सत्यमेव जयते

GOVERNMENT OF INDIA

OUTCOME BUDGET
2006-2007

MINISTRY OF FINANCE

NEW DELHI

"Outlays do not necessarily mean outcomes.
The people of the country are concerned with outcomes…."

(Budget speech 2005-2006 of P.Chidambaram, Minister of Finance- Para 100)

PREFACE

With a view to enhancing the efficiency of delivery mechanisms, Budget 2005-06 introduced a methodology to measure the development outcomes of all major programmes and the 'Outcome Budget 2005-06" was presented to the Parliament on August 25, 2005. Outcome Budget 2005-06 was a consolidated document reflecting the Plan expenditure of all Ministries/Departments for the year 2005-06. Outcome Budget 2006-07 introduces a further refinement bringing some items of expenditure into focus where certain deliverable outputs are envisaged.

For the year 2006-07, it was decided that individual Ministries/Departments would present their own Outcome Budgets and in pursuance of this decision, the Ministry of Finance is presenting its first separate 'Outcome Budget 2006-2007' covering all Plan schemes of the Ministry and selected non-Plan schemes where outlays can be related to functional objectives, to ascertain the use of resources, the ends for which they are used and the expected results.

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CHAPTER I

INTRODUCTION

1. OVERVIEW :

1.1 Role and Mandate:

The Government's overall objective is to create a society in which each citizen can have a basic minimum quality of life and opportunity/freedom to realize his full potential. Ministry of Finance has a major role to play in this process as it is charged with the responsibility of obtaining approval of the Parliament for expenditure to be incurred by various Ministries/Departments (with some special arrangements in respect of the Ministry of Railways) and raising resources for financing the expenditure so approved. Concomitantly, accounting, internal controls, and aspects of public financial management governing receipts and expenditures in the Ministries/Departments; economic advice to the Government; monitoring and forecasting of fiscal parameters; taxation; borrowings; external aid; regulation of financial sector and capital markets are matters within its domain. The Ministry of Finance is also responsible for matters pertaining to State finances in so far as sharing of resources and deficit management is concerned.

1.2 Vision and Mission :

The Ministry of Finance is required to pursue, facilitate and coordinate all policies having a bearing on the finances of the Central Government and their impact on the economy with various stakeholders so as to achieve the overall objectives of the Government which encompasses widely spread economic growth while maintaining macro-economic stability and equity.

Ministry of Finance is also committed to fiscal consolidation as enshrined in Fiscal Responsibility and Budget Management Act, 2003 and the Fiscal Responsibility and Budget Management Rules, 2004. The preamble of the Fiscal Responsibility and Budget Management Act succinctly sums up the mission of the Ministry in the following extract :

> ***"….to ensure inter generational equity in fiscal management and long term macro economic stability by achieving sufficient revenue surplus, eliminating fiscal deficit and removing fiscal impediments in the effective conduct of monetary policy and prudential debt management consistent with fiscal sustainability through limits on the Central Government borrowings, debt and deficits, greater transparency in fiscal operations of the Central Government and conducting fiscal policy in a medium term framework"***

Ministry of Finance comprises four Departments namely, (i) Department of Economic Affairs, (ii) Department of Expenditure, (iii) Department of Revenue and (iv) Department of Disinvestment.

2. Department of Economic Affairs

2.1 Department of Economic Affairs is the nodal Department of the Union Government to formulate and monitor the country's economic policies and programmes having a bearing on internal and external aspect of economic management. One of the principal responsibilities of this Department is the preparation of the Union Budget every year (excluding the Railway Budget). Other main functions include: -

- Formulation of Economic Policies, monitoring and management of current economic trends including prices, credit fiscal and monetary policy and investment regulations.

- Supervise policies relating to Nationalized Banks, Life and General Insurance besides managing Government of India Mints, Currency Presses, Security Presses and Security Paper Mill.

