. Rounds of painting competitions/quiz contests for kids, magic & game shows & interactive sessions were held through the fair period, with attractive gifts with departmental logo given away to winners & participants. Special sessions on GST were taken by senior officers and drew very good response from trade & professionals. The Pavilion drew huge response and was quite successful in promoting GST.

RTI AND PUBLIC GRIEVANCES

This Directorate is the nodal agency under CBIC to monitor the progress of filing of quarterly returns by public authorities under CBIC 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 CBIC 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.

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.

PUBLIC GRIEVANCE OFFICERS

Public Grievance Officers have been designated in all the Commissionerates across the country and details are available on CBIC website. The Citizens' Charter provides for appeal to superior officer in the event of unsatisfactory response from Public Grievance Officer. Accordingly, contact details of the superior officer have also been posted on the website for the benefit of taxpayers.

II. PUBLICATIONS

The Directorate brought out following publications at the behest of CBICand other formations:

Taxpayer Information Publications

AEO Brochures; WTO Agreement; GST Flier Benefit (2 versions); Ease of Doing Business Brochure (32 versions); National Trade Facilitation Booklet;13 GST Fliers (varied topics); 14 Fliers (varied topics); GST MSME Flier; MSME (Sectoral); MSME Booklet; Trade Fair Booklets (Brochure/Fliers); GST Benefit Flier; Duty Drawback Schedule; History of Indian Customs;

Departmental Publications

Cover CC Conference; Annual Report 2018-19 for DG Systems; CBIC Magazine (2 Issues); DGCEI Booklet Cover; GST Docket Folder; Strategic Plan 2018-20; Civil List 2018; Swacchta Uday (2 versions); Budget Manual; Handbook for Vigilance Administration; Wall Calendar-2019; Desk Calendar; WCO Brochure (4 versions); DGHRD Booklet Cover; Departmental Diary; Pocket Sampark-2019;

3.15 CENTRAL EXCISE:

Central Excise wing deals with the policy issues related to Central Excise. With the implementation of GST w.e.f. 01.07.2017, there are only five items now on which Central Excise is to be levied. In change scenario, this wing has also been entrusted to deal with the Transitional Provisions related and Input Tax Credit under GST. The wing also looking after work relating to GST rate engine, drafting of GST return scrutiny manual and ADVAIT. During the last financial year some of the important works undertaken by Central Excise wing. Following circulars were issued during last year:

S.No.	Circular No.	Subject
1	1067/6/2018-CX dt. 05.10.2018	Online registration and online filing of claims by eligible units under Scheme of Budgetary Support
2	1065/4/2018-CX dt. 08.06.2018	Place of Removal under Section 4 of the Central Excise Act, 1944, the CENVAT Credit Rules, 2004 and Cenvat Credit Rules, 2017

3.16 PERFORMANCE IN LITIGATION MANAGEMENT:

Department was able to withdraw 2169 appeals out of 3159 total appeals filed by the Department from CESTAT and High Court on the grounds of low monetary limits and identical cases having been decided by the Supreme Court, as part of National Litigation Policy of reduction in litigation. Bunching of Appeals on same issue and priority disposal thereof in CESTAT has been undertaken.

3.17 Initiatives undertaken for disability/ handicapped and SC/ST & other weaker Sections of society: All the directions/ instructions of the Government for welfare of Persons with Disabilities/Scheduled Castes/ Scheduled Tribes/OBC are strictly adhered to and implemented by the Department.

3.18 Initiative relating to Gender budgeting/ empowerment of Women: 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.

3.19 Initiatives taken with reference to the development of North –Eastern Region and Sikkim including projects/ schemes in operation and actual expenditure thereon:

(i) Infrastructure has been provisioned for 91 sites in North East Region and Sikkim including 13 Land Customs Station (LCS) locations. Currently 614 All-in-One Desktops, 102 laptops, 45 switches, 12 UPS, 3 Line printers and 454 nodes have been approved for these sites. Out of the 13 LCS locations, 2 sites have been converted to EDI from non-EDI.

(ii) Concerted efforts is being taken to overcome/ circumvent issues faced by field formation in

North East region viz. IT infrastructure, connectivity etc. and periodically visit to North Eastern region sites such as NACIN Shillong, Imphal Commissionerate to provide CBIC GST Backend refresher training have been made.

4. Central Board of Direct Taxes

4.1 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 and is assisted by the following Directorates:

(i) Principal Directorate General of Income Tax (Administration & Tax Payer Services)

- a) Directorate of Income Tax (PR, P&P)
- b) Directorate of Income Tax (Recovery)
- c) Directorate of Income Tax (O&MS)
- d) Directorate of Income Tax (TPS-I)
- e) Directorate of Income Tax (TPS-II)
- f) Statistics (R&S) Wing

(ii) Principal Directorate General of Income Tax (Systems)

(iii) Principal Directorate General of Income Tax (Logistics)

- a) Directorate of Income Tax (Expenditure Budget)
- b) Directorate of Income Tax (Infrastructure)

(iv) Principal Directorate General of Income Tax (Training)

(v) Principal Directorate General of Income Tax (HRD)

a) Directorate of Income Tax (HRD)

b) Directorate of income Tax (Exam & OL)

(vi) Principal Directorate General of Income Tax (Vigilance)

(vii) Principal Directorate General of Income Tax (Legal & Research)

- a) Directorate of Income Tax (L&R)
- b) Directorate of Income Tax (Audit & Inspection)

(viii) Directorate General of Income Tax (Risk Assessment)

Income Tax Department is the subordinate organization of the CBDT having jurisdiction across the country divided into 18 regions headed by Principal Chief Commissioners of Income Tax who are entrusted with supervision and collection of direct tax and taxpayer services. Directors General of Income Tax (Investigation) supervise the investigation functions and deal with tax evasion and unearthing unaccounted income. Director General of Income Tax (Intelligence and Criminal Investigation) supervises the intelligence gathering and investigation in tax related crimes. Chief Commissioner of Income Tax (Exemptions) supervises the work of exemption and non-profit organizations/ trusts across the country and Principal Chief Commissioner of Income Tax (International Taxation) supervises the work in the field of International Tax and Transfer Pricing.

The Principal Chief Commissioners of Income Tax are assisted by Chief Commissioners, Principal Commissioners and Commissioners of Income Tax and Principal Directors General/ Directors General of Income Tax are assisted by Additional Directors General of Income Tax within their jurisdictions. Commissioners of Income Tax posted as Commissioners of Income Tax (Appeals) perform appellate functions and adjudication of disputes The Income Tax department has its presence in 530 cities and towns across the country, having a tax base of around 7.41 crore (FY 2017-18).

The National Academy of Direct Taxes (NADT), Nagpur and Regional Training Institutes at different locations function under the overall supervision of a 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 of revenue collections as well as expenditure of the Income Tax Department.

4.2 Direct Taxes Collection

The performance of the Income Tax Department during the FY 2018-19 in various key areas is as under:

(i) The collection of direct taxes has increased from Rs. 10,02,037 crores in Financial Year 2017-18 to Rs. 11,37,657 crores (provisional) in FY 2018-19 at a growth rate of 13.5% over the last Financial Year. The growth rate under Corporate Income Tax was 16.2% and that under Personal Income Tax was 12.9 %. In the FY 2018-19, about 95% of the Revised Estimate of Rs. 12,00,000 was collected.

(ii) During the Financial Year 2018-19, the department collected Rs. 40,599 crores out of arrear demand and Rs. 59,660 crores out of the current demand raised during the Financial Year.

(iii) TDS administration has been showing an impressive performance over the past few Financial Years. For Financial Year 2018-19, total collection from TDS has grown to Rs. 4,87,669 crores at a growth of 18.1% over last Financial Year and constitutes 37.54% of the gross direct tax collections.

(iv) During the Financial Year 2018-19, collection under Advance Tax was Rs. 5,30,285 crores showing a growth of 14.8% over the last Financial Year and constitutes 40.82% of the gross direct tax collections.

4.3 Widening of Tax Base

During FY 2018-19, 6.49 crore income tax returns (ITRs) of Assessment Year 2018-19 were filed compared to 5.47 crore ITRs filed for Assessment Year 2017-18, which translates into a growth of 18.6%. Moreover, during FY 2018-19, 1.1 crore new ITR filers were added to the filer base as compared to 1.07 crore new filers added in FY 2017-18.

4.4 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.

4.5 Investigation Division

During the Financial Year 2018-19, the Government has taken several steps, by way of policy-level initiatives and more effective enforcement actions on the ground to tackle the issue of black money. These steps include legislative and administrative measures, creation of more advanced systems and processes with due focus on capacity building and greater use of information technology.

(i) Search and seizure and survey actions:

During F.Y. 2017-18, search and seizure actions were carried out against more than 580 groups leading to seizure of assets worth over Rs. 990 crores and admission of undisclosed income of over Rs. 15900 crores. During F.Y. 2018-19 (Provisional figures), search and seizure actions were carried out in over 980 groups. The actions in these cases led to seizure of assets worth over Rs. 1580 crores and an admission of undisclosed income of over Rs. 18590 crores.

Further, during F.Y. 2017-18, over 13540 surveys were conducted leading to detection of undisclosed income of over Rs. 9630 crores. During F.Y. 2018-19, over 15400 surveys were conducted leading to detection of undisclosed income of over Rs. 16120 crores.

(ii) Prosecutions & compounding: Various measures have been taken by the Income-tax Department (ITD) 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.

During F.Y. 2017-18, over 4520 prosecution complaints were filed and 75 persons were convicted. Whereas, during F.Y. 2018-19*, more than 3500 prosecution complaints have been filed and 105 persons have been convicted during this period.

Further, during F.Y. 2017-18, more than 1620 cases were compounded while during F.Y. 2018-19*, more than 2230 cases have been compounded.

* Figures are provisional.

It may be seen from the above that as part of enforcement measures, a large number of actions were undertaken resulting in detection of undisclosed income, seizure of assets and launching of prosecutions.

(iii) Actions under The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 ("the BM Act"): The BM Act has come into force w.e.f. 01.07.2015 to specifically and more effectively deal with the issue of black money stashed away abroad. As an outcome of the actions taken by the Income-tax Department under the BM Act, as on 31/03/2019, undisclosed foreign assets and income valued at over Rs. 12180 crores (subject to fluctuations in currency conversion) have been detected. Further, as on 31/03/2019, more than 50 prosecution complaints have been filed under the Black Money Act.

(iv) Actions under the Prohibition of Benami Property Transactions Act, 1988 ("the Benami Act"): The Benami Transactions (Prohibition) Amendment Act, 2016 was enacted to amend the Benami Transactions (Prohibition) Act, 1988 with a view to, *inter alia*, enable confiscation of benami property and prosecution of the benamidar(s), beneficial owner(s) and/or abettor to such benami transaction. The amended statute is now known as the Prohibition of Benami Property Transactions Act, 1988 which came into force w.e.f. 1st November, 2016. The Benami Act provides for provisional attachment and subsequent confiscation of benami properties, whether movable or immovable. It also allows for prosecution of the beneficial owner, the benamidar and the abettor to benami transactions, which may result in rigorous imprisonment up to 7 years and fine upto 25% of fair market value of the property. The ITD has been administering the Benami Act and in the process has set up 24 dedicated Benami Prohibition Units (BPUs) under its Investigation Directorates all over India to ensure swift action in respect of Benami properties. As an outcome of unabated actions taken by ITD, during F.Y. 2017-18, show cause notices for provisional attachment of *benami* properties were issued in over 1400 cases and provisional attachment was made in over 1220 cases. The value of properties under attachment was over Rs. 3880 crore. In more than 970 cases, references were made to the Adjudicating Authority under the Act. Further, in 32 cases, the Adjudicating Authority confirmed the orders of provisional attachment passed by the ITD. Moreover, during the F.Y. 2018-19, show cause notices for provisional attachment of *benami* properties were issued in over 550 cases and provisional attachment has been made in 670 cases. The value of properties under attachment is over Rs. 4760 crore. In more than 730 cases, references have been made to the Adjudicating Authority under the Act. Further, in over 530 cases, the Adjudicating Authority has confirmed the orders of provisional attachment passed by the ITD.

(v) **Investigation in foreign assets cases:** In HSBC bank accounts cases, as an outcome of investigation, undisclosed income of about Rs.8465 crore has been brought to tax on account of deposits made in unreported foreign bank accounts. Further, concealment penalty of about Rs.1291 crore has been levied in 172 cases. So far, 204 prosecution complaints in HSBC cases have been filed in 89 cases. In International Consortium of Investigative Journalists (ICIJ) cases, sustained investigations conducted have led to detection of more than Rs.11,010 crore of credits in the undisclosed foreign accounts so far and 93 prosecution complaints in 52 such cases have already been filed before criminal courts. Investigation in the cases revealed in Panama Paper Leaks cases have led to initiation of search and seizure action in 64 cases and survey action in 12 cases. In 33 cases, criminal prosecution complaints have been sanctioned. Investigations so far have detected undisclosed foreign investments of about Rs. 1559 crore.

(vi) **Benami Transactions Informants Reward Scheme, 2018:** With the objective of ensuring people's participation in the Income Tax Department's efforts to unearth black money and to reduce tax evasion, a new reward scheme titled "**Benami Transactions Informants Reward Scheme, 2018**", has been issued by the Income Tax Department. This reward scheme is aimed at encouraging people to provide information about benami transactions and properties as well as income earned on such properties by such hidden investors and beneficial owners. Under the Benami Transactions Informants Reward Scheme, 2018, a person can get reward up to Rs. One crore for giving specific information in prescribed manner to the Joint or Additional Commissioners of Benami Prohibition Units (BPUs) in Investigation Directorates of Income Tax Department about benami transactions and properties as well as proceeds from such properties which are actionable under Benami Property Transactions Act, 1988, as amended by Benami Transactions (Prohibition) Amendment Act, 2016.Foreigners will also be eligible for such reward. Identity of the persons giving information will not be disclosed and strict confidentiality shall be maintained.

(vii) **Revised Income Tax Informants Reward Scheme, 2018:** With the objective of ensuring people's participation in the Income Tax Department's efforts to unearth black money and reduce tax evasion, a new reward scheme titled "Income Tax Informants Reward Scheme, 2018" has been issued by the Income Tax Department, superseding the earlier reward scheme issued in 2007. Under the revised scheme, a person can get reward up to Rs. 50 lakh for giving specific information in prescribed manner to the designated officers of Investigation Directorates in Income Tax Department about substantial evasion of tax on income or assets in India which are actionable under the Income-tax Act, 1961. Further, with the objective of attracting and encouraging people to give information about undisclosed foreign income and assets actionable under Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015, reward up to Rs. 5 crore has been introduced in the new reward scheme. The amount has been kept high to make it attractive to potential sources in foreign countries. Under this Scheme, a person can get reward for giving specific information in prescribed manner about substantial tax evasion on income and assets abroad which are actionable under Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015. Information under this scheme has to be given in prescribed manner to the Director General of Income Tax (Investigation) or an officer whom he may authorize in this behalf. Foreigners will also be eligible for reward under this scheme. Identity of the persons giving information will not be disclosed and strict confidentiality shall be maintained.

4.6 Audit and Judicial Division

4.6.1 Judicial Work

4.6.1.1 Measures initiated to reduce litigation before the appellate forums:

Following steps have been taken to reduce the litigations at various appellate forums:

(i) Vide CBDT Circular No. 3 of 2018 dated 11.07.2018, monetary limits of filing departmental appeals to ITAT/High Court/ Supreme Court were significantly enhanced to tax effect of 20 lakhs, 50 lakhs and 1 crore from earlier limits of 10 lakhs, 20 lakhs and 50 lakhs.

(ii) As a result, **6855** and **7049** departmental appeals have been identified and withdrawn from ITAT and HC, respectively. Similarly, **959** cases have been withdrawn from Supreme Court.

(iii) Special focus was accorded to the disposal of pending appeals before CIT(A) having tax effect of more than Rs.100 crore for FY 2016-17 which resulted in disposal of 362 appeals involving tax effect of Rs.1.92 lakh crore. In F.Y.2017-18, disposal of appeals involving tax effect of Rs. 50 crores and above was focussed on, resulting in disposal of 1033 appeals involving tax effect of Rs. 3.03 lakh crore. In F.Y. 2018-19, in 537 appeals tax effect of 3.01 lakh crore has been unlocked. The said approach of the Department is bearing fruit which can be seen from table below:

Financial Year	Appeals instituted	Appeals disposed	% of Disposal to Institution
2014-15	97,866	73,736	75
2015-16	1,20,265	94,093	78
2016-17	1,48,454	1,17,945	79
2017-18	1,17,150	1,23,480	105
2018-19	1,40,715	1,20,251*	85.5

* The disposal was affected as there was vacancy of 124 Commissioners of Income Tax (Appeal) in the field.

(iv) In order to dispose of long pending appeals, other Commissioners (like CIT(DRP), CIT(Audit), etc) have been posted with additional charge against the vacant CIT(Appeals) posts to expeditiously dispose arrear appeals pending for more than 3 years with demand less than ten lakhs.

(v) To reduce pendency and enable faster disposal of pending cases in Supreme Court, 22 issues totalling approx.1000 pending cases have been identified and request has been made to Hon'ble Supreme Court for early fixation of cases on priority.

(vi) Central Technical Committee (CTC) has been created at the level of CBDT to resolve contentious legal issues and to formulate Departmental View/Settled View. CTC has issued 30 circulars on Settled Issues/Departmental View, with directions to withdraw/not press such Departmental appeals before HC/SC. Department has issued Standard Procedure for handling matters relating to such frequently litigated sections, i.e. section 14A, 68 and 147. It is expected that these standard procedures will go a long way in minimizing litigation.

(vii) As a long-term measure to reduce litigation at higher judicial fora, a proposal for Alternate Tax Dispute Resolution (ATDR) initiated by the Member (A&J) is under deliberation of finance ministry.

(viii) A National Talent Pool and Regional Talent Pool of departmental officers is being created to leverage their specialized knowledge and experience in handling complex judicial cases at ITAT/HC/SC.

4.6.1.2 Matters relating to appointment of Standing Counsel, Special Public Prosecutors (SPPs) and Special Counsel:

During the year, 69 proposals of Sr/Jr Standing counsel, SPPs and Special counsel received from the field were processed and 49 Sanction orders were issued.

4.6.1.3 The need for launching an e-Journal on legal matters relating to taxation had long been felt. Accordingly, a facility for an e Journal has been created on the National Judicial Reference System (NJRS) portal under the title 'Taxalogue'. The departmental officers/officials shall be able to contribute Articles/Blogs on legal aspects of income/corporate tax related matters as well as other fiscal issues of national or international import. The articles will be uploaded on the NJRS portal after approval of an Editorial Board.

'Taxalogue' shall have articles on matters related to case laws, international taxation, Exemptions, enquiries and investigations, procedural matters, Capital gains, Penny Stocks, BMA (Undisclosed Foreign Income and Assets Act), The Benami Transactions (Prohibition) Amendment Act, 2016, Penalties and Prosecutions or any other fiscal issue of national or international import and related matters.

4.6.2 Audit and PAC work

4.6.2.1 General Functioning:

(i) Acknowledging the importance of C&AG and Public Accounts Committee of Parliament in providing checks and balances, each observation of the C&AG by way of Draft Paragraphs (DPs) and System Appraisals is thoroughly examined by the Audit & Public Accounts Committee (A&PAC) Section of CBDT. The replies/ comments of the Ministry are compiled in consultation with the field authorities and then furnished to the C&AG and the PAC as the case may be.

(ii) 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 by A & PAC section in the Ministry and Action Taken Notes (ATNs) are prepared and furnished to the C & AG till they are finally settled.

4.6.2.2 Performance:

(i) During the year, compliance Report No. 40 of 2017 [Tabled before Parliament on 19/12/2017] having 457 draft paras was dealt. Besides draft paras, there were five chapters/long draft paras involving multiple illustrated cases. Initial replies in all the draft paras as well as chapters were sent and draft ATNs were uploaded in all the cases and chapters. It may be mentioned here that out of 457 draft para cases, 437 cases have been settled to the satisfaction of the C&AG during the year.

(ii) Besides, the draft compliance report, 479 draft paras are being dealt with this year and status is as under:

Particulars	Numbers
Total DP from C & AG	479
Replies sent to C & AG (disposed off) till 31/03/2019	300
Total Pending at Ministry level	179

4.6.2.3 Two PAC reports [Report No. 103 and Report No. 104] were pending as on 31/12/2018 for which draft action taken reports have been sent in January 2019.

4.6.2.4 Internal Audit

A statement of Internal Audit Objections with revenue effect is given below:

Objection Raised/Settled & Balance pending for the period 01.04.2018 to 31/03/2019:

	Number of objections upto 31/03/2019	Amount (₹. In lac)
Opening Balance as on 01/04/18	25408	1260250.28
Raised	16975	314684.20
Total	**42383**	**1574934.48**
Settled	11847	433405.34
Outstanding	**30536***	**1141529.14**

* *These internal audit objections are pending for want of examination at the level of assessing officers/for finalization of remedial action.*

4.6.2.5 SAC Meeting and Zonal Matters: The SAC meetings have been held regularly under the chairmanship of the Addl. Secretary (Revenue) for monitoring the settlement of audit paras.

4.7 Tax Policy and Legislation Division

(i) Tax policies are formulated in order to mobilize financial resources for the nation, achieve sustained growth of the economy, ensure 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 2018-19 is to continue to provide momentum to the buoyancy in direct taxes through deepening and widening of the tax base, reducing the corporate tax rate for micro, small and medium enterprises, promoting horizontal equity in personal income-tax and enhancing the effectiveness, transparency and accountability of the tax administration. Further, the underlying theme of the Budget 2019-20 is to provide tax relief for small tax payers.

(ii) The notable legislative measures taken through Finance Act, 2018 include the extension of the benefit of reduced rate of 25% to companies having reported turnover upto 250 crore in the Financial Year 2016-17, allowing standard deduction of Rs 40,000 to salaried tax payers, relief to senior citizens in the form of enhanced limit for exemption of interest income from tax deduction at source from Rs 10,000 to Rs 50,000, increase in the limit of deduction under section

80D of the Income-tax Act, 1961 (the Act) for health insurance premium or medical expenditure from Rs 30,000 to Rs 50,000, increase in the limit of deduction under section 80DDB of the Act to Rs 1,00,000 in respect of all senior citizen for certain critical illness, extension of relaxation of minimum period of employment from 240 days to 150 days to footwear and leather industry to claim deduction under section 80JJAA of the Act and rolling out of E-assessment where assessment shall be done in electronic mode to eliminate person to person contact for greater efficiency and transparency. Further, long-term capital gains exceeding Rs 1,00,000 has been made taxable at the rate of 10% without allowing the benefit of any indexation.

(iii) Further, the notable legislative measures taken through Finance Act, 2019 include enhancement of the amount of tax rebate for an individual taxpayer from Rs. 2,500 to Rs. 12,500, increasing the limit of standard deduction from Rs. 40,000 to Rs. 50,000, no tax on notional rent of two self-occupied houses, one-time option provided for investment of the entire capital gain in purchase or construction of two residential houses under section 54 of the Act where capital gains from the sale of residential property do not exceed Rs. 2 crore, threshold limit for application of TDS on bank interest, etc. increased from Rs. 10,000 to Rs. 40,000 and from Rs. 1.8 lakh to Rs. 2.4 lakh for application of TDS on rental income.

4.8 Foreign Tax and Tax Research Division

4.8.1 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 31.12.2018, 95 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 2018 the following developments took place:

(i) The Agreement between the Government of The Republic of India and the Government of the Hong Kong Special Administrative Region of the People's Republic of China for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to taxes on Income was signed on 19th March, 2018 and has entered in to force on 30th November, 2018.

(ii) The Protocol amending the DTAA between India and China was signed on 26th November, 2018.

(iii) The Agreement between The Government of The Republic of India and the Government of the Islamic Republic of Iran for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to taxes on Income was signed on 17th February, 2018.

(iv) The Protocol amending the DTAA between India and Kazakhstan has entered into force on 12th March, 2018 (Notified on 12.04.2018).

(v) The Protocol amending the DTAA between India and Kuwait has entered into force on 26th March, 2018 (Notified on 04.05.2018).

(vi) The Protocol amending the DTAA between India and Tajikistan has entered into force on 20th February, 2018(Notified on 23.03.2018).

(vii) The revised DTAA agreement was signed during the PM's visit to Kenya on 11th July 2016 and entered into force on 30th August, 2017 and was notified in the official Gazette on 19th February, 2018.

(viii) Protocol Amending the Convention between the Government of the Republic of India and the Government of the Portuguese Republic for the Avoidance of Double Taxation and the prevention of Fiscal Evasion with respect to Taxes on Income entered into force on 08.08.2018.

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 30.12.2018, 19 TIEAs were in force.

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 29.11.2018, 126 countries/jurisdictions have signed/joined the Multilateral Convention and it has come into force for 112 countries/jurisdictions.

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 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.

4.8.2 Role of Tax Treaties in Prevention of Fiscal Evasion and Tackling of the Menace of Black Money

(i) 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 centres, 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.

(ii) 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.

(iii) The Government of India can obtain information which is "foreseeably relevant" for administration and enforcement of domestic laws concerning taxes from 153 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-A** lists the countries/jurisdictions and the current status of tax treaty with that country/jurisdiction.

(iv) 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.

(v) The following additional steps have been taken by the Government in recent past for effectively utilizing the above mechanism of Exchange of Information:

a) In October 2018, India and Liechtenstein had signed a mutual agreement to enable Liechtenstein to exchange data with respect to calendar year 2017. As a result, the financial information of accounts held by Indian residents in Liechtenstein for 2017 was exchanged under the Common Reporting Standard.

b) Bilateral meeting was held with the UK in the month of February 2018 wherein detailed discussion was held on the pendency of requests for information. This has resulted in better responsiveness from the UK.

c) Bilateral meeting was held with the Swiss authorities in the month of June 2018 wherein detailed discussion was held on the pendency of requests for information. The Swiss authorities were responsive and have agreed to provide information on the HSBC leaks cases which was pending thus far.

d) Meetings were held with other tax authorities on side lines of other international meetings such as those with the tax authorities of Jersey, Cayman Islands, Bermuda etc. These bilateral meetings help 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.

e) The Central Action Plan issued by the CBDT, 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 2018 also mandates that every Pr. CIT charge will organize training and sensitization programme for making proper references under tax treaties.

f) Regular trainings programs have also been held at places like Mumbai, 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.

g) Steps are also being taken to ensure that the information received from our treaty partners are effectively utilized to combat tax evasion and avoidance.

h) Efforts are also being made to complete investigations quickly and file complaints/ prosecutions in appropriate cases expeditiously.

(vi) 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 high and efforts are being made at bilateral level to improve cooperation in this regard.

(vii) 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 mostly relates to interest, dividend, salary, pension etc. and further is not in a standard format and thus is not very effective in prevention of offshore tax evasion. The global standard on AEOI has, therefore, been developed under guidance and leadership of G20 countries which has made a sea change in our ability to address offshore tax evasion.

(viii) In many 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 some 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.

(ix) The other forms of administrative assistance possible under tax treaties are tax examination abroad, simultaneous examination, joint audit, service of notices, etc. which are potentially very useful.

4.8.3 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 feature prominently in the G20 Agenda and primarily consist of Base Erosion and Profit Shifting (BEPS) and Automatic Exchange of Information (AEOI). The paragraph on tax issues in the recent communique of the G-20 Leaders at Buenos Aires, Argentina in November, 2018 states as follows:

"We will continue our work for a globally fair, sustainable, and modern international tax system based, in particular on tax treaties and transfer pricing rules, and welcome international cooperation to advance pro-growth tax policies. Worldwide implementation of the OECD/G20 Base Erosion and Profit Shifting package remains essential. We will continue to work together to seek a consensus-based solution to address the impacts of the digitalization of the economy on the international tax system with an update in 2019 and a final report by 2020. We welcome the commencement of the automatic exchange of financial account information and acknowledge the strengthened criteria developed by the OECD to identify jurisdictions that have not satisfactorily implemented the tax transparency standards. Defensive measures will be considered against listed jurisdictions. All jurisdictions should sign and ratify the multilateral Convention on Mutual Administrative Assistance in Tax Matters. We continue to support enhanced tax certainty and tax capacity building in developing countries, including through the Platform for Collaboration on Tax.

India has consistently stated that all the committed jurisdictions should strictly adhere to the implementation of AEOI as per the timelines committed to G-20 (i.e. September 2017, 2018). However, more a level playing field, particularly as a number of countries/ jurisdictions are yet to exchange work needs to be done to maintain information with all interested appropriate partners. The Global Forum should evolve mechanisms to effectively monitor and review the same and report to the G20 Finance Ministers and Leaders the progress including in respect of AEOI relationships activated between interested appropriate partners. It should list jurisdictions taking note of the OECD's criteria for identifying jurisdictions that have not satisfactorily implemented the internationally agreed standards of tax transparency. The possible defensive measures against jurisdictions that do not exchange information under Common Reporting Standard (CRS) within the committed timelines need to be finalized quickly. Timely implementation of the AEOI Standard by the commitment i.e. first exchange by 2017 or 2018 is particularly important as any delay in actual implementation of AEOI may give an opportunity to the tax evaders to close their financial accounts in other jurisdictions whereby the committed jurisdictions would fail to receive the information about their residents rendering the commitment ineffective. Such jurisdictions of relevance need to be identified so that they may be asked to commit to the AEOI Standard within a given time frame.

Given the start of automatic exchange of financial account information under CRS, India believes that there is a need for further cooperation between jurisdictions for automatically exchanging information that is not covered under CRS. There is also need for adopting a whole of Government approach in dealing with cross-border exchange of financial information automatically under the CRS. Towards this goal it is necessary for the recipient jurisdiction to share the financial information received under CRS with other Law Enforcement Agencies.

4.8.4 G20/OECD Project on Base Erosion and Project Shifting (BEPS)

Base Erosion and Profit Shifting (BEPS) refer 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 undertaken 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

Action	Expected Output
8. Ensure 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. Ensure 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. Ensure 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 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 Committee on Fiscal Affairs (CFA) of OECD has a Bureau consisting of 12 members. The Bureau oversees the progress of the Project and participates in the decision-making process. Since in the BEPS Project, 8 non-OECD G20 countries are participating on an equal footing, it was decided to expand the Bureau to "Bureau Plus" for BEPS Project and it was also decided to include 3 out of 8 non-OECD G20 countries in the Bureau Plus through a process of elections by these 8 countries. Accordingly, India, Brazil, China and South Africa now represent the eight non-OECD G20 countries in the Bureau Plus.

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:

(a) collaborating with other countries in development of recommendations to prevent base erosion and profit shifting; and

(b) safeguarding the interests of India and other developing countries in development of new standards.

Developing countries and other non-OECD/non-G20 economies have been extensively consulted through numerous regional and global fora meetings and their 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.

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.

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 of 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.

Implementation of BEPS Recommendations

Countries are sovereign and it is therefore up to them to implement the 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 continued to work on equal footing to complete the areas which required further work in 2017 and continued to do so in 2018, such as finalizing transfer pricing guidance on the application of transactional profit split methods and on financial transactions, discussing the rules for the attribution of profits to permanent establishments in light of the changes to the permanent establishment definition, a continued examination of the issues relating to the broader question of treaty entitlement of investment funds (other than collective investment funds i.e. non-CIV funds). 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.

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 report with regard to the 15 Action Points along with action taken on those recommendations is placed at **Annexure-B**.

BEPS Inclusive Framework

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 includes 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 31, 2018, total 127 members have joined the Inclusive Framework. The Steering Group of the Inclusive Framework comprises members from 22 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.

Today the countries and jurisdictions who have joined the Inclusive Framework have all committed to implement the BEPS package, and are now progressing the Inclusive Framework's mandate, which is to:

i. Review the implementation of the four BEPS minimum standards;

ii. Gather data for the monitoring of the other aspects of implementation, including under BEPS Action 1 (on the tax challenges of the digital economy) and Action 11 (on measuring and monitoring BEPS);

iii. Finalize the remaining technical work to address BEPS challenges; and

iv. Support jurisdictions in their implementation of the BEPS package, including by providing further guidance on the standards and by developing toolkits for low income countries.

In last one-year significant progress has been made in implementation of the BEPS package, including the four minimum standards, and these measures are already having major impact on BEPS activities. The work of the Inclusive Framework in this 12-month period has been related to the establishment of the peer review processes, the ongoing standard-setting work and delivery of guidance on implementation, as well as the assistance being delivered, often in partnership with other international organizations and regional bodies, to ensure all countries and jurisdictions are supported in the BEPS implementation process. In all these processes India has played active role and supported positive initiatives keeping in mind concerns of developing nations.

4.8.5 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 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 above, 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 also joined a group of 49 countries as "early adopters" of the new standards and has commenced exchange of information in 2017. As on date, while 153 countries/jurisdictions, including India, have expressed their commitment to implement CRS on AEOI in certain timeframe, 45 developing countries are yet to set the date for first automatic exchange. The current status of commitment for AEOI is tabulated below:

AEOI: STATUS OF COMMITMENTS

The table below summarises the intended implementation timelines of the new standard.[1]

JURISDICTIONS UNDERTAKING FIRST EXCHANGES IN 2017 (49)
Anguilla, Argentina, Belgium, Bermuda, British Virgin Islands, Bulgaria, Cayman Islands, Colombia, Croatia, Cyprus[2], Czech Republic, Denmark, Estonia, Faroe Islands, Finland, France, Germany, Gibraltar, Greece, Guernsey, Hungary, Iceland, India, Ireland, Isle of Man, Italy, Jersey, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Mexico, Montserrat, Netherlands, Norway, Poland, Portugal, Romania, San Marino, Seychelles, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Turks and Caicos Islands, United Kingdom
JURISDICTIONS UNDERTAKING FIRST EXCHANGES BY 2018 (51)
Andorra, Antigua and Barbuda, Aruba, Australia, Austria, Azerbaijan[3], The Bahamas, Bahrain, Barbados, Belize, Brazil, Brunei Darussalam, Canada, Chile, China, Cook Islands, Costa Rica, Curacao, Dominica, Greenland, Grenada, Hong Kong (China), Indonesia, Israel, Japan, Lebanon, Macau (China), Malaysia, Marshall Islands, Mauritius, Monaco, Nauru, New Zealand, Niue, Pakistan[3], Panama, Qatar, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, Saudi Arabia, Singapore, Sint Maarten, Switzerland, Trinidad and Tobago, Turkey, United Arab Emirates, Uruguay, Vanuatu
JURISDICTIONS UNDERTAKING FIRST EXCHANGES BY 2019/2020 (8)
Albania (2020), Ghana (2019), Kazakhstan (2020), Kuwait (2019), Maldives (2020), Nigeria (2019), Oman (2020), Peru (2020)
DEVELOPING COUNTRIES HAVING NOT YET SET THE DATE FOR FIRST AUTOMATIC EXCHANGE (45)
Armenia, Benin, Bosnia and Herzegovina, Botswana, Burkina Faso, Cape Verde, Cambodia, Cameroon, Chad, Côte d'Ivoire, Djibouti, Dominican Republic, Ecuador, Egypt, El Salvador, Eswatini, Former Yugoslav Republic of Macedonia, Gabon, Georgia, Guatemala, Guyana, Haiti, Jamaica, Kenya, Lesotho, Liberia, Madagascar, Mauritania, Moldova, Mongolia, Montenegro, Morocco, Niger, Papua New Guinea, Paraguay, Philippines, Rwanda, Senegal, Serbia, Tanzania, Thailand, Togo, Tunisia, Uganda, Ukraine

For implementation of AEOI under CRS, as on 29.10.2018, 104 countries/jurisdictions have joined the Multilateral Competent Authority Agreement ("MCAA") which provides a framework for exchange of information on automatic basis as per the new global standards. 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.

As committed by India, the first exchanges have taken place in September, 2017 and the same is reflected in the AEOI Report of the Global Forum. India has automatically exchanged information for calendar year 2016 and 2017 on reciprocal basis with jurisdictions with whom AEOI has been activated.

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.

4.8.6 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 receives 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.

Reporting of information under the IGA with USA began from 30th September, 2015 and information pertaining to the calendar year 2014, 2015 and 2016 has already been exchanged between the two countries.

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 evolving issues in its implementation, the Guidance Note has been updated on 31.12.2015, 31.05.2016 and 30.11.2016. The financial institutions submitted their first report in form 61B by 31.05.2017 based on which India has started exchange of information automatically under FATCA and CRS from 30th September, 2017. India has conducted exchanges in 2018 on similar lines. India has also received information related to calendar year 2016 from the USA in 2017, and expects to receive information pertaining to calendar year 2017 shortly.

4.8.7 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 has 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 does 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 2018, 40 Indian officers participated in 22 events abroad. Further, training events are hosted in NADT, Nagpur and OECD experts are invited to lead these events. During the year 2018, following two events were held at NADT:

i. BEPS: Advanced Application of Tax Treaties, the MLI and BEPS from 22nd – 26th October, 2018

ii. BEPS: The Revised Transfer Pricing Guidelines from 3rd – 7th December, 2018.

(b) 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.

During 2018, India's transparency framework under Action 5 of the Base Erosion and Profit Shifting was reviewed positively.

(c) OECD's Working Party 2

India participates 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. At present, the main 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.

(d) OECD's Working Party 10

The mandate of OECD Working Party 10 (WP 10) on Exchange of information and Tax Compliance is to provide support for improvements in the legal, practical and administrative framework to facilitate exchange of information and mutual administrative assistance between the countries with the view to improving tax compliance and ensuring protection of taxpayers' rights.

The financial crisis of 2009 was a watershed for fighting tax havens when the G20 announced that the "era of bank secrecy is over". Global Forum on Transparency and Exchange of Information for Tax Purposes was restructured to strengthen the capacity for co-operation in international tax matters and it developed a standard of transparency and exchange of information for tax purposes (EOIR). It was also decided to implement automatic exchange of information (AEOI), which is systematic and periodic transmission of "bulk" taxpayer information by the source country to the residence country, on a global basis to curb offshore tax evasion. The G20 Leaders in the Los Cabos summit in June, 2012, accordingly requested the OECD to work with G20 countries to develop a Common Reporting Standard (CRS) on Automatic Exchange of Information (AEOI). The OECD Working Party 10 (WP 10) on Exchange of information and Tax Compliance was entrusted with the work of developing standards for AEOI. WP 10, working with G20 countries, developed the CRS on AEOI which was endorsed by the G20 Finance Ministers in their meeting in Cairns on 21.09.2014. The Hon'ble Prime Minister in his intervention at the G20 Leaders' Summit on 16th November, 2014, in Brisbane strongly supported the new global standard on AEOI and stated that this would be instrumental in getting information about unaccounted money hoarded abroad and enable its eventual repatriation.

The Government of India took a leading role in international fora, including at 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. 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 starting from 2017. WP 10 has not only played an instrumental role in development of AEOI Standards, it is even now continuously issuing FAQs and other guidance to clarify matters pertaining to implementation of CRS on AEOI.

Two meetings of the WP 10 and the WP 10 ESG were attended during the year – one in February 2018 and one in May 2018. During these meetings, the main discussion was on the Model Mandatory Disclosure Rules for CRS Avoidance Arrangements and Opaque Offshore Structures (MDR) and the TRACE project. The MDR was finalised in the February meeting. This initiative is likely to benefit participating jurisdictions including India in detecting and dealing with CRS avoidance arrangements and hence India actively participated in finalisation of these Rules. The text of the international legal framework for the exchange of MDR information (MDR MCAA) was finalised during the May 2018 meeting of the WP 10.

Further, to take the benefit of the AEOI platform that was designed as per CRS, the Tax Relief and Compliance Enhancement ("TRACE") project has been taken up by WP 10 during 2017. The TRACE system aims to remove the administrative barriers that currently affect the ability of portfolio investors to effectively claim the reduced rates of withholding tax to which they are entitled under tax treaties or the domestic law of the country of investment, thereby providing tax certainty. In the May 2018 meeting of WP 10, the Secretariat provided a high-level note on the benefits of TRACE as well as a template for conducting the cost benefit analysis of TRACE for government considering the implementation of the Authorized Intermediary system.

The WP 10 is also compiling jurisdiction specific information on Residency by Investment (RBI) and Citizenship by Investment (CBI) Schemes. Such Schemes pose a threat to the objective of attaining global tax transparency through AEOI. The draft compilation of high-risk RBI/CBI Schemes is likely to be presented in the subsequent meetings along with a draft guidance on recommended measures to take while dealing with such RBI/CBI schemes.

The threat posed by cryptocurrencies, cryptoassets and e-money to tax transparency was also discussed during the meetings. A questionnaire in this regard was prepared by the Secretariat and circulated among the members. India has duly provided its inputs.

In October, 2018, India has sent a formal request to OECD for an associate status in the Working Party 10 of the OECD.

(e) OECD's Working Party 11

WP11 is entrusted with the responsibility of addressing the following BEPS Action Points related to 'Aggressive Tax Planning' (ATP):

- Action Item No. 2 – Neutralize the effects of hybrid mismatch arrangements;
- Action Item No. 3 – Strengthening Controlled Foreign Corporation (CFC) Rules;
- Action Item No. 4 – Limit Base Erosion via Interest Deductions and other Financial payments; and
- Action Item No. 12 – Require taxpayers to disclose their aggressive tax planning arrangements [Mandatory Disclosure Regime (MDR)].

India has been actively associated with WP11 and in 2015 Indian delegate was elected as a Vice-chair of Working Party 11, being only the second non-OECD country (China is the other) to have a representation in a leadership position of the subsidiary body of OECD. As a Vice-Chair of WP11 Indian delegate has the additional responsibility of conducting WP11 meetings, participating in the decision-making process of the Bureau of WP11, to determine the agenda/ program of work for WP11, etc.

The main issues that have been discussed and finalized in WP 11 in 2018 are the Model Mandatory Disclosure Rules on CRS Avoidance Arrangements and Opaque Offshore Structures and Hybrid Structures.

(f) Capacity building of Developing Countries

In continuation of its efforts of developing the tax capacity of developing countries, India organised a special workshops on Modern Techniques of Investigation in which 25 members from various developing countries who are members of CATA, such as Kenya, Ghana, Lesotho, Malawi, Swaziland etc participated. In addition to the above, India has identified its regular capacity building programmes being held for its own officers and which has international relevance and offers nomination to developing countries on a course to course basis. So far, 4 delegates from countries such as Malaysia, Mauritius, etc have participated in 2 such training programmes.

In recognition of the contribution of India towards capacity building, a special award has been given to India by CATA.

(g) Tax Inspectors Without Borders (TIWB)

India has been supportive in capacity building in tax matters in developing countries. The Tax Inspectors Without Borders (TIWB) Programme has been jointly launched by UNDP and OECD and is intended to support developing countries to strengthen national tax administrations through building audit capacity and to share this knowledge with other countries. India has been designated as a partner jurisdiction to provide assistance to the Government of the Kingdom of eSwatini in Transfer Pricing matters under this programme.

(h) Spontaneous Exchange of Information (under BEPS Action 5)

In pursuance of India's commitment under BEPS Action 5, a total of 125 spontaneous exchanges providing details of various rulings issued on Permanent Establishment and Unilateral Advance Pricing Agreements were made by the EOI unit to foreign jurisdictions (as on 31.12.2018).