- Raising of external resources through Official Development Assistance (multilateral and bilateral) and commercial borrowings abroad, foreign investment, husbanding of foreign exchange resources including balance of payment.

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

On the internal front, the cardinal role of Department of Economic Affairs relates mainly to formulation of ways and means to raise internal resources through taxation, market borrowings, regulation of money supply and mobilization of small savings.

2.2 Banking and Insurance Division :

2.2.1 Banking:

- Banking Division looks after the ownership issues relating to Public Sector Banks and administers Government policies having a bearing on the working of banks and the term lending Financial Institutions and operates through three sub-divisions (i) Banking Operations and Agriculture Credit (ii) Industrial Finance and (iii) Banking and Insurance.

- Main functions of Banking Division include : (i) Dealing with legislative proposals relating to banks, non-banking financial companies, chit fund companies and other related matters and processing of appointments of chief Executives and Government nominee Directors/non-official Directors on the Boards of Public Sector banks; (ii) Policy matters relating to private banks, foreign banks and non-banking financing companies, improvement of customers' service in banks and redressal of customers' grievances; (iii) Flow of credit to agriculture and rural sector; (iv) Appointment of Chief Vigilance Officers (CVOs) in the public sector banks and other related matters; (v) Legislative and administrative work relating to All India Financial Institutions, appointment of Chief Executives of Financial Institutions, appointment of Chairman and Members of Board for Industrial and Financial Reconstruction (BIFR), Appellate Authority for Industrial and Financial Reconstruction (AAIFR) and matters relating to industrial sickness and miscellaneous issues of coordination between industry, banks and financial institutions; (vi) establishment of Debts Recovery Tribunals (DRTs) and Debt Recovery Appellate Tribunals (DRATs); (vii) All policy matters relating to banks' credit linked self employment programmes implemented by Ministries/Departments of Central Government, operational and administrative matters of National Housing Bank (NHB) and coordination with the RBI on the above matters; (viii) Credit policy matters relating to village & cottage industries, handloom handicrafts, transport, education, small business, retail trade etc.; (ix) Matters relating to selective credit control, credit guarantee corporation and administration of the Regional Rural Banks Act, 1976, negotiation and implementation of wage settlement in banking industry, man-power housing, processing of proposals for appointment of workmen employee directors, implementation of reservation policy for Scheduled Castes/Scheduled Tribes and the other specified categories .

2.2.2 Insurance:

- The functions of the Division include formulation of policy for the orderly growth of the Insurance sector monitoring of the performance of the nationalised insurance companies, framing of rules and regulations in respect of service conditions of employees of nationalised insurance companies; framing of Rules in respect of terms and conditions of services of the Chairpersons and Members of Insurance Regulatory and Development Authority (IRDA) and appointment of the Members of IRDA, co-ordination of vigilance matters in the nationalised insurance industry; and appointment of Chief Executives and Directors on the Boards of nationalised insurance companies, framing of rules under IRDA Act, 1999 and appointment of Chairperson and members of the IRDA.

- The following acts are administered by this Division :

  i) Insurance Act, 1938;
  ii) Life Insurance Corporation Act, 1956;
  iii) General Insurance Business (Nationalisation) Act, 1972;
  iv) Insurance Regulatory and Development Authority (IRDA) Act, 1999 and other related Acts.

3. Department of Expenditure

3.1 The Department of Expenditure is the nodal Department for overseeing the public expenditure management system in the Central Government and matters connected with State finances. D/o Expenditure aimes to tighten financial discipline on the one hand while expediting financial decision making on the other.

3.2 Principal activities of the Department include pre-sanction appraisal of all major schemes/projects (both Plan and non-Plan expenditure); handling bulk of the Central budgetary resources transferred to States; implementing the recommendations of the Finance Commission; overseeing the expenditure management in the Central Ministries/Departments through the interface with the Financial Advisors, the Financial Rules, Regulations and orders and monitoring of Audit comments/observations; preparation of Central Government Accounts; managing the financial aspects of personnel management in the Central Government; assisting Central Ministries/Departments in controlling the costs & prices of public services and organizational re-engineering and reviewing systems and procedures to optimize outputs and outcomes of public expenditure. The Department also coordinates matters concerning the Ministry of Finance including Parliament-related work of the Ministry. The Department has under its administrative control the National Institute of Financial Management (NIFM), Faridabad.