4.8.8 Cooperation with BRICS Countries on Tax Matters

BRICS is an important multilateral bloc that seeks to represent the interests of the developing countries. The BRICS countries together account for 30% of the global land, 43% of the global population and 21% of the world's GDP. This platform aims to promote peace, security, prosperity and development in today's multi polar, interconnected and globalized world. The BRICS countries represent Asia, Africa, Europe and Latin America, which gives their cooperation a transcontinental dimension making it especially valuable and significant.

A meeting of the BRICS Heads of Revenue and Experts on Tax Matters was held at Johannesburg, South Africa in the month of June, 2018. The Heads of Revenue of all the BRICS countries have agreed on a High-Level Capacity Building Action Plan in which all the BRICS countries shall identify their areas of strength and invite delegations from other BRICS countries for building capacity of the other countries in that area. Under this Action Plan, workshops/symposia will be held in Brazil, Russia, India and South Africa.

4.8.9 Coordination with other Multilateral Agencies

India is an Associate member of Centre 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. During 2018, India participated in the General Assembly and Technical Conference meeting held by CIAT. Indian contributions to the event were appreciated.

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 the Technical Conference by CATA during the year in Fiji. Indian contribution was widely appreciated.

4.8.10 Income Tax Overseas Units

During the year 2018, 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). During this year, appointment orders were issued in respect of new incumbents to the post of FS (ITOU) in Indian Missions at Mauritius, Singapore, France, Japan, Netherlands, USA and UK for three years tenure.

With the approval of Hon'ble FM, the ITOU at Cyprus has also been operationalized now, as Cyprus is no longer a notified territory. Tenure of incumbent at ITOU in Germany expired during the year. The selection procedure for appointment of officers at these two ITOUs is at an advanced stage.

With the establishment of new ITOU at Cyprus, in all, nine ITOUs will get operationalized.

4.8.11 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 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, 2018 to 31st December, 2018, bilateral meetings for resolving tax disputes under MAP have been held with the competent authorities of USA, United Kingdom, Japan (twice), Netherlands, Canada, Denmark, Sweden, China, Singapore, South Korea, Finland, etc. More such meetings have been scheduled till 31st March, 2019 with USA, Japan, UK, etc. The meetings have proved to be very successful in resolving various disputes relating to double taxation

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. During the period 1st April, 2014 to 31st December, 2018, approximately 600 tax disputes have been resolved under MAP by the Competent Authorities of India through negotiations with their counterparts of various countries. Along with the Advance Pricing Agreement (APA) scheme of the Government of India, MAP has come to be recognized 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.

4.8.12 Advance Pricing Agreements

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, which was 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; payment 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 the 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 six and a half years, about 1000 APA applications have been filed in India. A large majority of these applications (about 80%) are for unilateral APAs between the Indian taxpayer and the CBDT. Till 31st December, 2018, 245 Agreements have been entered into. The average time taken by CBDT to conclude an APA is about 33 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 31st December, 2018	No. of Applications disposed of due to withdrawal or other reasons till 31st December, 2018	No. of Applications under Processing as on 31st December, 2018
2012-13	146	90	20	37
2013-14	232	112	40	80
2014-15	206	34	19	153
2015-16	132	10	3	119
2016-17	101	1	-	100
2017-18	168	-	-	168
2018-19*	10	-	-	10
Total	**995**	**247**	**82**	**666**

*** Till 31st December, 2018**

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	80	8	88
2017-18	58	9	67
2018-19*	23	5	28
Total	**222**	**25**	**247**

*** Till 31st December, 2018**

In April, 2017 the Central Board of Direct Taxes published an APA Annual Report for the first time. The Annual Report was an initiative of the CBDT to bring into the public domain various statistical and qualitative aspects of India's APA programme, with a view to encouraging discussion and debate amongst taxpayers, policy makers, media, economists, etc. on the strengths and weaknesses of the programme. The second Annual Report on the APA Programme was released in August, 2018.

4.8.13 Policy Issues on International Taxation

- **India's Active participation in Task Force on Digital Economy (TFDE):**

As a part of follow up work on outcomes of Action 1 report of BEPS project on addressing the challenges of digital economy, India has been active participant on OECD initiatives relating to digital economy and has consistently supported the need to address the tax challenges arising out of new business models in digital technology which have transformed the way business operates. The Task Force on the Digital Economy (TFDE), a subsidiary body of the Committee on Fiscal Affairs (CFA) in which non-OECD G-20 countries participate as Associates on an equal footing with OECD member countries, was established in September 2013 to develop a report identifying tax issues raised by the digital economy and detailed options to address these challenges.

The mandate of TFDE was renewed by the Inclusive Framework (IF) on BEPS in January, 2017 and this included delivery of an interim report on the tax challenges of digital economy in 2018 and a final report by 2020. India being a member of the TFDE Bureau, has actively participated in all the meetings of TFDE during the year and submitted its inputs and comments on various issues raised during the meetings. Interim report of TFDE on taxation of digital economy was finalised and released in 2018. India has actively participated in the discussions leading to the finalization of interim report and strongly advocated that the corporate profits are the function of both demand and supply, therefore value created within the supply chain, representing the supply side must be taken into account along with the contribution of demand for determination of corporate profit. This interim report outlines the areas of differences among various countries and sets a direction for future work on addressing challenges of digital economy.

The future work that will be undertaken by TFDE, would be for revisiting the nexus and profit allocation rules. The timeline for submission of final report to G-20 is 2020. Meanwhile, India has consistently raised its concerns in the TFDE meetings and recently in November, 2018 submitted its position paper on taxation of digital economy to OECD. India has strongly supported the need for new rules that would ensure fair allocation of taxing rights to both the source as well as the resident State, and prevent tax avoidance arising from the inapplicability of existing rules to the new business models adopted by enterprises in digital economy. India has strongly suggested adoption of “Significant Economic Presence” as an option for establishing taxable nexus.

4.8.14 Committee to examine issues related to Attribution of Profits to PEs in India and amendments to Rule 10 of Income Tax Rules:

Recently a committee has been constituted with the approval of Chairman, CBDT to examine the issues related to attribution of profits to Permanent Establishments in India and to suggest amendments to Rule 10 of Income Tax Rules, 1962. The committee consists of 12 members headed by JS [FT&TR-I] as the chairperson of the committee. Due to expansion in the definition of PE due to BEPS, it was felt that it was important to focus on how profits had to be attributed to PEs in India. It was also important in view of the strong reservations of India with respect to Article 7 introduced by the OECD MTC 2010 as per which the profit attribution to PE has to be done on the basis of FAR analysis. FAR method is entirely based on supply side factors and does not give any weightage to the contribution of demand side factors, which are very important in earning of profits by any enterprise. Adoption of FAR based approach for attribution of profits to PE in the source jurisdiction is neither in accordance with economic principles nor does it capture true profit attributable to PE. A number of meetings of the committee have taken place during the current year and substantial progress has been made after analyzing the data concerning various methods adopted by field offices in respect of attribution of profit to PEs. Committee has proposed to submit a detailed report in a short time, which will bring more certainty in methods to be adopted for attribution of profits besides taking care of the demand side factors to safeguard the taxing rights of source jurisdiction.

4.8.15 Coordination with other International Organizations:

India has actively participated in the various activities for tax cooperation undertaken by OECD through 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. During the year India has participated in meeting of FTA Bureau and Online Cash Registers project.

Representation of India and active participation of India was also ensured in Working Party-1 (WP-1) meeting and in the follow-up work undertaken as per the agreed Final Reports of Base Erosion and Profit Shifting (BEPS) project, particularly in action 6 for preventing treaty abuse, action 7 in preventing artificial avoidance of PE status and action 1 for addressing tax challenges of digital economy. Participation of India was also ensured in the development of the draft Multilateral Instrument (MLI), which is a multilateral treaty that will seek to modify bilateral tax treaties of signatory states to implement the tax treaty measures developed in the BEPS Project. Concerns of India and its preferences were brought to the notice of global community as part of India’s participation and it was ensured that the outcomes proposed and agreed therein were in accordance with India’s interests. Multiple rounds of discussion were held with treaty partners either through meetings or through correspondence to remove the mismatches under Multilateral Instrument (MLI). Position of India in respect of its notifications & reservations under MLI is proposed to be finalised shortly.

4.9 Directorate of Systems

4.9.1 Project Name: PAN

(a) Permanent Account Number (PAN)

As per section 139A of Income-tax Act, 1961 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 and correspondences of a person with the department.

PAN database has shown steady growth in tune with economic progress. The progressive **number of PANs** allotted up to 31st March, 2019 (cumulative) is **44,57,17,383.** During the current year (up to 31st March, 2019) 6,66,39,738 PANs have been allotted.

(b) Common Business Identification Number (CBIN or BIN)

Though, as per section 139A of the Income-tax Act 1961, role of Permanent Account Number (PAN) was envisaged as that of a tax-payer identity limited to Income-tax department. However, 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 a bank account, opening of a demat account, for other financial transactions prescribed in Rule 114(B) of the Income-tax Rules, 1962, registration for Goods and Services Tax (GST)etc. Thus, 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 duplication by using the software having phonetic matching algorithm. 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 PAN is generated centrally in the Department's database through robust software at national computer centre (NCC) of the Income-tax department. The ancillary services related to PAN have been outsourced to two PAN service providers, M/s UTI Infrastructure Technology and Services Limited (UTIITSL) and M/s NSDLe-Governance Infrastructure Limited (NSDLe-Gov). The service providers through their network of more than **25,000** front offices (PAN centres/ TIN-FCs), websites and mobile app receive and process the PAN application submitted by the applicants.

(e) PAN Verification Facility

PAN verification facility is provided to the government departments through the websites of the Income-tax department through link "Know Your PAN" facility on Income-tax official web site www.incometaxindiaefiling.gov.in, if 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 NSDLe-Gov) to agencies falling under any of the approved categories **as per procedure laid down by the Directorate of Systems.**

(f) Grievances Redressal Machinery:

Grievance redressal machinery related to PAN is well defined. The Income-tax department has a special electronic grievance redressal system called **e-Nivaran** on e-filing portal of the Department i.e. on **incometaxindiaefiling.gov.in.** Grievances are also received through Centralized Public Grievance Redressal and Monitoring System **(CPGRAMS**) of Government of India and through the designated PAN service providers.

(g) New Initiatives

a. Integration with MCA Portal.

As the PAN has been adopted as Business Identification Number (BIN) in respect of MCA, CBDT, ESIC, EPFO, DIPP and DGFT services, CBDT has tied up with Ministry of Corporate Affairs (MCA) to issue Permanent Account Number (PAN) and Tax Deduction Account Number (TAN) in one day through common application form in **average turn around time (TAT) of 15 minutes**. Consequently, Certificate of Incorporation (COI) is issued to a company by MCA after printing of PAN on it, in addition to Corporate Identity Number (CIN).

b. Instant e-PAN Allotment (POC):

Directorate of Systems in the month of June, 2018 had launched the Beta version of facility of allotment of instant e-PAN. The allotment was free of cost and e-PAN allotment was done on near to real time basis by acquiring the e-KYC data (with applicant's consent) from Aadhaar through online integration, in a cyber-secure environment.

This facility was run from 29.06.2018 to 06.07.2018 with overwhelming success. Total of 62,192, e-PANs were allotted during this short period.

c. Paperless Application Using Digital Signature Certificate or Aadhaar Based e-KYC

Keeping pace with the digitization mission and for automation of PAN allotment process, online paperless procedures for application of PAN using digital signature certificate or Aadhaar based e-KYC or e-sign scan based have been launched. In these procedures a person can apply for PAN through online form 49A and upload at websites of both service providers M/s NSDL and M/s UTIITSL without any need for sending physical documents by post.

PAN is being allotted, to individuals applying through **Aadhaar based e-KYC** route of application**, within 4 hours** (twelve hours of TAT for application made after 20:00 hrs).

d. Issue of Digitally Signed e-PAN Card

For recognition of e-PAN as a valid form of PAN (along with physical laminated PAN card), all legal and procedural requirements through amendment in section 139AA, rule 114 and issuance of CBDT notification 7 of 2018 dated 27.11.2018 have been completed.

Digitally signed e-PAN card is sent on email id provided in PAN application form immediately after allotment of PAN or confirmation of changes in PAN data by the Income-tax department. A total no. of 4,46,18,729 e-PANs cards have been issued during the period from 01/04/2018 to 31/03/2019.

e. Enhanced QR Code on PAN Card as well as e-PAN

Physical PAN cards and e-PANs are being issued now with enhanced QR code containing demographic data as well as images of photo and signature of the PAN holder. The QR code can also be used for the purpose of verification of PAN through QR code reader and freely downloadable at google play store.

f. Integration with Aadhaar Based Digital Locker

Integration of **Digital Signature Certificate (**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 providers 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.

g. Integration of PAN with AADHAAR UIDAI (Aadhaar PAN linking)

Integration of database with UIDAI has already taken place for seeding of Aadhaar with PAN **for dual purpose. It prevents any of the duplicate PAN from being issued to any applicant as well as to identify the applicant having an already issued PAN.** The seeding of authenticated Aadhaar has been started w.e.f. **01.05.2015** and till 31.03.2019 a total of 24,90,68,879 PANs of individuals have been seeded with Aadhaar data base, which is approximately 57.22% of total PAN allotted to individuals. During the month of March 2019**, total 97,50,091** PANs have been authenticated with Aadhaar database. Seeding of Aadhaar in remaining PANs is presently going on.

CBDT, vide notification no. 31/2019 dated 31.03.2019 has mandated that every person who has been allotted Permanent Account Number as on the 1st day of July, 2017, and who is eligible to obtain Aadhaar number, shall intimate his Aadhaar number to the Principal Director General of Income-tax (Systems) or Principal Director of Income-tax (Systems) **by 30th September, 2019**, except the persons excluded under sub-section 139AA of the Act.

4.9.2 Project Name: Project Insight:

Project Insight was conceptualized to enable ITD to meet 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. Under this project, an integrated data warehousing and business intelligence platform is being rolled out in a phased manner.

The major achievements are as under:

i. A State-of-the-Art **Data warehouse** has been operationalized under Project Insight with end-of-day integration of key projects/data sources of Income Tax Department. Insight Data Warehouse is being used (since 2017) for providing comprehensive MIS to TPL for pre-budget analysis and policy formulation.

ii. **Income Tax Transaction Analysis Centre** (INTRAC) has been operationalized for handling data integration, data processing, data quality monitoring, data warehousing, master data management and data analytics. Data has been enriched by standardization of bank account number/contact/address,address clustering, geocoding, relationship identification/clustering.

iii. **Data Analytics** is being used for identification of high-risk non-filers under NMS (AY 2016-17 onwards), selection of cases for scrutiny under CASS (CASS 2018 onwards), identification of high-risk refund claims (April 2018 onwards) and identification of high-risk remittances in Form 15CA (Sep 2018 onwards). The platform is also being leveraged for centralised processing of information received under Automatic Exchange of Information (AEOI) and Suspicious Transaction Reports (STRs).

iv. A dedicated **reporting portal** (https://report.insight.gov.in) has been rolled out to provide a comprehensive interface between Reporting Entities and the Income-tax Department. The Reporting Portal enables seamless data processing, data quality monitoring and report rectification. Report Generation Utilities, User guides, videos, Chatbot have been provided to the reporting entities to assist them in meeting reporting obligations. All submitted reports are processed and Data Quality Reports (DQR containing defects and exceptions) is shared with the reporting entities for rectification of defects. I&CI users have been provided with functionalities to enable monitoring of registration, statement filing and correction of defects.

v. A dedicated **compliance portal** (https://compliance.insight.gov.in) has been rolled out to capture response on compliance issues in a structured manner for effective compliance monitoring and evaluation.

vi. **Compliance Management Centralized Processing Centre** (CMCPC) has been operationalized for leveraging campaign management approach (consisting of emails, SMS, reminders, outbound calls, letters) to support voluntary compliance and resolution of compliance issues.

vii. **Business Intelligence Dashboard** consisting of interactive Business Intelligence (BI) reports has been implemented to provide actionable information to ITD users with drill down. The BI reports have been classified under various themes such as Tax Collection, Tax Base, ITR Information, Business Information, Exemption, Taxpayer Compliance, TDS Information, TDS Compliance, International Transactions, Third Party Information etc.

viii **GIS (Geographical Information System) Dashboard** consisting of more than 100 interactive GIS reports have been implemented to provide high-level geographical view to senior management for effective monitoring.

ix **Collaborative Verification** module under Insight Portal has been rolled out which enables ITD user to view online response submitted by the taxpayer and capture case related activities and verification result in a structured manner. The ITD user will also be provided access to Profile View of the entity under Verification.

x **Profile Views** under Insight Portal has been rolled out which provides comprehensive multi-year profile of taxpayer and other entities with secure role-based information access control. The Profile views display key insights, financial ratios and related information for effective analysis.

xi **Insight Knowledge Hub**, an integrated platform consisting of i-Wiki, i-Library, i-Forum and i-Query, has been rolled out to assist ITD in “Organizing creating, sharing, using and managing organisation knowledge for getting the right knowledge to the right person at the right time”.

xii **Insight Learning Hub**, an integrated platform consisting of learning management system, online courses, competency tests and training material repository has been rolled out to supports capacity building of ITD employees by “delivery and tracking of customized learning content to employees using competency-based training approach”.

4.9.3 Project Name: Non-filers Monitoring System (NMS) Pilot Project

The Income Tax Department has implemented the Non- Filers Monitoring System (NMS) to identify and monitor non-filers with potential tax liabilities. Analysis of internal information as well as third party information (Information received under Statement of Financial Transaction and Tax Deduction/Collection at Source) is carried out to identify persons/entities who have undertaken high value financial transactions but have not filed their returns. Following number of non-filers with potential tax liabilities were identified.

- NMS Cycle 7(AY 2017-18):38.81 lakh
- NMS Cycle 8(AY 2018-19):15.58 lakh

The information about transactions is made available on the online portal and email and SMS is sent to the non-filer to provide online response and submit return. Many non-filers file their return and pay appropriate taxes. The details of high-risk non-filers are pushed to the field formation for further action. An online portal has been developed to enable verification and monitoring of actionable information by the field formation, this functionality enables field officers to generate letters, view online response and initiate appropriate proceedings under the Act.

4.9.4 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, refunds determined by the CPC and Assessing Officers are sent in electronic files 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. In case of paper refunds (only in exceptional cases), 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.

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.

There has been a steady increase in number and percentage of refunds issued through the scheme. Annual MIS is as under:

F.Y.	No. of Refunds (Paid) through Refund Banker	No. of Other Refunds (Paid)	Total	Percentage of Refunds Paid through Refund Banker
2014-15	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	1,76,59,245	10,617	1,76,69,862	99.94%
2017-18	1,97,90,532	8,743	2,11,53,692	99.99%
2018-19	2,81,90,436	2,493	2,81,92,929	99.99%

A new mechanism of PAN Account validation using PFMS has been implemented since last two years to shift to electronic payment of refund. Under this arrangement, the PAN Account information is transmitted to the banks using PFMS interface and banks provide the key account information (PAN, Name of account holder etc.) to enable validation of PAN and Account linkage. This validation mechanism has also been implemented using NPCI which has larger coverage of integration with banks. In case of validated PAN Account record, the refund exceeding the predefined threshold (50,000) is also issued electronically subject to approved refund transmission rules. As a result of this initiative, from 01.03.2019 the department has started transmitting 100% refunds through electronic mode.

4.9.5 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 payments can be mapped with the bank and the assessee with PAN/TAN irrespective of the place of payment. A country wide network of 26 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. 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/Directors General of Income Tax, Commissioners of Income Tax (TDS) and Commissioners of Income Tax (Computer Operations) for monitoring direct tax collections on a daily basis.

4.9.6 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 26 agency banks collecting direct taxes. Recent initiatives for promoting digital payments are as under:

i. **Payment through cards:** Presently, 6 banks namely, SBI, PNB, Indian Bank, HDFC, Canara and ICICI Bank have started the e-payment facility online through its debit cards as well.

ii. **Payment through ATMs:** 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.

iii. **Integration of online payment facility with return preparation:** The taxpayer can click on tax payment link on online ITR preparation facility (ITR1 and ITR4), which will display filled Self-Assessment Tax challan from the tax payment portal with all fields pre-filled. User needs to only select Bank and proceed for payment. This provides ease of tax payment and also reduces mistakes in filling tax challan.

iv. **Integration of online tax payment facility with demand notice/e-filing portal**: The taxpayer can click on the tax payment link while viewing demand details on the e-filing portal, which will display filled regular tax challan from the tax payment portal with all fields pre-filled. This provides ease of tax payment and also reduces ensures linking of payment with the demand (using automatic capture of Demand Identification number)

v. **Integration with UMANG:** Challan 280 payment and Challan Status Inquiry (CIN based view) has been integrated with UMANG (Unified Mobile Application for New Age Governance)

vi. **Converting online tax payment facility to mobile responsive pages**: This facilitated users to access payment portal through mobiles.

vii. **Mobile App for tax payment and refund tracking:** Users can use mobile app for tax payment and tracking refund status through the convenience of their mobile phones.

Financial year wise percentage of e-payments is as below:

Financial Year	% in terms of total number of e-challans	% in terms of total amount associated with e-challans
2014-15	69.20	87.10
2015-16	74.00	88.00
2016-17	77.00	89.00
2017-18	80.21	89.82
2018-19	82.26	91.14

The percentage of e-payment has increased every financial and presently more than 91% of taxes are being collected through electronic mode and reported in T+1 days to TIN.

4.9.7 Project Name: Integrated E-filing & Centralized Processing Centre (CPC) 2.0

Introduction:

Integrated e-Filing and CPC 2.0 envisions to redefine income tax filing and processing in India to provide a best-in-class experience to all taxpayers. Department views this as a technology-led process innovation enablement that has to operate efficiently and effectively to transform tax filing and processing in India with the aim to provide best-in-class taxpayer experience across the taxpayer journey.

The four components of this would be speed, usability, convenience and accuracy in terms of website efficiency and availability as well as processing outcomes. The taxpayer should have a world class experience similar to that he/she is experiencing in the online and mobile world in sync with world-wide trends.

Project Objectives

The objectives of the Integrated e-Filing and CPC 2.0 project are -

a) To partner with government to reform tax processing in the country

b) To provide a differentiated experience to tax payer

c) To enhance departmental efficiency and effectiveness

The above is planned to be achieved by -

i. Providing ease in filing returns using wizard-based forms and generating pre-filled returns for the tax payers.

ii. Actively promoting e-verification of returns and establish complete (100%) paperless environment.

iii. Reducing processing time of returns on year-on-year (YoY) basis and achieve real time processing of returns and credit of refunds.

iv. Educating and empowering the tax payers by pro-actively engaging with tax payers through digital media;

v. Pro-actively communicating and engaging with tax payers and enhancing transparency

vi. Reducing errors, grievances, rectifications on a YoY basis and achieve "first-time-right" outcome;

vii. Facilitating tax payers and consistently reducing the outstanding demand;

viii. Ensuring real time data exchange with all stakeholders and achieve total seamless integration;

ix. Continuously promoting tax compliance in the country resulting in to reduction of tax delinquency.

Status till March 2019

The following actions have been undertaken in the FY 2018-19 with respect to this project:

i. The open tender for 'Integrated e-Filing and CPC 2.0' was published on 8th February 2018 by the Income Tax Department on Central Public Procurement Portal (CPPP). The last date of bid submission was 15th May 2018.

ii. M/s Infosys Ltd was selected as the Managed Services Provider for the implementation of the project on the lowest cost basis (L-1).

iii. The Union Cabinet, has approved the expenditure sanction of Rs.4,241.97 crore (including GST @ 18%) for Integrated E-filing & Centralized Processing Center (CPC) 2.0 Project of the Income Tax Department on 16.01.2019 from FY 2018-19 to FY 2026-27 which includes payout to the M/s Infosys Ltd. (the Managed Service Provider for the project).

In pursuance of the above, the following action has been taken:

a) The Letter of Award of Contract has been issued to M/s Infosys Ltd. on 13.02.2019 to design, develop, implement, operate and maintain Integrated e-Filing and Centralized Processing Center 2.0 project.

b) CPC 2.0 project will be implemented after the design and development phase of 18 months from commencement of contract.

4.9.8 E-Assessment Project

Introduction:

The project aims to e-enable and re-engineer the scrutiny process to the maximum extent to provide a hassle-free experience to the taxpayer and assessing officer while ensuring the quality of scrutiny is enhanced to maximize deterrence and increase revenue.

Budget announcement and amendment to Income Tax Act

In the speech in Feb, 2018, the Finance Minister announced that in order to impart greater efficiency, transparency and accountability, an E-assessment scheme would be notified by the Department for

i. Eliminating the interface between the AO and the assessee to the extent technologically feasible

ii. Optimising utilisation of resources through economies of scale and functional specialisation

iii. Introducing a team based assessment with dynamic jurisdiction

Accordingly, an amendment to section 143 of the Income Tax Act was introduced vide the Finance Act. The details of the Scheme would be finalized and notified by the TPL Division of the CBDT.

Status Update till March 2019:

Following steps have been undertaken in the e-assessment project:

1. A High-Level Monitoring Committee for e-assessment has been constituted on 06.08.2018 under Chairmanship of Secretary (Revenue) to oversee implementation of the project. This committee meets once in every month to monitor the progress of the project and provide key decisions.

2. Scheme for centralized verification scheme was notified on 30th January 2019.

3. CBDT has notified the powers of CIT (E-Verification) under S. 120 of the Income Tax Act on13.03.2019 to enable the CIT (e-Verification) to issue notices in a centralized manner for verification.

4. A Centralised Verification Centre (Back Office) has been established in Aayakar Bhavan, Vaishali to enable e-Verification on a pilot basis.

4.9.9 Project Name: e-assessment in ITBA

As part of e-governance initiative to facilitate a simple way of communication between the Department and the taxpayer through electronic means of communication and without the necessity of the assessee to visit the Income Tax Office, e-Proceedings has been implemented in assessment module. This makes all Letters, Notices, Questionnaires, Orders issued by any Assessing Officer from ITBA modules visible to the assessee account in E-filing website under e-Proceedings. Tax payer receives communication through e-mode and submits the response alongwith supporting evidences in e-mode from the comfort of his place thus avoids the hassles of visiting tax office. Responses submitted by assessee in E-filing Portal become visible to the Assessing Officer in the case history/notings screen of respective proceeding in the ITBA module. The assessing officer examines the response of tax payer and passes an order wherein the income is assessed and tax payer is intimated to pay the demand if any through e-mode. From 2017, entire communication is through E-filing account of taxpayer. Thus whole proceeding in chronological order is available in a single electronic folder.

Outcome-

❖ Hugely successful. Tax payers accepted the change positively.

❖ In the ongoing F Y 2018-19 (it being the first year of full operational) 200000 plus cases have already been successfully completed on e-assessment platform of ITBA.

Digital Signatures

In an endeavour to go paper-less, use of Digital Signature has been enabled in ITBA. All officers are given the option to sign orders, notices, letters, etc. using DSC in PDF format. These digitally signed documents are sent directly to e-filing account of assessee as well as to his designated e-mail accounts as attachment. Same document is available in database and with taxpayer at his e-filing account for later view and records.

4.9.10 Project Name: TAXNET PROJECT

Aim and object of the ongoing TAXNET project is to provide seamless connectivity (IP- VPN services) to the departmental users in the Income Tax department all over India.

The TAXNET project acts as the architectural backbone of the entire digital edifice of the Direct tax administration in India. It provides seamless, secure, efficient & dedicated connectivity to more than 770 locations spread over more than 500 cities in India. It is like a golden thread which permeates through all modules, applications & platforms of the Income Tax Department. In effect, it serves as a force multiplier for the entire digital machinery of the department. The ultimate success & the execution of the all the modules like Operation Clean Money, ITBA, CPC-TDS and CPC-ITR-Bangalore, Project Insight etc. entirely rest on its shoulders. It works silently in the background, being successfully executed since the year 2008.

Change Order Management is an integral part of the management of the TAXNET contract. The department has to place change orders to ensure the connectivity and optimize the intranet NETWORK. In the instant dynamic environment, it provides much needed operational flexibility. The major activities in change orders are as follows:

- Relocation of nodes/ Additional nodes
- Establishing New Site
- Shifting of site
- Bandwidth Augmentation

These are executed as per the departmental requirement and requisitions from the field formations.

4.9.11 WEB MASTER PROJECT:

National Website (https://www.incometaxindia.gov.in) hosts a number of services with user friendly functionalities and features. The various services that the website hosts, includes a list of all the facilities put online viz. PAN, TAN etc., besides providing returns & statements of e-filed cases, international tax related contents, FAQs/ tutorials/tax information, press release, latest news etc. The number of visitors to the website has been continuously increasing which shows its efficacy and popularity.

New web site of the Income Tax Department was launched on 22nd September 2014. The same was revamped in November, 2015 and new services incorporated keeping in mind feedback received from various users, trade associations and other stakeholders. The feedback received on the website is analysed by a team of the officers on regular basis and suitable follow up is done wherever required.

Some of the existing features of the website are:

1. 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.

2. International Taxation related contents includes:

a. More than 130 Tax Treaties which India had entered into with Foreign Countries- (With Unique Facility of Treaty Comparison)

b. International Business- Sections to be remembered.

c. Tax rates as per Income Tax Act vis-à-vis Tax Treaties.

d. Relevant provisions under Income-Tax Act, Companies Act, Service Tax and FEMA for Non-resident

3. Providing information to the Tax Payer in the form of FAQs/Tutorials.

4. 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.

5. 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.

6. Website is friendly towards the differently-abled. The website is friendly for visually challenged users, users with partial or poor sight including colour blind users and deaf users.

7. Website is bilingual and Rajbhasha compliant.

8. Separate corner for Senior Citizens.

9. Web site has information and videos for children.

10. Latest News & Press Releases are updated on real time basis.

11. Other facilities

a. Income Tax Office Locator (Covers details of all Income-tax Offices across India)

b. Separate pages of Pr. CCIT/DGIT- Includes information about field offices, Grievance Redressal Mechanism, respective CPIOs, Appellate Authorities under RTI Act.

c. Tenders from Department.

12. Complete information regarding '**Income Disclosure Scheme 2016'** on a single click was provided on the home page of the website.

13. Complete information regarding **"Pradhan Mantri Garib Kalyan Yojana 2016 (PMGKY 2016)"** is provided on home page.

The website experienced 244,46,20,727 as total number of Hits during F.Y. 2018-19 as against 177,04,10,568 during the preceding F.Y. 2017-18.

The '**Tax Payer Services Module'** and **'Aayakar Setu (Mobile Application on Android)',** which was launched in F.Y. 2017-18, is an innovation and the main highlights of the Aayakar Setu are-

1. **ASK IT** – It functions as a CHATBOT (A virtual machine chatting with the user) which provides solution to queries of taxpayers relating to PAN, TAN, TDS, Return Filing, Refund Status, Tax Payment etc. on real time basis.
2. **Live Chat with Tax Experts** – In case users have any query they can use the chat option at TPS section. This facility will be available on all working days (i.e. Monday to Friday) between 10:00 AM to 06:00 PM.
3. **Tax Return Preparers at your doorstep** – It helps to locate the TRP on Google map. A Tax Payer can locate/search the TRP at the desktop as well as on his mobile App.
4. **Tax Tools** – It facilitates tax calculations for filing ITR. Various tax tools are available, which will give the output required for ITR on the basis of inputs/information available with user.
5. **PAN/TAN** – All the services related to PAN/TAN i.e. PAN/TAN application, De-duplication, PAN surrender, PAN-Aadhar Linking are available through the portal
6. **TDS/TRACES** – It provides links to all the services useful for a tax deductor/collector, tax deductee in one place along with proper bifurcation of services between Tax Deductor/ Deductee etc.
7. **Payment of Taxes** – It provides ease of use of all the services related to tax payment including tax calculation, View tax credit statement etc.
8. **Latest Updates on website and email/SMS** – It will help the taxpayers in finding out the information required as per upcoming compliance dates on the main window of the Tax Payer Services.
9. **Tax Gyaan** –Tax Gyaan is a multiple choice question web-based game to provide knowledge to the youths accessible from mobile as well as desktop.

Other New Features:

1. **Complete information related to Direct Taxes Dates**
2. **Promoting Tax Payers to take Integrity Pledge –** Integrity pledge is being promoted through publishing of relevant link to take Integrity Pledge at Home Page of the Website.
3. **As a step towards transparency, a page titled "PROBITY CORNER" has been introduced which gives statistics regarding departmental action against officers and officials on complaints in the last four years in the Income Tax Department.**

The new modules of the website have been widely appreciated by a large number of Tax Payers.

VIDEO CONFERENCING:

Video Conference facility is available across 48 stations (57 sites), which is assigned to Telecommunications Consultants India Limited (TCIL) with effect from April 2017. While the bandwidth is being provided by the TAXNET MSP under TAXNET project, the maintenance of VIDEO CONFERENCE devices and facilitation during VIDEO CONFERENCEs, have been ensured by the Unit-4 team. The VIDEO CONFERENCE facility that covers 57 locations across India, is one of the major activities of Unit-4 given the fact that authorities now frequently used such conferences to save precious time and resources. The frequency of VIDEO CONFERENCE has been increased many fold since its inception in the year 2006.

FACILITY MANAGEMENT SERVICES:

Facility Management Services (FMS). The Project -4 Unit, through its MSP, provides the Facility Management Services (FMS). Till 1st June, 2014 FMS was supporting 13,000 network users. Network user count increased to 14500 in 2015, 15500 in 2016 and as on December 2018 this further increased to **19600**. **RSA tokens** are supplied and supported by TCS and distributed by the FMS team through respective CIT (Admin & TPS) concerned. In the month of September, 2017 the FMS team has distributed 11800 RSA tokens to all the 18 Regions. FMS team also facilitates the Video conference organized by the CBDT.

4.9.12 Project Name: E-Verification

Introduction:

Currently 95% of the scrutiny assessment is done for cases selected through Computer Aided Scrutiny Selection (CASS). CASS cycle is executed annually for returns filed in earlier financial year. Thus notices for scrutiny are issued after 6 to 18 months of filing of ITR. Presently only very high risk cases are selected through CASS. Large volume of returns with medium/high risk issues are not addressed due to heavy workload.

e-Verification adopts a pre-dominantly digital approach keeping in view the changing environment and the priorities of the Government. Centralized e-Verification involves centralized verification of compliance issues using an online interface in a jurisdiction less and identity blind manner.

The philosophy behind the Centralized e-Verification is to protect the interest of all the stakeholders especially the revenue and taxpayer. This can be achieved by leveraging the growing digital awareness of citizenry. e-Governance provides the best tool for effective, efficient and economic performance of administrative duties.

Project Objectives

The three broad objectives of Centralized e-verification are following:

- ❖ Increased Compliance at reduced cost
- ❖ Non-intrusive Tax administration
- ❖ Widening and Deepening of Tax base

The Centralized E-verification aims at mitigating the existing limitations of scrutiny process by fulfilling the above three objectives. The key design elements of Centralized e-Verification process has been premised on these objective. Section 143(3A) of Income Tax Act, 1961 lists the broad key design considerations:

- ❖ Electronic Interface
- ❖ Economies of Scale
- ❖ Functional specialisation
- ❖ Team based decision making
- ❖ Dynamic jurisdiction

Based on these design considerations, Centralized e-Verification system is being designed. Following are building bricks of this system:

1. ***e-Verification Life Cycle***
2. **Intelligent electronic interface**
3. **Issue based Verification**
4. **Identity Blind:**
5. **Value at Risk (VAR) based processing of issues/cases**
6. **Early Identification of Issues**
7. **Filtering of high quality cases for scrutiny**

Expected benefits

The expected benefits of Centralized e-verification are:

i. Detect non-compliance at the earliest possible stage and to take swift action.

ii. Enable taxpayer convenience and ease of response to issues of non-compliance raised by Department.

ii. Create the capacity to manage large scale non-compliance and take it to its logical conclusion in a consistent and expeditious manner.

iii. Enable differentiated treatment to various taxpayer segments.

iv. Enable transparency and accountability in verification while maintaining anonymity (identity blind decision making) to the extent feasible.

v. Deliver quality in outcomes both to taxpayer and Department.

vi. Reduce litigation while enhancing compliance.

vii. Develop skill and experience within the Income Tax cadre in scrutiny, verification and litigation activities while examining the feasibility of reduction in manpower for assessment work and redeployment of the workforce for other areas.

Status Update till March 2019:

Following steps have been undertaken in the e-assessment project:

1. Scheme for centralized verification scheme was notified on 30th January 2019.
2. CBDT has notified the powers of CIT (E-Verification) under S. 120 of the Income Tax Act on13.03.2019 to enable the CIT (e-Verification) to issue notices in a centralized manner for verification.
3. A Centralised Verification Centre (Back Office) has been established in Aayakar Bhavan, Vaishali to enable e-Verification on a pilot basis.

4.9.13 Project Name: E-TDS

Project Features

The Centralized 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 22.12 lakh deductors, 8.47 crore taxpayers from all over India and abroad and more than 950 officers of the Income Tax Department who are administering 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.

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/16C& 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.

Attributes of the CPC-TDS

i. Database size – 3100 crores transactional data**.**

ii. State of the art Data Centres at NOIDA and Pune.

iii. 250 plus operational resources.

iv. Processing Capacity

- ❖ Processing capacity of more than 1 crore deductee records in 24 hours.
- ❖ Average processing time < 5 days from the date of receipt of statements at CPC-TDS.
- ❖ Processing capacity of nearly 2000 inbound letters in a day.
- ❖ Processing capacity of nearly 30000 outbound intimations in a day.

v. Intimation of defaults is also sent to the registered email IDs of the deductors.

CPC-TDS - Game Changer

The core engine of the CPC-TDS viz called TRACES **(Tax Deduction Reconciliation, Analysis & Correction Enabling System)** is a web-based application that provides an interface to all stakeholders associated with TDS administration. The application has three important attributes:-

Reconciliation –On TRACES, **Input** (OLTAS Challan and Original/Correction Statement as received from Tax Information Network) and **Output** (Form 16/16A/16B/16C and Form 26AS as produced by TRACES) are duly reconciled. Therefore, TRACES ensures that two sets of records are in agreement.

Analysis - TRACES facilitates compilation of reports that are provided to the Officers in the Income Tax Department for policy making. The reports are also available to the Commissioners of Income Tax/Range Officers & TDS Assessing Officers for enforcement of TDS provisions at the regional levels.

Correction Enabling System – TRACES enables correction systems to the deductors for correcting the challans, statements, etc. This facilitates resolution/closure of defaults.

Demographic spread

CPC-TDS brings value to various institutions, organizations (both within and outside government). It touches ALL government establishments, banks, financial institutions, corporates on one hand and on the other, provides services to ALL the taxpayers, whether filing tax returns or otherwise. The users of the facilities at CPC-TDS include –

- More than 8.47 crore Taxpayers including corporates, individuals, business entities and others. 45 banks & E-filling website are linked to the CPC-TDS System for online access to Tax Credit Statement (26AS). Around 7.94 Crore registered users of e-filing website of the Income Tax Department have online access to Tax Credit Statement (26AS) with over 83.86 crore 26AS viewed till date.
- **More than 22.12 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 950 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 161.41 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 2.38 crorecorrections were received and processed by CPC-TDS till date out of which 56.24.lakh corrections were received during the period 01.01.2018 to 31.03.2019.

E-Office

The CPC-TDS provides an integrated technology driven platform for enabling e-office in the Income Tax Department. **Over 950 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 super vision 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 3.88 Crores intimations have been issued since inception of CPC-TDS out of which 70.64 Lakhs intimations were received during the period 01.01.2018 to 31.03.2019.

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 5.07 Crore of educational e-mails on various issues have already been sent by CPC-TDS including 0.34 crore educational e-mails sent during the period 01.01.2018 to 31.03.2019 to the deductors. E-mails sent through manual campaign are 3.43 Crore & through automated server are 1.64 Crore.**

Timely processing of TDS statements coupled with multi fold 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 55.57 lakhs grievances have been responded by CPC-TDS since inception out of which 8.75. lakhs grievances were responded during the period 01.01.2018 to 31.03.2019.

Data for Policy Formulation and Social Policy Planning

Using data mining and analytics tools, CPC-TDS provides an updated **Management Information System (MIS) and Business Intelligence (BI) reports** to the field authorities. This helps them to focus on the potential cases involving high-risk. Field authorities stand empowered and equipped to take up the enforcement work in effective and efficient manner.

The output of analytical tools also acts as an input for effective policy formulation.

Citizen Centricity

The operationalization of CPC-TDS has benefitted multiple stakeholders involved in TDS administration by way of an integrated interactive platform for Service Delivery. This has made a tremendous impact on effort, time and cost.

TAXPAYERS

1. With CPC-TDS generating TDS certificates centrally, the initiative has **eliminated mismatch of tax credits at the time of claiming credit for TDS** in the Income Tax Return.
2. The taxpayers do not have to maintain record of manual paper TDS certificates. All information related to TDS credits, is available online in the form of Annual Tax Credit statement (Form 26AS). The taxpayer has to only verify it from time to time.
3. With the elimination of manual issuance of TDS certificate by the deductor, verification by the Income Tax Department is not required. This **has cut down unnecessary delays in the granting of tax credits**.
4. The availability of Form 26AS online has facilitated accurate & complete reporting of Income. As a consequence, **compliance cost for the taxpayer has come down**.
5. The e-filing website of the Income tax department pre-populates Tax Credit data in the Income Tax Return based on information sent by CPC-TDS. This has made the process of filing **Income Tax Return easy.**
6. **The Annual Tax Credit Statement is updated on a near real time basis**. Hence discrepancies in the TDS reported by the deductor, can be reported by **taxpayer to deductor, while the transaction is very recent**.
7. **Malpractices in the issuance of refunds, etc have been minimized**.

DEDUCTORS

1. **Single Window Delivery:** A comprehensive web based service delivery platform takes care of all the compliance needs of deductors and is a source of constant feedback.
2. **Online 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.

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 30 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 3,71,323 end-users as part of this exercise to take their feedbacks.

Following Satisfaction results have been achieved for the period 01.01.2018 to 31.03.2019 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 1,21,543 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. **Around 5.07 Crore of educational e-mails on various issues have already been sent by CPC-TDS including 0.34 crore educational e-mails sent during the period 01.01.2018 to 31.03.2019 to the deductors. E-mails sent through manual campaign are 3.43 Crore & through automated server are 1.64 Crore.**

(v) Capability Building Programmes: CPC (TDS) adopted effective strategy for Organisational Capacity building and skills up-gradation 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. In over 51 major cities more than 77 workshops were conducted across India during the Financial Year 2018-19.

(vi) 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 45 banks & E-filling website are availing the facilities of TRACES, out of which 25 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. During the period 01.01.2018 to 31.03.2019 over 6.38 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.