3.3 The agenda for the Department is guided by the framework provided by the following :

- Thrust Areas set for Department of Expenditure by the Prime Minister, including 5-planks of institutional reforms, viz., Decentralisation, Simplification, Transparency, Accountability and e-governance.

- Initiatives on Expenditure Management as envisaged in the Fiscal Policy Strategy Statement (FPSS) prepared under the Fiscal Responsibility and Budget Management Act in Budget 2005-06.

- The recommendations of the 12th Finance Commission concerning fiscal reforms.

4. Department of Revenue

4.1 The Department of Revenue exercises controls in respect of matters relating to all the Direct and Indirect Taxes through two statutory Boards, namely, the Central Board of Direct Taxes (CBDT) and the Central Board of Customs and Central Excise (CBEC). A Chairman who is also ex-officio Special Secretary to the Government of India heads each Board. Matters relating to the levy and collection of all the Direct Taxes are looked after by CBDT, whereas those relating to levy and collection of customs and central excise duties and service tax fall within the purview of CBEC. The two Boards were constituted under the Central Board of Revenue Act, 1963. CBDT has six Members and CBEC has five Members. The Members are also ex-officio Additional Secretaries to the Government of India.

4.2 It is the continuous endeavour of the Department of Revenue to improve the tax to GDP ratio, expand the taxpayer base, increase tax compliance and make tax administration more efficient.

4.3 The Department of Revenue is mainly responsible for the following functions:-

- All matters relating to levy and collection of Direct Taxes.
- All matters relating to levy and collection of Indirect Taxes.
- Investigation into economic offences and enforcement of economic laws.
- Framing of policy for cultivation, export and fixation of price of Opium etc.
- Prevention and combating abuse of Narcotic drugs and psychotropic substances and illicit traffic therein.
- Enforcement of FEMA and recommendation of detention under COFEPOSA.
- Work relating to forfeiture of property under Smugglers and Foreign Exchange Manipulators (Forfeiture of Property)Act, 1976 and Narcotics Drugs and Psychotropic Substances Act, 1985.
- Levy of Taxes on sales in the course of inter-state trade or commerce.
- Matters relating to consolidation/reduction/exemption from payment of Stamp duty under Indian Stamp Act, 1899.
- Residual work of Gold Control.

4.4 The Department of Revenue administers the following Acts: -

- Income Tax Act, 1961;
- Wealth Tax Act, 1958;
- Expenditure Tax Act, 1987; *
- Benami Transactions (Prohibition) Act, 1988;
- Super Profits Act, 1963;*
- Companies (Profits) Sur-tax Act, 1964;*
- Compulsory Deposit (Income Tax Payers) Scheme Act, 1974;*
- Chapter VII of Finance (No.2) Act, 2004 (Relating to Levy of Securities Transactions Tax);
- Chapter VII of Finance Act 2005 (Relating to Banking Cash Transaction Tax);
- Chapter V of Finance Act, 1994 (Relating to Service Tax);
- Central Excise Act, 1944 and related matters;
- Customs Act, 1962 and related matters;
- Medicinal and Toilet Preparations (Excise Duties) Act, 1955;
- Central Sales Tax Act, 1956;
- Narcotic Drugs and Psychotropic Substances Act, 1985;
- Prevention of Illicit Traffic in Narcotic Drugs and Psychotropic Substances Act, 1988;
- Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976;
- Indian Stamp Act, 1899 (to the extent falling within jurisdiction of the Union);
- Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974;
- Foreign Exchange Management Act, 1999; and
- Prevention of Money Laundering Act, 2002.