(viii) **The performance of CPC(TDS) during the calendar year 2018 and for the period January to March 2019 is presented below:**

a. Overall performance:

Description	From 01.01.2018 to 31.12.2018	From 01.01.2019 to 31.03.2019
TDS statements processed for 26AS	68.60 Lakh	16.72 Lakh
TDS certificates downloaded	43.03 Crore	8.09 Crore
TDS statements processed for defaults	30.03 Lakh	6.41 Lakh
No. of intimations issued	Via Email – 57.18 Lakh (For TDS statements/26QB statements/RUD/Reprocessing of statement) Via Print – 14.48 Lakhs	Via Email – 13.46 Lakh (For TDS statements/26QB statements/RUD/Reprocessing of statement) Via Print – 1.99 Lakh

b. Download statistics

Download Type	From 01.01.2018 to 31.12.2018	From 01.01.2019 to 31.03.2019
Form 16A	37.40 Crores	7.88 Crores
Form 16	5.58 Crores	19.10Lakhs
Form 16B	3.79 Lakhs	1.10 Lakhs

c. 26AS views:

Online activities	From 01.01.2018 to 31.12.2018	From 01.01.2019 to 31.03.2019
Total 26AS views	19.82 crore	2.64 crore
Unique PANs viewing 26AS	7.87 crore	84.60 Lakhs

(ix) **SMS Initiatives:**

- SMS to salaried taxpayers indicating TDS by employer for Quarter Ended and upto Quarter Ending.
- Advisory SMS to deductors for filing TDS statements before due dates and to non-filers immediately after due-date.

NEW INITIATIVES BY CPC TDS

Initiatives taken during the period pertaining to the calendar year 2018 and the period from January to March 2019:

- Provisional view of TDS/TCS certificate made available to the taxpayers.
- Relaxation in KYC authentication (DSC made non-mandatory) for deductors while filing online corrections. (for add challan/BIN to statement, payment of LP, LD, Interest and late filing fee)
- 26AS download made available in MS excel format. It had been a requirement from deductees to provide 26AS download in excel format for ease of reconciliation at their end.
- KYC relaxation for deductors: If DSC is registered then deductor will not be required to provide any KYC for submitting various download requests, Online correction and other functionalities.
- Operationalization of completely online process of application, approval and issuance of lower rate certificates u/s 197 of the Income tax Act, 1961. The same is an end to end and contactless utility for use by the taxpayers.

4.9.14 Project Name: CPC, Bengaluru:

Central Processing Centre for Income Tax Returns

- CPC has processed 7.11 crore returns of income during Financial Year 2018-19 with a year on year growth rate of 34% (5.30 crores processed during the Financial year 2017-18). Further till 30th April 2019, CPC has processed 78.76 lakh returns in financial year 2019-20.
- CPC has achieved a peak processing capacity of 10.04 lakhs returns per day.
- CPC has processed 30,44,67,637 E-Returns till 31st March 2019, as against the target of 2.7 croree-filled returns, that CPC was to process in 5 years.
- Electronic Verification Code (EVC) process implemented in April 2015 through E-filing is successful and more than 50 lakh taxpayers have adopted this Green Initiative. CPC has already processed 3.49 crore returns validated through EVC.
- Average processing time is reduced to 84 days, which is less than the period specified in citizen's charter (6 months) and much less than performance in manual processing.

Activity	Achievements during 01-04-2017 to 31-03-2018 (In Lakhs)	Achievements during 01-04-2018 to 31-03-2019 (In Lakhs)	Achievements during 01-04-2019 to 30-04-2019 (In Lakhs)
Processing of returns	264	711	78.7
Rectifications	3.91	6.03	0.98
Calls handling	8.7	9.46	0.73
Email-Communications	1709	2336	175
SMS Communications	1986	2153	114

- Till date, CPC has sent around 100.03 Crore digitally signed PDF based intimations by email, around 92.73 Crore SMS alerts and around 4.90 Crore intimations sent by Speed Post all over the country. Savings due to e-delivery as compared to postage is Rs. 1,501 crore.

Financial Year	Communications via email sent to taxpayers	Postage cost saved (Rs. Crores)#
FY 2010-11	5,927,080	8.89
FY 2011-12	36,769,270	55.15
FY 2012-13	42,943,613	64.42
FY 2013-14	65,630,267	98.45
FY 2014-15	93,941,486	140.91
FY 2015-16	232,366,069	348.55
FY 2016-17	118,245,615	177.37
FY 2017-18	170,914,052	256.37
FY 2018-19	233,633,529	350.45
% age Growth over last year	37%	
Total savings in 9 FY's		**1,500.56**
# 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 and campaigns, email through HTML template has been enabled and used.
- 90 call center agents attend to over 5,000 calls daily in 3 languages. Around 71.59 lakh calls attended till 31st March 2019.
- CPC call center made 3,31,352 outbound calls to Assessing Officers in connection with Demand Management.
- CPC has enabled Web based Taxpayer Grievance Mechanism in the Financial year 2016-17. 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 redressed of the grievance is also updated on the e-filing web portal. Up to 31st March 2019, 14.70 lakh grievances have been received out of which 14.59 (96%) grievance have been addressed. E-Nivaran Centralized Grievance System has been integrated with Online Grievance Portal from 19th August 2016, 11.32 lakh grievances were received and 10.99 lakh were processed till 31st March 2019.
- Rectification requests received from taxpayers processed within statutory time limits: For the FY 2018-19 (till 31st March 2019) CPC has processed 46.50 Lakh requests processed out of 49.00 Lakh requests filed.
- 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. 5,663.20 cr. for FY 2018-19 were processed. All such requests are processed within 7 days of request accepted by CPC.
- **Demand Management:** To deal with the issue of 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 31st March 2019, AO has acted on 32,62,729 entries involving arrear demand of Rs. 5,44,130.88 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 56,74,054 entries totaling to Rs.5,64,147.69 Crores have been received from Taxpayers through efiling website.
- CPC has enabled completing Scrutiny Assessments through the ITBA system, 2.13 lakh orders were processed during FY 2018-19.

- CPC has stored over 24.75 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.
- **Important process improvements as indicated below were carried out by CPC to increase overall efficiency and augment taxpayer convenience.**
  - ♦ Enhancement of the CPC Process to enable processing and accounting of Orders u/s 143(3), 144 using ITBA. Multiple changes to business rules, interest computation and other changes were involved and same has been successfully deployed and used for processing 2.13 lakh ITRs.
  - ♦ Enhancement of process at CPC to enable processing of Physical ITR (paper) that are digitized in the field formation across the country. In FY 2018-19, 21.05 lakh digitized physical returns received through ITBA have been processed at CPC.
  - ♦ Enhancement of Rectification process to enable Field Formation to use the rectification services for the orders passed using ITBA. 9,448 rectifications have been completed by the AOs using the ITBA for processing the rectification at CPC.
  - ♦ Accounting process has been enhanced to account for orders for AYs prior to AY 2006-07, which are primarily orders based on information available in OLTAS and IRLA systems, the Manual orders accounted at CPC based on the inputs provided by AO using the ITBA system. 85,958 orders have been accounted successfully.
  - ♦ Integration with National Payments Corporation of India (NPCI) has been completed for transmission of refunds from CPC for wider coverage of Banks and Financial Institutions. This will pave the way for 100% transmission of refunds through ECS to the bank accounts of taxpayers.
  - ♦ Refund reissue process has been redesigned in line with integration with NPCI, the taxpayer has to pre-validate the account for raising the refund reissue for safe transmission of refund from CPC.
  - ♦ Rectification involving the change in status of the taxpayers, particularly for Trust, Charitable institutions and users of Form Type 5 and 7 has been enhanced providing facility for correction of the same in Section 154 proceedings.
  - ♦ CPC enabled for processing of ITRs filed u/s. 119(2)(a) of the Act.
  - ♦ Enhancement of TDS matching rules to consider Rule 37BA of the Income Tax Rules during the processing of ITR which will facilitate allowing credit of tax in the hands of a person other than the deductee, in whose hands the corresponding income is assessable.

4.9.15 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:

- Filing of Income Tax Return/Forms
- TDS Statement submission
- PAN Aadhaar Linking
- Rectification uploads and status after processing
- Refund Re-issue Request
- Request for Intimation u/s 143(1) and 154
- Tax Credit Mismatch Summary
- View Form 26AS
- Add/Register as Representative
- e-Vault Additional Security Option
- Login through Net Banking
- Verification and Validation of Contact details of Taxpayers
- Submitting Response to Outstanding Tax Demand
- e-Nivaran – Grievance Submission for multiple entities
- Schematron Implementation – ITR Validation Rule engine
- Electronic Verification Code for filing of ITRs(EVC)
- e-PAN
- e-Proceedings

The dedicated help desk deals with query or grievance related to e-Filing. The portal also provides help and static content 'in Hindi' for users.

Electronic filing of IT 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 674.74Lakh in Financial Year 2017-18 and **668.09** Lakh in Financial Year 2018-19. The progressive achievement of e-filing scheme is as under:

Financial Year	Number of e-returns (in lakhs)	Growth	Other forms	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%	22.81	-
2014-15	341.73	15.13%	33.96	48.84%
2015-16	433.43	26.83%	46.61	37.25%
2016-17	528.68	21.97%	59.95	28.62%
2017-18 *	674.74	27.63%	75.64	26.17%
2018-19*	668.09	0.99%	87.48	15.65%

*During F.Y. 2017-18, apart from the returns for the A.Y. 2017-18, nearly 1.21 crore ITRs were filed for A.Y. 2016-17. The balance number of ITRs filed for A.Y. 2015-16 and prior A.Ys is 0.06 crore. In comparison, during F.Y. 2018-19 only 0.14 crore ITRs for A.Y. 2017-18 were filed. Thus, the apparent decrease in the number of ITRs filed during F.Y. 2018-19 pertaining to earlier years was due to an amendment in Section 139(5) of the Income-tax Act, 1961 brought in vide Finance Act, 2017, w.e.f. 01.04.2018, which mandated that a revised return could be furnished only upto the end of the relevant Assessment Year. As a result, only 0.14 crore ITRs pertaining to A.Y. 2017-18 were filed during F.Y. 2018-19 as these were the revised ITRs for the relevant A.Y. which could only be filed due to change in law and no other ITR of any earlier A.Y. could be filed in view of the amended provisions of law

During F.Y. 2017-18, out of a total of 6.74 crore ITRs which were e-filed, 5.47 crore ITRs were filed for Assessment Year(A.Y.) 2017-18 (the current year). In comparison, during F.Y. 2018-19, a total of 6.68 crore ITRs were e-filed which included 6.49 crore ITRs of current A.Y. 2018-19 marking an increase of almost 19% as provided in the table below. This would imply that substantially larger number of taxpayers filed their ITRs electronically in the F.Y. 2018-19 as compared to F.Y. 2017-18.

Filing Growth (Assessment Year-wise)			
ITR Forms	**AY 2018-19**	**AY 2017-18**	**Increase %**
ITR – 1	3,11,66,957	2,50,46,670	24.44%
ITR – 2	46,12,120	46,55,177	-0.92%
ITR – 3	1,21,49,205	99,08,934	22.61%
ITR – 4	1,43,75,902	1,27,61,551	12.65%
ITR – 5	15,03,185	13,15,360	14.28%
ITR – 6	8,92,103	8,19,063	8.92%
ITR – 7	2,40,114	2,23,549	7.41%
Total	**6,49,39,586**	**5,47,30,304**	**18.65%**

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 31-03-2019 is 8.45 Crores.

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 31st March 2019, **3,52,94,298** ITRs and other Forms were e-Verified using Internet Banking, ATM OTP, Aadhaar OTP, D Mat Account and Bank Account.

e-Nivaran:

e-Nivaran is the online grievance redressal 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.

- **Important process improvements as indicated below were carried out by e-Filing to increase overall efficiency and augment taxpayer convenience.**

  ERI Workshop was organized in which key Stakeholders were invited and appraised about the ITR changes and the Expectations from the ERI's.

  Capturing and Publishing the Net Banking Account details of taxpayers as prefilled item in the return for enabling transmission of refund through ECS.

  e-PAN Allotment (Trial) was enabled and around 65,000 PANs were issued through e-Filing portal. Based on the success of this effort a separate PAN processing center is under formulation.

  Enhancement in Functionalities

  - Save Draft with an option to continue to file enabled for AY 2018-19 online filing.

  Changes to Register as Representative Assessee functionality as below -

  - Register as Legal Heir - Capturing of legal heir bank account details.
  - Disabling the login for Minor.

  Continuous Campaigns were been sent to enhance the Tax base and ease filing of returns.

  Additional Validation rules based on CPC requirement was enabled to minimize the incidence of upload of incorrect returns.

4.10 Vigilance

a. Functions/Working Of Organization

The Vigilance set-up of the Income Tax Department is headed by the Principal Director General of Income Tax (Vigilance). He is also the Chief Vigilance Officer of the Organization. He is responsible for taking the initial decision on complaints against Group-A officers. He is also required to maintain an up to date record of such complaints and their latest status, through the prescribed registers, for submission of reports to the CVC, DOP&T etc. All the complaints against Group-A officers are, therefore, required to be forwarded to her for registration in the CVO's register as well as for further necessary action.

As CVO, he is required to examine and comment on all proposals where a reference to the CVC is required to be made. Four regional Directorates of Income Tax (Vigilance) assist her in conduct of preliminary verifications or investigations.

He attends to all matters concerning disciplinary proceedings against all serving Group 'A' officers and all retired Group 'A' to Group 'C' officers/ officials. Thus, Pr. DGIT(V)/CVO, CBDT, Delhi assists the Disciplinary Authority (DA) i.e. the Finance Minister on all vigilance matters in consultation with CVC, UPSC and DoP&T.

Four Zonal Directorates of Income Tax (Vigilance) assist him in the handling of vigilance matters pertaining to their respective regional jurisdictions. These Directorates process complaints against Group 'B' officers and also conduct preliminary verifications and investigations in respect of both Group - A and Group - B officers.

Zonal offices are headed by officers of the rank of Commissioners who work under the control and supervision of DGIT(V)/CVO, CBDT. They are CVOs for more than 15000 Group 'B' officers under their respective jurisdictions. Besides, they assist Pr. DGIT(V)/CVO, CBDT in respect of all enquiries/ investigation etc. assigned to them by Pr. DGIT(V)/CVO, CBDT from time to time.

b. Significant Developments

The process of Vigilance Clearance (VC) has been modified and made faster and less cumbersome. The VCs earlier were granted in a period varying from 10/15 days to even two/three months. Now with the revised procedure it has been reduced to 1 day in the case of individual officers and not more than 7 days in the case of panel of officers.

c. Systems Improvement

Systems studies are carried out regularly by the Vigilance Directorate. Based upon the findings of the study, feedback and suggestions are given to the concerned wing of the Department. Recently, systems study was carried out by the Vigilance Directorate with regard to the Survey actions u/s 133A of the I. T. Act as a measure of preventive vigilance in pursuance of frequent receipt of complaints. Based on the findings of the system study, vide letter dated 09.08.2017, guidelines regarding conduct of survey under Section 133A of the Income Tax Act were issued by CBDT to all the Pr. CCsIT, Pr. DGsIT for circulation to all the officers. A Central Inspection Team has been formed to conduct immediate vigilance inspections in cases of serious complaints. Pursuant to spot inspection in a recent case, the earlier CBDT instructions regarding Limited Scrutiny and maintenance of proper order-sheet were reiterated by issue of OM dated 30.11.2017. Also, to strengthen Vigilance Administration it has been decided (OM dated 08.06.2017) that quarterly meetings of Pr. CCsIT and Zonal ADsG(Vigilance) will be held by the 15th of the month following the end of each quarter. The agenda of the meeting includes issues like sharing of information regarding officers and officials of suspected integrity, discussion on implementation of rotational transfer policy, status of pending IO reports, status of complaints and pending DP matters in respect of Group 'B' and 'C' employees, systemic improvements etc.

d. Preventive Vigilance

Preventive Vigilance: steps taken and achievements:

Steps already taken as part of Preventive Vigilance: -

(i) Institutional Level

Reduced interface between Tax Payers and Departmental Officials by use of technology:

- E-filing: Online Return Filing
- E-assessment: Online assessment proceedings
- E-appeal: Online Appeal filing
- E-nivaran: Online grievance redressal
- Centralized Processing of Returns at CPC Bengaluru
- Refund Banker Scheme
- Computer Assisted Selection for Scrutiny (CASS)
- Aayakar Sewa Kendras (ASK)
- Call Centre Helpline

(ii) Supervisory level

CCsIT -	Monitoring of orders u/s 263/ 264 of I T Act, 1961, Review of Appellate Orders
CsIT-	Monitoring of surveys, Central Scrutiny Reports, directions u/s 144A, Routine inspection of assessments
Addl. CsIT -	Monitoring of appeal effect registers, rectification registers
A.O. -	Monitoring of grievance petitions, Monitoring of Return Receipt Registers (where ever maintained)

Directorate General of Income Tax (Vigilance) - Guidance to Officers on Do's and Don'ts, Dissemination of information by Seminars and Lectures, Scrutiny of Private Foreign visits, IPRs, High Value intimations

Way Forward

(a) Increasing awareness

i. Counselling of suspect officials

ii. Training and seminars

iii. Printing of books on Do's and Don'ts

(b) Being vigilant

i. Vigilance Inspections

ii. Feedback from zonal ADG (Vig) in transfer and posting

iii. Complete profiling of suspect officers

e. Sensitive posts and rotation transfers - implementation status

The Transfer Policy of the CBDT lays down the guidelines for transfer & posting of IRS officers. As per the policy, the officers posted in sensitive posts are transferred out on a regular basis. It is ensured that no Officer continues in such posts for more than three years at a stretch.

f. Scrutiny of APARs

The CBDT is the custodian of the APARs. Any adverse remarks in APAR about integrity of any officer are communicated to the DGIT (Vigilance) for investigation and further necessary action.

g. Training and awareness campaigns conducted and proposed

Many training and awareness programmes on vigilance issues have been conducted for officers and staff at various levels. These programmes were held at the National Academy of Direct Taxes at Nagpur as well as at different Direct Tax Regional Training Institutes and Ministerial Staff Training Units.

Officers from the Directorate of Vigilance have been taking sessions at the National Academy of Direct Taxes at Nagpur for probationers of the Indian Revenue Service as well as for Senior IRS Officers undergoing refresher courses. Apart from these programmes, seminars were conducted by various field offices during the Vigilance Awareness Week held in 2018.

h. e-Nivaran

e-Nivaran is the online grievance redressal 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, where communication is enabled through, e-mail & SMS.

i. Central Inspection team

A Central Inspection Team has been formed to conduct immediate vigilance inspections in cases of serious complaints.

j. Mechanism put in place to measure development outcomes of major schemes/ programmers implemented through the department/Division.

Probity

Steps to ensure probity in Government Servants:

In order to ensure probity in income Tax Department following steps have been taken.

i) (Review of Officers under FR 56(j) is now being done for all Officers between 50 to 60 years of age.

ii) In review meetings of FR 56(j) not only IPR, APAR but also Secret note in integrity column, doubtful reputation etc. are made the basis of examination.

iii) Separate efforts are being made to bring comprehensive data updation on absconding/ resigned/ expired Officers.

iv) Offices of Pr. CCIT (CCA) have been asked to conduct review under FR 56(j) for grade B & C employees with due seriousness.

v) This exercise of review under Rule 56-(j) is being done regularly on quarterly basis for all employees (Group-'A', 'B'& 'C').

vi) Besides inspections by the Central Inspection Team, a total of 33 Inspections made by the Zonal ADGs.

4.11 Grievance Redressal Machinery:

A comprehensive and multi-layered 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 Cadre Controlling Principal Chief Commissioner of Income Tax.

(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) Under the Sevottam Scheme which is aimed at promoting 'Excellence in Service Delivery' the Department has set up 400 Aaykar Sewa Kendras(ASKs) in various buildings of the Department in identified stations all over India. The ASKs serve as single window facility to help tax payers in filing applications for services and redressal of grievances including filing of paper returns.

(v) Besides, CBDT has adopted the web Centralised Public Grievance Redress and Monitoring System(CPGRAMS) introduced by the Department of Administrative Reforms & Public Grievances for redressal and effective monitoring of grievances lodged online, by the citizens on various issues against the Income Tax Department. 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 now being scanned and forwarded online to concerned offices for necessary action and report.

(vi) The number of grievances received and disposed of under CPGRAMS during the year 2018-19 (from 1.4.2018 to 31.03.2019) is as under:

Number of grievances received	Number of grievances disposed of
33,591	33,040

4.12 MEDIA CENTRE (M&TP)

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.

4.13 Directorate of Income Tax (PR,P&P)

The Directorate of PR, P&P is tasked with carrying out the advertisement and awareness campaign for the Income Tax Department in print, electronic media, internet, social media and outdoor publicity to bring awareness amongst taxpayers about income tax provisions and statutory timelines. It also brings out booklets, brochures/pamphlets pertaining to various tax related issues in the form of Tax Payer Information Series and publications for internal use of Income Tax Department and sets up and operates the Tax Payer Lounge at the Indian International Trade Fair, New Delhi and also in other fair/exhibitions in India. The Twitter account of the Income Tax Department is managed by the Publicity Wing of the DIT(PR, P&P).

4.14 Directorate of infrastructure

A. Details of sanctioned infrastructure proposals

1.	Total No. of sanctioned project from 01.04.2018 to 31.03.2019	203
2.	Amount involved (Rs. In Crores)	887.09
3.	Break-up of total sanction of project head wise:	
	a) Purchase of land	3
	b) Construction	11
	c) Hiring & Rent Revision	15
	d) Repairs & Maintenance	112
	e) Purchase of vehicle	17
	f) Misc.	45

B. Important projects sanctioned

- **a.** Purchase of 2.03 acre land from HUDA for construction of office building at Sector-29, Gurugram (Rs.90.97 crores).
- **b.** Construction of office building on plot of land at Community Centre, Saket, New Delhi (Rs.78 crores).
- **c.** Construction of office and residences at Rajkot (Rs.28.96 crores).
- **d.** Construction of office and residences at Jamnagar (Rs. 56.58 crores).
- **e.** Construction of office building and type-VI quarters for Income Tax Department, Gorakhpur (Rs.18.93 crores).
- **f.** Purchase of land, Ajmer (Rs. 16.28 crores).
- **g.** Inauguration of Income Tax office at Vejalpur, Ahmedabad.
- **h.** Purchase of plot at Imphal (Rs.99 lakh).

C. Important demolition projects

- **a.** Demolition proposal of old residential quarters at Austin Town, Bengaluru has been approved by the Competent Authority to pave the way for construction of new residential quarters.
- **b.** Demolition of building Nos. 12 & 13 of Income Tax Colony located at Majaswadi, Jogeshwari (East), Mumbai
- **c.** Demolition of building Nos. 10,11 &12, Sector B, CGS Colony at Bhandup, Mumbai.

D. Important projects under construction/ approval

- **a) Lucknow:** In the ongoing project for construction of office building at 57, Ram Tirath Marg, Lucknow a further amount of Rs. 58 crores was sanctioned and utilized during F.Y. 2018-19.
- **b) Anna Nagar (Chennai)**: The Construction work of 152 Nos. Type-II, 304 Nos. Type-III and 76 Nos. Type-IV Quarters at Central Revenue Colony, Anna Nagar, Chennai is going on in full swing at a very high speed by the CPWD by using latest imported Tube Technology:-Due to continuous persuasion by this Directorate Rs.80.21 crores have

been allocated to field during F.Y.2018-19 and the whole amount was utilized. (Total Project cost Rs.208.95 crores).

c) **Nungambakkam (Chennai):** The construction of 38 Nos. Type-VI (G+19) residential quarter for Income Tax Department at Aayakar Bhawan Complex, Nungambakkam, Chennai is in final stages. During the year Rs.19 crore were allocated and with the continuous persuasion by the Directorate the whole amount was utilized. (Total Project cost Rs.38.27 crore).

d) **Erode:** Construction of office building and residential quarters at Erode (Coimbatore) is going on. (Total Project cost Rs.22.13 crores)

e) **Rajkot:** Construction of office and residences at Rajkot (Rs. 28.96 crores) is going on.

f) **Jamnagar:** Construction of office and residences at Jamnagar to be funded by MoUD (Rs. 56.58 crores) is going on.

g) **Saket (Delhi):** The proposal for construction of office cum training centre on the plot of land at Community Centre Saket has been sanctioned on 14.02.2019 by the Competent Authority for an amount of Rs. 93.80 crores (78 crores cost of construction + 15 crores cost of land already paid + 0.49 crores towards payment of interest on cost of land). Construction work yet to be started.

h) **Gorakhpur (U.P.)** {Sanctioned}: The proposal for construction of office cum residential building has been sanctioned on 19.03.2019 by Competent Authority for an amount of Rs. 18.93 crores. Construction work is yet to be started. As per sanction order an amount of Rs. 10 crores will be spent during F.Y. 2019-20 and balance during F.Y. 2020-21.

i) **Gurugram:** The proposal amounting to Rs. 90.97 crores for purchase of 2.03 acre land from HUDA for construction of office building located at Sector-29, Gurugram has been sanctioned on 14.02.2019. An amount of Rs.27 crore has already been paid to HUDA during the F.Y. 2018-19 and the possession letter is in the process of being issued.

j) **Infantry Road, Bengaluru:** Proposal for construction of office building at 4, 5 & 6 Infantry Road, Bengaluru Pr.CCIT, Bengaluru- During the year the plot situated at 6 Infantry Road was purchased for Rs.32 crores in the month of April, 2018 and now the proposal for construction of office building is underway. (Total Estimated Project Cost Rs.212.83 crore).

k) **Office cum residence complex at Kheora Bangar, Kanpur (Rs. 244.24 crores)** {pending for approval}: Initially this proposal involved total financial implication of Rs. 222.76 crores. The DIB note prepared for an amount of Rs. 222.76 crores has been approved by JS & FA (Finance). Meanwhile, the cost of the project was increased i.e. 222.76 crores to 244.24 crores. The proposal is in final stage and revised DIB note on the increased cost is to be put again for approval of JS & FA (Finance).

l) **Jubilee Hills, Hyderabad:** Proposal for construction of State of Art I.T. Office Building at Jubilee Hills, Shaikpet, Hyderabad is being examined to get it approved from Competent Authority. (Total Project Cost 151.12 crores)

m) **Panampilly Nagar, Ph-II, Kochi, Kerala:** A proposal for Construction of Residential Complex for the Income Tax Department at Panampilly Nagar, Ph-II, Kochi, Kerala is being processed to get it approved from Competent Authority. (Total Project cost – Rs.30.51 crore)

n) **DTRTI, Vejalpur, Ahmendabad:** Revised proposal for construction of DTRTI Campus at Vejalpur, Ahmendabad is under examination. (Total Project cost Rs.76.83 crores).

o) **Vadodara:** Office complex at Vadodara (approx. 105 crores).

p) **Bhopal:** Construction of new office building at Plot No. 47, Arera Hills, Bhopal (Rs. 82.83 crores).

E. Negotiated projects with CBIC

a. Demolition of quarters located at Plot-C at Jayamahal, Bengaluru : After a long persuasion with CBIC a formula of compromise has been arrived at, therefore, proposals for sharing of land, demolition and construction of quarters are being processed in phases for the approval of the Competent Authority.

b. Compromise formula has been evolved to distribute the share of land at Porvorium (Goa) with CBIC. Proposal for demolition and construction of quarters is underway.

F. Other achievements

a) Office & residential space data

Till some time back the organized data regarding office space and various types of residences on Pan-India basis was not available with the IT Department. This lack of data created roadblock for formulation of policies and programs on infrastructure issues. Accordingly, a mammoth exercise was undertaken in the Directorate of Infrastructure to compile data for each of the IT station across India with respect to office space requirement as per norms, availability of office space & consequent shortage of office space. Similar data was compiled for each of the IT station in respect of all categories of residences on Pan-India basis. The compilation of this data has enabled the Directorate of Infrastructure and field offices to identify and prioritize their infrastructure proposals.

b) Condemnation and purchase of vehicles

During the F.Y. 2018-19, 46 vehicles including a force Traveller Bus (20 seater) for DTRTI, Mumbai were purchased in the different Regions across the country. These vehicles were purchased against 49 condemned vehicles.

c) Periodic coordination meeting between CBDT & CBIC

A need was felt for a periodic and close interaction between CBDT & CBIC to identify and share, to the extent possible, the infrastructure resources available with both the Boards. In this backdrop periodic meetings are being regularly held between Pr. DGIT (Logistics) & DIT (Infra) and Pr. DG (HRD), CBIC. This exercise has resulted in identifying vacant plot of lands, unutilized office space and residences for mutual sharing between the two Boards.

d) Monitoring of the sanctioned proposals

The monitoring of construction was first started through CCTV cameras on the construction site so that the live construction status can be viewed on real-time basis, at construction site of office building at 57, Ram Tirath Marg, Lucknow. Similar monitoring is also being done for projects at Anna Nagar, Chennai and Vejalpur, Ahmedabad. The web link for this construction project at Lucknow has been shared with all the field offices across India. All the ongoing construction projects are proposed to be covered by CCTV monitoring by the end of this Financial Year.

e) LED Installation

By the end of the F.Y.2018-19 agreements have been signed by the field formation with EESL the approved agency for this assignment, in 133 cases and in all these cases work has either been completed or under progress. As per information gathered from EESL and field formation, installation of LED based lightings and Energy Efficient Equipment have been completed in 33 office buildings in all respects. The agreements in 38 more cases are in the process of finalization and work will be taken up accordingly at the earliest.

f) Installation of grid connected rooftop solar panel

The work of Installation of Solar Grid Roof Top Panel in the Income Tax Building was allotted to M/s SECI Ltd. by the Ministry of Non-Conventional Renewable Energy. Subsidy for this work was allowed for a shorter period of the Financial Year. Continuous discussion and persuasion with the field formation, SECI and its vendors resulted in extensive survey of the various buildings of the Income Tax Department throughout the country. By the end of the Financial Year, the Solar Grid Roof Top Panel were installed and started functioning in four cities i.e. Jaipur (170 KW), Chandigarh (100 KW), Nagpur (95 KW) and Kanpur (90 KW).

g) Swachh Bharat Abhiyan

Under the Swachh Bharat Abhiyan of Government of India, all the field offices of Income Tax Department are regularly being advised to motivate their subordinate offices to create competitive feeling among themselves through implementation of the various activities mentioned in SAP 2018-19. Three Swachhata Pakhwadas from 15.09.2018 to 02.10.2018, from 15.10.2018 to 31.10.2018 and from 16.01.2019 to 31.01.2019 were observed with full zeal and enthusiasm in various offices of Income Tax Department with the campaign initiated as Swachhata Hi Sewa (SHS). Compliance reports along with photographs are being obtained from various field offices regularly and total 600 photographs have been uploaded during F.Y.2018-19 by this Directorate on Swachhata Portal of Government of India on www. swachhataactionplan.gov.in.

h) Accessible India Campaign

Under the Sugamya Bharat Abhiyan of Government of India, all the field offices of Income Tax Department are regularly being advised to follow the guidelines laid down by the Hon'ble Supreme Court in this matter. During Financial Year 2018-19, various buildings of field offices were renovated and repaired in such a manner so that the entry of Divyangjan may be facilitated and they can feel a comfortable and friendly environment in the Income Tax Buildings. The major work done in different stations is enumerated as under:

(i) Barrier Free Environment

The Income Tax Buildings in following offices were repaired and renovated to make Barrier Free Environment for Divyangjan and elderly people visiting Income Tax Department:

Sr.No.	Station	Region
1.	Tezpur (Assam)	Pr.CCIT, Guwahati
2.	Bikaner	CCIT, Jodhpur
3.	Nasik	CCIT, Nasik
4.	Dhule	Pr.CCIT, Pune
5.	Bengaluru	Pr.CCIT, Bengaluru

(ii) Unisex Accessible Toilets

The toilets in following Income Tax Offices were constructed or repaired to accommodate Divyangjan:

Sr.No.	Station	Region
1.	Ludhiana	CCIT, Ludhiana
2.	Patna	Pr.CCIT, Patna
3.	C.R. Building (New Delhi)	Pr.CCIT, Delhi
4.	C.R. Building, Bengaluru	Pr.CCIT, Bengaluru
5.	Coimbatore	CCIT, Coimbatore
6.	BKC, Mumbai	Pr.CCIT, Mumbai
7.	Jaipur	Pr.CCIT, Jaipur
8.	Ajmer	Pr.CCIT, Jaipur
9.	Kota	Pr.CCIT, Jaipur

i) Discovering of encroached vacant land in Kolkata

The Directorate in this year found out the existence of these plots and set the ball rolling in the process of recovering two prime land at Moore Avenue and Ultadanga in the city of Kolkata which remained unreported for long. Kolkata has shortage of office and residential space and recovery of possession on these two lands would go a long way in mitigating the space shortage issue at Kolkata.

j) E-Asset Register

The Directorate of Infrastructure has compiled E-Asset Register for all the field offices under CBDT for the year 2018. The E-Asset Register provides details in respect of land & buildings, machineries and vehicles, etc.

k) Computerization of Record Management in the Directorate

Computerization of all projects/proposals in such a way that the latest status of the proposals can be viewed and updated in the system itself. In the I[st] Phase of this task it will be visible to all the officers of the Directorate only through LAN network and after running it smoothly it will be open to all the stakeholders' i.e. Pr.CCsIT/ Pr.DGsIT/CCsIT/DGsIT/Pr.CsIT/Pr.DsIT through web system in II[nd] Phase. The software for the purpose is underway and same will be functional by the end of April 2019.

Annexure-A

India's DTAA/TIEA/Multilateral Agreement as on 31st December, 2018

No.	Jurisdiction	Type of EOI agreement	Date signed	Date from which in force
1.	Afghanistan	SAARC Multilateral Agreement	13.11.2005	19.5.2010
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	01.12.2016
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
		Protocol	27.01.2016	Not yet entered into force
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
		Protocol	06.02.2017	Not yet entered into force
		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
		Multilateral Convention	15.12.2017	01.08.2018
12.	Bahrain	TIEA	31.05.2012	11.04.2013
		Multilateral Convention	29.06.2017	01.09.2018
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

No.	Jurisdiction	Type of EOI agreement	Date signed	Date from which in force
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
		Protocol	09.03.2017	Not yet entered into force
		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
21.	Brazil	DTAA	26.04.1988	11.03.1992
		Protocol	15.10.2013	Not yet in force
		Multilateral Convention	03.11.2011	01.10.2016
22.	British Virgin Islands	TIEA	09.02.2011	22.08.2011
		Multilateral Convention	Extension by United Kingdom	01.03.2014
23.	Brunei Darussalam	Multilateral Convention	12.09.2017	Not yet in force in Brunei Darussalam
24.	Bulgaria	DTAA	26.05.1994	23.06.1995
		Multilateral Convention	26.10.2015	01.07.2016
25.	Burkina Faso	Multilateral Convention	25.08.2016	Not yet in force in Burkina Faso
26.	Canada	DTAA	11.01.1996	06.05.1997
		Multilateral Convention	03.11.2011	01.03.2014
27.	Cameroon	Multilateral Convention	25.06.2014	01.10.2015
28.	Cayman Islands	TIEA	21.03.2011	08.11.2011
		Multilateral Convention	Extension by United Kingdom	01.01.2014

No.	Jurisdiction	Type of EOI agreement	Date signed	Date from which in force
29.	China	DTAA	18.07.1994	21.11.1994
		Protocol	26.11.2018	
		Multilateral Convention	27.08.2013	01.02.2016
30.	Chinese Taipei (Taiwan)	DTAA	12.07.2011	12.08.2011
31.	Chile	Multilateral Convention	24.10.2013	01.11.2016
32.	Colombia	DTAA	13.05.2011	07.07.2014
		Multilateral Convention	23.05.2012	01.07.2014
33.	Cook Island	Multilateral Convention	28.10.2016	01.09.2017
34.	Costa Rica	Multilateral Convention	01.03.2012	01.08.2013
35.	Croatia	DTAA	12.02.2014	06.02.2015
		Multilateral Convention	11.10.2013	01.06.2014
36.	Curacao	Multilateral Convention	Extension by the Netherlands	01.09.2013
37.	Cyprus	DTAA	13.06.1994	21.12.1994
		Protocol	18.11.2016	14.12.2016
		Multilateral Convention	10.07.2014	05.09.2014
38.	Czech Republic	DTAA	01.10.1998	27.09.1999
		Multilateral Convention	26.10.2012	01.02.2014
39.	Denmark[1]	DTAA	08.03.1989	13.06.1989
		Protocol	10.10.2013	01.02.2015
		Multilateral Convention	27.05.2010	01.06.2011
40.	Dominican Republic	Multilateral Convention	28.06.2016	Not yet in force in Dominican Republic
41.	Egypt (United Arab Republic)	DTAA	20.02.1969	30.09.1969
42.	El Salvador	Multilateral Convention	01.06.2015	Not yet into force in El Salvador
43.	Estonia	DTAA	19.09.2011	20.06.2012
		Multilateral Convention	29.05.2013	01.11.2014
44.	Ethiopia	DTAA	25.05.2011	15.10.2012
45.	Faroe Islands	Multilateral Convention	Extension by Denmark	01.06.2011

Under a protocol, the DTC with Denmark is extended to apply in its entirety to the territory of the Faroe Islands.

No.	Jurisdiction	Type of EOI agreement	Date signed	Date from which in force
46.	Fiji	DTAA	30.01.2014	15.05.2014
47.	Finland	DTAA	15.01.2010	19.04.2010
		Multilateral Convention	27.05.2010	01.06.2011
48.	France	DTAA	29.09.1992	01.08.1994
		Multilateral Convention	27.05.2010	01.04.2012
49.	Gabon	Multilateral Convention	03.07.2014	Not yet in force in Gabon
50.	Georgia	DTAA	24.08.2011	08.12.2011
		Multilateral Convention	03.11.2010	01.06.2011
51.	Germany	DTAA	19.06.1995	26.10.1996
		Multilateral Convention	03.11.2011	01.12.2015
52.	Ghana	Multilateral Convention	10.07.2012	01.09.2013
53.	Gibraltar	TIEA	01.02.2013	11.03.2013
		Multilateral Convention	Extension by the United Kingdom	01.03.2014
54.	Green Land	Multilateral Convention	Extension by the Denmark	01.06.2011
55.	Greece	DTAA	11.02.1965	17.03.1967
		Multilateral Convention	21.02.2012	01.09.2013
56.	Grenada	Multilateral Convention	18.05.2018	01.09.2018
57.	Guatemala	Multilateral Convention	05.12.2012	01.10.2017
58.	Guernsey	TIEA	20.12.2011	11.06.2012
		Multilateral Convention	Extension by the United Kingdom	01.08.2014
59.	Hong Kong	DTAA	19.03.2018	30.11.2018
		Multilateral Convention		01.09.2018
60.	Hungary	DTAA	03.11.2003	04.03.2005
		Multilateral Convention	12.11.2013	01.11.2014
61.	Iceland	DTAA	23.11.2007	21.12.2007
		Multilateral Convention	27.05.2010	01.02.2012
62.	Indonesia	DTAA	07.08.1987	19.12.1987
		Revised DTAA	27.07.2012	05.02.2016
		Multilateral Convention	03.11.2011	01.05.2015

No.	Jurisdiction	Type of EOI agreement	Date signed	Date from which in force
63.	Ireland	DTAA	06.11.2000	26.12.2001
		Multilateral Convention	30.06.2011	01.09.2013
64.	Isle of Man	TIEA	04.02.2011	17.03.2011
		Multilateral Convention	Extension by the United Kingdom	01.03.2014
65.	Israel	DTAA	29.01.1996	15.05.1996
		Protocol	14.10.2015	19.12.2016
		Multilateral Convention	24.11.2015	01.12.2016
66.	Italy	DTAA	19.02.1993	23.11.1995
		Multilateral Convention	27.05.2010	01.05.2012
67.	Japan	DTAA	07.03.1989	29.12.1989
		Protocol	11.12.2015	29.10.2016
		Multilateral Convention	03.11.2011	01.10.2013
68.	Jamaica	Multilateral Convention	01.06.2016	Yet to be in force in Jamaica
69.	Jersey	TIEA	03.11.2011	08.05.2012
		Multilateral Convention	Extension by the United Kingdom	01.06.2014
70.	Jordan	DTAA	20.04.1999	16.10.1999
71.	Kazakhstan	DTAA	09.12.1996	02.10.1997
		Multilateral Convention	23.12.2013	01.08.2015
		Protocol	06.01.2017	12.03.2018
72.	Kenya	DTAA	12.04.1985	20.08.1985
		Revised DTAA	07.11.2016	30.08.2017
		Multilateral Convention	08.02.2016	Yet to be in force in Kenya
73.	Korea (Republic of)	DTAA	19.07.1985	01.08.1986
		Revised DTAA	18.05.2015	Yet to be in force
		Multilateral Convention	27.05.2010	01.07.2012
74.	Kuwait	DTAA	15.06.2006	17.10.2007
		Protocol		26.03.2018
		Multilateral Convention	05.05.2017	01.12.2018

No.	Jurisdiction	Type of EOI agreement	Date signed	Date from which in force
75.	Kyrgyz Republic	DTAA	13.04.1999	10.01.2001
76.	Latvia	DTAA	18.09.2013	28.12.2013
		Multilateral Convention	29.05.2013	01.11.2014
77.	Lebanon	Multilateral Convention	12.05.2017	01.09.2017
78.	Liechtenstein	TIEA	28.03.2013	20.01.2014
		Multilateral Convention	21.11.2013	01.12.2016
79.	Liberia	TIEA	03.10.2011	30.03.2012
80.	Libya	DTAA	02.03.1981	01.07.1982
81.	Lithuania	DTAA	26.07.2011	10.07.2012
		Multilateral Convention	07.03.2013	01.06.2014
82.	Luxembourg	DTAA	02.06.2008	09.07.2009
		Multilateral Convention	29.05.2013	01.11.2014
83.	Macau, China	TIEA	03.01.2012	16.04.2012
		Multilateral Convention		01.09.2018
84.	Macedonia	DTAA	17.12.2013	12.9.2014
85.	Malaysia	DTAA	14.05.2001	14.08.2003
		Revised DTAA	09.05.2012	26.12.2012
		Multilateral Convention	25.08.2016	01.05.2017
86.	Maldives	SAARC Multilateral Agreement	13.11.2005	19.05.2010
		TIEA	11.04.2016	02.09.2016
87.	Malta	DTAA	28.09.1994	08.02.1995
		Revised DTAA	08.04.2013	07.02.2014
		Multilateral Convention	26.10.2012	01.09.2013
88.	Marshall Island	TIEA	18.03.2016	Yet to be in force
		Multilateral Convention	22.12.2016	01.04.2017
89.	Mauritius	DTAA	24.08.1982	06.12.1983
		Protocol	10.05.2016	19.07.2016
		Multilateral Convention	23.06.2015	01.12.2015
90.	Mexico	DTAA	10.09.2007	01.02.2010
		Multilateral Convention	27.05.2010	01.09.2012
91.	Moldova	Multilateral Convention	27.01.2011	01.03.2012