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

4.5 The Department looks after the matters relating to the above-mentioned Acts through the following attached/subordinate offices:

a. Commissionerates/Directorates under Central Board of Excise and Customs;

b. Commissionerates/Directorates under Central Board of Direct Taxes;

c. Central Economic Intelligence Bureau;

d. Directorate of Enforcement;

e. Central Bureau of Narcotics;

f. Chief Controller of Factories;

g. Appellate Tribunal for Forfeited Property;

h. Income Tax Settlement Commission;

i. Customs and Central Excise Settlement Commission;

j. Customs, Excise and Service Tax Appellate Tribunal;

k. Authority for Advance Rulings for Income Tax;

l. Authority for Advance Rulings for Customs and Central Excise;

m. National Committee for Promotion of Social and Economic Welfare; and

n. Competent Authorities appointed under Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976 & Narcotic Drugs and Psychotropic Substances Act, 1985; and

o. Financial Intelligence Unit, India (FIU-IND).

5 Department of Disinvestment

5.1 The Ministry of Disinvestment was converted into a Department under the Ministry of Finance with effect from 27th May 2004 and has been assigned all the work relating to disinvestment. In January 2006, the Department of Disinvestment has also been assigned the work relating to framing and implementation of the policy in regard to utilization of the proceeds of disinvestment channelised into the National Investment Fund.

5.2 The National Common Minimum Programme adopted by the Government outlines the policy of the Government with respect to the Public Sector, including disinvestment of Government's equity in Central Public Sector Enterprises (CPSEs). At present, the emphasis is to list, large, profitable CPSEs on domestic stock exchanges and to selectively sell small portions of equity in listed, profitable CPSEs (other than the navratnas).

5.3 The Government has constituted a "National Investment Fund" (NIF) into which the proceeds from disinvestment of CPSEs would be channelised. The NIF would be maintained outside the Consolidated Fund of India and would be professionally managed by the selected Public Sector Mutual Funds to provide sustainable returns without depleting the corpus. 75% of the annual income of NIF will be used to finance selected social sector schemes, which promote education, health and employment. The residual 25% of the annual income of NIF will be used to meet the capital investment requirements of profitable and revivable CPSEs that yield adequate returns, in order to enlarge their capital base to finance expansion/diversification.

CHAPTER II

CONVERTING OUTLAYS INTO OUTCOMES

The Demands for Grants of the Ministry of Finance consists of **'fourteen'** Demands as under:-

1. Demand No.31-Department of Economic Affairs
2. Demand No.32- Currency Coinage and Stamps
3. Demand No.33- Payments to Financial Institutions
4. Demand No.34 -Appropriation-Interest Payments *
5. Demand No.35- Transfers to States and Union Territory Governments *
6. Demand No.36- Loans to Government Servants etc. *
7. Demand No.37- Appropriation- Repayment of Debt *
8. Demand No.38- Department of Expenditure
9. Demand No.39- Pensions *
10. Demand No.40- Indian Audit and Accounts Department *
11. Demand No.41- Department of Revenue
12. Demand No.42-Direct Taxes
13. Demand No.43- Indirect Taxes
14. Demand No.44- Department of Disinvestment.

*Out of these, Demands No 34,35,36,37,39 & 40 have been exempted from the purview of outcome budgeting.