No.	Jurisdiction	Type of EOI agreement	Date signed	Date from which in force
92.	Monaco	TIEA	31.07.2012	27.03.2013
		Multilateral Convention	13.10.2014	01.04.2017
93.	Mongolia	DTAA	22.02.1994	29.03.1996
94.	Montenegro	DTAA	08.02.2006	23.09.2008
95.	Montserrat	Multilateral Convention	Extension by the United Kingdom	01.10.2013
96.	Morocco	DTAA	30.10.1998	20.02.2000
		Protocol	08.08.2013	Not yet in force
		Multilateral Convention	21.05.2013	Not yet in force in Morocco
97.	Mozambique	DTAA	30.09.2010	28.02.2011
98.	Myanmar	DTAA	02.04.2008	30.01.2009
99.	Namibia	DTAA	15.02.1997	22.01.1999
100.	Nauru	Multilateral Convention	28.06.2016	01.10.2016
101.	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
102.	Netherlands	DTAA	30.07.1988	21.01.1989
		Protocol	10.05.2012	02.11.2012
		Multilateral Convention	27.05.2010	01.09.2013
103.	New Zealand	DTAA	17.10.1986	03.12.1986
		Protocol	26.10.2016	07.09.2017
		Multilateral Convention	26.10.2012	01.03.2014
104.	Nigeria	Multilateral Convention	29.05.2013	01.09.2015
105.	Niue	Multilateral Convention	27.11.2015	01.10.2016
106.	Norway	DTAA	02.02.2011	20.12.2011
		Multilateral Convention	27.05.2010	01.06.2011
107.	Oman	DTAA	02.04.1997	03.06.1997
108.	Pakistan	SAARC Multilateral Agreement	13.11.2005	19.05.2010
		Multilateral Convention	14.09.2016	01.04.2017
109.	Panama	Multilateral Convention	27.10.2016	01.07.2017
110.	Peru	Multilateral Convention	25.10.2017	01.09.2018
111.	Philippines	DTAA	12.02.1990	21.03.1994
		Multilateral Convention	26.09.2014	Not yet in force in Philippines

No.	Jurisdiction	Type of EOI agreement	Date signed	Date from which in force
112.	Poland	DTAA	21.06.1989	26.10.1989
		Protocol	29.01.2013	01.06.2014
		Multilateral Convention	09.07.2010	01.10.2011
113.	Portugal	DTAA	11.09.1998	30.04.2000
		Protocol	24.06.2017	Yet to be entered into force
		Multilateral Convention	27.05.2010	01.03.2015
114.	Qatar	DTAA	07.04.1999	15.01.2000
		Multilateral Convention	10.11.2017	01.01.2019
115.	Romania	DTAA	10.03.1987	14.11.1987
		Revised DTAA	08.03.2013	16.12.2013
		Multilateral Convention	15.10.2012	01.11.2014
116.	Russia	DTAA	25.03.1997	11.04.1998
		Multilateral Convention	03.11.2011	01.07.2015
117.	Samoa	Multilateral Convention	25.08.2016	01.12.2016
118.	San Marino	TIEA	19.12.2013	29.08.2014
		Multilateral Convention	21.11.2013	01.12.2015
119.	Saint Kitts and Nevis	TIEA	11.11.2014	02.02.2016
		Multilateral Convention	25.08.2016	01.12.2016
120.	Saint Lucia	Multilateral Convention	21.11.2016	01.03.2017
121.	Saint Vincent and the Grenadines	Multilateral Convention	25.08.2016	01.12.2016
122.	Saudi Arabia	DTAA	25.01.2006	01.11.2006
		Multilateral Convention	29.05.2013	01.04.2016
123.	Senegal	Multilateral Convention	04.02.2016	01.12.2016
124.	Serbia	DTAA	08.02.2006	23.09.2008
125.	Seychelles	TIEA	26.08.2015	28.09.2016
		Multilateral Convention	24.02.2015	01.10.2015
126.	Singapore	DTAA	24.01.1994	27.05.1994
		Protocol	29.06.2005	01.08.2005
		Protocol	24.06.2011	01.09.2011
		Protocol	31.12.2016	27.02.2017
		Multilateral Convention	29.05.2013	01.05.2016

No.	Jurisdiction	Type of EOI agreement	Date signed	Date from which in force
127.	Sint Maarten	Multilateral Convention	Extension by the Netherlands	01.09.2013
128.	Slovak Republic	DTAA	01.10.1998	27.09.1999
		Multilateral Convention	29.05.2013	01.03.2014
129.	Slovenia	DTAA	13.01.2003	17.02.2005
		Protocol	17.05.2016	21.12.2016
		Multilateral Convention	27.05.2010	01.06.2011
130.	South Africa	DTAA	04.12.1996	28.11.1997
		Protocol	26.7.2013	26.11.2014
		Multilateral Convention	03.11.2011	01.03.2014
131.	Spain	DTAA	08.02.1993	12.01.1995
		Protocol	26.10.2012	Not yet in force
		Multilateral Convention	11.03.2011	01.01.2013
132.	Sri Lanka	DTAA	27.01.1982	19.04.1983
		Revised DTAA	22.01.2013	22.10.2013
		SAARC Multilateral Agreement	13.11.2005	19.05.2010
133.	Sudan	DTAA	22.10.2003	15.04.2004
134.	Sweden	DTAA	24.06.1997	25.12.1997
		Protocol	07.02.2013	16.08.2013
		Multilateral Convention	27.05.2011	01.09.2011
135.	Switzerland	DTAA	02.11.1994	29.12.1994
		Protocol	30.08.2010	07.10.2011
		Multilateral Convention	15.10.2013	01.01.2017
136.	Syria	DTAA	06.02.1984	25.06.1985
		Revised DTAA	18.06.2008	10.11.2008
137.	Tanzania	DTAA	27.05.2011	12.12.2011
138.	Tajikistan	DTAA	20.11.2008	10.04.2009
		Protocol	17.12.2016	20.02.2018
139.	Thailand	DTAA	22.03.1985	13.03.1986
		Revised DTAA	29.06.2015	13.10.2015
140.	Trinidad and Tobago	DTAA	08.02.1999	13.10.1999
141.	Tunisia	Multilateral Convention	16.07.2012	01.02.2014

No.	Jurisdiction	Type of EOI agreement	Date signed	Date from which in force
142.	Turkey	DTAA	31.01.1995	01.02.1997
		Multilateral Convention	03.11.2011	01.07.2018
143.	Turkmenistan	DTAA	25.02.1997	07.07.1997
144.	Turks & Caicos	Multilateral Convention	Extension by the United Kingdom	01.12.2013
145.	Uganda	DTAA	30.04.2004	27.08.2004
		Multilateral Convention	04.11.2015	01.09.2016
146.	Ukraine	DTAA	07.04.1999	31.10.2001
		Multilateral Convention	27.05.2010	01.09.2013
147.	United Arab Emirates	DTAA	29.04.1992	22.09.1993
		Protocol	26.03.2007	03.10.2007
		Protocol	16.04.2012	12.03.2013
		Multilateral Convention	21.04.2017	Not yet in force in UAE
148.	United Kingdom	DTAA	25.01.1993	26.10.1993
		Protocol	30.10.2012	27.12.2013
		Multilateral Convention	27.05.2010	01.10.2011
149.	United States	DTAA	12.09.1989	18.12.1990
		Multilateral Convention	27.05.2010	Not yet in force in United States
		Foreign Account Tax Compliance Act (FATCA)	09.07.2015	31.08.2015
150.	Uruguay	DTAA	08.09.2011	21.6.2013
		Multilateral Convention	01.06.2016	01.12.2016
151.	Uzbekistan	DTAA	29.07.1993	25.01.1994
		Protocol	11.04.2012	20.07.2012
152.	Vietnam	DTAA	07.09.1994	02.02.1995
		Protocol	03.09.2016	21.02.2017
153.	Zambia	DTAA	05.06.1981	18.01.1984

Annexure-B

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.

India has been a participant in the Task Force on Digital Economy, which was created to carry out the work of “the tax challenges of digital economy”. In 2016, India has introduced Equalization Levy which is one of the three options to deal with the taxation challenges presented by digital economy recognized in the Final Report on Action 1 of BEPS.

Action 2 – Neutralize 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 neutralize 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 neutralizing 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 Controlled Foreign Company Rules (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. The recommendations are designed to ensure that jurisdictions that choose to implement them will have rules that effectively prevent taxpayers from shifting income into foreign subsidiaries. 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 emphasizes 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 entitys 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.

India has introduced limit on interest deduction through Finance Bill, 2017. The new section 94B of the Income-tax Act provides that interest income claimed by an entity as a payment to its Associated Enterprise (AE) shall be restricted to 30% of its earnings before interest, taxes, depreciation and amortization (EBITDA) or interest paid/ payable to AE, whichever is less.

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. India has created the necessary framework for implementation of transparency framework and the same has been subject to peer review also.

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. To achieve this minimum standard in a swift manner, India has signed the Multilateral Instrument (MLI).

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 arms length principle the price for transactions within an MNE group. The existing standards in this area have been strengthened, including the guidance on the arms length principle and an approach to ensure the appropriate pricing of hard-to-value-intangibles has been agreed upon within the arms 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 countrys 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. Law enabling exchange of CbC report was introduced through Finance Act, 2016. Subsequently, amendments have been brought in the Rules by inserting new rules (rules 10DA & 10DB) and the rules were notified on 1-11-2017, with effect from 31-10-2017.

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.

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 (MLI) 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 was 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. More than 100 countries participated in the work on an equal footing. The MLI has been finalized and on the first date for signing the MLI on 7th June, 2017, 68 jurisdictions including India signed the MLI.

5. 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/GST & Customs and Director (Finance), Direct Taxes/Expenditure assist the JS&FA (Fin).

5.1 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 (CBDT), Central Board of Indirect Taxes & Customs (CBIC), Narcotics Control Division, Central Bureau of Narcotics, Chief Controller of Factories, Central Economic Intelligence Bureau, Financial Intelligence Unit (FIU-IND), Goods & Service Tax Council Secretariat, 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 Indirect Taxes & Customs which include Directorate General of Systems & Data Management, Directorate General of Human Resource Development, Directorate of Revenue Intelligence, Directorate General of Goods and Service Tax Intelligence, Directorate General of Goods and Service Tax, National Academy of Customs, Indirect Taxes & 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.

5.2 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 Indirect Taxes & 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 equipment i.e. scanners and marine vessels.

(c) Proposals for deputation abroad of officers of the Department, CBDT, CBIC 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 GST 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 Delegated Investment Board (DIB), Public Investment Board and Cabinet Committee on Economic Affairs (CCEA) relating to comprehensive computerization plan of CBDT/ CBIC, 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/CBIC 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.

5.3 The expenditure budget/non-tax revenue receipts of Department of Revenue, Direct Taxes and Indirect Taxes for BE 2018-19 was prepared. RE 2018-19 and BE 2019-20 ceiling have been communicated by the Budget Division, Department of Economic Affairs. The

Details of RE 2018-19 and BE 2019-20 in respect of all the three grants are as below:

(Rs. in crore)

Grant	Gr. No.	2018-19		2019-20
		BE	RE	BE
D/o Revenue	33	90736.44	52442.41	102048.34
Direct Taxes	34	6980.00	7380.00	7336.44
Indirect Taxes	35	7825.00	7625.16	7900.00

5.4 Integrated Finance Division has taken the following steps/ initiatives in 2018-19: -

(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) Review of specific activities/developments of Department of Revenue and report to Secretary (Expenditure) through monthly DOs.

(iv) 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.

(v) Preparation and budgetary allocation for Compensation to States/UTs for revenue loss on roll out of GST; Government Opium & Alkaloid Works; Acquisition of residential and office accommodation; Strengthening of IT capability for e-governance of CBIC and CBDT; Acquisition of ships and fleets to strengthen Marine capability & Acquisition of Anti-Smuggling equipment.

5.5 In addition, the allocation and monitoring of the budget relating to advances, viz. House Building Advance, Computer Advance etc. was also done.

5.6 The Integrated Finance Division has also been entrusted with the formulation of schemes of important expenditure proposals from their initial stage. It also follows up with the Department/Boards for the settlement of audit objections, inspection reports, draft audit paras and reports of PAC/Standing Committee.

6. Implementation of Official Language Policy

6.1 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.

6.2 Performance of the OL Division during the year under report:

a. All the documents pertaining to CBIC, 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 CBIC, CBDT and Revenue HQs were furnished bilingually;

c. Notes and monthly summaries for the Cabinet, Action Taken Reports (ATRs) on the Report of the Comptroller & Auditor General of India, Annual Report and Outcome Budget of the Ministry of Finance were translated and made available bilingually;

d. A number of Double Tax Avoidance Agreements entered into with various countries were translated into Hindi; and

e. Website material received from all the sections of the Department of Revenue (HQs), CBDT and CBIC was translated into Hindi and uploaded on the Ministry's website.

6.3 Hindi Salahkar Samiti and OLIC meetings:

Action has been taken for conducting a meeting of Sanyukt Hindi Salahakar Samiti of the Departments of Revenue, Expenditure and Investment & Public Asset Management and Office of the Comptroller and Auditor General of India.

6.4 Official Language Inspections:

The officers of the Hindi Division of the Department also carried out inspections of 08 sections of headquarters and 05 subordinate offices under the control of the Department of Revenue 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.

6.5 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 14 September, 2018 to 30 September, 2018. 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.

6.6 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.

6.7 Training:

During the year 2018-19, 3 JSA/ ASOs/ MTS and 6 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.

7. Implementation of the Right to Information Act, 2005

7.1 Central Board of Indirect Taxes and Customs (CBIC):

1. CBIC is implementing the provisions of Right to Information Act, 2005 since its enforcement. In the Headquarters office, there are 32 CPIOs, one CPIO for each of the section. The no. of applications received, applications rejected and requests accepted by the CPIOs in CBIC during the year 2018-19 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
30.06.2018	978	248	112	581
30.09.2018	805	209	103	495
31.12.2018	899	271	61	535
31.03.2019	922	208	23	620

2. There are 23 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 CBIC during the year 2018-19 are given below:

Quarter ending on	No. of appeals received during the quarter	No. of appeals rejected	No. of appeals accepted
30.06.2018	64	9	69
30.09.2018	64	3	49
31.12.2018	51	3	43
31.03.2019	59	1	57

3. Registration fee collected under section 7(1) and the additional fee collected under section 7(3) during these three quarters is as given below:

Quarter ending on	Fee collected under section 7(1) (in Rs.)	Additional fee collected under section 7(3) (in Rs.)
30.06.2018	1080	8178
30.09.2018	770	14445
31.12.2018	850	10237
31.03.2019	1140	6091

4. The fee is excluding the amount of fee received for submitting applications online on the RTI portal.

5. 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 CBIC. 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, CBIC has received 3604 applications from April, 2018 to March, 2019.

6. At present, the facility for transferring the applications received on the RTI portal is limited to the CPIOs in the Board and 46 CCs/DGs of CBIC. Hence, applications pertaining to the remaining field formations are transferred manually with the direction provide information directly to the citizen.

7. 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. CBIC has received 238 appeals from April, 2018 to March, 2019.

7.2 Central Bureau of Narcotics

Various provisions of Right to Information Act, 2005 have been implemented in the Central Bureau of Narcotics. Central Public Information Officers have been nominated. Detailed functions and various aspects of the work done by the Department are also available on CBN website http://www.cbn.nic.in

7.3 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 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 of within the prescribed time-frame.

7.4 Financial Intelligence Unit-India (FIU-IND)

During the financial year 2018-19, 68 number of RTI applications received, out of which, 44 were transferred and 24 were denied.

Note: FIU-IND has been included in the Second Schedule of Right to Information Act, 2005 vide Department of Personnel & Training notification dated 28.09.2005 and therefore under Section 24(1) of the Right to Information Act, 2005, is exempt from the operation of this Act, except for the information pertaining to the allegation of corruption and human right violation.

7.5 Customs, Excise & Service Tax Appellate Tribunal (CESTAT)

The Public Information Officer and the Appellate Authority have been nominated by the Public Authority in all Benches of the Tribunal, and they are acting in accordance to the provisions of the Right to Information Act, 2005, in dispensing the information. All RTI applications and orders including orders of the Appellate Authority are uploaded on the website.

7.6 Income Tax Settlement Commission

The Settlement Commission is very sensitive to the implementation of the RTI Act, 2005. In the all four (04) Benches including Principal at New Delhi. The JDI/ADI and Administrative Officer has been designated as CPIO under the said Act. The Secretary and Director of Income Tax (Investigation) who is equivalent to the Joint Secretary to the Government of India in each Bench has been designated as Appellate Authority under the said Act.

7.7 Directorate of Enforcement

During the year 2018 (up to December, 2018), 489 RTI applications were received in Headquarters office of the Directorate, which were promptly disposed of within the stipulated period. Further, 109 RTI applications were received from 01.01.2019 to 31.03.2019.

7.8 National Institute of Public Finance and Policy (NIPFP)

During the year 2018, 9 RTI application (including transferred to other Public Authority) were disposed of within the prescribed time-frame.

8. E-governance activities

8.1 Revenue Headquarters:

Department of Revenue has undertaken the e-Governance activities in the following areas:

PFMS: All the payments like Salaries, reimbursements, payment to vendors etc., are being paid through Public Finance Management System (PFMS).

Government e Market: As per the instructions of Government of India from time to time, all the purchases of products/services which are available in Government e-Market (GeM) portal are being made through GeM portal.

CPP Portal: All the tenders for purchase of goods and services are procured through e-Procurement portal i.e. Central Public Procurement Portal (CPP portal).

E-Office: Major part of documents/files dealt in this Department are being digitalized and implementing e-Office portal.

RTI: Department is using online RTI portal and all the RTI replies are being uploaded in this portal.

Public Grievance Portal: The complaints received online in Public Grievance Portal are being attended on priority basis and replies also are being uploaded in online Public Grievance Portal.

Bio-metric Attendance: Department has implemented Bio-metric attendance for all the levels of officers.

Website: Department is having a public domain website with all the basic information and important updates from time to time.

8.1.1 Enforcement Directorate:

Enforcement Directorate, Headquarters Office and Zonal Offices have their own LAN, which is connected to NICNET WAN, ED HQ and Zonal offices are using the office automation tool like Microsoft Office, to accomplish the day to day activities like preparing letter, excel sheet and graphs.

Some e-governance initiatives taken by the Directorate of Enforcement are as under: -

i) Website - Directorate has a web site having the contents in both English and Hindi, where citizen can get information related to this office, various acts enforced and other related information. Recently, the website has been completely revamped to provide for a new and user-friendly interface. Apart from it, various new features like Details of Confirmed Attached Properties, Information about senior officers, Contact Information of PIOs for providing information under RTI Act etc. have also been added.

ii) 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 is being used in the Directorate.

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 (EDOTS) - 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 are 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 topics. 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.

xv) E-purti - To automate day to day activities of store 'E-purti' store management software application was tailored as per the need of the stores. After modification and testing of the application it was made available to users on 1st April 2019. Procurement via gem is also incorporated. Now all the 'issue of items' to officers and staff in ED Hq. is via E-purti.

8.1.2 Narcotics Control:

8.1.2.1 Central Bureau of Narcotics (CBN)

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 from the crop year 2012-13 continuously.

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.

8.1.2.2 Chief Controller of Factories (CCF):

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.

8.1.3 Income Tax Settlement Commission:

This Commission has its own official website i.e. itscindia.gov. in. All the officers and staff members have been provided the personal computers. Salary and other dues are being paid to the officers of the Commission thorough e. transfer system.

8.2 Central Board of Indirect Taxes and Customs (CBIC):

As a part of good governance through the use of information technology, the following initiatives have been taken:

8.2.1 Progress of GeM and e-Procurement in DGHRD (as on 31.03.2019)

Government e-Marketplace (GeM) was launched by DGS&D (under Department of Commerce) on 9th

August, 2016 as an end-to-end procurement system for procurement of common use goods and services by government buyers for direct on-line purchases. As per Rule 149 of GFR 2017, it is mandatory for all the Ministries and departments to make the procurement of all office-use goods and services on GeM.

1. CBIC is the foremost user of GeM across all departments under the Ministry of Finance, with the **most number of orders placed (26474)** and the **highest value of orders placed (Rs. 111.90 Cr.)** as per statistics obtained from the GeM 3.0 Analytics Dashboard of the Ministry of Finance.

2. The number of **Primary Users registered on GeM portal** under CBIC has increased to **562** while the **number of primary users who place orders is 446**. DGHRD is actively monitoring and facilitating the registration of CBIC formations on GeM by providing on-site training and helping in resolving the issues faced by formations.

3. The training material and resources available on GeM as well as ahyperlink to the GeM website (gem.gov.in) have been hosted on the CBIC departmental websites (www.cbic.gov.in and www.dghrdcbec.gov.in)for ease of reference of departmental users.

4. An Online Fortnightly Report has been prescribed for each HOD to report the progress of usage of GeM portal.

5. DGHRD, with the help of the Directorate of Data Management (DDM), has launched an online module for seeking monthly progress reports on GeMfrom the field formations of CBIC. The module is functional at www.cbecddm.gov.in.

   In pursuance of the instructions contained in Department of Expenditure's O.M. No. 10/3/2012-PPC dated 30.03.2012 for implementation of comprehensive end-to-end e-Procurement, DGHRD had facilitated the mapping of organisational structure of CBIC on the CPP Portal by NIC. Consequently, till date, DGHRD has facilitated registration and mapping of Sub-Nodal Officers from 370 field formations of CBIC on CPP Portal.

6. DGHRD has independently andin coordination with GeM SPV & NIC, organised **28 hands-on onsite trainings** so far for registration and usage of GEM and e-Procurement through CPPP in CBIC field formations across the country. Trainings have been organized at NACIN Faridabad, Mumbai, Shillong, Vadodara, Chennai, Bhubaneswar, Jaipur, Hyderabad, Pune, Delhi, Amritsar, Chandigarh, Kolkata, Goa, Kochi, Jodhpur, Jabalpur, NACIN ZTI Delhi, NACIN Mumbai, NACIN Chandigarh, Visakhapatnam, Meerut, and NACIN Bengaluru, covering up to **1000 officers from 241 CBIC formations** to enable procurement of goods and services in various formations on the GeM portal.

7. As a direct result of hands-on trainings and telephonic assistance extended by DGHRD, the **number of tenders published on CPP Portal** by CBIC formations has increased from 679 (in July 2017) to **1995** (in August 2018). The total value of tenders has also increased from 3304.43 lakhs to **13010.40 lakhs** during the same period.

8.2.2 E-governance measures under Customs

A. e-Sanchit on exports

eSanchit, the document management system for Customs, was introduced to EXIM trade in 2017, with the intent to facilitate online uploading of supporting documents by the registered users, for imports only.

Owing to changes witnessed in the imports clearance process, the scope of eSanchit services was expanded to include digitization of documents for exports as well. Supporting documents for Shipping Bills required for the clearance process, which were being submitted in hard copies by the exporters are now being lodged online. The idea behind the implementation by ICEGATE was to reduce physical interface between customs/ regulatory agencies and the trade and to increase the speed of clearance required in import and export process.

Implementation of e-Sanchit for exports allows paperless processing for all trade related documents. This initiative is beneficial in the following ways:

1. Digitized repository of all supporting documents required for the online filed declarations – Bills of Entry (BEs) and Shipping Bills (SBs)
2. Less time and effort spent by the trade to submit hard copies of relevant documents to Customs. Hence, limited physical interface with the trade
3. Digitally received documents would speed up the clearance of goods at Customs' end – for both imports and exports
4. All digital documents generated during the clearance process will be digitally signed by authorized signatories – from the trade
5. Digitally generated documents need not be printed unless necessary
6. Going eco-friendly and saving paper

B. PGAs on single window

ICEGATE portal is in the process of integrating with the major Participating Government Agencies

(PGAs) which act as import regulatory bodies. PGAs are involved in issuing clearances or "No Objection Certificates (NOC)" for live import/export consignments. Six PGAs namely Food Safety (FSSAI), Drug Controller, Plant Quarantine, Animal Quarantine, Textile Committee and Wild Life Crime Control Bureau are concerned with the vast majority of cases where their NoC is required for Customs clearance for related imports/exports.

On boarding of PGAs on a single platform is part of the "Ease of Doing Business (EoDB)" initiative, to facilitate trading across Borders for the country. This would provide importers and exporters the facility to lodge their clearance documents online at a single platform, and required clearances from PGAs can be obtained online, without the traders having to approach these agencies separately.

Facilitation and implementation of Single Window system for PGAs by ICEGATE, is a crucial implementation of trade facilitation measure for goods clearance at the country's points of entry and exit. Efficiency in the import and export procedures would save large sums of money for the importers and exporters in reduced reduce trade-related costs and delays.

C. Customs Integrated System (CIS)

Customs Integrated System (CIS) is a long-term transformational project and has been envisaged to integrate the various isolated internal Customs applications. Fulfilment of this vision will entail substantial amount of time and effort to finalize the business and technical requirements before it can be created and implemented. In order to shorten the gestation period and economize the effort, the project has been broken into two phases – end user focused and business operations focused.

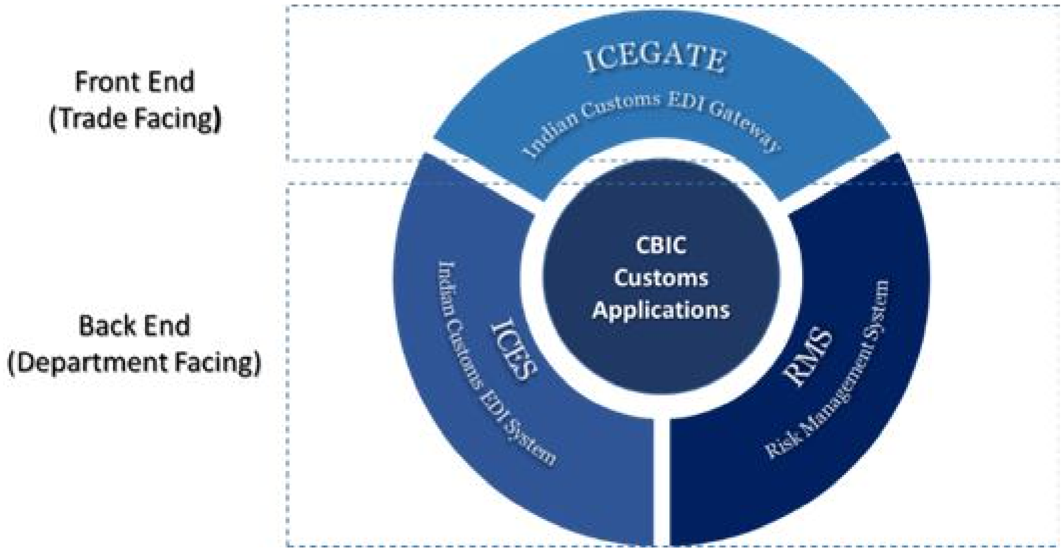


Figure 3: Envisaged Customs Integrated System

Phase I of the Customs Integrated System project has been formulated to cater to requirements of all end users and therefore, is conceptualized to deliver the follows benefits:

1. Reduction in processing time for Exports/Imports at ICEGATE to less than a minute from existing 6-8 minutes average
2. Additional user-friendly channels of document filing – API & e-forms (online & offline)
3. API based real time Stakeholder Integration
4. Robust Grievance redressal for importer/exporter/CHA and other stakeholders about the filed documents and corresponding details
5. Governed platform built on Service Oriented Architecture (SOA) and modular design
6. Micro services/Container Orchestration engine enabled architecture
7. Mobile application for all platforms providing range of services
8. Quality services delivered due to tightly bound SLAs
9. Improved trust and user feedback, and thereby enabling an enhanced public image
10. Automated Health monitoring & alerts about the hosted business services
11. High Performance & Response Time for all stakeholders
12. Improved world ranking of India amongst top 50 nations in "Ease of doing Business"

Requirements from the first phase of the project have been identified and the corresponding technical solution has also been drafted. Bid process management for the same has been initiated.

D. e-Payment Revamp

ICEGATE portal has its own e-payment module and an internal e-payment gateway for collecting custom duties. The existing capability is now being leveraged to collect duties on behalf of Third-party applications including – ACES/SEZ/RMCC and any other any other third-party applications, as and when the need arises in the future.

In consultation with all internal and external stakeholders, ICEGATE epayment module is being revamped to support all payments that fall under CBIC's purview, through one common payment gateway – Customs Duty, Central Excise & Service Tax, SEZ duties and IPR fee collection. The platform so built will be configurable, and services can be enabled for any new duty or fee collection readily.

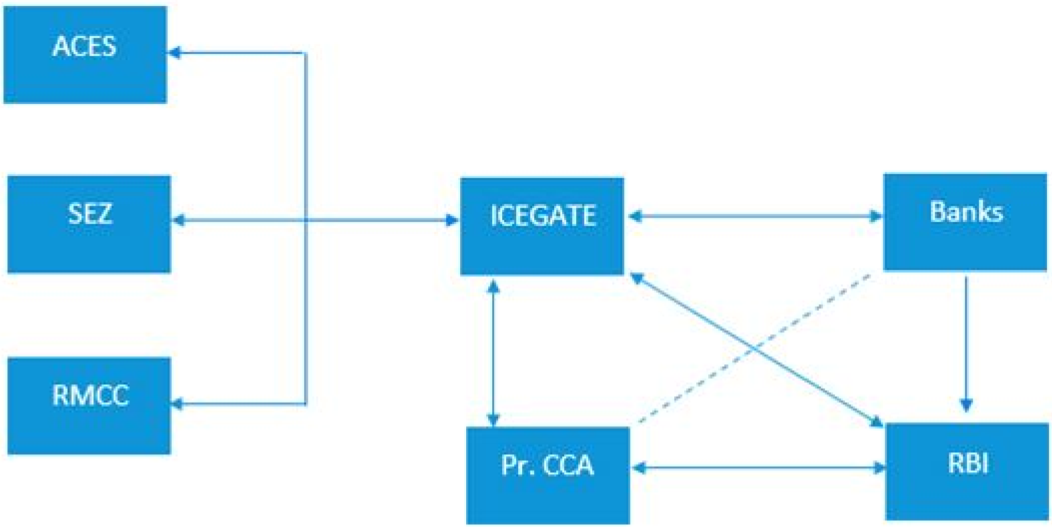


Figure 4: ICEGATE ePayment module revamp

The e-payment module thus redesigned for CBIC, as a single entity, has been designed on the open API framework for all its stakeholders – all empaneled banks, government departments and associated applications, ensuring a futuristic solution is put in place. This e-payment gateway has been designed also keeping in consideration the available bouquet of payment modes, such as, Debit Card, Credit Card, wallet, Offline payment modes like NEFT/RTGS transfer, Cheques, Demand Drafts.

8.2.3 E-governance measures under GST

Online registration of Special Area Based Budgetary Scheme (SABS)

To enable a GST taxpayer to claim CGST refunds for special area-based scheme
On the web-site www.cbic-gst.in
(Available to taxpayers in 11 Hilly states)

Online registration of taxpayers in GST
To enable a GST taxpayer to register through application on GST portal
(Available to all 107 CGST Commissionerates)

Online receipt of refunds made in GST regime
To enable a GST taxpayer to make ITC refund applications through application on GST portal
(Available to all 107 CGST Commissionerates)

Online receipt of payments and returns data of GST taxpayers
To enable a CGST officer to see payments and returns made by a taxpayer to through GST portal
(Available to all 107 CGST Commissionerates)

Online facility of applicable tax rate
To enable a tax payer to know GST taxes applicable on any goods or services
On the website www.cbec-gst.gov.in

Online facility of seeking grievance redress via a web-ticket
To enable a CE, ST, GST tax payer to seek grievance redress via FAQs or by raising a ticket on the website www.cbec-gst.gov.in

Automation of CBIC-GST application:

With roll out of GST from 01.07.2017, most indirect taxes have been subsumed in Goods and Services Tax. So, a new CBIC GST application has been rolled out to handle GST registration, payments, returns, refunds etc.

In 2018-19, ~ 1.2 Crore GST registrations, ~15 Crore GST Returns and ~ 2lakh ITC refunds have been handled by CBIC GST application.

The application is rolled out in 107 CGST Commissionerates and 45 Audit Commissionerates, in addition to several Directorates to access GST taxpayer information.

In order to help the taxpayers, a 24 by 7 help desk for assistance to taxpayers and tax-officers is available via three channels: National toll free line 1800-1200-232, Mail to cbecmitra.helpdesk@icegate.gov.in, and Web ticket on cbic-gst.gov.in.

8.2.4 E-Governance initiatives under Drawback Division:

To promote paperless transactions and improving delivery of public services, printing of Advance Authorisations/Export Promotion Capital Goods (EPCG) Authorisations on security paper by DGFT for authorisations issued with EDI ports as port of registration has been discontinued with effect from 01.03.2019. Circular No. 07/2019-Cus dated 21.02.2019 has been issued which prescribes the procedure to be adopted by the field formations for dealing with paperless authorisations transmitted electronically.

8.3 Central Board of Direct Taxes (CBDT):

Income Tax Department has undertaken the following reform initiatives in last few years by harnessing latest technology to enable a System driven working environment in the Department. These measures are aimed to introduce objectivity and reduce human interface between the taxpayer and the officials. The following initiatives have been taken:

Undertaking a comprehensive Business Process Re-engineering (BPR) study to understand AS-IS processes and to recommend TO-BE processes;

- Setting up of Tax Information Network;
- Taxnet project for networking of all its offices across the country;
- Setting up of Centralized Processing Center at Bengaluru
- Setting up of Centralized Processing Cell (TDS) at Vaishali
- E-filing of returns,
- Refund Banker Scheme to improve channel delivery of refunds;
- Sevottam Scheme for monitoring of dak and grievances;
- Dedicated Call Centre
- Comprehensive Website that consolidated all e-services etc.

Through comprehensive computerisation initiatives, the department has enabled end-to-end e-delivery services that inter alia include:

- E-Payment of taxes
- E-filing of TDS statements
- E-Processing of TDS statements
- E-view of tax credits
- E-filing of Income Tax Returns
- E-Processing of Income Tax Returns
- E-Matching of tax Credits
- E-tracking of processing of the Income Tax Returns
- E-Delivery of Refunds
- E-tracking of Refunds

Therefore, the present initiatives of the department have made it possible to comply with the tax obligations without visiting the Income Tax Office on anywhere, anytime basis. This is reflected in the latest initiatives of the Department regarding e-Assessment, e-Nivaran and e-Appeal. Thus, the tax payers can participate in scrutiny assessment proceedings using e-Assessment facility, get their grievances redressed through e-Nivaran and file appeals online through e-Appeal.

9. Swachh Bharat Campaign

9.1 Revenue Headquarters:

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.

Under Swachhta Action Plan 2018-19, various activities have been taken viz. Swachhta Pakhawada from 15.10.2018 to 31.10.2018, Swatchhta Hi Sewa campaign from 15.09.2018 to 02.10.2018 and another Swachhata Pakhwada from 16.1.2019 to 31.1.2019, comprising of various activities including Swatchhta pledge by Minister of State for Finance; and 80 Activity documents and 5514 images have been uploaded on the web portal of the Ministry of Drinking Water and Sanitation. The Department has been monitoring the implementation of Swatchhta Action Plan of all field formations of Central Board of Direct Taxes (CBDT) and Central Board of Indirect taxes and Custom (CBIC).

During 2018-19, to encourage cleanliness in the office complexes, awareness drives for maintaining cleanliness with the participation of the officers and employees were done in this Department in addition to routine cleaning, sweeping, mopping of floors/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 equipment and removal thereof, viz. newspapers/magazines, old computers & peripherals through e-waste auction and general waste through normal auction, disposal of old cars/vehicles after following due procedure under provisions of GFR, 2017. Renovation work to create better working ambience has been done in several rooms with a view to optimization of office space. Weeding/recording drive was also undertaken and simultaneously digitization/ scanning of old records/files were carried out through a hired private company targeting optimization of office space.

During the year 2018-19, this Department also set up a Gym and Yoga Centre with a view to maintain overall health and fitness of the employees of the Ministry. As a step towards maintaining of cleanliness, this building was also declared a 'Tobacco Free Zone', wherein a penalty of Rs.200/- will be imposed to defaulting staff/visitors.

Total Budget of Rs. 8600 lakhs were allocated under Swachh Bharat Campaign and Rs. 6969 lakhs have been incurred till March, 2019.

9.1.1 Enforcement Directorate:

Swachh Bharat Abhiyan launched by our Hon'ble Prime Minister on 2nd October, 2014 is being vigorously followed by this Directorate. On 2nd October, a pledge ceremony was organized across all offices of the Enforcement Directorate where all the officers and staff members took pledge to keep our nation 'Swachch'. Further, various drives have been organized including installation of banners for creating awareness among citizens and government officials towards the cause of this "Abhiyan". Regular inspection of the office premises is also being done.

9.2 Central Board of Direct Taxes (CBDT):

9.2.1 Under the Swachh Bharat Abhiyan of Government of India, all the field offices of Income Tax Department are regularly being advised to motivate their subordinate offices to create competitive feeling among themselves through implementation of the various activities mentioned in SAP 2018-19. Three Swachhata Pakhwadas from 15.09.2018 to 02.10.2018, from 15.10.2018 to 31.10.2018 and from 16.01.2019 to 31.01.2019 were observed with full zeal and enthusiasm in various offices of Income Tax Department with the campaign initiated as Swachhata Hi Sewa (SHS). Compliance reports along with photographs are being obtained from various field offices regularly and total 600 photographs have been uploaded during F.Y.2018-19 by this Directorate on Swachhata Portal of Government of India on www.swachhataactionplan.gov.in.

9.2.2 Under the Sugamya Bharat Abhiyan of Government of India, all the field offices of Income Tax Department are regularly being advised to follow the guidelines laid down by the Hon'ble Supreme Court in this matter. During Financial Year 2018-19, various buildings of field offices were renovated and repaired in such a manner so that the entry of Divyangjan may be facilitated and they can feel a comfortable and friendly environment in the Income Tax Buildings.

9.3 Central Board of Indirect Taxes and Customs (CBIC):

Pledge of "Swachhta" and Display of Banners, Promote staff to ensure printing of official documents on both sides of the paper & to switch off the electronic equipment when not in use, Observation of Car free/ Car pool day, Cleaning of office premises, Workshop in cleanliness and waste management, Mass Anti-polyethene Drive - local fruit vendors and hawkers were requested to use cloth bags, Cultural programmes on Swachhta, Essay writing, Rangoli, Cartoon & Drawing Competitions on the theme Swachhta, Renovations of toilets of Govt. Schools and cleaning of premises & Installations of RO Purifier in the School Campus, plantation of saplings, Segregation of old records.