2. Overview of the Demands

DETAILED DEMANDS OF MINISTRY OF FINANCE -AT A GLANCE

Rs. in Crore

	Actuals 2004-2005		Budget Estimate 2005-2006		Revised Estimate 2005-2006		Budget Estimate 2006-2007		
	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Total
Grand Total (Revenue &Capital)	**47682.87**	**731286.02**	**29453.26**	**793240.07**	**31280.18**	**1215863.30**	**31524.63**	**1306515.93**	**1338040.56**
DEMAND NO. 31 DEPARTMENT OF ECONOMIC AFFAIRS									
Total-Revenue Section	803.94	1178.68	1526.62	1776.91	1423.62	1268.48	1425.72	1462.10	2887.82
Charged	...	...	...	...	...	...	...	...	...
Voted	803.94	1178.68	1526.62	1776.91	1423.62	1268.48	1425.72	1462.1	2887.82
Total-Capital Section	...	264.16	1400.00	705.00	49.19	1323.20	500.00	158.01	658.01
Charged	...	...	...	...	...	...	...	...	...
Voted	...	264.16	1400.00	705.00	49.19	1323.20	500.00	158.01	658.01
TOTAL (REVENUE & CAPITAL)	**803.94**	**1442.84**	**2926.62**	**2481.91**	**1472.81**	**2591.68**	**1925.72**	**1620.11**	**3545.83**
Charged	...	...	...	...	...	...	...	...	...
Voted	803.94	1442.84	2926.62	2481.91	1472.81	2591.68	1925.72	1620.11	3545.83
DEMAND NO. 32, CURRENCY, COINAGE & STAMPS									
Total-Revenue Section	...	862.49	...	1121.44	...	1121.86	...	0.92	0.92
Charged	...	*0.01*	...	*0.55*	...	*10.37*	...	...	...
Voted	...	862.47	...	1120.89	...	1111.49	...	0.92	0.92
Total-Capital Section	...	248.41	...	304.44	...	69.89	...	0.08	0.08
Charged	...	...	...	...	...	...	...	...	...
Voted	...	248.41	...	304.44	…	69.89	…	0.08	0.08
TOTAL (REVENUE & CAPITAL)	**...**	**1110.89**	**...**	**1425.88**	**...**	**1191.75**	**...**	**1.00**	**1.00**
Charged	...	*0.012*	...	*0.55*	...	*10.37*	...	…	…
Voted	...	1110.88	...	1425.33	...	1181.38	...	1.00	1.00

Rs. in Crore

	Actuals 2004-2005		Budget Estimate 2005-2006		Revised Estimate 2005-2006		Budget Estimate 2006-2007		
	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Total
DEMAND NO. 33 PAYMENTS TO FINANCIAL INSTITUTIONS									
Total-Revenue Section	21.18	2070.16	25.81	3076.66	30.50	5081.46	36.00	4133.43	4169.43
Charged	...	...	...	...	...	...	...	...	...
Voted	21.18	2070.16	25.81	3076.66	30.50	5081.46	36.00	4133.43	4169.43
Total-Capital Section	...	9710.07	...	988.03	...	1290.47	...	232.80	232.80
Charged	...	...	...	...	...	...	...	...	...
Voted	...	9710.07	...	988.03	...	1290.47	...	232.80	232.80
TOTAL (REVENUE & CAPITAL)	**21.18**	**11780.23**	**25.81**	**4064.69**	**30.50**	**6371.93**	**36.00**	**4366.23**	**4402.23**
Charged	…	…	...	...	...	...	...	...	...
Voted	21.18	11780.23	25.81	4064.69	30.50	6371.93	36.00	4366.23	4402.23
DEMAND NO. 34 APPROPRIATION - INTEREST PAYMENTS									
Total-Revenue Section	...	130958.22	...	137444.86	...	138031.86	...	145822.60	145822.60
Charged	...	*130958.22*	...	*137444.86*	...	*138031.86*	...	*145822.60*	*145822.60*
Voted	...	...							
Total-Capital Section	...	...	...	...	...	...	...	...	...
Charged	...	...	...	...	...	...	...	...	...
Voted	...	...	...	...	...	...	...	...	...
TOTAL (REVENUE & CAPITAL)	**...**	**130958.22**	**...**	**137444.86**	**...**	**138031.86**	**...**	**145822.60**	**145822.60**
Charged	...	*130958.22*	...	*137444.86*	...	*138031.86*	...	*145822.60*	*145822.60*
Voted	...	...	...	...	...	...	...	...	...

Rs. in Crore

	Actuals	2004-2005	Budget Estimate 2005-2006		Revised Estimate 2005-2006		Budget Estimate 2006-2007		
	Plan	**Non-Plan**	**Plan**	**Non-Plan**	**Plan**	**Non-Plan**	**Plan**	**Non-Plan**	**Total**
DEMAND NO. 35 TRANSFERS TO STATE AND UNION TERRITORY GOVERNMENTS									
Total-Revenue Section	25022.09	17824.99	26500.33	29419.41	25102.41	31460.66	25562.28	32769.01	58331.29
Charged	...	*12081.23*	...	*25874.41*	...	*25133.91*	...	*29406.50*	*29406.50*
Voted	25022.09	5743.75	26500.33	3545.00	25102.41	6326.75	25562.28	3362.51	28924.79
Total-Capital Section	21835.57	2205.00	...	1000.00	4674.00	1000.00	4000.00	1000.00	5000.00
Charged	*21835.57*	*2205.00*	...	*1000.00*	*4674.00*	*1000.00*	*4000.00*	*1000.00*	*5000.00*
Voted	...	...	...	...	...	...	...	...	...
TOTAL (REVENUE & CAPITAL)	**46857.65**	**20029.99**	**26500.33**	**30419.41**	**29776.41**	**32460.66**	**29562.28**	**33769.01**	**63331.29**
Charged	*21835.57*	*14286.23*	...	*26874.41*	*4674.00*	*26133.91*	*4000.00*	*30406.50*	*34406.50*
Voted	25022.09	5743.75	26500.33	3545.00	25102.41	6326.75	25562.28	3362.51	28924.79
DEMAND NO. 36 LOANS TO GOVERNMENT SERVANTS ETC.									
Total-Revenue Section	...	...	...	...	...	...	...	...	...
Charged	...	...	...	...	...	...	...	...	...
Voted	...	...	...	...	...	...	...	...	...
Total-Capital Section	...	399.15	...	475.00	...	436.00	...	450.00	450.00
Charged	...	...	...	...	...	...	...	...	...
Voted	...	399.15	...	475.00	...	436.00	...	450.00	450.00
TOTAL (REVENUE & CAPITAL)	**...**	**399.15**	**...**	**475.00**	**...**	**436.00**	**...**	**450.00**	**450.00**
Charged	...	...	...	...	...	...	...	...	...
Voted	...	399.15	...	475.00	...	436.00	...	450.00	450.00

Rs. in Crore

	Actuals	2004-2005	Budget Estimate 2005-2006		Revised Estimate 2005-2006		Budget Estimate 2006-2007		
	Plan	**Non-Plan**	**Plan**	**Non-Plan**	**Plan**	**Non-Plan**	**Plan**	**Non-Plan**	**Total**
APPROPRIATION NO. 37 REPAYMENT OF DEBT									
Total-Revenue Section	...	...	...	...	...	...	...	...	...
Charged	...	...	...	...	...	...	...	...	...
Voted	...	...	...	...	...	...	...	...	...
Total-Capital Section	...	556268.78	...	601477.12	...	1021680.84	...	1098307.66	1098307.66
Charged	...	*556268.78*	...	*601477.12*	...	*1021680.84*	...	*1098307.66*	*1098307.70*
Voted	...	...	...	...	...	...	...	...	...
TOTAL (REVENUE & CAPITAL)	**...**	**556268.78**	**...**	**601477.12**	**...**	**1021680.84**	**...**	**1098307.66**	**1098307.66**
Charged	...	*556268.78*	...	*6014.7.12*	...	*1021680.84*	...	*1098307.66*	*1098307.70*
Voted	...	...	...	...	...	...	...	...	...
DEMAND NO. 38 DEPARTMENT OF EXPENDITURE									
Total-Revenue Section	0.10	25.14	0.50	27.32	0.46	27.19	0.63	28.82	29.45
Charged	...	...	...	...	...	...	...	...	...
Voted	0.10	25.14	0.50	27.32	0.46	27.19	0.63	28.82	29.45
Total-Capital Section	...	...	...	...	...	...	...	...	...
Charged	...	...	...	...	...	...	...	...	...
Voted	...	...	...	...	...	...	...	...	...
TOTAL (REVENUE & CAPITAL)	**0.10**	**25.14**	**0.50**	**27.32**	**0.46**	**27.19**	**0.63**	**28.82**	**29.45**
Charged	...	...	...	...	...	...	...	...	...
Voted	0.10	25.14	0.50	27.32	0.46	27.19	0.63	28.82	29.45