Annexure - I

Organization: Central Board of Indirect Taxes and Customs (CBIC)

Group	Number of Employees				Number of appointments made during the calendar year 2018									
					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	4048	470	232	479	1932	284	140	442	2041	159	78	0	0	0
Group B	32270	5586	2441	5045	824	113	30	195	1234	357	169	0	0	0
Group C	10620	2540	744	1786	592	91	38	174	487	127	15	0	0	0
Total	**46938**	**8596**	**3417**	**7310**	**3348**	**488**	**208**	**811**	**3762**	**643**	**262**	**0**	**0**	**0**

Annexure - I

Organization: Central Board of Direct Taxes (CBDT)

Group	Number of Employees				Number of appointments made up to 31.03.2019									
					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
IRS (IT) Group A	4324	695	396	563	173*	26	13	46	124	34	19	N.A.	N.A.	N.A.
Group B	2881	619	201	366	4	1	0	1	405	109	15	0	0	0
Group C	32835	6359	2205	6815	3532	522	247	1175	2407	591	166	121	38	10
Total	**40040**	**7673**	**2802**	**7744**	**3709**	**549**	**260**	**1222**	**2936**	**734**	**200**	**121**	**38**	**10**

** Appointment made in the year 2018. The officers are undergoing training in the training institution, NADT, Nagpur and not included in column 2 to 5 above.*

Annexure - I

Organization: Revenue Headquarter

Group	Number of Employees				Number of appointments made up to 31.03.2019									
					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	40	8	2	0	-	-	-	-	-	-	-	-	-	-
Group B	316	57	41	40	-	-	-	-	-	-	-	-	-	-
Group C	331	71	27	58	-	-	-	-	-	-	-	-	-	-
Total	**687**	**136**	**70**	**98**	-	-	-	-	-	-	-	-	-	-

Organization: Financial Intelligence Unit (FIU-IND)

Groups	Number of Employees				Number of appointments made during the previous calendar year											
					By Direct Recruitment				By Promotion				By Other Methods (on deputation)			
	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
Group A	20*	3	-	1	-	-	-	-	-	-	-	-	1	0	-	-
Group B	6	0	-	1	-	-	-	-	-	-	-	-	2	0	-	-
Group C	7	2	-	3	2	-	-	1	-	-	-	-	0	0	-	-
Total	**33**	**5**	**-**	**5**	**2**	**-**	**-**	**1**	**-**	**-**	**-**	**-**	**3**	**0**	**-**	**-**

* 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 30.12.2018

***Note**: the mode of appointment is deputation only except for posts of 04 MTS (Group C).*

Annexure - I

Organization: The Appellate Tribunal under SAFEMA

Groups	Number of Employees				Number of appointments made during the calendar year									
					By direct recruitment				By promotion			By other methods		
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group A	4	-	-	-	-	-	-	-	-	-	-	-	-	-
Group B	1	-	-	-	-	-	-	-	-	-	-	-	-	-
Group C	15	5	2	-	-	-	-	-	-	-	-	-	-	-
Total	20	5	2	-	-	-	-	-	-	-	-	-	-	-

Annexure - I

Organization: Competent Authority for Forfeiture of Illegal Acquired Property

Groups	Number of Employees				Number of appointments made during the calendar year									
					By direct recruitment				By promotion			By other methods		
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group A	8	-	-	1	-	-	-	-	-	-	-	-	-	-
Group B	10	1	-	-	-	-	-	-	-	-	-	-	-	-
Group C	19	4	1	2	-	-	-	-	-	-	-	1	-	-
Total	**37**	**5**	**1**	**3**	-	-	-	-	-	-	-	**1**	-	-

Annexure - I

Organization: Customs, Excise & Service Tax Appellate Tribunal (CESTAT)

Groups	Number of Employees				Number of appointments made during the calendar year									
					By direct recruitment				By promotion			By other methods		
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group A	3	1	-	2	-	-	-	-	-	-	-	-	-	-
Group B	29	17	3	9	8	4	-	4	-	-	-	-	-	-
Group C	98	41	9	48	18	2	3	13	-	-	-	-	-	-
Total	**130**	**59**	**12**	**59**	**26**	**6**	**3**	**17**	-	-	-	-	-	-

Annexure - I

Organization: Customs & Central Excise Settlement Commission

Groups	Number of Employees				Number of appointments made during the previous calendar year									
					By Direct Recruitment				By Promotion			By Other Methods		
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group A	14	1	0	0	-	-	-	-	-	-	-	-	-	-
Group B	9	2	0	0	-	-	-	-	-	-	-	-	-	-
Group C	11	2	0	2	-	-	-	-	-	-	-	-	-	-
Total	**34**	**5**	**0**	**2**	-	-	-	-	-	-	-	-	-	-

Annexure - I

Organization: Central Bureau of Narcotics

Groups	Number of Employees as on 01.01.2019				Number of appointments made during the previous calendar year									
					By direct recruitment				By promotion			By other methods		
	Totals	SCs	STs	OBCs	Totals	SCs	STs	OBCs	Totals	SCs	STs	Totals	SCs	STs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group A	9	2	1	1	-	-	-	-	-	-	-	-	-	-
Group B	223	28	15	13	20	2	0	5	6	0	1	0	0	0
Group C	301	48	28	45	65	8	8	17	2	0	0	0	0	0
Total	**533**	**78**	**44**	**59**	**85**	**10**	**8**	**22**	**8**	**0**	**1**	**0**	**0**	**0**

Annexure - I

Organization: Directorate of Enforcement

Groups	Number of Employees (As on 30.11.2018				Number of appointments made during the previous calendar year 2018									
					By Direct Recruitment				By promotion			By Deputation		
	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	332	23	6	18	0	0	0	0	73	11	3	-	-	-
Group B	467	48	26	61	8	1	0	1	91	8	4	-	-	-
Group C	310	41	5	46	6	0	2	3	12	1	1	-	-	-
TOTAL	**1109**	**112**	**37**	**125**	**14**	**1**	**2**	**4**	**176**	**20**	**8**	-	-	-

Annexure - I

Organization: National Institute of Public Finance and policy

Group	Number of Employees As on 31.3.2019				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	36	2	-	4	3		-	-	-	-	-	-	-	-
Group B	15	-	-	1	-	-	-	-	-	-	-	-	-	-
Group C	23	4	-	5	-	-	-	-	-	-	-	-	-	-
Total	**74**	**6**	**-**	**10**	**3**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Annexure - I

Organization: Central Economic Intelligence Bureau

Group	Number of Employees As on 31.3.2019				Number of appointments made during the previous calendar year									
					By Direct Recruitment				By Promotion			By other Methods		
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group A	15	3	2	-	-		-	-	-	-	-	-	-	-
Group B	30	4	2	6	-	-	-	-	-	-	-	-	-	-
Group C	20	9	2	-	-	-	-	-	-	-	-	-	-	-
Total	**65**	**16**	**6**	**6**	-	-	-	-	-	-	-	-	-	-

Annexure - I

Organization: Authority for Advance Rulings

	Number of Employees				Number of appointments made during the previous calendar year									
					By Direct Recruitment				By Promotion			By Other Methods		
Group	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group A	11	0	0	4	-	-	-	-	-	-	-	-	-	-
Group B	9	0	0	0	-	-	-	-	-	-	-	-	-	-
Group C	20	6	1	2	-	-	-	-	-	-	-	-	-	-
TOTAL	40	6	1	6	-	-	-	-	-	-	-	-	-	-

Annexure - I

Organization: Income Tax Settlement Commission

Group	Number of Employees As on 31.3.2019				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	27	3	1	0	NA	NA	NA	NA	NA	NA	NA	-	-	-
Group B	55	2	4	2	0	0	0	0	0	0	0	-	-	-
Group C	59	10	3	6	0	0	0	0	0	0	0	-	-	-
Total	**141**	**15**	**8**	**8**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	-	-	-

Annexure - II

REPRESENTATION OF THE PERSONS WITH DIABILITIES

Organization: Central Boarad of Indirect Taxes and Customs (CBIC)

Group	Number of Employees				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'	30362	0	0	0	-	1	-	43	0	1	0	0	0	0	0	0	0	0
'B'	10836	12	47	51	-	0	-	709	1	15	16	0	1	1	387	0	1	6
'C'	41198	39	61	57	-	0	-	248	3	5	10	0	8	7	128	0	0	0
Total	**82396**	**51**	**108**	**108**	**-**	**1**	**-**	**1000**	**4**	**21**	**26**	**-**	**9**	**8**	**515**	**0**	**1**	**6**

Annexure -II

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**
IRS (IT) Group A	4324	3	17	59	2	2	2	5*	2	1**	2	N.A	N.A	N.A	N.A.	N.A	N.A	N.A.
'B'	2881	5	2	47	1	1	1	4	0	0	0	18	8	16	175	1	1	2
'C'	32835	130	141	624	96	84	128	1777	13	28	49	74	79	102	1669	18	11	81
Total	**40040**	**138**	**160**	**730**	**99**	**87**	**131**	**1786**	**15**	**29**	**51**	**92**	**87**	**118**	**1844**	**19**	**12**	**83**

* *Appointment made in the year 2018. The officers are undergoing training in the training institution, NADT, Nagpur and not included in column2 to 5 above.*

** *Another 1 is awaited from DOP&T*

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'	40	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
'B'	316	2	1	4	-	-		-	-	-	-	-	-	-	-	-	-	-
'C'	331	1	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**687**	**3**	**2**	**5**	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Annexure -II

Organization: The Appellate Tribunal Under SAFEMA

Group	Number of Employees				DIRECT RECRUITMENT							PROMOTION						
					No. of vacancies reserved			No. of Appointments Made				No. of Vacancies reserved			No. of Appointments made			
	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
'A'	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
'B'	1	-	-	-	-	-		-	-	-	-	-	-	-	-	-	-	-
'C'	15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**20**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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

Annexure -II

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'	10	-	-	-	-	-		-	-	-	-	-	-	-	-	-	-	-
'C'	19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	37	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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

Annexure - II

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'	-	-	-	1	-	-		-	-	-	-	-	-	-	-	-	-	-
'C'	-	-	-	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	**6**	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Annexure - II

Organization: Customs & Central Excise Settlement Commission

Group	Number of Employees				DIRECT RECRUITMENT							PROMOTION						
					No. of Vacancies reserved			No. of Appointments Made				No. of Vacancies			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'	14	0	0	0														
'B'	9	0	0	0														
'C'	11	0	0	0														
Total	**34**	**0**	**0**	**0**	NIL													

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

Annexure -II

Organization: Central Bureau of Narcotics

Group	Number of employees as on 01.01.2019				DIRECT RECRUITMENT								PROMOTION					
					No of vacancies reserved				No. of appointment made				No. of vacancies			No. of appointment made		
	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**18**	**19**
'A'	9	2	1	1	Appointment by Ministry													
'B'	233	0	0	0	1	0	0	20	0	0	0	0	0	0	0	0	0	0
'C'	301	1	1	7	0	0	0	65	0	1	2	0	0	0	2	0	0	0
Total	533	3	2	8	1	0	0	85	0	1	2	0	0	0	8	0	0	0

Annexure -II

Organization: Directorate of Enforecement

Group	Number of Employees (As on 31.03.2018)				DIRECT RECRUITMENT							PROMOTION						
					No. of vacancies reserved			No. of Appointment Made				No. of vacancies reserved			No. of Appointment Made			
	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
'A'	332	-	-	-	-	-	1	-	-	-	-	-	-	-	73	-	-	-
'B'	467	-	-	-	-	-	1	8	-	-	-	-	-	-	91	-	-	1
'C'	310	-	-	3	-	-	4	6	-	-	-	-	-	-	12	-	-	-
Total	**1109**	**-**	**-**	**3**	**-**		**6**	**14**	**-**	**-**	**-**	**-**	**-**	**-**	**176**	**-**	**-**	**1**

Annexure -II

Organization: Authority for Advance Rulings

GROUP	No. 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'	11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
'B'	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
'C'	22	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**40**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Annexure -II

Organization: Income Tax Settlement Commission

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'	27	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
'B'	55	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
'C'	59		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	141	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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

Annexure - III

Summary of important observations included in Audit Reports presented to Parliament during 2018

I. Central Board of Indirect Taxes and Customs (CBIC)

During this financial year 2018-19, 289 Draft Audit Paras (DAPs) of A, B & D category (Central Excise & Service Tax) in respect of Central Excise & Service Tax were received from C&AG office. No Audit Reports and Performance Audit Reports were received in the Ministry from C&AG. No Draft Review Paras were received in the Ministry from C&AG.

2. The Ministry's Comments and replies on all the DAPs i.e. 263 DAPs (where replies required to be sent) were forwarded to C&AG within time limit prescribed by the C&AG office.

3. The Audit Report No. 42 of 2017 and Audit Report No.43 of 2017 were laid in the parliament 19th December, 2017, the replies of Review Paras were sent to Audit during this financial year. However, replies (1st ATN) in respect of all the Audit Paras of Report No.42 and 43 of 2017 were sent in last financial year.

4. Further, it may be stated that after finalisation of ATN/ settled by C&AG, the same is being regularly uploaded in the APMS portal of Monitoring Cell during the year on the direction of Committee of Secretaries (CoS).

The summary of the work done by the Public Accounts Committee (PAC) Section

Details	Work done by the PAC Section (Central Excise & Service Tax)
Oral evidence attended	1. Dt. 17.4.2018 - "Working of Automation of CE & ST" based on Audit Report No.46 of 2015 2. Dt.27.6.2018 - Audit Report No.3 of 2017 (Indirect Taxes – Central Excise) on Para No. 2.8.6 in respect of II (Functioning of Field formations: Non-transfer of Cases to Recovery Cells) 3. Dt. 23.10.2018 - Para No. 2.2, 2.3, 2.4 and Para No. 4.1 to 4.3 of Audit Report No.10 of 2016 (Cenvat Credit Scheme)
PAC Visits	1. On 20.4.2018 study visit to discuss "Recovery of Arrears: Non-transfer of cases to Recovery Cell" of Audit Report No.41 of 2016 in Chandigarh 2. On 15.9.2018 study visit to discuss Audit Report No.4 of 2015 on "Service Tax liability in Insurance Sectors" in Mumbai 3. On 26.11.2018 study visit to discuss Chapter II & III of Audit Report No.3 of 2017 on "Recovery of Arrears in Central Excise" and "Effectiveness of Internal Audit in Central Excise" in Hyderabad 4. On 16.2.2019 Study visit of the Public Accounts Committee (2018-19) to Mumbai on Chapter IV – "Non-compliance with Rules and Regulations" of Audit Report No.3 of 2017.
Detailed Background Notes to Lok Sabha	1. Ministry's DBN on Audit Report No.42 of 2017 (Indirect Taxes – Central Excise) was sent to Lok Sabha Secretariat 2. Ministry's DBN on Audit Report No.43 of 2017 (Indirect Taxes – Service Tax) was sent to Lok Sabha Secretariat 3. In respect of 3 study visits made during 2018, Ministry forwarded updated Detailed Background Note to Lok Sabha Secretariat. 4. In respect of 3 Oral Evidences held during 2018, Ministry forwarded updated Detailed Background Notes to Lok Sabha Secretariat. 5. Besides supra, upgraded Detailed Background Notes on subject taken by PAC for Oral Evidence as well as study visits of PAC for the current financial year.

1st ATN sent to Audit	1. Audit Report No.42 of 2017 – Chapter II – Levy and collection of Central Excise duty on Plastics and articles thereof 2. Audit Report No. 42 of 2017 – Chapter III – Levy and collection of CE duty on Tobacco Products 3. Audit Report No. 43 of 2017 – Chapter II – Service on Commercial Training and Coaching Services
Total further comments sent to audit	1. 'Review para on Commissionerates, ranges and divisions (CDR) 2. Central Excise Administrative on Automotive sectors 3. Levy and collection of ST on Works Contracts 4. Cenvat Credit Scheme 5. VCES, 2013 6. Effectiveness of Internal Audit in Service Tax 7. Recovery of Arrears in ST 8. Recovery of Arrears in Central Excise 9. Entertainment Sectors 10. Effectiveness of Internal Audit in Service Tax 11. Tobacco Products 12. Plastics and Articles 13. Commercial Training & Coaching Services
Draft Audit Paras (DAPs)	Out of 263 DAPs, where replies were required to be sent, replies were sent within time limit.
Total Review Paras finally settled during the year	1. 'Review on excise duty on plastic and articles thereof of audit report No.7 of 2007 2. ACES Audit Report No.46 of 2015 3. 'Review on Service Tax on Business Auxiliary Services audit report no.24 of 2009-10 4. CENVAT CREDIT SCHEME audit report No. 30 of 2010-11 5. 'Review on refunds of audit report No.6 of 2008 6. Chapter IV - Tax Accounting and Reconciliation in Central Excise, Service Tax and Customs of audit report no. 2 of 2016 7. Central Excise Administration on Automotive Sectors 8. Effectiveness of Internal Audit in Service Tax 9. Review para on Commissionerates, ranges and divisions (CDR)

II. Central Board of Direct Taxes (CBDT)

Para No	Remarks of C&AG in report No. 23 of 2018	Comments by Ministry
2.2	Audit noticed several companies outside the tax net. There is no mechanism with ITD to ensure that all the registered companies have PAN and are filling their ITRs regularly.	Common application form for incorporation of company and allotment of PAN has been implemented. An interface between Ministry of Corporate Affairs (MCA) and Income Tax Department (ITD) has been developed so that when application for incorporation of company is submitted, the application for PAN is submitted automatically with the ITD. When PAN is issued to the newly incorporated company, it is automatically sent to MCA. The Secretary (Revenue) has requested the Secretary (MCA) to consider the para of the CAG report for necessary action on 12/07/2018

2.3.1	The system in the ITD to ensure compliance of filling of ITRs by the sellers of high value immovable properties was not effective.	In case of high value transactions with valid PAN, persons entering into transactions of immovable properties are identified as potential Non-filers under Non-filer Monitoring System (NMS) based on risk assessment rules. These cases are verified and monitored by field formations. In case of high value transaction s without valid PAN, non-PAN data is assessed by the Directorate of Risk Assessment and high-risk cases are shared with the Directorate of I & CI for further verification and compliance.
2.3.5	The enforcement of provisions of the Act in respect of filing AIRs by Registar/ Sub-Registar of properties in respect of sale or purchase of an immovable property by the ITD was weak.	A new dedicated reporting portal has been operationalised in April 2018 wherein the Reporting Entities (RE) are required to register and upload the statements. A master list of potential RE has been prepared for effective follow up and monitoring for reporting obligations u/s 285BA. A risk-based reporting compliance management has also been developed to ensure compliance of provisions of section 285BA.
2.4	ITD was not effectively using other third-party data to widen their tax net.	Third Party information related to sales/purchase transactions of immovable property are analysed under NMS as per rules approved by Board. These cases are pushed in an online portal for action by field formation. The mechanism for sharing and utilization of information is being strengthened under Project Insight.
3.3.5	Due importance was not accorded by the ITD to monitor non-PAN transactions despite these being under the highest risk category from the point of view of tax evasion in general and due to these being transactions of real estate sector in particular.	As stated above, information related to sales/purchase transactions of immovable property are analysed under NMS as per rules approved by Board. These cases are pushed in an online portal for action by field formation. The mechanism for sharing and utilization of information is being strengthened under Project Insight. Further, the ITBA module being developed for I & CI to enable dissemination of Actionable Intelligence Report to jurisdictional AOs as well as for having feedback on action taken by AOs thereby ensuring that information collected by I & CI are utilized to plug the leakage of revenue.
3.3.6	There was a lack of mechanism in the ITD to ensure that persons involved in high value sales of immovable properties offered capital gain for tax.	
3.4	Sharing of information between assessment charges which was required to plug leakage of revenue was poor.	The mechanism for sharing and utilization of information is being strengthened under Project Insight.

3.5	The ITD did not use surveys effectively to widen its tax base in the real estate sector.	It is possible that surveys were conducted in the cases of existing assessees. It has not been stated in performance audit report whether audit parties found specific names of new assessees which were liable to be issued notices for return but which were not issued.
4.2.3	The transactions where sales consideration are undervalued and are lower than the value adopted for the stamp duty purposes may remain untaxed in the hands of the sellers under section 43CA/50C and in the hands of buyers under section 56 (2) (vii) (b), thus generating black money in the process.	In order to prevent the practice of receiving the sum of money or the property without consideration or for inadequate consideration, section 56 of the Income Tax Act, 1961 was amended vide Finance Act 2017 and scope of the section was widened to include receipt of the money or property in excess of Rs.50,000/- by any person without consideration or for inadequate consideration, within its ambit. It may be said that the issue has already been addressed.
4.3.1.1 to 4.3.1.2	In cases where shares were issued at high premium, the information about the subscribing entities was not shared with jurisdictional assessing officers for verification of sources of funds and to get assurance that no unaccounted money/own funds were introduced by the assessee through share premium. Justification for issue of shares at high premium was not examined by the ITD as fair market value of shares was not based on the valuation as per the balance sheet and thus manipulation of accounts to accommodate black money cannot be ruled out.	Cases illustrated by the CAG are being examined and Action taken notes will be submitted shortly.
4.3.3.1	As the sources of funds reflected as unsecured loans in the balance sheet of real estate companies were not verified by ITD, introduction of undisclosed/ unaccounted money of the assessee itself as unsecured loans cannot be ruled out in audit.	Cases illustrated by the CAG are being examined and Action taken notes will be submitted shortly.
4.5	The AOs failed to implement the provisions of the section 69C as disallowance which should have been added to the assessed income, was not done.	Cases illustrated by the CAG are being examined and Action taken notes will be submitted shortly.

5.2.1	There is a multiplicity of criteria for classifying house projects for EWS/LIG groups by the Government of India on the basis of the size/ affordability of the dwelling units. The purpose of providing deduction under section 80- IB (10) for better availability of housing to EWS and LIG section of the societies was not being met to the extent that the prices of dwelling units were out of reach of these target groups.	Deduction u/s 80 – IB (10) of the Act was available in case of an undertaking developing and building housing projects completed before 31st March, 2013. As the deduction under the said section has been phased out, the suggestion shall not serve any purpose.
5.2.2	Enforcement of conditions for allowing deductions under section 80-IB (10) was weak, leading to benefits being availed by non-eligible persons/ unintended groups. Thus, the targeted groups could not be benefited and the revenue foregone on this count year after year by the Government may have benefitted unintended persons.	Deduction u/s 80 – IB(10) of the Act was available in case of an undertaking developing and building housing projects completed before 31st March, 2013. As the deduction under the said section has been phased out, the suggestion shall not serve any purpose.

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		
	Audit Year		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.	2013	0	0	2	0
2.	2014	0	0	2	0
3.	2015	0	0	2	0
4.	2016	0	0	2	0
5.	2017	418	0	36	6
	Total	**418**	**0**	**44**	**6**

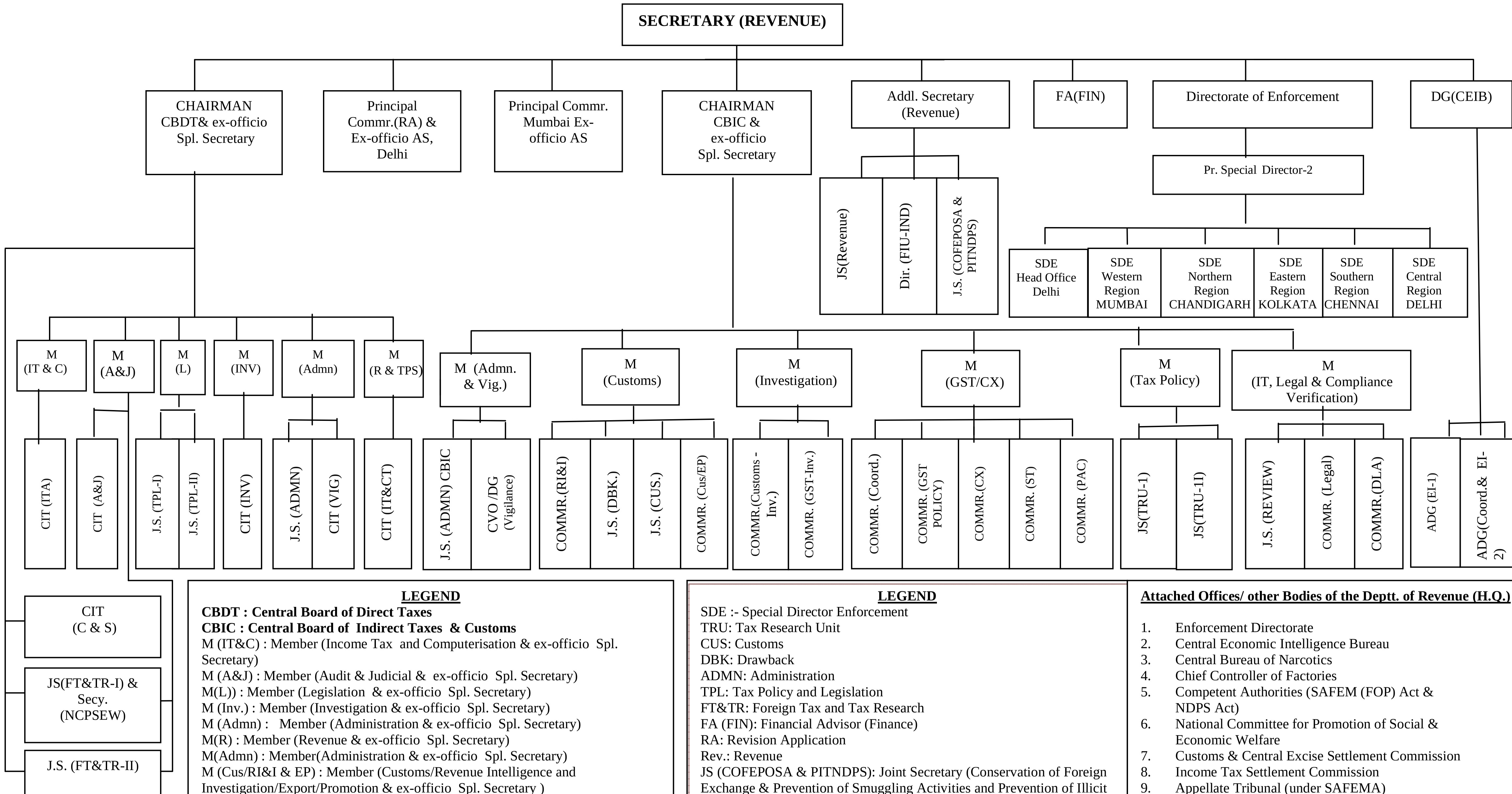
The data is as at the end of financial year 2018-19

III. Integrated Financial Unit (IFU)

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
		NIL	**NIL**	**NIL**	

Annexure - IV

ORGANISATION CHART OF DEPARMENT OF REVENUE



LEGEND

CBDT : Central Board of Direct Taxes
CBIC : Central Board of Indirect Taxes & Customs
M (IT&C) : Member (Income Tax and Computerisation & ex-officio Spl. Secretary)
M (A&J) : Member (Audit & Judicial & ex-officio Spl. Secretary)
M(L)) : Member (Legislation & ex-officio Spl. Secretary)
M (Inv.) : Member (Investigation & ex-officio Spl. Secretary)
M (Admn) : Member (Administration & ex-officio Spl. Secretary)
M(R) : Member (Revenue & ex-officio Spl. Secretary)
M(Admn) : Member(Administration & ex-officio Spl. Secretary)
M (Cus/RI&I & EP) : Member (Customs/Revenue Intelligence and Investigation/Export/Promotion & ex-officio Spl. Secretary)
M(Bgt/GST) : Member(Budget/Goods & Services & ex-officio Spl. Secretary)
M(ST) : Member (Service Tax & ex-officio Spl. Secretary)
M(CX) : Member (Central Excise & ex-officio Spl. Secretary)
M(L&J) : Member(Legal & Judicial & ex-officio Spl. Secretary)
NCPSEW : National Committee for Promotion of Social & Economic Welfare
CVO & DG (VIG) : Chief Vigilance Officer & Director General (Vigilance)
J.S. : Joint Secretary
CIT : Commissioner of Income Tax
COMMR. : Commissioner

LEGEND

SDE :- Special Director Enforcement
TRU: Tax Research Unit
CUS: Customs
DBK: Drawback
ADMN: Administration
TPL: Tax Policy and Legislation
FT&TR: Foreign Tax and Tax Research
FA (FIN): Financial Advisor (Finance)
RA: Revision Application
Rev.: Revenue
JS (COFEPOSA & PITNDPS): Joint Secretary (Conservation of Foreign Exchange & Prevention of Smuggling Activities and Prevention of Illicit Tarrif in Narcotics Drugs and Psychotropic Substances)
DG(CEIB): Director General (Central Economic Intelligence Bureau)
ADG: Additional Director General
PAC: Public Accounts Committee
Enf. : Enforcement.
ITA: Income Tax Assessment
C&S: Coordination and Systems

Attached Offices/ other Bodies of the Deptt. of Revenue (H.Q.)

1. Enforcement Directorate
2. Central Economic Intelligence Bureau
3. Central Bureau of Narcotics
4. Chief Controller of Factories
5. Competent Authorities (SAFEM (FOP) Act & NDPS Act)
6. National Committee for Promotion of Social & Economic Welfare
7. Customs & Central Excise Settlement Commission
8. Income Tax Settlement Commission
9. Appellate Tribunal (under SAFEMA)
10. Customs Excise & Service Tax Appellate Tribunal
11. Authority for Advance Rulings
12. Financial Intelligence Unit-India (FIU-IND)
13. National Institute of Public Finance & Policy (NIPFP)
14. 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 for 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 the 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 in matters relating to Central Public Sector Undertakings 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 matters of financial restructuring of the Central Public Sector Enterprises and for attracting investment in the said Enterprises through capital market.

5. The Unit Trust of India Act, 1963 (52 of 1963) along with subjects 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 Structure

Shri Atanu Chakraborty assumed the charge of Secretary, Department of Investment and Public Asset Management (DIPAM) on 21st May, 2018. The Secretary is assisted by one Additional Secretary, three 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.

2. The Organizational Structure of the Department is placed at **Appendix -I.**

V. Policy And Approach To Disinvestment Of CPSEs

The current policy envisages development of people's ownership of Central Public Sector Enterprises (CPSEs) so as to share in their wealth and prosperity, while ensuring that the Government equity does not fall below 51% and Government retains management control.

The salient features of the Current Policy on Disinvestment of CPSEs are:

(i) 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;

(ii) 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;

(iii) 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.

(iv) Efficient management of GoI's investment in CPSEs, with the overall focus on higher economic growth.

Approach for Disinvestment

(a) Disinvestment through minority stake sale

On 5th November 2009, Government approved the following action plan for disinvestment in profit making Government companies:

(i) OFS: 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' (OFS) by the Government or by the CPSEs through issue of fresh shares or a combination of both;

(ii) IPO: Unlisted CPSEs with no accumulated losses and having earned net profit in three preceding consecutive years to be listed through IPO.

(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.

(vi) Exchange Traded Fund (ETF): An ETF is a basket of stocks that reflects the composition of an Index, like Nifty 50. ETFs trading value is based on the net asset value of the underlying stocks that it represents. Unlike regular open-ended mutual funds, ETFs can be bought and sold throughout the trading day like any stocks.

The Government operates two ETFs - (i) CPSE-ETF consisting of 11 CPSE stocks and (ii) Bharat-22 ETF consisting of 16 CPSE stocks, 3 PSU banks and 3 private sector stocks (ITC, L&T and Axis Bank).

There are two more ETFs which are at conceptual stages:

(i) Debt ETF

(ii) Financial Sector ETF

(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 to 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 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. Policy Initiatives And Performance:

'Disinvestment' to 'Investment Management' Approach

- The thrust of the Government is presently directed towards efficient management of GoI's investment in CPSEs, with the overall focus on higher economic growth through consistent long-term policies as well as efficient and effective allocation of resources.
- Based on this philosophy, Budget 2016-17 focused on the need to migrate from the 'divestment based approach' to 'investment based approach' for CPSEs. Accordingly, renaming the Department as 'DIPAM' with expanded mandate denotes a paradigm shift in the thinking process of the Government on its strategy to manage its investment in CPSEs.
- Efficient management of GoI's investment in CPSEs by adopting suitable strategies is aimed at bringing a professional approach in investment management, improving investors' confidence in CPSEs and supports their market capitalization, which is essential for raising fresh investment for their expansion and growth.

VII. Recent Trends In Disinvestment

Table 1: Trends in disinvestment transactions in recent years

Year	RE (₹ in crores)	Receipts (₹ in crores)	No. of Transactions
2014-15	26,353	24,349	8
2015-16	25,313	23,997	9
2016-17	40,000	46,247	24
2017-18	1,00,000	1,00,057	36
2018-19	80,000	84,972	28
Total		2,79,622	105

During 2004-14, the average numbers of transactions executed were 4 per annum while 2015-19, on an average 21 transaction per annum were executed.

The above table indicates more vigorous efforts towards disinvestment leading to rising receipts and increasing number of completed transaction.

(a) Increased Retail Participation in IPOs/ ETF in Recent Year

(i) IPOs

During 2017-18, retail participation in 6 IPOs was 17.9% with allotment of ₹4304 crore out of total subscription of ₹24,040 crores. The number of retail allottees were 18.32 lakh.

In contrast, in 5 IPOs launched during 2018-19, share of retail allotment was 23.4% at ₹449 crores out of total proceeds of ₹1914 crores. The number of retail allottees were 2.94 lakh.

During 2014-15 to 2016-17, no IPO was launched.

(ii) ETFs

4 rounds of ETFs in 2018-19 fetched ₹45,080 crores disinvestment receipts of with the share of retail investors at ₹9800 crore (21.7%). The number of retail allottees were 6.34 lakh.

In 2017-18, only one offer of ETF had taken place which fetched disinvestment receipts of ₹14,500 crores with the retail share of retail investor at ₹2,712 crores (18.7%). The number of retail allottees were 3.26 lakh.

During 2016-17, 2 rounds of ETF offers garnered ₹8500 crore with the retail allotment of ₹3766 crore (44.3%) to 4.33 lakh retail allottees.

(b) Contribution of Public Financial Institutions in Disinvestment Transactions

An analysis of combined contribution of Public Financial Institutions (LIC, GIC, SBI) in disinvestment transactions indicates a declining trend in recent years. The aggregates allotment to PFIs in IPOs/OFS/ETFs was as under:

2018-19: ₹3,326 crores and 2017-18: ₹25,009 crores

(c) Improvement in Market Capitalisation of Listed CPSEs during the last five years

As on May 2014, 47 CPSEs were listed. The number of listed CPSEs (including the two public sector insurance companies) increased to 59 in May, 2019.

An analysis of market capitalisation data was compared as on 1st May, 2014 and on 6th May, 2019, which is based on the information furnished by the Prime Database which, in turn, has used data from the National Stock Exchange shows that the overall market capitalisation of 39 CPSEs which were listed both on 1st May 2014 and on 6th May 2019, has improved from ₹11,10,458.25 crores to ₹12,82,918.94 crores indicating an increase of 15.53 %.

The market capitalisation of GoI equity holding in 15 out of these 39 CPSEs has increased despite the disinvestment drive undertaken during this 5 year period.

VIII. Disinvestment Highlights during 2018-19:

Against a R.E of ₹80,000 crores for disinvestment for the current financial year 2018-19, the total proceeds received was ₹84,972 crores.

Instrument- wise Performance of Disinvestment in 2018-19

(i) Exchange Traded Funds (ETFs)

ETFs proved to be the most successful mode/ instrument both in terms of participation of retail participation and total proceeds during Financial Year 2018-19. As many as 4 tranches of ETF-FFO were launched as under :

Name of ETF	Month	Proceeds (₹ in crores)
Bharat - 22	June, 2018	8,325
CPSE - ETF	November, 2018	17,000
Bharat – 22 ETF	February, 2019	10,405
CPSE – ETF*	March, 2019	9,350
	Total	45,080

(a) The ETFs taken together had contributed nearly 53.1 % of the total proceeds in 2018-19.

(b) The CPSE ETF FFO launched in November, 2018 was the biggest ETF in terms of proceeds (₹17,000 crore) of a tranche of ETF in the history of disinvestment.

(c) Similarly, the Bharat - 22 ETF launched in February, 2019, garnered applications of over ₹50,000 crores against a base offer of ₹3500 crores. The government retained ₹10,405 crores only.

(ii) IPO

(a) 5 IPOs were launched during 2018-19 i.e. MIDHANI, RITES, IRCON, GRSE and MSTC. The total proceeds received were ₹1914 crore.

(b) The listing of 5 CPSEs took the number of CPSEs listed to 58 by the end of March, 2019.

(iii) OFS

One OFS transaction took place in the current financial year in the case of Coal India Ltd. (CIL), fetching ₹5218.30 crore. CIL Employees' OFS fetched ₹17.33 crore.

(iv) Buyback

Participation by the Government in the Buyback of shares of CPSEs was a successful mode of disinvestment in 2018-19. Disinvestment receipts in the 11 Buybacks sale was as below:

S. No.	Name of CPSE	Buyback Proceeds (in ₹Crores)
1.	KIOCL	205
2.	NALCO	260
3.	NLC	990
4.	Cochin Shipyard	137
5.	BHEL	992
6.	NHPC	398
7.	Indian Oil	2647
8	ONGC	2510
9.	NMDC	769
10.	Oil India	721
11.	Coal India	1040
	Total	10,669

(v) Strategic Disinvestment

(a) Significant progress was made in respect of the 28 cases of Strategic Disinvestment approved by the Government, which are at different stages with 3 companies strategically sold off during FY 2018-19, namely, (i) Hospital Services Consultancy Corporation Ltd. (HSCC Ltd.), (ii) Dredging Corporation of India Ltd. (DCIL) and (iii) National Projects Construction Corporation Ltd. (NPCC Ltd.).

(b) HSCC was acquired by NBCC India at a consideration of ₹285 crores while Dredging Corporation was acquired by a Consortium of 4 ports at ₹1049 crores.

(c) NPCC was acquired by WAPCOS at a consideration of ₹79.80 crores.

(d) A major transaction for strategic acquisition of Government of India's equity holding in Rural Electrification Corporation Ltd. (REC) was completed by Power Finance Corporation Ltd. (PFC) at a consideration of ₹14,500 crores.

(e) Decision of competent authority was obtained for 'closure' of Hindustan Fluorocarbons Ltd. (HFL) and Hindustan Prefab Ltd (HPL).

(vi) Other Transactions

(a) Out of the shares held by the Government of India under SUUTI, Axis Bank shares were off -loaded fetching an amount of ₹5,379 crores in 2018-2019.

(b) For the first time, shares under the Custodian of Enemy Property of India (CEPI) were sold off, through a well planned dribbling mechanism on daily basis, fetching ₹779 crores during 2018-19. The transaction continued in the next financial year.

IX. New Initiatives Undertaken by Dipam during 2018-19:

1. Focus on Asset Monetisation - Policy & Process:

(i) The Institutional framework was notified on 8.3.2019 covering:

  (a) Identified non-core assets of CPSEs under Strategic Disinvestment.

  (b) Immovable Enemy Property under the custody of CEPI, MHA.

  (c) Assets of other CPSEs/PSUs/other Government Organization including sick/loss making CPSEs.

(ii) Process has been set in motion:

  (a) Alternative Mechanism (AM), (CGAM), Inter-ministerial Group (IMG) and Consultative Groups have been notified;

  (b) Hiring of intermediaries for Asset Monetisation Cell started.

  (c) Proposal for creation of posts sent to DoE.

  (d) List of potential assets to be monetized is being firmed up.

(iii) List of proposed assets of CPSEs under Strategic Disinvestment for possible monetisation during 2019-20:

(a) 32 Flats of Bridge and Roof Co. (India) Ltd.

(b) 90 Acres of land of Scooters India Ltd.

(c) 7 Flats of Bharat Pumps & Compressor Ltd.

(d) Mobile Towers of MTNL.

(e) About 11Immovable Enemy Properties sent by MHA.

2. **Debt - ETF**

Following an announcement in the Budget Speech of the Finance Minister in February 2018, DIPAM is also in the process of creating a Debt-ETF to enable CPSEs to access the debt/ bond market to partially meet the CAPEX needs by leveraging their aggregate strength. Adviser, Legal Adviser and Asset Management company (AMC) have been appointed for this Debt-ETF.

3. **Plan for 2019-20:**

The B.E. for disinvestment during 2019-20 has been set ₹90,000 crore. In order to achieve this, DIPAM is focusing on the following thrust areas apart from the traditional modes of disinvestment like IPO/ OFS etc. for FY 2019-20:

(i) Asset Monetization;

(ii) Strategic Disinvestment; and

(iii) Theme based ETFs including Bank-ETF.

X. Initiatives Undertaken For Persons With Disabilities, Scheduled Castes, Scheduled Tribes And Other Backward Classes:

The staff strength in the Department along with representation of Scheduled Castes, Scheduled Tribes, Persons with disabilities and Other Backward Classes is given in **Annexure- I & 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-Governances

As a part of good governance through the use of information technology, the following initiatives have been taken:

(i) **E-filing**: This Department deals in the files which are very sensitive in nature as most of the files in the Department are related to disinvestment transactions and related matters. Despite this the Department has made serious efforts for implementation of e-Office and a result, the percentage of e-files in the Department has improved from 35.08% as on 04.01.2019 to 45.90% as on 23.05.2019.

(ii) Website of the Department (www.dipam.gov.in) is updated on a regular basis, in both English and Hindi. The website is compliant with the Guidelines for Indian Government Websites (GIGW).

(iii) Maintenance of the Payroll Package

(iv) Maintenance of File Tracking System Software

(v) Following web based monitoring systems are in place:

1. Rajya Sabha Question, Answer Monitoring System.
2. Public Grievance information system
3. Centralized Tender/Procurement Monitoring System. Tenders are regularly put on the website and e-Publishing in e-procurement portal is being done regularly.
4. Representations of Reserved Categories in Posts and Services in Government of India (RRCPS) Monitoring System (SC/ST Commission Portal).
5. APAR Monitoring system for IAS Officers (JS level & above), CSS/ CSSS Officers (US level & above).
6. Cadre Management System (for CSS Officers).
7. Pension Portal
8. RTI Annual Return Information Systems.
9. Quarterly Rolling Plan
10. Data Portal (Data.gov.in).

XIV. Redressal Of Public Grievances

The Department is using the Centralized Public Grievance Redress and Monitoring System (CPGRAMS). The website of the Department also has an in built mechanism for receiving grievances from public. A Joint Secretary level officer has been designated as Director of Public Grievances for the purpose.

Internal Complaints Committee on Sexual harassment of women employees

In compliance with Supreme Court's Judgement dated 13th August, 1997 in Visakha case relating to prevention of sexual harassment of women at work place, an internal complaints committee has been put in place for considering complaints of sexual harassment of women employees in Department of Investment and Public Asset Management (DIPAM).

XV. Vigilance Machinery

A Joint Secretary level officer 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.dipam.gov.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 1 Deputy Director and 8 other Under Secretaries as Central Public Information Officers under Section 5(1) of the Act, in respect of subjects handled by them.

(iv) Joint Secretary level officer have been designated as First Appellate Authorities in terms of Section 19(1) of the Act for all matters relating to their Divisions.

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 CAG or PAC 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. 32 - 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. 32 is as under:-

(in ₹Crores)

Grant No.	Budget Estimates 2018-19			Revised Estimates 2018-19		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total
32 - Department of Investment & Public Asset Management	----	44.00	44.00	----	146.15	146.15

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.

Annexure- 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									
	(as on 31.03.2019)				By Direct Recruitment				By promotion			By Deputation		
	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
A	27	4	1	2	0	0	0	0	0	0	0	1	0	0
B	22	4	1	1	0	0	0	0	0	0	0	1	0	0
C	12	5	0	5	0	0	0	0	0	0	0	0	0	0
Total	61	13	2	8	0	0	0	0	0	0	0	2	0	0

Annexure- II

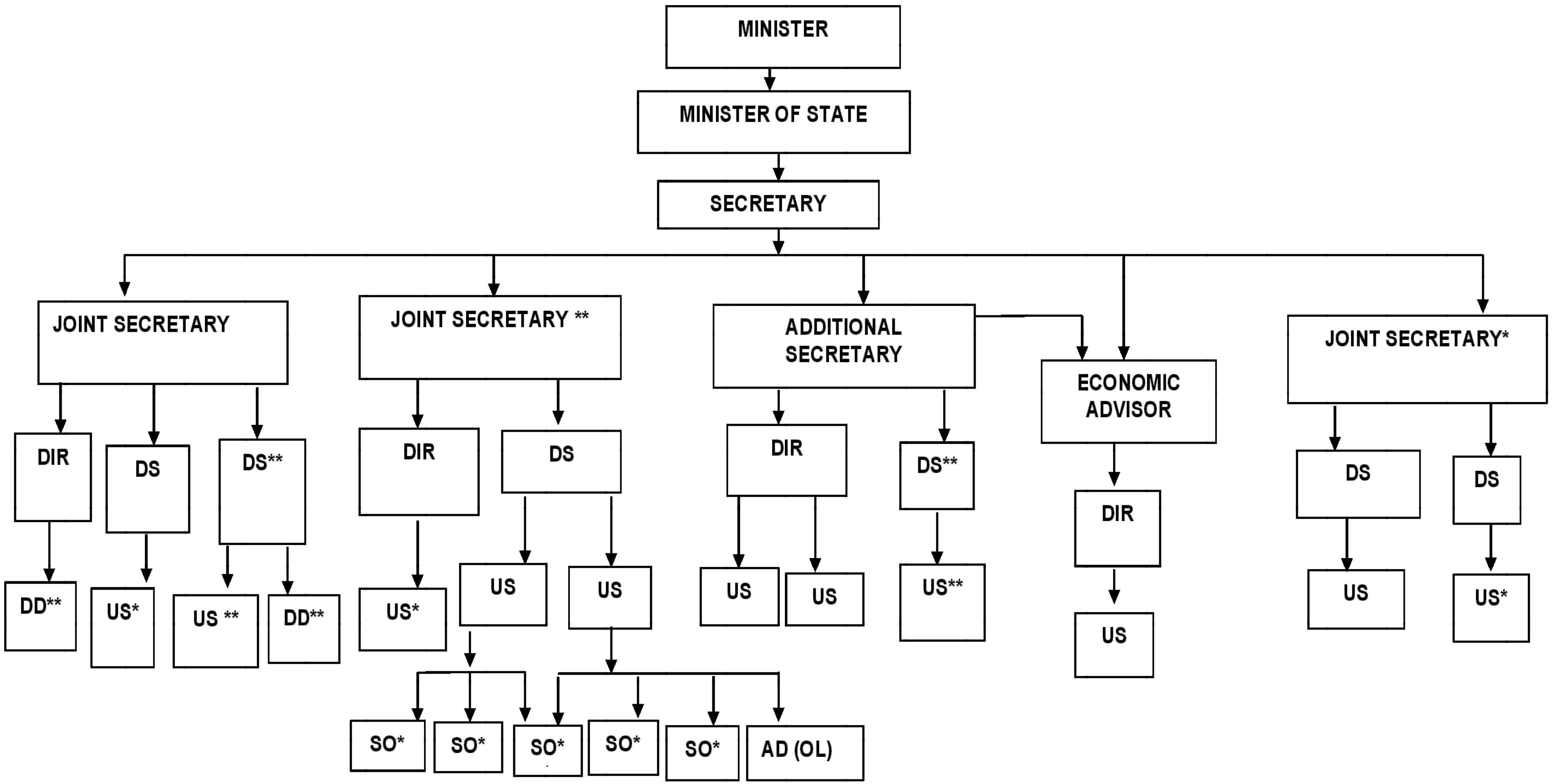
Representation of SCs, STs, Persons with Disabilities & OBC in respect of Department of Investment & Public Asset Management as on 31.03.2019

Groups	Number of employees					Number of appointments made during the previous calendar year														
	(as on 31.03.2019)					By Direct Recruitment					By promotion					By other methods (Deputation)				
	Total	SCs	STs	PwDs	OBCs	Total	SCs	STs	PwDs	OBCs	Total	SCs	STs	PwDs	OBCs	Total	SCs	STs	PwDs	OBCs
A	27	4	1	0	2	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0
B	22	4	1	0	1	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0
C	12	5	0	0	5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	61	13	2	0	8	0	0	0	0	0	0	0	0	0	0	2	0	0	0	0

Appendix- I

ORGANISATIONAL STRUCTURE

DEPARTMENT OF INVESTMENT & PUBLIC ASSET MANAGEMENT



* Vacant posts

**Officers with additional charge

Chapter - V

Department of Financial Services

1. Work Allocation among Sections

1.1 Banking Operation-I (BO-I)

Appointment of Governor/Deputy Governor of RBI, Chairman & MDs of SBI, CMDs and EDs of Nationalised Banks, salary allowances and other terms and conditions of Whole Time Directors of PSBs; constitution of Boards of Directors of RBI and PSBs: nomination of ex-officio Directors, appointment of Employee Directors, appointment of Part-Time Non-Official Directors on Boards of PSBs.