Rs. in Crore

	Actuals 2004-2005		Budget Estimate 2005-2006		Revised Estimate 2005-2006		Budget Estimate 2006-2007		
	Plan	**Non-Plan**	**Plan**	**Non-Plan**	**Plan**	**Non-Plan**	**Plan**	**Non-Plan**	**Total**
DEMAND NO.39 PENSIONS									
Total-Revenue Section	...	5241.41	...	5925.00	...	6312.00	...	6823.10	6823.10
Charged	...	*17.72*	...	*17.83*	...	*22.52*	...	*23.44*	*23.44*
Voted	...	5223.68	...	5907.17	...	6289.48	...	6799.66	6799.66
Total-Capital Section	...	...	...	...	...	...	...	...	...
Charged	...	...	...	...	...	...	...	...	...
Voted	...	...	...	...	...	...	...	...	...
TOTAL (REVENUE & CAPITAL)	**...**	**5241.41**	**...**	**5925.00**	**...**	**6312.00**	**...**	**6823.10**	**6823.10**
Charged	...	*17.72*	...	*17.83*	...	*22.52*	...	*23.44*	*23.44*
Voted	...	5223.68	...	5907.17	...	6289.48	...	6799.66	6799.66
DEMAND NO. 40 INDIAN AUDIT & ACCOUNTS DEPARTMENT									
Total-Revenue Section	...	1117.46	...	1206.52	...	1213.14	...	1239.88	1239.88
Charged	...	*34.27*	...	*36.04*	...	*38.51*	...	*37.09*	*37.09*
Voted	...	1083.19	...	1170.48	...	1174.63	...	1202.79	1202.79
Total-Capital Section	...	8.91	...	8.00	...	9.58	...	7.50	7.50
Charged	...	...	...	...	...	...	...	...	...
Voted	...	8.91	...	8.00	...	9.58	...	7.50	7.50
TOTAL (REVENUE & CAPITAL)	**...**	**1126.36**	**...**	**1214.52**	**...**	**1222.72**	**...**	**1247.38**	**1247.38**
Charged	...	*34.27*	...	*36.04*	...	*38.51*	...	*37.09*	*37.09*
Voted	...	1092.10	...	1178.48	...	1184.21	...	1210.29	1210.29

Rs. in Crore

	Actuals 2004-2005		Budget Estimate 2005-2006		Revised Estimate 2005-2006		Budget Estimate 2006-2007		
	Plan	**Non-Plan**	**Plan**	**Non-Plan**	**Plan**	**Non-Plan**	**Plan**	**Non-Plan**	**Total**
DEMAND NO. 41 DEPARTMENT OF REVENUE									
Total-Revenue Section	...	394.98	...	5374.21	...	2830.54	...	3339.09	3339.09
Charged	...	...	...	*0.02*	...	*0.02*	...	*0.02*	*0.02*
Voted	...	394.98	...	5374.19	...	2830.52	...	3339.07	3339.07
Total-Capital Section	...	3.39	...	5.05	...	1.46	...	2.06	2.06
Charged	...	...	...	...	...	...	...	...	...
Voted	...	3.39	...	5.05	...	1.46	...	2.06	2.06
TOTAL (REVENUE & CAPITAL)	**...**	**398.37**	**...**	**5379.26**	**...**	**2832.00**	**...**	**3341.15**	**3341.15**
Charged	...	...	...	*0.02*	...	*0.02*	...	*0.02*	*0.02*
Voted	...	398.37	...	5379.24	...	2831.98	...	3341.13	3341.13
DEMAND NO. 42 DIRECT TAXES									
Total-Revenue Section	...	1138.05	...	1166.00	...	1205.54	...	1306.00	1306.00
Charged	...	...	...	*0.02*	...	*0.02*	...	*0.02*	*0.02*
Voted	...	1138.05	...	1165.98	...	1205.52	...	1305.98	1305.98
Total-Capital Section	...	37.25	...	84.00	...	24.50	...	28.00	28.00
Charged	...	...	...	...	...	...	...	...	...
Voted	...	37.2546	...	84.00	...	24.50	...	28.00	28.00
TOTAL (REVENUE & CAPITAL)	**...**	**1175.30**	**...**	**1250.00**	**...**	**1230.04**	**...**	**1334.00**	**1334.00**
Charged	...	...	...	*0.02*	...	*0.02*	...	*0.02*	*0.02*
Voted	...	1175.30	...	1249.98	...	1230.02	...	1333.98	1333.98