1.2 Banking Operation-II (BO-II)

Deposit Insurance and Credit Guarantee Corporation (DICGC) policy matters and Publicity in Public Sector Banks (PSBs), IFSC. Administration of all Acts/ Regulations/ Rules related to Financial System like the Negotiable Instruments Act, 1881, the Chit Fund Act, 1982 and the Price Chits and Money Circulation Scheme (Banning) Act, 1978 etc. and other miscellaneous Act/ Bills. Payment and Settlement System Act 2007 for Public as well as Private Sector Banks. 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. Opening of currency chests; office of the Court Liquidator at Kolkata High Court; terrorist financing matters. Financial Stability and Development Council. All Matters relating to KYC except CKYC. Operation of bank accounts of Shell Companies.

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-I (BOA-I)

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. 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. 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. Disputes and arbitration between PSBs and between PSBs and other Govt. Departments/PSEs. Appointment of advocates in PSBs. Residuary matters of Portuguese Banks in Goa. Opening and shifting of administrative offices of banks. All Policy matters related to Banking Operation such as Licensing, amalgamation, reconstruction, moratorium funds, and acquisition of private sector banks. Overseas branches of Indian banks. Functioning of PSBs. Notification regarding exemption from various sections of the Banking Regulation Act, 1949 and appointment of appellate authority to hear appeals under BR Act and Banking Companies (Acquisition and Transfer of Undertakings) Act of 1970 and 1980. Administration of all Acts/ Regulations/ Rules related to Public Sector Banks, RBI and State Level Banks.

1.5 Banking Operation & Accounts-II (BOA-II)

Credit Information Companies (CICs). 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. All matters related to NPA/ Stressed Assets (other than Sectoral Stress), including relief measures by banks in area affected by natural calamities. Stressed Assets Stabilization Fund (SASF). Audit of banks, appointment and fixation of remuneration of auditors of PSBs/FIs. Laying of annual reports and audit reports etc., of PSBs in Parliament. Bank guarantees, Letters of Credit and Letters of Undertaking / Comfort by PSBs and related complaints. Citizen's Charter of PSBs/RBI. Acquisition/Leasing/Renting/ Vacation of premises, Estate Officers under Public Premises Act, 1971. Operation of foreign banks in India (including IDC and FDI Policy matters). Banking Sector Reforms (including EASE Index and PSB Reforms Agenda). NBFCs and Appellate Authority on NBFCs. Operational risk management (other than cyber-security and digital payments security), including frauds and fugitive offenders. Administration of all Acts/Regulations/ Rules related to NBFCs and CICs. Statement of Intent / Key Performance Indicators / Performance evaluation of whole-time Directors.

1.6 Agriculture Credit (AC)

Credit flow to agriculture and allied sector, Kisan Credit Card Scheme, matters related to NABARD, Banking related matters of Co-operative Banks, Secretariat assistance to the designated appellate authority in regard to appeals by Urban Cooperative Banks against cancellation of license by RBI, externally aided projects related to agriculture and allied sectors, relief measures to farmers affected by natural calamities, bank credit to artisans of handloom and handicraft sector.

1.7 Regional Rural Banks (RRB)

Legislative matters relating to RRB Act, 1976 and framing of rules thereunder; nomination of non-official directors on the Board of RRB; guidelines appointment of Chairman of RRBs; review of performance of RRBs, wage revision of RRB employees; Staff Service Regulation and Promotion Rules for employees and Officers of RRBs.

Matter related to Priority Sector Lending; lending to weaker sections including SC/ST; credit to minorities including PM's new 15 Point Programme for the Welfare of Minorities; DRI Scheme.

1.8 Financial Inclusion (FI)

Work relating to financial inclusion; Minimum deposit balance, cash handling and digital payment charges; On-boarding of merchants on digital payment platforms other than cards; Banking matters relating to digital payment platforms; Pradhan Mantri Jan Dhan Yojana, Mission Office, Business Correspondents and allied financial inclusion matters, including collated financial inclusion inputs and reports for various purposes; e-SamikSha.

1.8.1 Financial Inclusion- External cooperation matters relating to Financial Inclusion Division; Card acceptance infrastructure; e-Governance in Financial Institutions; Bank Branch and ATM Network; Lead Bank Scheme, State Level Bankers' Committees, State Level Financial Inclusion Committees and District Level Coordination Committees; Matters relating to promotion of digital transactions, including digital payments, other than matters specifically allocated; Financial Inclusion Fund; Direct Benefit Transfer; Financial Stability and Development Council; Financial Inclusion Advisory Committee of RBI; Public grievance redress; Financial literacy; Space communication technology for financial inclusion.

1.9 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.

1.10 Coordination (Coord.)

Organising FM's meetings with CEOs of PSB; and regional consultative committee meetings; Staff Meeting of Secretary (FS); monitoring & review of disposal of VIP references, PMO references, coordination of RBI pending matters; compilation and submission of material for Parliament Questions to other Ministries/Departments; Parliament Question regarding VIP references; Monthly DO letter to Cabinet Secretary from Secretary (FS); Appointment of CPIOs, ACPIOs, AA and Nodal Section for RTI matters of DFS and to deal with CIC for Annual Report etc.; Updation of Induction Material for DFS; Co-ordination of VIP, PMO, President Sectt., etc. references involving more than two Divisions of DFS.

1.11 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.

1.12 General Administration (GA)

House- keeping, cleanliness, stores, canteen, R&I, library, Staff Car Drivers, vehicles to the officers of DFS, purchase of Computer Hardware and Maintenance of Computers, Printers and other equipments. Providing of Identity Cards to the Staff of DFS and CMDs/EDs/PROs of Public Sector Banks/Financial Institutions / Insurance companies, etc.

1.12.1 Cash - All matters pertaining to cash and accounts of the department.

1.13 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; Presidential address to the Joint Session of Parliament; keeping track and record of pending Assurances, Special Mentions and References under 377 and other matters as mentioned in the Induction Material.

1.14 Hindi

Implementation of Official Language Policy of the Government, translation work relating to Parliament Questions, Standing Committees, Minutes of the Meetings; Hindi Teaching Scheme and other miscellaneous work as mentioned in induction material of DFS.

1.15 Welfare Section (SCT)

Ensuring proper implementation of the reservation policy of Government of India for Recruitment/ Promotion and Welfare measures of SCs/STs/OBCs/ Persons with Disabilities and Ex-Servicemen in Public Sector Banks/Financial Institutions and Public Sector Insurance Companies.

Inspection/examination of Reservation Roster for SCs/STs/OBCs in Public Sector Banks/Financial Institutions and Public Sector Insurance Companies.

1.16 Data Analysis (DA)

Reserve Bank of India Credit Policy – Busy Season – Slack Season and selective credit control; financial sector assessment and sectoral credit analysis; Banking Statistics regarding bank deposits and advances; deposits and advances of banks; 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 **–** collection, collation of data relating to Banking Industry. Result Framework Document (RFD), Economic Survey, Outcome Budget, Budget Announcement and all budget related matters, PAC & CAG Audit Paras, Speeches of FM/MOS on different occasions.

1.17 Industrial Finance-I (IF-I)

Administration of the "Export-Import Bank (EXIM Bank) Act,1981" and Scheme for financing Viable Infrastructure Projects (SIFTI) of IIFCL, Policy and Budgetary matters relating to EXIM Bank, IIFCL and IFCI Ltd.; Winding up of IIBI Ltd. and other related matters; Appointment of Whole Time Directors (WTDs), Non-official Directors (NoDs) and Government Nominee Director in IIFCL, EXIM Bank, IFCI Ltd., IDFC Ltd.; Appointment of Statutory Auditors in EXIM Bank; Issues related to sector specific stressed assets; Laying of annual reports of IIFCL, EXIM Bank, IFCI Ltd. and IIBI Ltd.; Project Monitoring Group (PMG) meeting etc.

1.18 Industrial Finance-II (IF-II)

Matters relating to Appointment & Personal matters of Whole time Directors in SIDBI & NHB. Matters relating NHB and Housing Policy, Small and Medium Enterprises (SMEs), SIDBI, Credit Guarantee Fund for Micro and Small Enterprises; MLIs, Credit Guarantee Scheme and other related matters on the subject. Pradhan Mantri Mudra Yojana. Citizens Charter of NHB and SIDBI. Scheme. All matters related to Govt. Sponsored Schemes-PMEGP, Education, employment generation scheme of SJSRY, SGSY and other poverty alleviation programmes and other related matters. Administration of National Housing Bank Act, 1987. Education Loan, State Finance Corporations, NABARD-Micro Finance SHG Bank Linkage, Micro Finance and other related matters, NRLM, NULM(SEP), Micro Finance Institutions and Legislations thereon, Women SHG, NBFC-MFIs, Stand-Up India.

1.19 Vigilance

Consultation with CVC/CTE; nomination of CVOs for PSBs/FIs/PSICs; correspondence with CBI; Annual Action Plan on Anti-corruption measures; investigation of cases of frauds by CBI & RBI; matters under Prevention of Corruption Act; preventive vigilance; vigilance systems and procedures in RBI/PSBs/FIs, Insurance Companies, PFRDA and IRDAI; inquiry into complaints against GMs/ EDs and CMDs of PSBs/FIs/PSICs/PFRDA/IRADI/RBI and Vigilance Surveillance over them; major frauds in PSBs (in India and abroad); PMO references on anti-corruption measures; bank security; robberies & loss prevention in banks; sanction of prosecution in case of ED/CMDs; War Book matters; Annual Reports of CVC; Conduct Regulation in PSBs/FIs, employment after retirement regulations in PSBs; CVC/CBI references relating to DRTs/DRATs. All vigilance matters in the Department of Financial Services, officers of office of Custodian and Government officials in DRTs/ DRATs.

1.20 Debts Recovery Tribunals (DRT)

Establishment of DRTs/DRATs under the Recovery of Debts due to Banks and Financial Institutions Act, 1993; framing or amending rules for implementing of the provisions of the DRT Act; filling up of the posts of Chairpersons, Presiding Officers, Registrars, Assistant Registrars, Recovery officers, and other posts in DRTs/ DRATs; issuing clarifications/guidelines etc. on administrative matters/review; progress and disposal of cases by DRT/DRATs; recovery made by DRTs, budget provisions, monitoring, etc relating to DRTs/DRATs. Matter relating to CKYC. Monitoring and amendment of SARFAESI Act, RDDBFI Act, Matters of ARCs, Appointment of Registrar/MD & CEO, CERSAI, Ease of doing business, Central Registry.

1.21 Insurance-I (Ins.-I)

LIC Business -Review of the performance of LIC; Laying of Reports of LIC in Parliament; Opening/ winding up of branches of LIC in India; Appointment of Auditors for LIC; Administration of PP Act in LIC and references relating to Estate matters in LIC; Foreign operations/ subsidiaries of LIC; References on Social Security Schemes and other life insurance schemes; Review of performance and making budgetary provisions for various GOI funded schemes such as Janashree BimaYojana, Shiksha Sahayog Yojana, Varishatha Bima

Yojana and Aam Aadmi Bima Yojana; Other Social Security Group Insurance Schemes under LIC; Central Government Employees Group Insurance Scheme; Postal Life Insurance Scheme; Employees' Provident Fund Scheme; All Government sponsored/ supported schemes in life insurance; Any other life insurance or social security products/ scheme proposals; Others: Appellate Authority constituted under Section 110H of the Insurance Act, 1938;

Coordination work relating to the following Committees: Committee for the Welfare of Women; Committee for the Welfare of SC/ST; Estimates Committee;

Appointments - LIC - Selection & appointment of Chairman/ MDs, LIC, appointment of Directors on the Board of LIC, appointment of ex-officio members on the subsidiaries of LIC; Permission for foreign deputation of Chairman and MDs of LIC; Permission for commercial Employment after Retirement for Chairman/ MDs, LIC and other executives of LIC; **IRDA -** Appointments of Chairperson and Members of IRDA; Service condition of Chairman, Members and employees of IRDA; Budget and Funds of IRDA; Other matters relating to Brokerage agencies, entry of new companies and regulations of IRDA.

Service Matters - Service matters, rules and regulations in all public sector insurance companies; Representations on service matters by employees of public sector insurance companies; Service matters of Development Officers/ Agents/ Intermediaries; Wage Revision/ Bonus/ VRS in LIC / Public Sector General Insurance Cos; Implementation of Pension Scheme/ policy matters on commercial employment. Citizen's Charter of Life Insurance Corporation Ltd.

1.22 Insurance-II (Ins.-II)

Grievances - Public grievances against services provided by Public Sector Insurance Companies including AICL and IRDA other than on service matters; Periodical meetings of Public Grievances Officers of public sector insurance companies; Functioning of internal public grievances redressal machinery in public sector insurance companies; Functioning of external redressal machinery like Consumer Courts, Ombudsmen, Lok Adalats, MACT and Courts etc; Appellate Authority constituted under Section 110H of the Insurance Act 1938. Citizen's Charter of Non Life Insurance Companies.

Housekeeping - Care taking and maintenance of computers, furniture, photocopiers etc. in Insurance Division. I-card for staff and executives of Insurance Companies.

Insurance Sector Reforms - All matters relating to reforms in insurance sector; Reforms related amendments to Insurance Act, 1938, LIC Act, 1956, GIBNA, 1972, IRDA Act, 1999 and Actuaries Act, 2006; Implementation of Law Commission Reports. Pradhan Mantri Jeevan Jyoti Bima Yojana, Pradhan Mantri Suraksha Bima Yojana.

Appointments - Policy issues concerning selection of Chief Executives in the PSU insurance companies including AICL; Appointment on the Boards of public sector non-life companies including AICL; Foreign deputation of Insurance executives; permission for Chief Executives of non-life companies including AICL.

General Insurance: Review of the performance of General Insurance Companies including AICL; Matters relating to Insurance Schemes of Public Sector General Insurance Companies including AICL and audit paras thereon; Computerization of public sector general insurance companies; References relating to Surveyors and Agents of non-life PSICs; Foreign operations of public sector general insurance companies; Reference relating to Re-insurance, Third Party Administrators, Tariff Advisory Committee; Opening/ winding up of branches ; Administration of War Risk (Marine Hull) Reinsurance Schemes, 1976; Reference from RBI on permission for release of foreign exchange for insurance policy abroad; Laying down of Annual reports of General Insurance Companies/ GIC/ AICL; Administration of PP Act in non-life insurance companies and references relating to Estate matters in those companies.

Coordination - Work relating to Budgeting, Tax proposals, Budget Announcements relating to insurance, Annual Report, Economic Survey, India Reference Annual, Economic Editors Conference, PMO/ Cabinet References, CII & FICCI, within Insurance Division, matter related to e-payments in Insurance Companies, computerization of Insurance Companies.

Coordination work relating to the following Committees: - Standing Committee on Finance; Committee on Subordinate Legislation; Petitions Committee; Committee on Public Undertaking (COPU).

Others - WTO multi-lateral/ bilateral agreements; Inter-Government agreement between India and any other country. Audit Para.

1.23 Pension Reforms (PR)

Coordinating and introducing Pension Reforms; Introduction of New Pension System and extension of its coverage to State Governments and unorganised sector and implementation of the Co-Contributory Swavalamban Scheme; Atal Pension Yojana; Creation of a Non-statutory Interim Pension Fund Regulatory and Development Authority and administrative matters relating thereto; Formulation of the Pension Fund Regulatory and Development Authority Bill, 2011 and its passage through the Parliament; Matters relating to the Investment Pattern for Non-Government Provident Funds, Superannuation Funds and Gratuity Funds.

1.24 IT Cell

Work related to Website, Information Technology, Implementation of e-Office, Digitalization, Digital India Initiative, Coordination with NIC etc. UN e-Government Index & Digital Services, Work related to committee of Financial Sector Statistics.

1.25 GST Cell

Oversee preparedness of all institutions under DFS to implement GST, to provide inputs to the "Banking, Financial & Insurance" Sectoral Group with reference to GST, Coordination with concerned nodal Officer in D/o Revenue on GST, other matters related to coordination, rollout and implementation of GST w.r.t institutions under administrative control of DFS, etc.

1.26 Surplus Cell

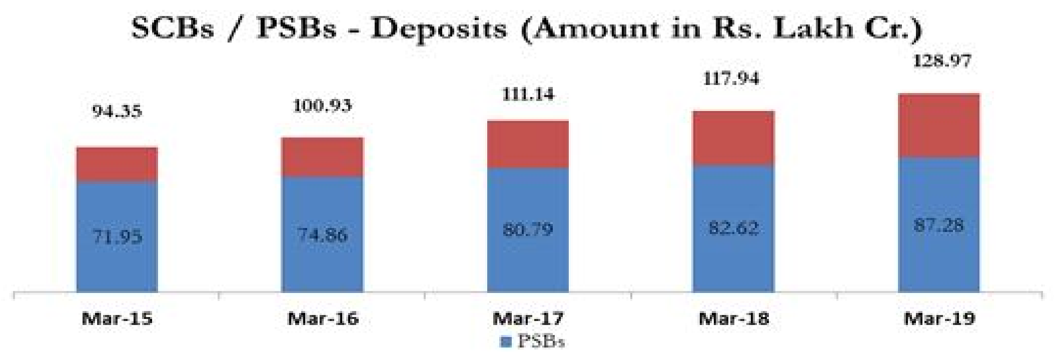
All service matters and day to day administrative matters related to surplus staff of AAIFR & BIFR including their redeployment, consultation with DoPT, handling of court cases of surplus staff, RTI and personal matters of surplus staff such as leave, retiral benefits, perks & allowances etc.

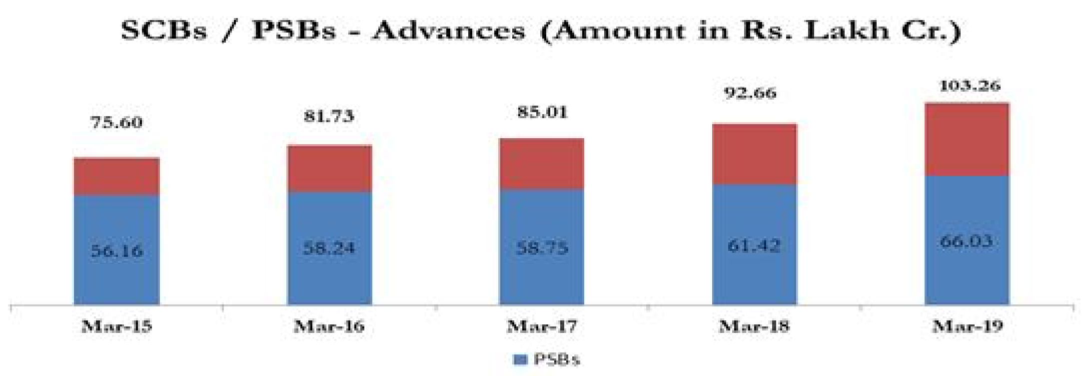
Performance and Significant Development

2. Overview of Banking Sector in India:

Banking Industry is crucial to the economy of any nation as it channelizes savings and investments to provide capital for economic growth. In India, banks have played a vital role in financial inclusion of the general population by providing access to basic financial services to unbanked households and formal credit to the agriculture sector and micro-enterprises.

Public Sector Banks (PSBs) are the mainstay of the Indian banking industry. PSBs and PSB-sponsored Regional Rural Banks (RRBs) have dominant market presence and constitute 78 percent of the bank network of Scheduled Commercial Banks (SCBs). In rural locations, this share is even higher at 87 percent. PSBs play an important role in fuelling investment needed for the country's economic development, with a share of over 70 percent of SCBs' deposits and 66 percent of outstanding credit. In absolute terms, **PSBs (21 PSBs, including IDBI Bank) have a total deposit of Rs. 87.28 lakh crore and total advances amounting to Rs. 66.03 lakh crore, as on 31.3.2019**.





In rural and semi-urban (RUSU) locations, their share is even higher at 88 percent of saving account deposits and 81 percent of outstanding credit. PSBs and RRBs play a critical role in priority sector lending and account for 74 percent of outstanding credit to small and marginal farmers, 65 percent of outstanding credit to Micro and Small Enterprises and 95 percent of education loans. PSBs are also key providers of long-term credit (more than 5-year term) with a share of 73 percent of outstanding credit. Given these linkages, PSBs are critical in unlocking investment needed for development of the Indian economy.

2.1 Challenges before the Banking Sector:

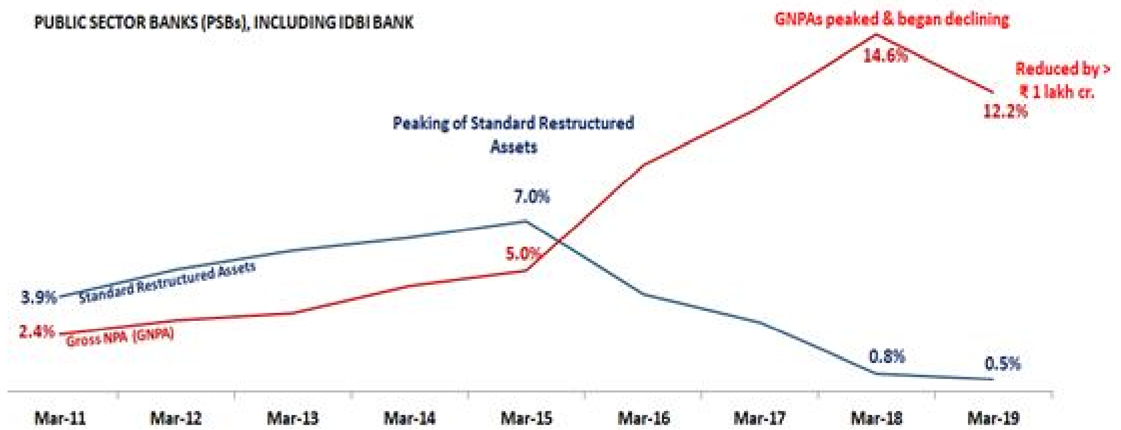
The banking system in India has been operating against the challenging backdrop of difficult global economic conditions for a relatively long period. This has, in general adversely impacted the banks' asset quality, earnings, and capital adequacy

2.2 Initiative taken to Effect Turnaround:

The measures leading to the turnaround can be broadly categorized into the 4R's strategy of the Government consisting of Recognition, Resolution and Recovery, Recapitalisation and Reforms. 5 PSBs have posted quarterly profits in Q4FY19 as against only 2 profitable PSB in Q4FY18. The provisioning for NPAs is now at a healthy level of 74.2% in PSBs, fresh slippages have significantly reduced and a comprehensive PSB Reforms package has been initiated.

2.2.1 Recognising NPAs transparently:

Forbearance has been ended and stressed assets classified as NPAs under the AQR in Recognition is essentially over(with SRAs of PSBs reducing from peak of 7% in Mar-2015 to 0.52% in March-2019), eliminating the impact due to unrecognised stressed accounts. The gross NPAs of PSBs peaked in March 2018 to Rs.8.96 lakh crore, *i.e.* 14.58% of gross advances, and have declined steadily since to Rs.8.06 lakh crore, *i.e.* **12.21% of gross advances in March 2019**, registering a reduction of Rs.89,189 crore in the current financial year.

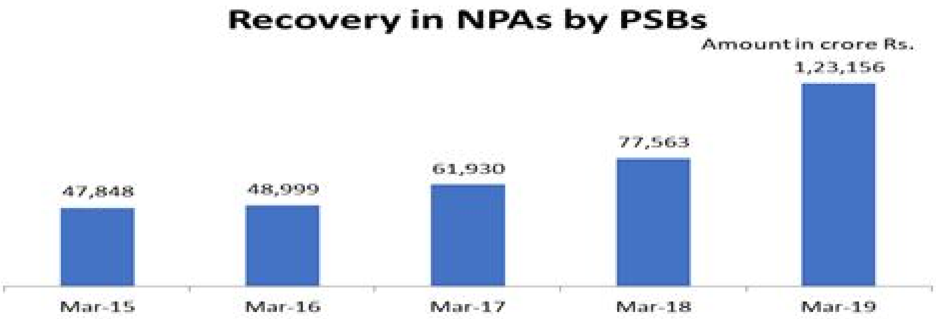


Source: RBI

Further, despite PSBs alone making provision of Rs. 8.12 lakh crore from March 2015 to December 2018, recapitalisation to the tune of Rs. 3.20 lakh crore since March 2014 has enabled their **Provision Coverage Ratio** including technically written off accounts to rise by 28.2% over this period, from 46% in March 2015 to 74.2% in March 2019

2.2.2 Resolving & Recovering value from stressed accounts:

The Insolvency and Bankruptcy Code, 2016 (IBC) has been enacted, which has provided for taking over the management of the affairs of the corporate debtor at the outset of the corporate insolvency resolution process. Coupled with debarment of wilful defaulters and persons associated with NPA accounts from the resolution process, this has effected a fundamental change in the creditor-debtor relationship. About one-third of the GNPAs of the banking system, amounting to about Rs. 2.69 lakh crore funded exposure (as of December 2017), are at various stages of resolution in National Company Law Tribunal, with record recovery already having been effected. PSBs, including IDBI Bank, have recovered Rs. 3.59 lakh crore over March 2015 to March 2019, including a record recovery of Rs. 1.23 lakh crore during the last financial year.



Source: RBI

2.2.3 Recapitalising banks:

Government of India announced recapitalisation of PSBs to the tune of Rs. 2.11 lakh crore, through infusion of capital by the Government and raising of capital by banks from the markets. Further, approval was taken for additional infusion of Rs. 41,000 crore during the current FY. The Government has till date infused Rs. 1.94 lakh crore in PSBs since October 2017 and an additional amount of Rs. 63,196 crore has been mobilised through market raising in FY 18 and FY 19. Banks have been recapitalised to the tune of Rs. 3.20 lakh crore since March 2014.

2.2.4 Reforms Agenda:

While the first three R's have cleaned balance-sheets of banks, the fourth R of reforms has brought about systemic change to address root causes, so that the risk of recurrence of excessive stress is minimised. The reforms comprehensively address key areas in PSBs — governance, prudential lending, risk management, technology-driven checks and controls, and Enhanced Access & Service Excellence (EASE) — as well as transparency and accountability in the wider financial ecosystem leading to CLEAN (Clean credit, Leveraging data, Ensuring accountability, Action against defaulters, NPA recovery) and SMART (Speedy, Multi-channel reach, Accessible and affordable, Responsive and Technologically advanced) banking. In January 2018, Government and PSBs jointly committed to and launched a common PSB Reforms Agenda.

2.3 Impact of the Government's measures on the banking sector:

2.3.1 Reduction in fresh slippages

As a result of increased emphasis on prudent lending and better underwriting as well as better monitoring by use of Early Warning Signals, fresh slippages of PSBs (excl. IDBI) have reduced from Rs. 3.9 Lakh crore in FY'2017-18 to Rs. 2.2 Lakh crore in FY'2018-19

2.3.2 Banks coming out of Prompt Corrective Action (PCA):

The reforms have also resulted in systemic improvements in weaker banks, with adoption of best practices under the Reforms Agenda. Banks placed under the Prompt Corrective Action framework deleveraged their balance-sheets, improved lending practices and expedited recovery. As a result, five better-performing PSBs have been freed from PCA restraints during FY 2018-19. For the 5 PSBs which have come out of PCA, taken together, net NPAs have reduced by ~380 bps from 9.4% in Mar-18 to 5.6% in Mar-19 and Credit RWAs to advances ratio have decreased by 6.8% from 73.8% to 67.0%, thus reducing the risk, while at the same time the CRAR has improved by 210bps from 11.0% to 13.1%, for the same period, thus increasing their capital base.

2.4. Amalgamation to create scale and synergy:

As a result of the 4R's strategy, asset classification, provision coverage and capital positions of banks are now converging, and the gap between weaker and stronger banks has narrowed, improving the scope for banks to harness scale and synergy benefits through corporate action. This has facilitated amalgamation of Bank of Baroda, Vijaya Bank and Dena Bank, which will create India's second largest PSB. Earlier on 1.4.2017, the 5 associates banks of State Bank of India and Bhartiya Mahila Bank were amalgamated in State Bank of India.

2.5. Dilution of Government's Stake in IDBI Bank:

Government stake holding in IDBI bank has been reduce to below 50%and the Life Insurance Company (LIC) has now become the majority stakeholders in the bank.

3. Financial Inclusion

The Government initiated the National Mission for Financial Inclusion (NMFI), namely, Pradhan Mantri Jan Dhan Yojana (PMJDY) in August, 2014 to provide universal banking services for every unbaked household, based on the guiding principles of banking the unbanked, securing the unsecured, funding the unfunded and serving unserved and underserved areas.

3.1. Access to banking

Banking Service Points: PMJDY aimed at providing banking service points throughout rural India by mapping over 6 lakh villages into 1.6 lakh Sub Service Areas (SSAs). Each SSA typically comprised of 1,000-1,500 households. Out of 1.6 lakh SSAs, 1.3 lakh SSAs are covered through interoperable, online BCs and remaining 30,000 are covered through bank branches. BCs deployed in rural areas also provides interoperable Aadhaar Enabled Payment System (AePS) banking services.

The strength of bank branches and ATMs has been augmented over the years. Following tables show the number of bank branches, ATMs:

Table 1: Table showing the number of bank branches of Scheduled Commercial Banks:

AS ON	RURAL	SEMI-URBAN	URBAN	METROPOLITAN	TOTAL
31.03.2014	41,862	32,590	20,828	22,544	117,824
31.03.2015	45,118	34,963	22,354	24,058	126,493
31.03.2016	48,244	37,647	23,944	25,610	135,445
31.03.2017	49,820	39,059	24,977	26,655	140,511
31.03.2018	50,735	39,694	25,377	26,887	142,693
31.12.2018	51,030	40,166	25,655	27,148	143,999

Source: RBI

Table 2: Table showing number of ATMs of Scheduled Commercial Banks (SCBs), Small finance Banks (SFBs), Payment Banks (PBs) and White Label ATM Operators:

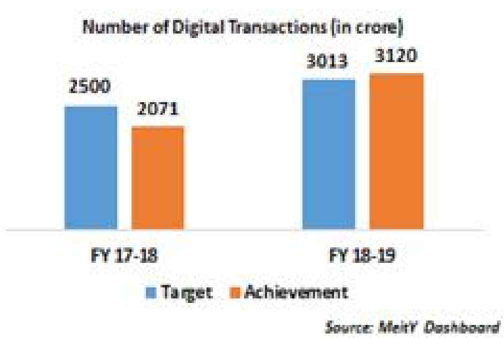
As on	Off-site ATMs	On-site ATMs	Total ATMs
31.03.2014	76676	83379	160055
31.03.2015	92337	89061	181398
31.03.2016	97149	101950	199099
31.03.2017#	112666 #	109809	222475#
31.03.2018#	115471 #	106776	222247#
31.12.2018#	113639#	106412	220051#

Source: RBI *# Includes ATMs deployed by White Label ATM Operators.*

Banking Infrastructure & Digital Transactions

Banking Infrastructure (As on 31.12.2018)	Total Number
Rural / Semi-urban branches*	91,196
Urban / Metro branches*	52,803
Total Branches*	1,43,999
ATMs**	2,20,051
Rural BC Agents under PMJDY***	1,26,348

** Source RBI*



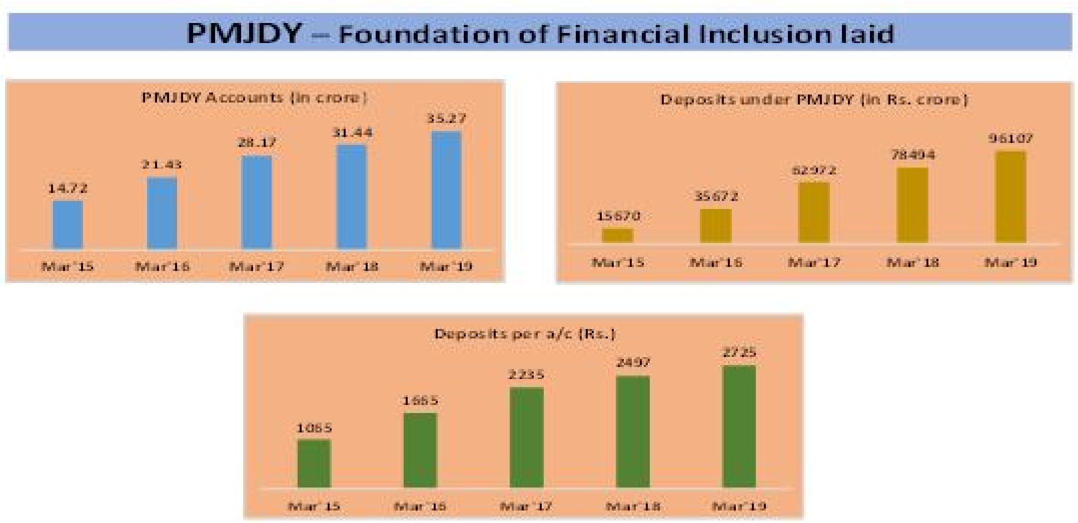
The number of card acceptance devices at Point of Sale (POS) has increased from 10.7 lakh in March 2014 to 37.22 lakh in March 2019.

3.2 Performance of PMJDY:

The performance of PMJDY in terms of accounts opened, deposit balance and average deposit balance over the time is tabulated as under, on cumulative basis

S.No	Item	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19
1	No. of PMJDY accounts (in Crore)	14.72	21.43	28.17	31.44	35.27
2	Deposit in PMJDY accounts (in Rs. Crore)	15,670	35,672	62,972	78,494	96,107
3	Average Deposit per PMJDY account (in Rs.)	1,065	1,665	2,235	2497	2,725
4	Number of RuPay debit cards issued to PMJDY account-holders (in Crore)	13.14	17.75	21.99	23.65	27.91

It may be observed from the above table that on major parameters, consistent progress has been observed under PMJDY over the years. Since its inception, over 35 crore new accounts have been opened and over Rs. 96,000 crore has been deposited by the newly banked people in the formal banking system. The number of operative PMJDY accounts has increased from 17.01 crore on March'17 to 27.54 crore on March'19. There are 53% women Jan-Dhan account holders and 59% Jan-Dhan accounts are in rural and semi-urban areas.



3.2.1 Rapid financial inclusion of women: Out of total savings accounts, there were overall 27% female accounts in March 2014. However, under PMJDY, women accounts constitute 53% of the total Jan Dhan accounts as on 30.3.2019.

3.2.2 Rapid growth in deposits in the PMJDY accounts: As against an average balance of Rs. 1,065 in accounts opened under PMJDY in March 2015, the average balance has grown to Rs. 2,725 as on 30.3.2019 with an overall balance in PMJDY accounts of Rs 96,107 crore.

3.2.3 RuPay Debit cards: A total of 27.91 crore RuPay debit cards have been issued till 30.03.2019 to PMJDY account-holders. Apart from banking convenience, these cards come with an inbuilt accident insurance cover of Rs 2 lakh. As on 30.03.2019**, a** total 4,657 accidental claims under this RuPay card linked insurance coverage have been paid.

3.2.4 Overdraft facility for PMJDY account holders: An overdraft facility of up to Rs 5,000 (since enhanced to INR 10,000) after satisfactory operation in the account for six months is available to provide hassle free credit to the beneficiaries under PMJDY.

3.2.5 Life Insurance cover under Pradhan Mantri Jan Dhan Yojana (PMJDY)

Pradhan Mantri Jan Dhan Yojana was launched on 28.08.2014 to open bank accounts of people not covered by banking services. One of the benefits under the scheme is providing life insurance cover of Rs 30,000/- on death of the life assured due to any reason to the deceased's family who have opened bank account between 15.08.2014 to 31.01.2015 (subject to Govt. guidelines and eligibility criteria provided). For availing life insurance cover of Rs.30,000/- under this scheme, a person should be between 18 to 59 years of age and he/she should have been enrolled under PMJDY between the above specified periods. The scheme is being implemented through Life Insurance Corporation of India

(LIC). As on 31.03.2019, a total of 5,369 claims have been paid under the scheme since inception of the scheme.

3.2.6 Enablement of interoperable, speedy and accurate transactions, through linking of accounts with Aadhaar number: With 84.5% operative accounts opened under PMJDY seeded with Aadhaar number on user consent basis, customers have been enabled for interoperable and immediate Aadhaar-enabled transactions, including those for direct benefit transfer.

3.2.7 With a view to further deepening the financial inclusion interventions in the country, PMJDY has been extended beyond 14.8.2018 with the focus on opening of accounts shifting from "every household" to "every unbanked adult" and making the scheme more attractive with following modifications:

i. Existing Over Draft (OD) limit of Rs. 5,000 revised to Rs. 10,000;

ii. There will not be any conditions attached for OD upto Rs. 2,000;

iii. Age limit for availing OD facility revised from 18-60 years to 18-65 years; and

iv. The accidental insurance cover for new RuPay card holders raised from existing Rs.1 lakh to Rs. 2 lakh to new PMJDY accounts opened after 28.8.2018.

3.2.8 A digital pipeline has been laid for the implementation of PMJDY through linking of Jan-Dhan account with mobile and Aadhaar [Jan Dhan-Aadhaar-Mobile (JAM)].This infrastructure pipeline is providing the necessary backbone for DBT flows, adoption of social security/pension schemes, facilitating credit flows and promoting digital payments through use of Rupay Cards and thereby accelerating the pace of attaining the goal of a secured, insured, digitalized and a financially empowered society. Around 8 core PMJDY accounts are receiving Direct Benefit Transfers (DBTs) credits under various schemes of the Government.

3.3 Promotion of Aadhaar-based biometric authentication and digital payment solutions: A digital revolution is in making with more than 100 crore Indians having digital identity through Aadhaar & mobile seeding, enabling them to authenticate and carry out financial transactions. Using biometric ID, highly cost-effective payments solutions have been created both for banking services and for retail payments. There has been significant growth in digital transactions- UPI, AePS, RuPay Card. In the financial year (FY) 2018-19, there were 535 crore transactions amounting to Rs 8710 crore through UPI, 112 crore transactions amounting to Rs 1172 crore through RuPay Debit card at POS and E-Commerce and 169 crore transactions amounting to Rs 680 crore through AePS at Banking Correspondent points.

3.4 Jan Dhan Darshak, a geographic information system(GIS) mobile application, has also been launched to provide a citizen centric platform for locating financial service touch points across all providers such as banks, post office, ATMs, CSC, etc. These services could be availed as per the needs and convenience of the common people. The web version of this application is Findmybank (findmybank.gov.in). This application can be used for various administrative purposes like business strategies for banks. Over 6 lakh FI touch points have been mapped on GIS which includes 1.5 lakh bank branches, 2 lakh ATMs, 1.5 lakh Post Offices and 1.3 lakh BCs.

4. Schemes

4.1 Pradhan Mantri Mudra Yojana

An important aspect of financial inclusion is enabling the flow of credit to small businesses. In pursuance of the announcement in the Union Budget 2015-16, the Micro Units Development finance Agency (MUDRA) was set-up and the Pradhan Mantri Mudra Yojana (PMMY) launched on 8th April, 2015.

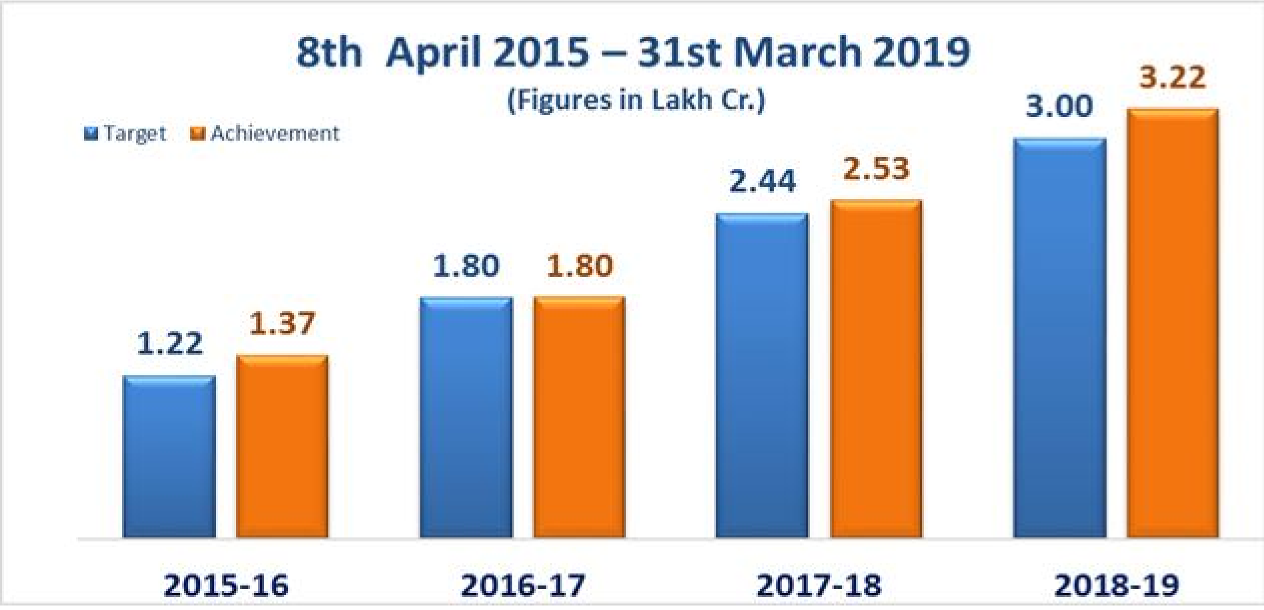
For achieving sustained expansion in the flow of credit to the non-corporate small business sector, loans up to Rs. 10 lakh without collateral are extended to borrowers under PMMY. These loans are extended through partner Member Lending Institutions (MLIs) – such as Scheduled Commercial Banks, Non-Banking Financial Companies (NBFCs) and Micro-Finance Institutions (MFIs). In turn, MUDRA Ltd. offers refinance to MLIs for PMMY loans extended by them.

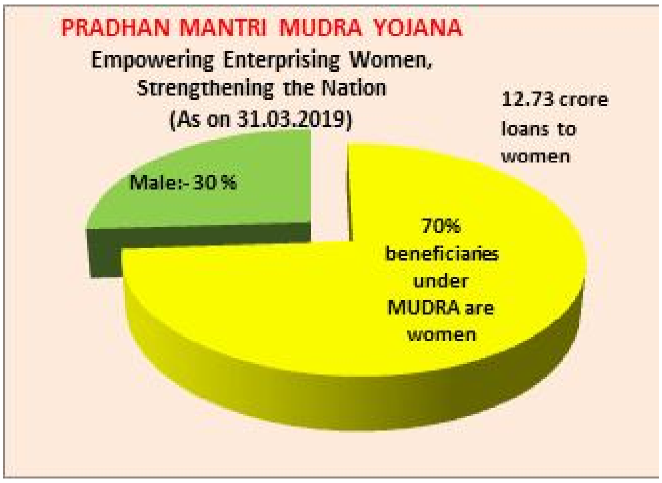
The loans under PMMY are categorized as Shishu (up to Rs.50,000), Kishore (Rs.50,000 to Rs.5 lakh) and Tarun (Rs.5 lakh to Rs.10 lakh). Activities allied to agriculture and services supporting these (excluding crop loans, land improvement such as canals, irrigation, wells) have also been included under PMMY from April, 2016 onwards.

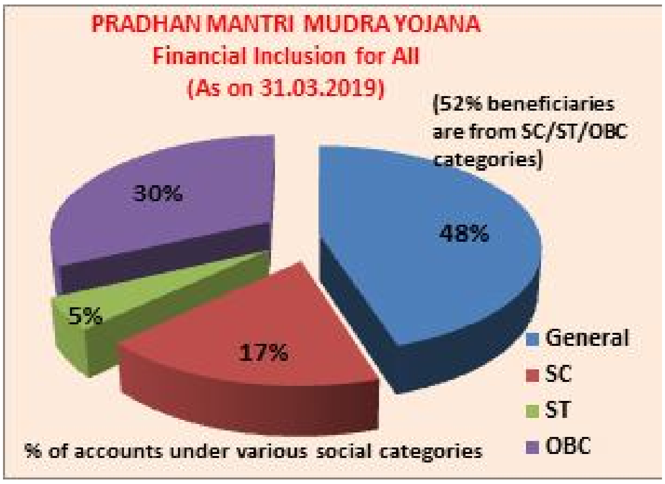
PMMY credit rose from Rs.1,37,449 crore in 2015-16 to Rs.3,21,722 crore in 2018-19 to more than 18 crore borrowers of which 89% loans are under SHISHU Category, 70% loans to Women entrepreneurs & 52% loans to SC/ST/OBC.

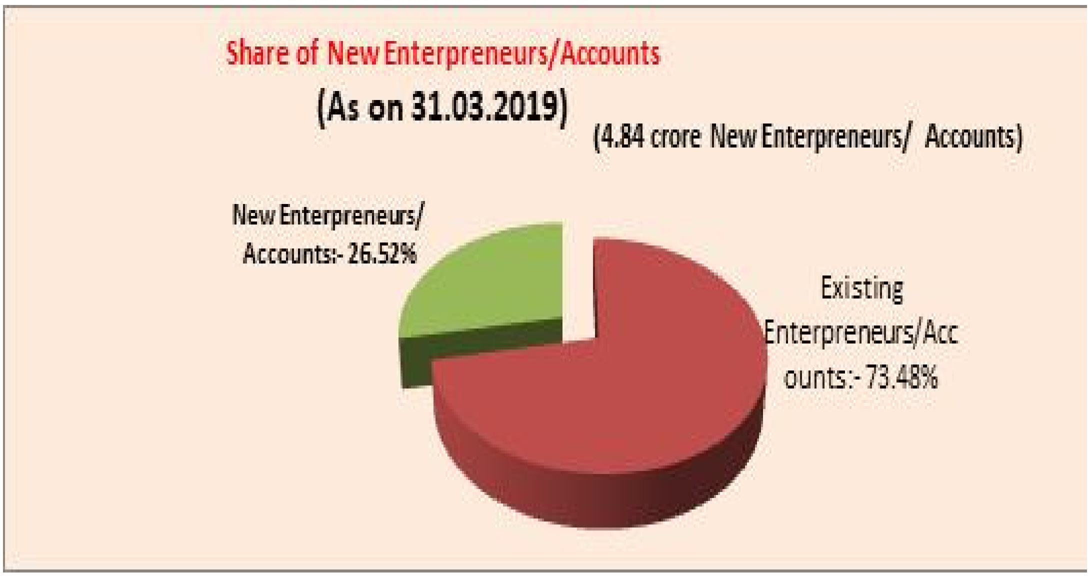
PMMY	2015-16	2016-17	2017-18	2018-19	Total
No. of Accounts (in crore)	3.49	3.97	4.81	5.99	18.26
Loan Amount Sanctioned (Rs. in crore)	1,37,449	1,80,528	2,53,677	3,21,722	8,93,376

PRADHAN MANTRI MUDRA YOJANA









4.2 Stand Up India Scheme

Government of India launched the Stand Up India scheme on 5th April, 2016. Stand Up India scheme caters to promoting entrepreneurship amongst women, SC & ST category i.e those section of the population facing significant hurdles due to lack of advice/mentorship as well as inadequate and delayed credit. The scheme intends to leverage the institutional credit structure to reach out to these underserved sectors of the population in starting greenfield enterprise. It caters to both ready and trainee borrowers. The Scheme facilitates bank loans between Rs.10 lakh and Rs.1 crore to at least one Scheduled Caste/ Scheduled Tribe borrower and at least one Woman borrower per bank branch of Scheduled Commercial Banks for setting up greenfield enterprises in trading, manufacturing and services sector.

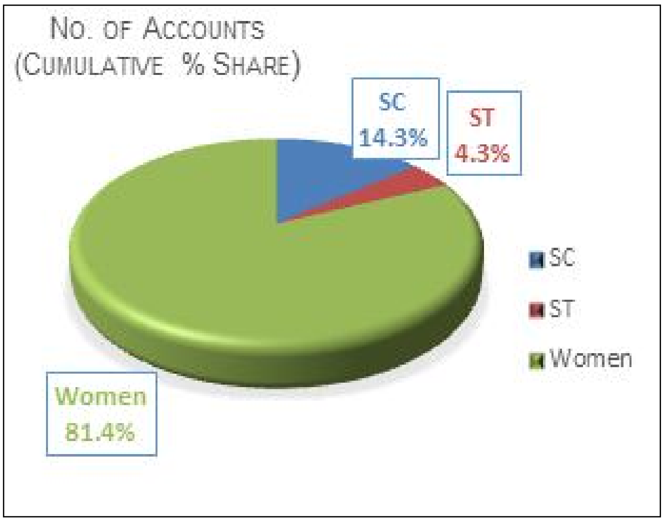
To extend collateral free coverage, Government of India has set up the Credit Guarantee Fund for Stand Up India (CGFSI). The scheme is built on the concept of providing handholding support to those borrowers who might have a project in mind but lack the confidence and capability to start up. It also provides for convergence with Central/State Government schemes. Applications under the scheme can also be made online. An online tracking system in the dedicated Stand Up India portal (www.standupmitra.in) is being utilised.

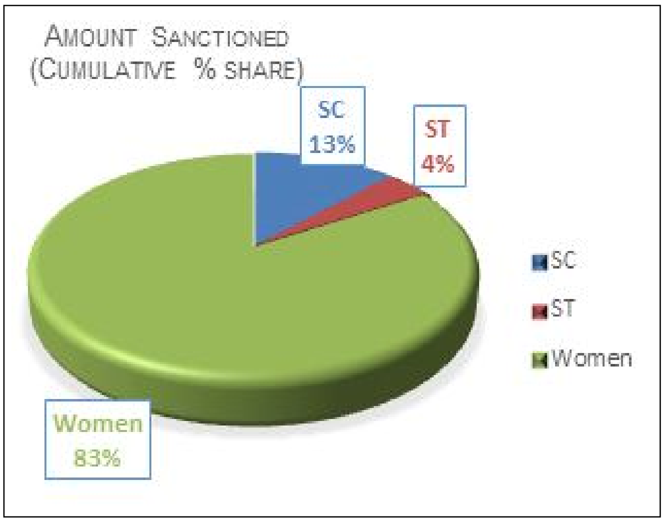
A Credit Guarantee corpus fund of Rs.5000 crore for Stand Up India scheme, operated by National Credit Guarantee Trustee Company Ltd. (NCGTC) has been approved.

Total number of entrepreneurs benefited under Stand Up India scheme, as on 31.03.2019 is tabulated below:

Performance under Stand Up India Scheme *(Amt. in Rs. Crore)*

Date as on	SC		ST		Women		Total	
	No Of A/Cs	Sanctioned Amt.	No Of A/Cs	Sanctioned Amt.	No Of A/Cs	Sanctioned Amt.	No Of A/Cs	Sanctioned Amt.
31.3.2019 (cumulative)	10451	2096.25	3103	646.1	59429	13342.72	72983	16085.07





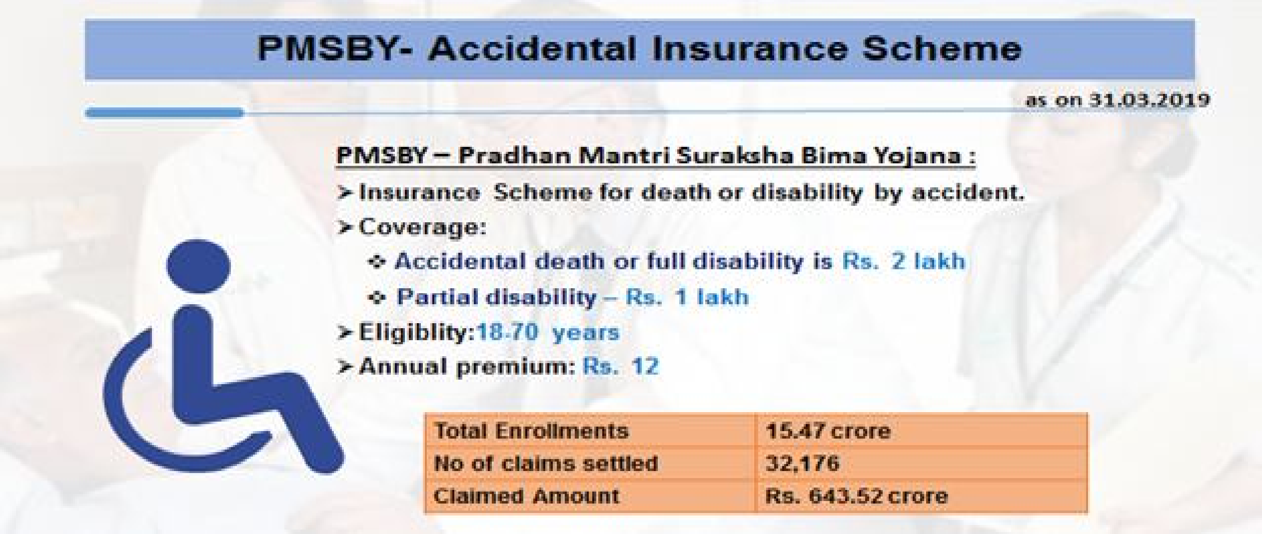
4.3 Social Security Schemes

In order to move towards creating a universal social security system for all Indians, specially the poor and the under-privileged, three ambitious Jan Suraksha Schemes or Social Security Schemes pertaining to Insurance and Pension Sector were announced by the Government in the Budget for 2015-16. The schemes were launched on 9th May, 2015, for providing life & accident risk insurance and social security at a very affordable cost namely (a) Pradhan Mantri Suraksha Bima Yojana and (b) Pradhan Mantri Jeevan Jyoti Bima Yojana and (c) Atal Pension Yojana.

4.3.1 Pradhan Mantri Suraksha Bima Yojana (PMSBY)

The Scheme is available to people in the age group 18 to 70 years with a bank / Post office account who give their consent to join / enable auto-debit on or before 31st May for the coverage period 1st June to 31st May on an annual renewal basis. Aadhar would be the primary KYC for the bank account. The risk coverage under the scheme is Rs. 2 lakh for accidental death and full disability and Rs. 1 lakh for partial disability. The premium of Rs. 12 per annum is to be deducted from the account holder's bank / Post office account through 'auto-debit' facility in one installment. The scheme is being offered by Public Sector General Insurance Companies or any other General Insurance Company who are offering the product on similar terms with necessary approvals and tie up with Banks and Post Offices for this purpose.

As on 31st March 2019, the gross enrolment by banks, subject to verification of eligibility criteria, is about 15.47 crore under PMSBY and 32,176 claims of Rs. 643.52 Crore have been disbursed.



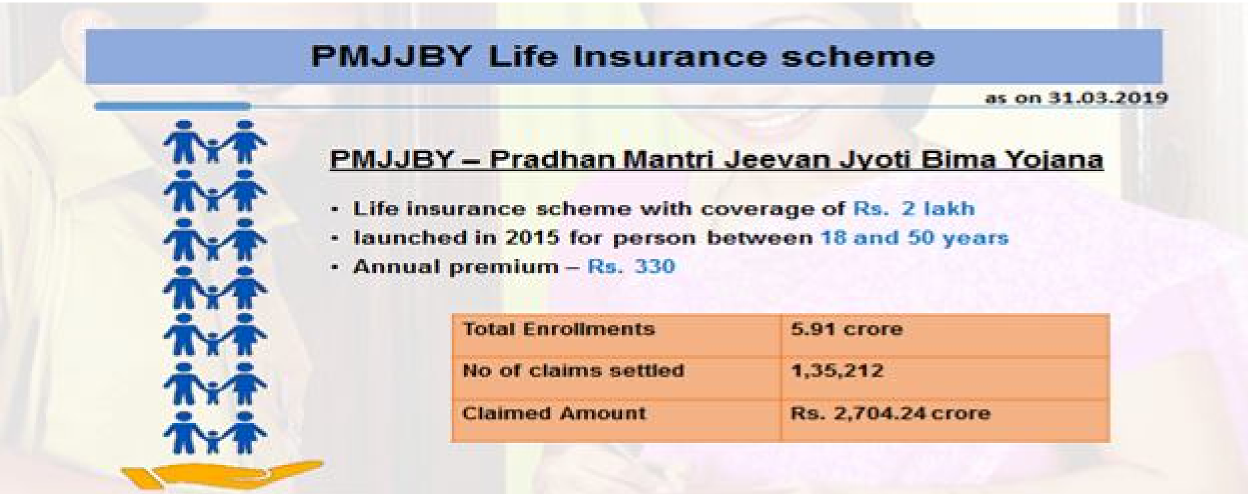
4.3.2 Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)

The scheme is available to people in the age group of 18 to 50 years having a bank / Post office account who give their consent to join / enable auto-debit. Aadhar would be the primary KYC for the bank account. The life cover of Rs. 2 lakhs is available for a one year period stretching from 1st June to 31st May and is renewable. Risk coverage under this scheme is for Rs. 2 Lakh in case of death of the insured, due to any reason. The premium is Rs. 330 per annum which is to be auto-debited in one instalment from the subscriber's bank / Post office account as per the option given by him on or before 31st May of each annual coverage period under the scheme. The scheme is being offered by Life Insurance Corporation and all other life insurers who are offering the product on similar terms with necessary approvals and tie up with Banks and Post Offices for this purpose.

To facilitate all those getting enrolled under PMJJBY for the first time during the middle of the policy period, payment of pro-rata premium has been allowed at a considerable low premium. Thus, if the enrolment takes place during the months of –

- June, July & August –Annual premium of Rs. 330/- is payable.
- September, October & November –3 quarters of premium @ Rs.86.00 i.e. Rs. 258/- is payable.
- December, January & February – 2 quarters of premium @ Rs.86.00 i.e. Rs. 172/-is payable.
- March, April & May – 1 Qly premium @ Rs.86.00 is payable.

As on 31st March 2019, the gross enrolment by banks, subject to verification of eligibility criteria, is about 5.91 crore people under PMJJBY and 1,35,212 claims of Rs. 2704.24 Crore have been disbursed.



4.3.3 Atal Pension Yojana

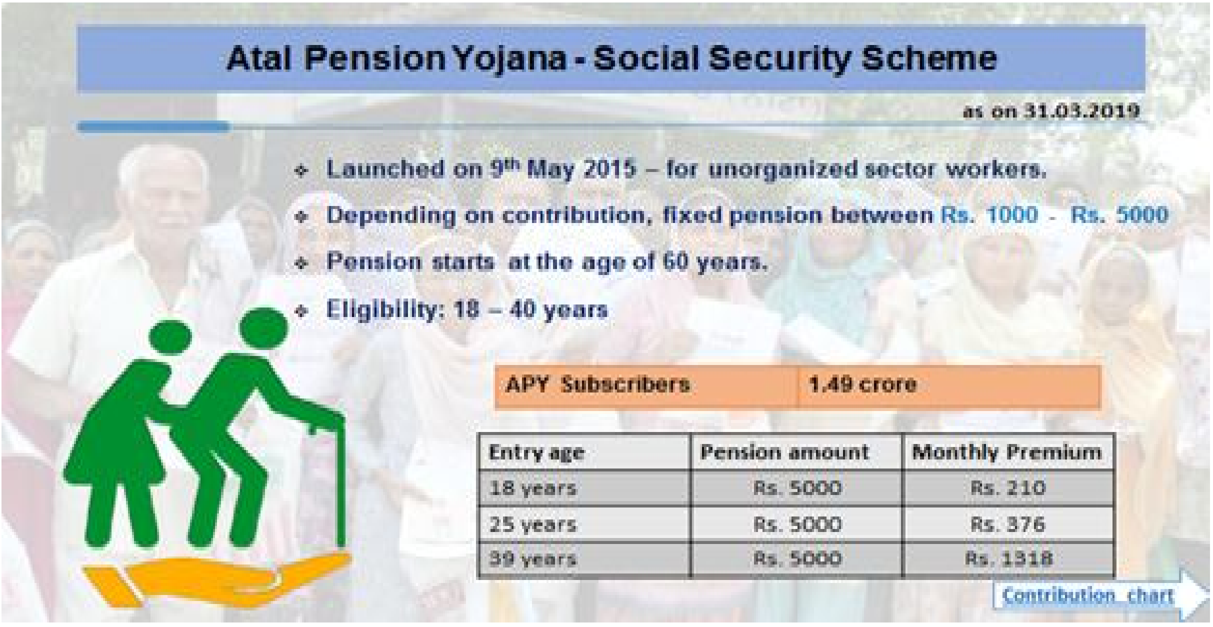
Atal Pension Yojana (APY) is being implemented with effect from 1st June, 2015. The Scheme aims to provide monthly pension to eligible subscribers not covered under any organized pension scheme. APY is open to all bank and post office account holders in the age group of 18 to 40 years. Under APY, any subscriber can opt a guaranteed pension of Rs.1000 to Rs.5000 (in multiples of Rs.1,000) receivable at the age of 60 years. The contributions to be made vary based on pension amount chosen. The key features of APY are as under:

- The APY is primarily focused on all citizens in the unorganised sector, who join the NPS. However, all citizens of the country in the eligible category may join the scheme.
- Any Indian Citizen between 18-40 years of age can join through their savings bank account or post office savings bank account.
- Minimum pension of Rs. 1000 or Rs. 2000 or Rs. 3000 or Rs. 4000 or Rs. 5000 is guaranteed by the Government of India to the subscriber at the age of 60 years, with a minimum monthly contribution (for those joining at age 18) of Rs. 42 or Rs. 84 or Rs. 126 or Rs. 168 and Rs. 210, respectively.
- After the subscriber's demise, the spouse of the subscriber shall be entitled to receive the same pension amount as that of the subscriber until the death of the spouse.
- After the demise 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 subscribers in the eligible age, who are not income-tax payers and who are not covered under any statutory social security scheme, are entitled to receive the co-contribution by Central Government of 50% of the total prescribed contribution, up to Rs. 1000 per annum, and this will be available for those eligible subscribers, who join APY before 31st March, 2016. The Central Government co-contribution shall be available for a period of 5 years, i.e., from Financial Year 2015-16 to 2019-20.
- If the actual returns during the accumulation phase are higher than the assumed returns for minimum guaranteed pension, such excess will be passed on to the subscriber.
- The contributions can be made at monthly / quarterly / half yearly intervals through auto debit facility from savings bank account/ post office savings bank account of the subscriber. The monthly / quarterly / half yearly contribution depends upon the intended / desired monthly pension and the age of subscriber at entry.

Major steps have been initiated by the Government to popularize create awareness about APY:

- Simplification of default penal charges
- The mode of payment has been changed from monthly to monthly, quarterly and half yearly keeping in consideration the seasonal income earners.
- Removal of closure of account clause after 24 months and continuation of the account till the time corpus is available in the account.
- Periodic advertisements in print and electronic media.
- Capacity building of bank branch officials through various training programs.
- Participating in town hall meetings, SLBC meetings.
- Conducting meetings with State Governments of Telangana, Kerala, Gujarat, Maharashtra, and Orissa.
- Meeting with Secretaries of Union Ministries of Agriculture, Rural Development, WCD, Panchayati Raj, Health etc with a view to get their unorganized workforce like MNREGA workers, SHG, Asha workers, Aganwadi workers etc under APY.

As on 31st March 2019, the number of subscribers is 149.53 lakh with Asset under Management (AUM) of Rs. 6860.30 crore.



4.4 Pradhan Mantri Vaya Vandana Yojana

Pradhan Mantri Vaya Vandana Yojana was launched by the Government to protect elderly persons aged 60 years and above against a future fall in their interest income due to the uncertain market conditions, as also to provide social security during old age. The scheme is implemented through the Life Insurance Corporation of India (LIC) and provides an assured return of 8% per annum for 10 years. Mode of pension payment under the Yojana is on a monthly, quarterly, half-yearly or annual basis depending on the option exercised by the subscriber.

The scheme was initially open for subscription for a period of one year i.e. from 4th May, 2017 to 3rd May, 2018. Further, the minimum purchase price under the scheme was Rs.1.5 lakh per family for a minimum pension of Rs. 1,000/- per month and the maximum purchase price was Rs.7.5 lakh per family for a maximum pension of Rs.5,000/- per month.

In pursuance to Budget Announcement 2018-19, the Pradhan Mantri Vaya Vandana Yojana has been extended up to 31st March, 2020. The limit of maximum purchase price of Rs. 7.5 lakh per family under the scheme has also been enhanced to Rs 15 lakh per senior citizen. Accordingly, the maximum pension admissible under the scheme is now Rs.10,000/- per month. The minimum purchase price under the scheme is Rs.1.5 lakh for a minimum pension of Rs. 1,000/- per month. As o.n 31.03.2019, a total number of 3,55,423 subscribers consisting corpus of Rs. 25,523.11 Crore are being benefited under PMVVY.

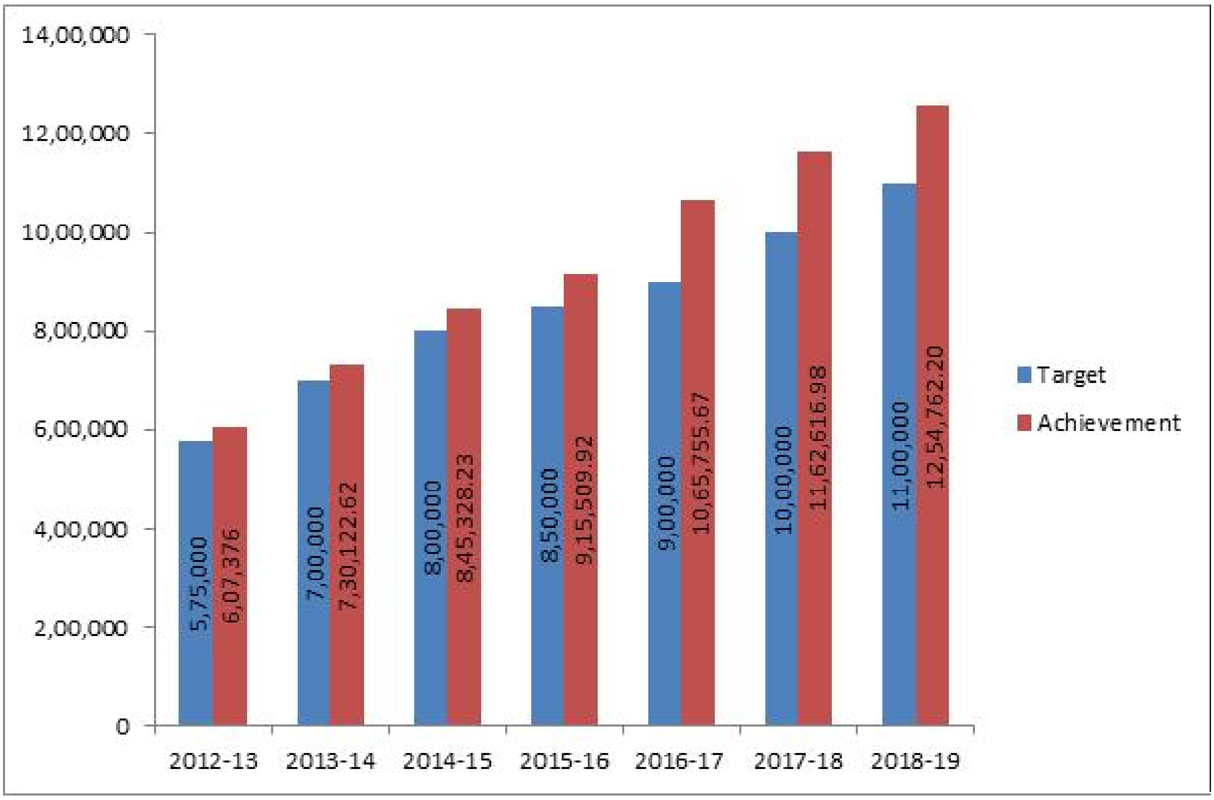
4.5 Varishtha Pension Bima Yojana (VPBY)

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 guaranteed minimum return on the subscription amount. The pension is envisaged until death from the date of subscription or upto 15 years whichever is earlier with payback of the subscription amount on death of the subscriber to the nominee or after 15 years to the subscriber on surrender of policy. These Schemes are implemented through Life Insurance Corporation (LIC) of India, which is paid the difference between the actual yield earned by LIC on the funds invested under the Scheme and the assured return of 9% committed by the Government. Both the schemes VPBY 2003 and VPBY 2014 are closed for future subscriptions. However, policies sold during the currency of policy are being serviced as per the commitment of guaranteed 9% return announced by the Government under the schemes. As per latest data available with LIC, a total number of 2,33,284 beneficiaries and 2,14,957 beneficiaries are being benefited under VPBY-2003 and VPBY-2014 respectively as on 31.03.2019.

5. Agriculture Credit

In order to boost the agriculture sector with the help of effective and hassle-free agriculture credit, the Government has been fixing annual targets for ground level agriculture credit by Scheduled Commercial Banks, Regional Rural Banks (RRBs) and Cooperative Banks.

Year wise position of target and achievement under agricultural credit flow for the last five years given below indicates the sustained trend of actual disbursement, surpassing the incremental annual targets year after year. As against the annual target of Rs.11,00,000 crore for 2018-19, agriculture credit to the tune of Rs. 12,54,762.20 crore was disbursed during 2018-19, registering 114.07 % achievement



Source: NABARD

5.1 Increase in the coverage of small & marginal farmers

To increase the flow of credit to small and marginal farmers a sub-target of 8% for small and marginal farmers (SF/MF) (to be achieved in a phased manner, i.e. 7% by March 31, 2016 and 8% by March 2017) has been set by RBI through its revised guidelines on Priority Sector Lending. As on 31.03.2019, against the target of 8% of Adjusted Net Bank Credit (ANBC) to SF/MF, Public Sector Banks (PSBs) have achieved 8.87%, as reported by RBI.

5.2 Kisan Credit Card

The Kisan Credit Card (KCC) scheme was introduced in 1998-99, as an innovative credit delivery system aiming at adequate and timely credit support from the banking system to the farmers for their cultivation needs including purchase of inputs in a flexible, convenient and cost effective manner. The Scheme is being implemented by all Cooperative Banks, Regional Rural Banks (RRBs) and Public Sector Commercial Banks throughout the country. NABARD monitors the scheme in respect of Cooperative Banks and RRBs, whereas RBI monitors the scheme in respect of Commercial Banks. A revised scheme for KCC was circulated by RBI and NABARD in 2012 prescribing the provision for ATM enabled debit card which can be used at ATM/Point of sale (POS) terminal, inter alia, with facilities of one-time documentation and built-in cost escalation in the credit limit, etc.

The facility of KCC along with interest subvention has been extended to Animal Husbandry farmers and Fisheries during 2018-19 to help them meet their working capital requirements. Government has recently launched a special drive in campaign mode with an objective to saturate the farmers under the KCC scheme.

5.3 Rural Infrastructure Development Fund (RIDF)

The Government of India had set up Rural Infrastructure Development Fund (RIDF) in NABARD with the objective of providing low cost fund support to the States to facilitate quick completion of ongoing rural infrastructure projects, which were languishing for want of resources. RIDF, with 37 activities under its scope, has emerged as a dependable source of public funding of impactful rural infrastructure projects.

The annual allocation of funds under RIDF has gradually increased from Rs. 2,000 crore in 1995-96 (RIDF I) to Rs. 28,000 crore in 2018-19 (RIDF XXIV). As against the allocation of Rs. 28,000 crore made during 2018-19 for RIDF under Tranche XXIV, sanctions to the tune of Rs. 30,497.15 crore were accorded to various State Governments.

The aggregate allocation till 2018-19 has reached Rs.3,20,500 crore, including Rs.18,500 crore for the Bharat Nirman component sanctioned to National Rural Roads Development Agency (NRRDA) under RIDF XII-XV.

Impact evaluation studies on projects funded under RIDF have revealed diverse positive socio-economic developmental outcomes in rural areas. These projects have brought about an improvement in quality of rural life and income levels, besides strengthening the rural banking system and credit absorption capacity.

5.4 Short Term Cooperative Rural Credit (Refinance) Fund

The Short Term Cooperative Rural Credit-STCRC (Refinance) Fund was set up in NABARD in 2008-09 with an initial corpus of Rs.5,000 crore to provide Short Term refinance to Cooperative Banks so as to ensure increased and uninterrupted credit flow to farmers at concessional rate of interest. NABARD provides refinance to Cooperative bank at an interest rate of 4.5% per annum for crop loans upto Rs.3.00 lakh disbursed by cooperative banks at an interest rate of 7% per annum to ultimate borrowers. An allocation of Rs.45,000 crore has been made for the STCRC (Refinance) Fund during 2018-19.

5.5 Short Term Regional Rural Bank (Refinance) Fund

The Short Term Regional Rural Bank (Refinance) (STRRB) Fund was set up with an allocation of Rs. 10,000 crore in 2012-13, so as to enable NABARD to provide Short Term refinance to RRBs to meet their crop loan lending obligations. NABARD provides refinance to RRBs at an interest rate of 4.5 % per annum for crop loans upto Rs 3.00 lakh disbursed by RRBs at an interest rate of 7% per annum to ultimate borrowers. The allocation under STRRB Fund was at Rs.10,000 crore during 2018-19.

5.6 Strengthening the Capital Base of NABARD

NABARD Amendment Act 2018 has been notified on 19.01.2018 which empowers the Government to increase the authorised capital of NABARD from Rs.5000 crore to Rs.30,000 crore and to increase it beyond Rs.30,000 crore in consultation with RBI as deemed necessary from time to time. This will enable NABARD to potentially increase its borrowing in future for funding the large investments being made in rural infrastructure in sectors like irrigation, housing, universal sanitation, dairy, fisheries etc.

During 2018-19, equity support of Rs. 2,000 crore has been provided to NABARD to enable it to fulfil its lending commitment under various Government initiatives including the flagship programmes i.e PMAY-G, LTIF and Swatch Bharat Mission . Total paid up capital as on 31.03.2019 in respect of NABARD stands at Rs.12,580 crore.

5.7 Role of NABARD in Government of India Initiatives

5.7.1 Long Term Irrigation Fund (LTIF)

The Government of India in the Ministry of Water Resources, River Development and Ganga Rejuvenation has taken a major initiative to complete various stalled irrigation projects in the country for which a Long Term Irrigation Fund (LTIF) was set up in NABARD. As on 31st March, 2019, against the total estimated amount of Rs.77,908 crore, sanctions have been accorded by NABARD under LTIF to the tune of Rs. 68,009.74 crore for 99 identified projects, Rs.6,381.54 crore for the Polavaram project and Rs.1,378.61 crore for North Koel Reservoir Project. The cumulative amount released against these sanctions stood at Rs.27,775.41 crore, Rs.5,814.15 crore and Rs.659.17 crore respectively.

5.7.2 Pradhan Mantri AwaasYojana- Gramin (PMAY-G)

The Government of India in the Ministry of Rural Development launched 'Pradhan Mantri Awaas Yojana-Gramin' (PMAY-G) on 1st April 2016, with an objective to ensure "Housing for All" by 2022. Under the scheme, one crore houses were to be constructed in Phase-I, over a period of 3 years, viz., 2016-17 to 2018-19, for which Central Share requirement was estimated at Rs. 81,975 crore, out of which Rs.21,975 crore was to be raised through borrowing from NABARD. As on 31st March 2019,the cumulative amount sanctioned and released by NABARD under PMAY-G stood at Rs. 21,975 crore and Rs. 18,008.23 crore respectively.

5.7.3 Swachh Bharat Mission – Gramin (SBM-G)

The Government of India in the Ministry of Drinking Water & Sanitation, launched SBM-G on 2nd October 2014 with the goal to achieve universal sanitation coverage in rural areas by 2nd October 2019. For the construction of around 3 crore Individual House Hold Toilets, 1500 Community Sanitary Complexes and Solid & Liquid Resources Management works during 2018-19, the total fund requirement towards Central Share was estimated at Rs. 30,343 crore, out of which Rs. 15,000 crore was to be raised through borrowing from NABARD. As on 31st March 2019, NABARD has sanctioned loan of Rs. 15,000 crore for the purpose, against which Rs. 8,698.20 crore has been released.

6 Regional Rural Banks

6.1 Revitalizing Regional Rural Banks (RRBs)

With the view to strengthening the RRBs for playing a greater role in agriculture, rural lending and financial inclusion, many measures were taken.

6.2 Branch Network of Regional Rural Banks

The number of branches of RRBs has increased from 21,747 as on 31st March, 2018 to 21,876 branches as on 31st March, 2019 covering 683 districts. During the year 2018-19, 129 new branches have been opened by RRBs. All branches of RRBs are on CBS Platform.

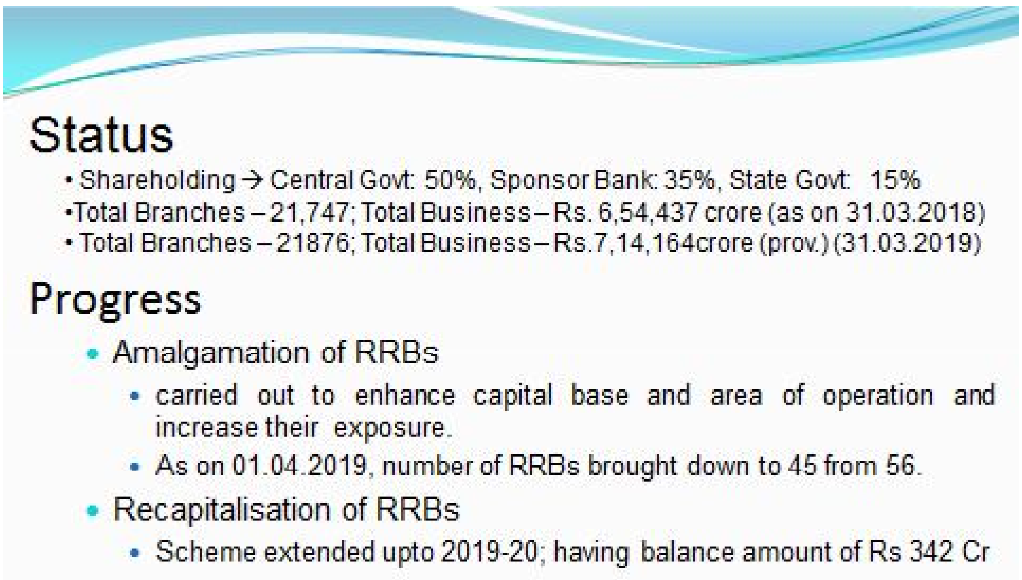
6.3 Capital Infusion for Improving CRAR

The Government of India has approved the proposal of Recapitalisation of Regional Rural Banks (RRBs) to continue the process of recapitalisation of RRBs up to 2019-20, for the RRBs who are unable to maintain minimum Capital to Risk Weighted Assets Ratio (CRAR) of 9%.

GoI sanctioned recapitalisation assistance in respect of 4 RRBs during 2018-19. They were, Utkal GB (Rs.57.8669 crore), Nagaland RB (Rs.0.93 crore), Madhyanchal GB (Rs.46.7331 crore) and Arunachal Pradesh RB (Rs.2.47 crore pertaining to the year 2017-18). It is worthwhile to mention that the recapitalisation assistance is provided by GoI (50%), Sponsor Bank (35%) and concerned State Government (15%).

6.4 Amalgamation of RRBs

With a view to enable RRBs to minimize their overhead expenses, optimize the use of technology, enhance the capital base and area of operation and increase their exposure, Government of India, in FY 2018-19, has carried out amalgamation of RRBs within a state as per the roadmap proposed by NABARD, which has brought down the number of RRBs as on 01.04.2019 to 45 from 56, by amalgamating 21 RRBs into 10 in nine States.



To implement the roadmap of amalgamation, Government has undertaken the consultation process with NABARD, the concerned State Government and the Sponsor Bank, as per the provisions of RRBs Act, 1976.

It is expected that the proposed amalgamation of RRBs will bring about the better efficiency of scale, higher productivity, robust financial health of RRBs, improved financial inclusion and greater credit flow to rural areas.

6.5 Pension Scheme for Employees of RRBs

During 2018-19, GoI approved the Pension scheme for employees of RRBs Accordingly, the model Pension Regulations and model amendment to the RRB (Officers & Employees) Service Regulations were approved. Subsequently, the boards of all the RRBs have adopted the regulations and the notifications thereon were published in the Gazette of India.

6.6 Financial Performance

6.6.1 Owned Funds

'Owned Funds' of the RRBs stood at Rs.31,360 crore as on 31st March, 2018, which increased to Rs. 31,522 crore as on 31st December, 2018. As estimated, the 'Owned Funds' of the RRBs may reach Rs.34,095 crore as on 31st March, 2019 (Provisional).

6.6.2 Deposit

Deposit outstanding with the RRBs which stood at Rs 4,00,459 crore as on 31st March, 2018, increased to Rs.4,10,360 crore as on 31st December, 2018. Aggregate Deposit Outstanding is projected to reach Rs. 4,29,841 as on 31st March, 2019, registering a growth of around 7% over the previous year.

6.6.3 Loans & Advances

Gross Loans & Advances of the RRBs stood at Rs.2,53,978 crore as on 31st March, 2018, which increased to Rs.2,70,972 crore as on 31st December, 2018. Aggregate Loans and Advances is projected to reach Rs.2,90,730 crore as on 31st March, 2019.

6.6.4 Non Performing Assets (NPAs)

Gross NPA of the RRBs as a whole was Rs.24,059 crore as on 31st March, 2018 and the same increased to Rs.27,713 crore as on 31st December ,2018. It is projected to reach Rs. 28,278 crore as on 31st March, 2019. In other words, Gross NPA of RRBs in percentage terms is projected to reach 9.7% as on 31st March, 2019, in comparison with 9.5% as on 31 March, 2018.

6.6.5 Profitability

During 2018-19, 41 RRBs earned profit of Rs. 1957.24 crore (prov.). However, 12 RRBs incurred losses during the year aggregating to Rs.1,637.93 crore (prov.). Therefore, RRBs as an agency earned profit of Rs.319.31 crore (prov.) during 2018-19 as against Rs.1,501 crore earned in 2017-18.

6.6.6 Accumulated Losses

The number of RRBs that had accumulated losses increased to 11 as on 31st March, 2018 as against 8 as on 31st March, 2017. The aggregate amount of accumulated losses of RRBs increased from Rs.1,147 crore as on 31st March, 2017 crore to Rs.1,866 crore as on as on 31st March, 2018.

Accumulated Loss of all RRBs stood at Rs 2,110 crore as on 31 December 2018 and overall position as on 31 March 2019 will be dependent on the profitability of the RRBs during 2018-19.

7 Priority Sector lending

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.

Foreign Banks with 20 branches and above, had to achieve the total priority sector target and target for lending to agriculture and weaker sections within a maximum period of five years starting from April 1, 2013 and ending on March 31, 2018. On completion of this 5 year road-map and pursuant to a review undertaken, it was decided to make applicable the small and marginal farmers (8%) and micro enterprises (7.50%) sub-targets for foreign banks with 20 branches and above from FY 2018-19 onwards.

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.

As per the MSMED Act, enterprises under both MSME Manufacturing and Services are classified as per respective investment under plant and machinery/ equipment. While there is no credit cap for MSME (Manufacturing), the PSL guidelines additionally prescribe a credit cap of Rs.50 million for Micro and Small Enterprises and Rs.100 million for Medium Enterprises engaged in services for classification under PSL. In view of the increasing importance of services sector in our economy and the fact that the MSME(Services) are already defined under the MSMED Act, it was decided, w.e.f. March 1, 2018, to remove the credit cap on MSME (Services) for classification under PSL.

Earlier, housing loans up to Rs.28 lacs in metro centres and Rs.20 lacs in other centres were eligible for priority sector status, provided the overall cost of the dwelling units in metro centres and other centres did not exceed Rs.35 lacs and Rs.25 lacs, respectively. Since the limits were fixed in 2015, it was decided to review the limits and align them with the Affordable Housing scheme of the Government of India. Accordingly, the housing loan limits for eligibility under priority sector lending have been revised w.e.f. June 19, 2018 to Rs.35 lakh in metropolitan centres and Rs. 25 lakh in other centres, provided the overall cost of the dwelling unit in the metropolitan centre and at other centres does not exceed Rs. 45 lakh and Rs. 30 lakh, respectively.

The outstanding priority sector advances of Public Sector Banks increased from Rs.21,99,972 crore as on March 31, 2018 to Rs.22,92,094 crore (provisional) as on March 31, 2019. Advances to agriculture by PSBs amounted to Rs. 9,77,802 crore constituting 18.10 percent of ANBC as on March 31, 2019.

7.1 Lending to Weaker Sections and Credit to Minorities

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, for lending 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 2016, 2017, 2018 and 2019 is as under:

(Amount in Rs. crore)

As at the year ended	Amount outstanding	% to ANBC
March, 2016	5,58,240.39	11.04
March, 2017	6,00,841.08	11.27
March, 2018	6,08,318.12	11.36
March, 2019	6,34,929.59	11.75

In order to ensure smooth flow of credit facilities to Minority Communities, Reserve Bank of India issued a Master Circular dated July 2, 2018 to all Scheduled Commercial Banks (SCB) including Small Finance Banks (SFB).

These banks have been advised to monitor credit flow to Minorities in 121 Minority Concentration Districts (MCD) having at least 25% minority population, excluding those States / UTs where minorities are in majority (J & K, Punjab, Meghalaya, Mizoram, Nagaland and Lakshadweep).

To ensure adequate flow of credit to minority communities banks have also been advised as below

- A Special Cell should be set up in each bank to ensure smooth flow of credit to minority communities and it should be headed by an officer holding the rank of Deputy General Manager/Assistant General Manager or any other similar rank who should function as a 'Nodal Officer'.
- The Lead Bank in each of the minority concentration districts should have an officer who shall **exclusively** look after the problems regarding the credit flow to minority communities. It shall be his responsibility to publicize among the minority communities various programmes of bank credit.
- The Lead Banks in the identified districts having concentration of minority communities may involve the State Minority Commission / Finance Corporation in the extension work including creating awareness, identification of beneficiaries, preparation of viable projects, provision of backward and forward linkages such as supply of inputs/marketing, recovery etc.
- 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 with a concentration of minority communities.

Total loans outstanding to minority communities as on March 31, 2019 stood at Rs. 3,91,575 Cr which is 12.59% of total priority sector advances. Total outstanding loans to minority communities as on March 31, 2019 in the 121 identified Minority Concentration Districts stood at Rs.1,41,855 Cr which is 18.45% of total priority sector advances in the identified Minority Concentration Districts.

7.2 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 per latest data available with RBI the amount outstanding towards credit to women was Rs.4,05,353 crore, forming 9.20 percent of ANBC of public sector banks as on 31.03.2018.

7.3 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.

7.3.1 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.

7.3.2 Performance of Education Loans

The total outstanding education loans of Public Sector Banks (PSBs) as on March 31, 2019 stood at Rs.72,800 crore in 21,94,977 accounts. This reflects increase of Rs.1036 crore in total outstanding loans over the correspondence period of the last year. In percentage terms it is an increase of 1.44 percent.

7.3.3. 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:

i. Information about Educational Loan Schemes of Banks;

ii. Common Educational Loan Application Form for Students;

iii. Facility to apply to multiple Banks for Education Loans;

iv. Facility for Banks to download Students' Loan Applications;

v. Facility for Banks to upload loan processing status;

vi. Facility for Students to email grievances/queries relating to Educational Loans to Banks;

vii. Dashboard facility for Students to view status of their loan application

viii. 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.

7.3.4 Interest Subsidy Scheme for Education 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;

7.4 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.

8. Financial Institutions

8.1 Export –Import Bank of India (EXIM Bank)

Export-Import Bank of India (Exim Bank) was set up for "providing financial assistance to exporters and importers, and 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". The flagship programmes of the Bank is Buyer's Credit, both commercial and under the National Export Insurance Account (NEIA); Project Export Finance, and Overseas Investment Finance. It is also the operational vehicle for GoI Lines of Credit.

Exim Bank's support has led to creation of opportunities for Indian project exporters, enabling them to expand their global footprint. It is a matter of pride that Indian companies are able to bid for and secure a larger number of international contracts of increasing values, through stringent processes of international competitive bidding. It has facilitated increased exports from India, besides creating additional avenues for employment within the country.

8.1.1 Challenges

Though there has been an upward migration in the average credit rating of the standard asset portfolio in the last few years, it is susceptible to economic cyclicality, and there has been increasing incidence of NPA slippages under the portfolio in the recent past on account of the industrial downturn globally, including in India, and in line with the NPA levels of the entire banking industry necessitating provisions in line with RBI guidelines, thereby adversely impacting the Bank's financial performance.

The Exim Bank is the principle agency for medium and long term export credit and needs large amount of capital to fulfill its objective. Further, if a certain percentage of credit portfolios are not yielding desired levels of income the capital requirement goes up even further. Although, in the near term, Exim Bank needs to focus on credit quality, recovery & resolution of NPAs to shore up its balance sheet, in the long term, its capital base will require further strengthening. Government of India has infused equity capital of Rs. 500 crore through budgetary support and Rs. 4500 crore through issuance of recapitalization bonds to Exim Bank during last FY 2018-19.

8.2 India Infrastructure Finance Company Ltd. (IIFCL)

India needs over USD $1.5 trillion in investment over the next decade to bridge its enormous infrastructure gap. This investment is also crucial for maintaining the growth momentum of Indian economy vis-via its global peers. It will not only generate growth & employment but also lift people out poverty and is expected to enable India to graduate into the category of developed economies. India cannot afford to continue to be an also ran among its global peers, especially the developed economies. This large investment needs a focused approach both from financing and institutional perspective.

The Union Budget 2005-06 conceptualized IIFCL as a dedicated institution for financing infrastructure in the country with focus on PPP projects. IIFCL, registered with the RBI as ND-SI-NBFC-IFC, has been playing a key role in bridging the funding gap in the infrastructure sector through its long-term loans as well as other innovative initiatives like Takeout Finance & Credit Enhancement. On a standalone basis, till 31st December, 2018, IIFCL has made cumulative gross sanctions of Rs.1,25,430 crore under Direct lending, Takeout Finance and Refinance schemes. This includes cumulative gross sanctions of Rs.85,231 crore to 474 projects under Direct Lending. The Company has made cumulative disbursements of Rs.64,900 crore, including disbursements of Rs.10,531 crore under Refinance and Rs.15,413 crore under Takeout Finance till December, 2018.

IIFCL's financial support has assisted around 26,000 km of roads, about 60,000 MW of power generation capacity and around 800 MTPA of port capacity, in addition to development of several urban infrastructure projects, station redevelopment as well as redevelopment of Delhi and Mumbai airports.

IIFC (UK), a wholly-owned subsidiary of IIFCL, headquarter in London, provides foreign currency loans for financing import of capital equipment by infrastructure projects in India. Till 31st December, 2018, IIFC (UK) has made cumulative disbursements of USD 2.04 billion. IIFCL has also set up an Infrastructure Debt Fund (IDF) subsidiary, IIFCL Asset Management Company Limited (IAMCL). Further, IIFCL has set up another wholly-owned subsidiary, IIFCL Projects Limited (IPL) to provide advisory services for the development of infrastructure in India.

New infrastructure projects and designing viable financing options for the same is an inevitable reality that India faces. So far, banks have been the key financiers of infrastructure sector. However, going forward, it may not be possible for them to offer the same level of support. This is mainly due to asset-liability mismatch constraints, increased capital requirements owing to introduction of impending Basel III norms, tightening group exposure norms and high stressed assets of banks. The other alternative to finance infrastructure is the corporate bond market. However, considering its nascent stage and preference for commissioned projects with steady cash flow it may not be an ideal vehicle at this point, especially for riskier Greenfield projects. IIFCL, in view of infrastructure financing needs, has a key role to play in terms of cheap & innovative financing, policy advocacy etc. along with banks and corporate bond market. It needs to be suitably augmented in terms of capital, operational freedom and enhanced capacity to continue to be a serious player in this space.

8.3 IFCI Ltd.

IFCI Ltd. is a systemically important Non-Deposit taking NBFCs and also a Public Financial Institutions under Section 2(72) of Companies Act, 2013. Set up in 1948 as the first Development Financial Institution of the Country as a Statutory Corporation to provide medium and long term finance to industry. IFCI became a Public Limited Company registered under the Companies Act, 1956 after repeal of "IFC Act" in 1993. Currently, the Government of India is holding 56.42% stake in the total paid-up share capital of IFCI.

8.4 National Housing Bank

8.4.1 Operational Highlights during 2018-19 (9 months) (FY from July 1 to June 30)

- Subscribed Equity share capital of NHB stood at Rs. 1,450 crore.
- Outstanding Loans & Advances of NHB stood at Rs.67,543 crore as on 31.03.2019 (three quarters).

8.4.2 Financing

- Disbursements of Rs.18,308 crore were made during the year ended 31.03.2019.

8.4.3 Promotion & Development

- NHB has extended Rs.642.20 crore to the Small Industries Development Bank of India (SIDBI) under equity participation.
- As part of its research activities, NHB has undertaken "Study on Property Insurance in New and Existing Housing "inter-alia, covering the current property insurance market structure in India and "Impact of changes in Stamp Duty and Registration Charge on residential property, and suggest a revenue neutral model for enabling affordable housing for all".
- Till 31.03.2019, 214 Primary Lending Institutions (PLIs) have signed MoU under Pradhan Mantri Awas Yojana (Urban)-Credit Linked Subsidy Scheme (PMAY-CLSS) for EWS/LIG and 206 PLIs have signed MoU with NHB as Central Nodal Agency(CNA), under PMAY-CLSS for MIG.
- NHB has disbursed interest subsidy of Rs.8,860.10 crore to 3,85,467 households under PMAY-CLSS for EWS/LIG, and Rs.3,452.61 crore to 1,63,443 households under PMAY-CLSS for MIG till 31.03.2019.
- NHB has also been identified as CNA by the Government of India, Ministry of Rural Development to implement Rural Housing Interest Subsidy Scheme vertical of Housing for All Mission. Till 31.03.2019, NHB has executed MoUs with 88 PLIs for implementation of the Scheme.

8.5 Small Industries Development Bank of India (SIDBI)

Small Industries Development Bank of India has been established under an Act of the Parliament in April 02, 1990. SIDBI is mandated to serve as the Principal Financial Institution for executing the triple agenda of promotion, financing and development of the Micro, Small and Medium Enterprises (MSME sector) and co-ordination of the functions of the various Institutions engaged in similar activities.

8.5.1 Performance of SIDBI

The total MSME outstanding credit (net of provisions) of SIDBI was Rs.1,32,517 crore as at December 31, 2018 as against outstanding credit of Rs.95,291 crore as on March 31, 2018, registering a growth of 39.06%, mainly driven by refinance activities. The net profit has increased from 1429 crore in FY18 to 1952 crore in FY19 registering 36.50% growth. In the coming years, SIDBI intends to sustain its growth momentum while building a sustainable and profitable organization.

8.5.2 Addressing financial gaps

The MSME financing agenda of SIDBI is discharged through the twin interventions of (i) Direct Lending, disseminated through demonstrative lending products to fill existing credit gaps, which could be further scaled up by banking eco-system. The flagship product under Direct Lending is SMILE, a scheme dovetailed to Make in India initiative, which offers loans at interest rates lower than the general market rates, in addition to offering a quasi-equity component, for longer tenures (ii) Indirect Lending is done through Banks, NBFCs, SFBs and MFIs, which creates a multiplier effect and provides a larger reach.

SIDBI supports the entrepreneurship promotion agenda by extending venture capital assistance to start-ups through its Fund-of-Fund operations.Total corpus commitment to Fund-of-Fund operations is of Rs.10,000 Crore plus; SIDBI organized “investor Day’ to facilitate interaction between start-ups and venture capital funds. Such ‘investor days’ will become regular feature and will be organized once every 3-4 months to ensure regular connect between funds and start-ups.

8.5.3 Addressing Non-financial/ Promotional & Developmental Gaps

With adoption of SIDBI Vision 2.0, Promotion & Development (P&D) initiatives were aligned and made thematic, inclusive and impact oriented. P&D activities for MSMEs, Corporate image enhancement (CIE) & CSR interventions SIDBI touched nearly One lakh + people during the year 2018-19 through its various interventions undertaken in three categories viz. Promotion and development (P&D) activities for MSMEs, Corporate image enhancement (CIE) for creating visibility amongst the stakeholders and Corporate Social Responsibility (CSR) to fulfil the institutional responsibility of Bank towards society.

The Promotional and Developmental role of the Bank is delivered through a bouquet of programmes at both macro and micro levels. Macro level initiatives relate to Cluster Development Programmes spread pan India and the micro level initiatives target setting up & stepping up entrepreneurial ventures, including enterprise promotion (Micro Enterprise Promotion Programme / Incubators/ Enterpreneurship Development Programmes), building techno-managerial skills of enterprise (Skill & Technology Upgradation Programmes/ Small Industries Management Assistants Programmes), advisory/ handholding services (Certified Credit Counsellors), financial literacy etc.

To salute the entrepreneurship spirit of Indian masses, SIDBI has introduced Swavalamban, a Pan India print media campaign to focus on encouraging masses to select “entrepreneurship” as a preferred occupational choice.

To carry forward the Promotion & Development role, SIDBI has organized the first edition of the national level “SIDBI ET India MSE Awards” to recognize, reward and motivate entrepreneurs and roping in business leaders to mentor the new entrepreneurs.

To provide robust financial infrastructure, thereby leading to increase in financial inclusiveness, SIDBI along with five other PSBs has developed a technologically advanced online lending portal for in-principle approval. SIDBI has also set up Udyamimitra portal which is a comprehensive digital platform to access credit for MSME aspirants. The portal extends handholding services, basket of project profiles, Samridhhi chatbot and also enables convergence with other stakeholders. The portal hosts more than 148 lenders and 25,000 handholding agencies. As on March 31, 2019, total loan aspirant registrations were 2.96 lakh and online loan applications were 60,347. There were 5,943 loans sanctioned to the tune of Rs.1,176 crore.

8.5.4 SIDBI as Nodal/ Implementing agency for Government scheme

Being the DFI for the MSME sector, is the nodal agency for implementation of certain MSME related schemes of Government of India. Various National Missions like Make in India, Stand-Up India etc. are bolstered by the Bank, by dovetailing them through its own products and initiatives.

9. Insurance Sector

9.1 Overview

The insurance sector was opened for private participation with the enactment of the Insurance Regulatory and Development Authority Act, 1999. Since its opening up in 2000 the number of participants in the Insurance industry has gone up from seven insurers (Life Insurance Corporation of India [LIC], four public-sector general insurers, one specialized insurer, and General Insurance Corporation as Indian re-insurer) in 2000 to seventy insurers as on 31st December, 2018 operating in the life, general, and re-insurance segments (including specialized insurers, namely Export Credit Guarantee Corporation ECGC and Agricultural Insurance Company AIC).

The Insurance Division deals with policy and legislative matters as well as monitoring of the performance of both life and general insurance segments of the public sector insurance industry. It is also the administrative division for the Insurance Regulatory and Development Authority of India (IRDAI).

9.2 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 – GIC Re (Re-Insurer)

g) Agriculture Insurance Company of India Limited – Specialised Insurer (Company floated by Public Sector general insurance companies along with NABARD)

h) Export Credit Guarantee Corporation of India Limited – Specialised Insurer (Government of India enterprise for export credit guarantee under M/o Commerce)

9.3 Legislative Framework governing the Insurance Sector

The Insurance Division is responsible for 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 Insurance Regulatory and Development Authority Act, 1999

e) The Actuaries Act, 2006

f) The Securities and Insurance Laws (Amendment and Validation) Act, 2010.

9.4 Reforms in the Insurance Sector

The insurance sector was opened up for private participation with the enactment of the Insurance Regulatory and Development Authority (IRDA) Act, 1999. The Authority is functioning from its Head Office at Hyderabad, Telangana. The core functions of the Authority as mentioned in Section 14 of IRDA Act 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, licensing/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.

9.5 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 Indian re-insurer) in 2000 to seventy insurers as on 31st December, 2018 operating in the life, general, health and re-insurance segments; of which 24 are life insurers, 25 are general insurers, 2 Specialized Insurers, 7 are health insurers exclusively doing health insurance business and 12 are re-insurers including foreign reinsurance branches and Lloyd's India. Of the 70 insurers eight are in the public sector and the remaining sixty two are in the private sector. Two specialized insurers, namely Export Credit Guarantee Corporation of India Limited and Agricultural Insurance Company of India Limited, one life insurer namely LIC of India, four in general insurers and one in re-insurance namely GIC are in public sector. Twenty-three life insurers, twenty-one general insurers, seven standalone health insurers and eleven reinsurers including foreign reinsurance branches and Lloyd's India are in private sector.

9.6 Industry Statistics

Insurance Penetration and Insurance Density

Given the reforms initiated in the insurance sector in India, insurance penetration and insurance density increased in the past decade. As per the latest published data by Swiss Re, Insurance penetration (i.e. premium volume as a ratio of Gross Domestic Product GDP), which was 2.71% of GDP in 2001 has increased to 3.69% of GDP in 2017. Insurance density measured as the ratio of premium to population (per capita premium) increased from US$ 11.5 in 2001 to US$ 73.0 in 2017.

In life insurance business, India is ranked 10th among the 88 countries in the global life insurance market, for which the data was published by Swiss Re. India's share in global life insurance market was 2.76% during 2017 where as it was 2.36% in 2016. Further, during 2017, the life insurance premium in India increased by 8% (inflation adjusted) whereas the global life insurance premium increased by 0.5%. During this period, the share of Indian non-life insurance premium in global non-life insurance premium was at 1.11% and India ranks 15th among the 88 countries in the global non-life insurance market.

Life insurance industry

The Life insurance industry recorded a premium income of Rs. 3,35,947.34 crore as on 31.12.2018 as against Rs.3,13,467.52 crore as on 31.12.2017, registering a growth of 7.17 percent (13.25 percent growth in the corresponding period of previous year). While private sector insurers posted 22.63 percent growth

(17.77 percent growth in the corresponding period of previous year) in their premium income, LIC recorded 1.10 percent growth (11.54 percent growth in the corresponding period of previous year). The market-share of LIC as on 31.12.2018 (based on Total Premium) is 67.39 percent.

General insurance industry

The general insurance industry underwrote total direct premium of 1,24,673 crore as on 31.12.2018 as against 1,10,535 crore as on 31.12.2017, registering a growth of 12.79 percent (18.88 percent in the corresponding period of previous year). The public sector general insurers (including specialized insurers) exhibited a growth rate of 0.02 percent as on 31.12.2018 as compared to 13.47 percent growth the quarter ending on 31.12.2017. The private sector general insurers (including Stand-alone Health Insurers) registered a growth rate of 26.88 percent as on 31.12.2018 as compared to the 25.48 percent growth achieved as on 31.12.2017. The market-share of Public Sector General Insurance Companies (including ECGC & AICL) as on 31.12.2018 is 46.51 percent.

9.7 Investments of the Insurance sector

As per latest data available with IRDAI, as on 31st December, 2018 the accumulated total investments held by the insurance sector was Rs.37,40,617 crore. Life insurers continue to contribute a major share with around 92 percent of the total investments held by the insurance industry. Similarly, public sector insurers continue to contribute a major share of 77 percent in total investments though investments.

9.8 Recent Initiatives

- Increased Foreign Participation: Post enactment of the Insurance Laws (Amendment) Act, 2015., Rs.30,665 crores of foreign investment has been received in the insurance sector (as of 31/03/2019).
- Promoting Reinsurance Business in India: The Insurance Laws (Amendment) Act, 2015 enabled foreign reinsurers to set up branches in India and also enabled Lloyds and its members to operate in India through setting up of branches for the purpose of reinsurance business or as investors in an Indian Insurance Company within the 49% cap. Accordingly, Eleven foreign reinsurers (including Lloyd's) have been granted license to open their branch offices in India.
- Redressal of Public Grievances: In exercise of the powers conferred by section 24 of the Insurance Regulatory and Development Authority Act, 1999(41 of 1999) and in supersession of the Redressal of Public Grievances Rules, 1998 the Central Government has notified Insurance Ombudsman Rules, 2017 on 27.04.2017. The objects of these Rules is to resolve all complaints of all personal lines of insurance, group insurance policies, policies issued to sole proprietorship and micro enterprises on the part of Insurance companies and their agents and intermediaries in a cost effective and impartial manner.
- Listing of Public Sector General Insurance Companies: To promote the objective of achieving higher levels of transparency and accountability, Government has approved listing of the five Government owned General Insurance Companies on the stock exchanges, namely; The New India Assurance Company Ltd., United India Insurance Company Ltd., Oriental Insurance Company Ltd., National Insurance Company Ltd. and General Insurance Corporation of India. Out of these five General Insurance companies, General Insurance Corporation of India and the New India Assurance Company Ltd. have been successfully listed on the stock exchanges.
- Merger of Public Sector General Insurance Companies: Hon'ble Finance Minister in his Budget Speech 2018-19 announced that three public sector general insurance companies, National Insurance Company Ltd., United India Insurance Company Limited and Oriental Insurance Company Limited will be merged into a single insurance entity and will be subsequently listed. (Para 124).Such a Merger would help them gain scale and efficiency in view of the solvency requirements, underwriting losses and capital intensive nature of the general insurance business.

10 Pension Sector

10.1 National Pension System (NPS)

With a view to providing adequate retirement income on cost effective basis, the National Pension System (NPS) was introduced by the Government of India. It was 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. NPS has been designed giving utmost importance to the welfare of the subscribers. The design features of NPS are self-sustainability, scalability, maximising outreach and a low-cost yet efficient pension system based on sound regulation. NPS offers two types of accounts, namely Tier-I and Tier-II. Tier-I account is the Pension account. Tier-II is a voluntary withdrawable account which is allowed only when there is an active Tier-I account in the name of the subscriber. Presently, a Government employee under NPS has to mandatorily contribute 10% of pay and Dearness Allowance (DA) and

14% of pay and DA is contributed by the Government to the employee's Tier-I account.

Initiative of 2018-19

- Enhancement of Government contribution from 10% to 14%.
- Providing options to Government employees for choice of Investment Pattern and Pension Fund.
- Compensation for delayed/non-deposit of NPS contributions during 2004-2012.

There are a number of benefits available to the employees under NPS. Some of the benefits are listed below:

i. **NPS is a well designed pension system** managed through an unbundled architecture involving intermediaries appointed by the Pension Fund Regulatory and Development Authority (PFRDA) viz. pension funds, custodian, Central Recordkeeping and Accounting agency (CRA), National Pension System Trust, trustee bank, points of presence and Annuity service providers. It is prudently regulated by PFRDA which is a statutory regulatory body established to promote old age income security and protect the interests of NPS subscribers.

ii. **Dual benefit of Low Cost and Power of Compounding**- The pension wealth which accumulates over a period of time till retirement grows with a compounding effect. The all-in-costs of the institutional architecture of NPS are among the lowest in the world.

iii. **Tax Benefits presently available** under NPS :

(a) Tier I: To ensure parity of tax treatment between NPS and various retirement products such as General Provident Fund (GPF), Contributory Provident Fund (CPF), Employees Provident Fund (EPF) and Public Provident Fund (PPF), the limit of tax exemption under section 10(12A) of the Income Tax Act in respect of the amount withdrawn as lump sum to the extent of 40% of the total accumulated balance has been enhanced to up to 60% of the total accumulated balance at the closure of account. **With this, the entire withdrawal will now be exempt from income tax.** Before this, 40% of the total accumulated corpus utilized for purchase of annuity was already tax exempted. Out of 60% of the accumulated corpus withdrawn by the NPS subscriber at the time of retirement, 40% was tax exempt and balance 20% was taxable

(b) Tier II: Contribution by the Government employees under Tier-II of NPS will now be covered under Section 80 C of the Income Tax Act, 1961, for deduction up to Rs. 1.50 lakh for the purpose of income tax at par with the other schemes such as GPF, CPF, EPF, and PPF provided that there is a lock-in period of 3 years.

(c) Interim/ Partial Withdrawal from NPS Tier I up to 25% of the contributions made by NPS subscriber is tax free.

(d) Amount utilized for purchase of annuity: Minimum 40% of the amount is to be mandatorily utilized for purchasing an annuity from the Annuity Service Provider registered and regulated by the Insurance Regulatory and Development Authority and empanelled by PFRDA. Amount utilized for purchase of annuity is not taxable. Further, amount utilised for purchase of annuity is exempted from GST.

iv. **Freedom of choice for selection of Pension Funds and pattern of investment** to government employees as under:

(a) Choice of Pension Fund: As in the case of subscribers in the private sector, the Government subscribers are also allowed to choose any one of the pension funds including Private sector pension funds. They could change their option once in a year. However, the current provision of combination of the Public-Sector Pension Funds will be available as the default option for both existing as well as new Government subscribers.

(b) Choice of Investment pattern: The following options for investment choices are offered to Government employees: -

- ➢ Government employees who prefer a fixed return with minimum amount of risk have an option to invest 100% of the funds in Government securities (Scheme G).
- ➢ Government employees who prefer higher returns have the options of the following two Life Cycle based schemes.
  - Conservative Life Cycle Fund with maximum exposure to equity capped at 25% at the age of 35 years and tapering off thereafter (LC-25).
  - Moderate Life Cycle Fund with maximum exposure to equity capped at 50% at the age of 35 years and tapering off thereafter (LC-50).

The existing scheme in which funds are allocated by the PFRDA among the three Public Sector Undertaking fund managers based on their past performance in accordance with the guidelines of PFRDA for Government employees will continue as the default scheme for both existing and new subscribers.

v. **Partial withdrawal**- Subscribers can withdraw up to 25% of their own contributions at any time before exit from NPS Tier I for a maximum of three times during the entire tenure of subscription under NPS for certain specified purposes such as marriage of children, purchase of house, medical treatment etc. The requirement of minimum period under NPS for availing the facility of partial withdrawal from the mandatory Tier-I account of the subscriber has been reduced from 10 years to 3 years from the date of joining w.e.f. 10th August, 2017. The minimum gap of 5 years between two partial withdrawals has also been removed w.e.f. 10th August, 2017.

vi. **eNPS -** PFRDA introduced eNPS online portal on 07.12.2015 whereby the Permanent Account Number (PAN) and savings bank account of new subscribers to NPS who are already customers of the banks are accepted as KYC with active participation of the banks acting as POPs for opening of accounts under NPS.

- Opening of account online using PAN and net banking of the selected bank- In this case KYC verification is done by the Bank.
- Opening of account online using Aadhaar No. issued by Unique Identification Authority of India (UIDAI)- In this case authentication is done through one time password (OTP) received on the registered mobile of the subscriber from UIDAI.

vii. The status of NPS as on 31st March, 2019 is as under:

Sector	No. of subscribers (in lakhs)	Assets Under Management (Rs. in crore)
Central Government	19.85	1,09,009.55
State Government	43.21	1,58,491.37
Corporate	8.03	30,874.79
All Citizen Model	9.30	9,568.50
NPS Lite	43.63	3,409.23
Total	**124.02**	**3,11,353.44**

10.2 Right to Information Act, 2005

There is a dedicated cell in PFRDA to implement the Right to Information Act, 2005 (RTI Act). This Cell processes the applications received under the Right to Information Act, 2005 and works under Central Public Information Officer (CPIO). As required under the RTI Act, PFRDA has designated an officer as the Appellate Authority (AA) with whom the appeals can be filed against an order of the CPIO.

As per RTI Act, any citizen can seek information under RTI by making an appropriate application in writing along with the prescribed fees to the Central Public Information Officer, Pension Fund Regulatory and Development Authority, First Floor, Chhatrapati Shivaji Bhawan, B-14/A, Qutab Institutional Area, New Delhi 110016 and/or can also file an RTI under RTI Act, 2005 on Online Portal available at www.pfrda.org.in.

During the year 2018-19, 686 RTI Applications and 59 First Appeals were received till 31st March, 2019 *inter-alia* regarding contribution under National Pension System (NPS), opening of individual pension account, transfer, withdrawal & exit under NPS, APY scheme etc. All the applications and appeals were replied/disposed of within the stipulated time as prescribed under RTI Act, 2005.

Section 4 of the RTI Act casts an obligation on every public authority to make certain suo-moto disclosures on its website. PFRDA has also made such suo-moto disclosures on its website. The focus of the disclosure is to improve the level of transparency in the working and functioning of PFRDA. In this regard, information regarding various functions, powers and duties of PFRDA & its officers etc. has been provided on PFRDA's website. Further, the PFRDA Act, rules and regulations made there under, circulars and manuals issued by PFRDA are also available on the website.

10.3 Initiative undertaken for Disabled/ Handicapped and SC/ST & other weaker section of the society

To implement Government instructions on welfare of SC/ST/PWD employees, a cell has been set up in PFRDA. A General Manager grade officer has been nominated as Liaison Officer for SCs/STs/PWDs. Also, a separate cell for welfare of OBCs has been set up in PFRDA. A Deputy General Manager grade officer has been nominated as Liaison Officer for OBCs.

10.4 Initiatives relating to Gender Budgeting and Empowerment of Women

A Committee for prevention of Sexual Harassment at workplace is in place for receiving complaints, holding enquiry etc. in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and meets on quarterly basis.

11. Legislative

11.1 The Negotiable Instruments (Amendment) Act, 2018

With a view to address the issue of undue delay in final resolution of cheque dishonour cases so as to provide relief to payees of dishonoured cheques and to discourage frivolous and unnecessary litigation which would save time and money, the Negotiable Instruments (Amendment) Act, 2018 (20 of 2018) has been enacted. The Negotiable Instruments (Amendment) Act, 2018, *inter alia*, provides for the following, namely insertion of a new Section 143A in the Negotiable Instruments Act, 1881 giving Courts trying an offence under section 138, the power to direct the drawer of the cheque to pay interim compensation to the complainant, not exceeding 20% of the amount of the cheque, and insertion of a new Section 148 in the Negotiable Instruments Act, 1881, giving Appellate Courts the power to order the appellant to deposit a minimum of 20% of the fine or compensation awarded by the Trial Court. The Amendment Act has come into force with effect from 01.09.2018.

11.2 The Banning of Unregulated Deposit Schemes Ordinance, 2019

The Banning of Unregulated Deposit Schemes Ordinance, 2019 has been promulgated on 21.02.2019. It is based on the Banning of Unregulated Deposit Schemes Bill, 2019, which was passed by the Lok Sabha after detailed examination by the Standing Committee on Finance (SCF). The provisions of the Ordinance have come into force with effect from 21.02.2019. The Ordinance contains comprehensive provisions to tackle illicit deposit taking activities in the country and to protect the interests of depositors through (a) complete prohibition of unregulated deposit taking activity; (b) deterrent punishment for promoting or operating an unregulated deposit taking scheme; (c) stringent punishment for fraudulent default in repayment to depositors; (d) designation of a Competent Authority by the State Government to ensure repayment of deposits in the event of default by a deposit taking establishment; (e) powers and functions of the competent authority including the power to attach assets of a defaulting establishment; (f) Designation of Courts to oversee repayment of depositors and to try offences under the Ordinance; and (g) listing of Regulated Deposit Schemes in the Ordinance, with a clause enabling the Central Government to expand or prune the list.

11.3 The Chit Funds (Amendment) Bill, 2018

The Chit Funds (Amendment) Bill, 2018 was introduced in Parliament after extensive stakeholder consultation by the Department of Financial Services (DFS), with the two-fold objective of reducing the regulatory or compliance burden of the Chit Funds Industry on the one hand, and also protecting the interest of the subscribers on the other hand. It has already been examined by the Standing Committee on Finance (SCF), and the SCF had given its recommendations on the same.

12. Miscellaneous

12.1 Debts Recovery Tribunal

(a) As per data made available by DRTs, a total number of 36,623 cases (Original Applications) involving Rs. 1,72,400 crores approximately were disposed off by 39 DRTs during the period 01.04.2018 to 31.3.2019.

(b) **e-DRT Project-** The e- DRT project is being implemented through the National Informatics Center Services Inc. (NICSI) in all the Debts Recovery Appellate Tribunals (DRATs) and Debts Recovery Tribunals (DRTs) across the country for the Department of Financial Services, Ministry of Finance. The case information system has been enabled in all DRTs and DRATs of the country, with workflow automation. This will bring transparency and increase the efficiency of DRTs.

(c) Recruitment Rules (RRs) for Unified Cadre of Staff working in Debts Recovery Tribunal (DRTs) and Debts Recovery Appellate Tribunal (DRATs) published vide e-Gazette Notification dated 08.06.2018.

(d) Window Sale Notice under SARFAESI Act, for auction of movable and immovable secured assets has been notified vide Gazatte notification dated 17.10.2018 to bring uniformity in advertisement formats and to reduce expenses, with emphasis on giving full details of saleable property on the bank's website.

12.2 Representation of SCs, STs, OBCs and PWDs.

The Representation of SCs/STs/OBCs and Persons with Disabilities (PWDs) in Public Sector Banks/ Financial Institutions/Insurance Companies/PFRDA/ IRDA/RBI is at ***Annexure I & II*** respectively.

12.3 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.

To ensure that individual grievances are resolved within a maximum time limit of 60 days and the petitioners are informed of the action taken, the following instructions have been issued to PSBs and Insurance Companies.

i. All PSBs/FIs/PSICs were requested vide DO No. 10.1/2016-BO.III dated 08.02.2017 to ensure that complainants are informed about the incomplete details in the application by sending a reply to the complainant and a copy of the reply be uploaded on CPGRAMS.

ii. As per directions of DARPG, necessary instructions were issued to PSBs/FIs/PSICs vide DO No. 10/1/2016-BO.III dated 09.03.2017 that public grievances are required to be resolved within 1-2 months from the date of its initiation.

iii. Grievance Redressal Mechanism and contact details of Nodal Officers of all PSBs updated on DFS website.

iv. All PSBs/IRDA/PFRDA/RBI/PSICs were requested vide DO No. 11/3/2015-BO.III dated 08.09.2017 to ensure prompt resolution of all pending grievances including those referred by DPG and strengthen their grievance redressal mechanism and carry out regular monitoring/ review at senior level.

In the Department of Financial Services, 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.

Grievances are monitored regularly and followed by periodical reminders through emails and video conferencing to the concerned Nodal Public Grievance Officers in Banks and Insurance Companies and concerned Sections in the Department.

The Reserve Bank of India (RBI) has set up 20 Banking Ombudsmen across the country under Banking Ombudsmen Scheme 2006 and also set up 21 Ombudsman for Digital Transactions. 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 01.01.2018 to 31.12.2018 in respect of banking and insurance sectors are as follows:

Sector	Brought Forward	Received	Disposed	Pending as on 31.12.2018	% Disposal as on 31.12.2018	Less than 60 days old	More than 60 days old
Banking	5707	101388	98819	8276	92.27%	6835	1441
Insurance	549	11350	11188	711	94.02%	666	45
Total	**6256**	**112738**	**110007**	**8987**	**92.45%**	**7501**	**1486**

The present status of public grievances for the period 01/01/2018 to 31/12/2018 relating to social security. Schemes launched by the Government is as under:

Name of the scheme	Total Grievance	Grievance disposed	Grievance pending	% of disposal
Atal Pension Yojana	256	242	14	94.53
Pradhan Mantri Jan Dhan Yojana	323	283	40	87.62
Pradhan Mantri Mudra Yojana	4822	4500	322	93.22
Pradhan Mantri Suraksha Bima Yojana	442	411	31	92.99
Pradhan Mantri Jeevan Jyoti Bima Yojana	411	384	27	93.43

The present status of public grievances received from PMO for the period 01.01.2018 to 31.12.2018 is as under:

Name of the Sector	Total Grievances	Grievances Disposed	Grievances pending	% of disposal
Banking	51519	46294	5225	89.86
Insurance	5537	5242	295	94.67

12.4 Vigilance

12.4.1 Organisations under Vigilance Section

(a). 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 49 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 of for the last five years are given below:

Year	Filed	Disposed
2014	149	217
2015	165	167
2016	141	140
2017	88	140
2018	115	112

Further, The Special Court has stated that the total no. of Pending Matters as on 31.12.2018 were 132 which include **Suits – 11 and Special Cases (Criminal) – 2.**

(b). Office of the Custodian

To assist 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 IFU.

Since inception a total of 13,299 cases were filed in the Special Court, which were defended/contested by the Custodian and 13,167 cases have been disposed of by the Special Court, leaving a balance of 132 cases as on 31st March, 2019. Similarly a total of 491 appeals were filed in the Supreme Court, of which 456 cases have been disposed of, leaving 35 cases pending. As on 31st March, 2019, while the outstanding liabilities of notified parties totalled to Rs.39,491 crore, the assets were only to the tune of Rs.3,791 crore. Till 31st March 2019, Rs.9,119 crore has been recovered by the Custodian, out of which, Rs.6,339 crore has been distributed to Income Tax Department, Banks etc. and Rs. 712 crore is available in cash, the rest are mainly in shares and properties.

Out of a total of 23.25 crore attached shares, 16.44 crore shares have been sold and a sum of Rs.3,338.19 crore realized. Of the remaining 6.81 crore shares with current value of Rs.1,885 crore, 5.28 crore are traded shares and 1.53 crore are untraded shares. A total of 185 immovable properties of notified parties had been attached by the Custodian, out of which, 149 have been disposed, to realize a value of Rs. 173 crore. Rs. 6.49 crore has been realized by sale of jewellery items through Customs department / SBI. Cash balance in the attached accounts and fixed deposits of notified parties as on 31st March, 2019 is Rs. 712 crores.

12.4.2. 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 of PSBs/PSICs/FIs is undertaken in this Department at appropriate intervals.

b). During the period of 01.01.2018 to 31.03.2019 a total no. of 13 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.

The Vigilance Awareness Week was observed from 29.10.2018 to 03.11.2018. A pledge was administered by the Secretary (Financial Services) on 29.10.2018 to the officers of the Department.

12.5 Audit Paras

A Summary of Audit observations made available by the Office of C&AG pertaining to DFS is at ***Annexure III***.

Annexure-I

Group-wise Representation - SCs, STs and OBCs up to 31.12.2018

(Data Source - Public Sector Banks/Public Financial Institutions/Public Sector Insurance Companies/RBI/PFRDA/IRDA)

Sl. No	Group	Number of Employees (as on 31.12.2017)				Number of appointments/promotions made during the calendar year 2018 (i.e. 01.01.2018 to 31.12.2018)											
						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	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
1	Group-A	461714	83091	35846	87593	11299	1690	795	3359	5754	741	328	650	25556	4552	1814	3739
2	Group-B	26930	3957	1685	3827	5	0	1	1	0	0	0	0	14	1	1	0
3	Group-C	384683	70089	29344	79959	18697	3586	1586	4795	1118	248	73	55	4909	1113	393	522
4	Group-D (Excluding Safai Karam -charies)	115183	33672	7949	24210	1767	345	132	580	231	102	13	30	795	195	121	284
5	Group-D (Safai Karam - charies)	37401	17854	2807	8792	864	264	91	198	41	23	3	8	10	7	1	1
	Total	**1025911**	**208663**	**77631**	**204381**	**32632**	**5885**	**2605**	**8933**	**7144**	**1114**	**417**	**743**	**31284**	**5868**	**2330**	**4546**

Department of Financial Services

Annexure-II

Group-wise Representation of Persons with Disabilities upto 31.12.2018

(Data Source - Public Sector Banks/Public Financial Institutions/Public Sector Insurance Companies/RBI/PFRDA/IRDA)

Sl. No.	Group	Number of Employees (as on 31.12.2017)					Number of appointments/promotions made during the calender year 2018 (i.e. 01.01.2018 to 31.12.2018)															
							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	ID	VH	HH	OH	ID	VH	HH	OH	ID	VH	HH	OH	ID	VH	HH	OH	ID
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
1	Group-A	461714	1999	720	6273	0	244	173	190	24	211	56	186	3	20	210	29	0	79	24	231	0
2	Group-B	26930	3	0	41	0	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0
3	Group-C	384683	2158	1188	5390	0	771	312	253	14	251	70	214	1	129	20	181	0	18	15	65	0
4	Group-D (Excluding Safai Karam - charies)	115183	176	224	1179	0	30	27	12	0	12	9	41	0	1	1	2	0	0	2	8	0
5	Group-D (Safai Karam - charies)	37401	83	116	425	0	59	13	7	0	1	5	24	0	0	0	0	0	0	0	0	0
	Total	**1025911**	**4419**	**2248**	**13308**	**0**	**1105**	**525**	**463**	**38**	**475**	**140**	**465**	**4**	**150**	**231**	**212**	**0**	**97**	**41**	**304**	**0**

Note:

(i) VH stands for Visually Handicapped (persons suffering from blindness or law vision)

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

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

(iv) ID stands for Intellectual Disability

Annexure III

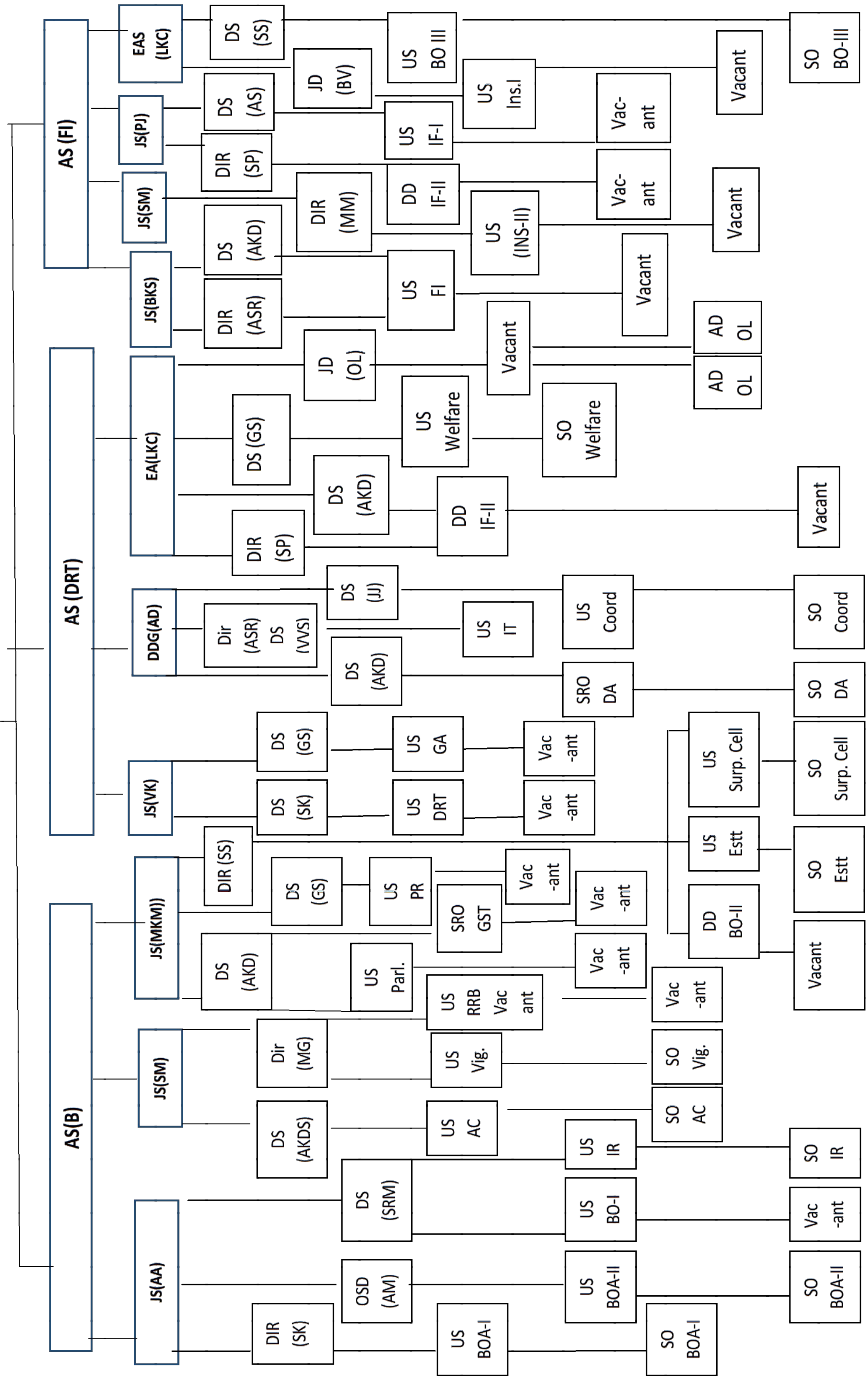
Sl.No.	Year	No. of Paras /PA reports on which ATNs have been submitted to PAC after vetting by Audit	Details of the Para/PA reports on which ATNs are pending		
			No. of ATNs not sent by the Ministry even for the first time	No. of ATNs sent but returned with observations and Audit is awaiting their resubmission by the Ministry	No. of ATNs which have been finally vetted by Audit but have not been submitted by the Ministry to PAC
1.	2018-19	-	18	Nil	Nil

- 5 paras relate to Report No. 11 of 2018 (Compliance Audit Observations) and 11 paras relate to Report No.18 of 2018 (Compliance Audit) laid on the table of the Parliament on 07.08.2018.
- 7 paras relate to 125th Report of 16th Lok Sabha of PAC (2018-19) laid on the table of the Parliament on 19.12.2018.

Sl.No.	Year	No. of Paras/PA reports on which ATNs have been submitted to PAC after vetting by Audit	Details of the Para/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.	2011-12	3	Nil	Nil	Nil
2..	2013-14	5	Nil	3	Nil
3.	2014-15	3	Nil	1	Nil
4.	2015-16	7	Nil	1	Nil
5.	2016-17	2	5	2	Nil
6.	2017-18	2	Nil	1	9

Organisational Chart of Department of Financial Services

AS ON 31.03.2019



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