Rs. in Crore

	Actuals	2004-2005	Budget Estimate 2005-2006		Revised Estimate 2005-2006		Budget Estimate 2006-2007		
	Plan	**Non-Plan**	**Plan**	**Non-Plan**	**Plan**	**Non-Plan**	**Plan**	**Non-Plan**	**Total**
DEMAND NO. 43 INDIRECT TAXES									
Total-Revenue Section	...	1272.41	...	1459.67	...	1450.66	...	1615.89	1615.89
Charged	...	*0.92*	...	*1.00*	...	*1.00*	...	*1.00*	*1.00*
Voted	...	1271.49	...	1458.67	...	1449.66	...	1614.89	1614.89
Total-Capital Section	...	27.93	...	188.73	...	17.84	...	98.93	98.93
Charged	...	...	...	...	...	...	...	...	...
Voted	...	27.93	...	188.73	...	17.84	...	98.93	98.93
TOTAL (REVENUE & CAPITAL)	**...**	**1300.33**	**...**	**1648.40**	**...**	**1468.50**	**...**	**1714.82**	**1714.82**
Charged	...	*0.92*	...	*1.00*	...	*1.00*	...	*1.00*	*1.00*
Voted	...	1299.42	...	1647.40	...	1467.50	...	1713.82	1713.82
DEMAND NO. 44 DEPARTMENT OF DISINVESTMENT									
Total-Revenue Section	…	28.99	…	6.70	…	6.13	…	10.05	10.05
Charged	…	…	…	…	…	…	…	…	…
Voted	…	28.99	…	6.70	…	6.13	…	10.05	10.05
Total-Capital Section	…	…	…	…	…	…	…	7680.00	7680.00
Charged	…	…	…	…	…	…	…	…	…
Voted	…	…	…	…	…	…	…	7680.00	7680.00
TOTAL (REVENUE & CAPITAL)	**…**	**28.99**	**…**	**6.70**	**…**	**6.13**	**…**	**7690.05**	**7690.05**
Charged	…	…	…	…	…	…	…	…	…
Voted	…	28.99	…	6.70	…	6.13	…	7690.05	7690.05

Rs. in Crore

	Actuals 2004-2005		Budget Estimate 2005-2006		Revised Estimate 2005-2006		Budget Estimate 2006-2007		
	Plan	**Non-Plan**	**Plan**	**Non-Plan**	**Plan**	**Non-Plan**	**Plan**	**Non-Plan**	**Total**
Total-Revenue Section	25847.30	162112.97	28053.26	188004.70	26556.99	190009.52	27024.63	198550.89	225575.52
Charged	...	*143092.37*	...	*163374.73*	...	*163238.21*	...	*175290.67*	*175290.67*
Voted	25847.30	19020.59	28053.26	24629.97	26556.99	26771.30	27024.63	23260.22	50284.85
Total-Capital Section	21835.57	569173.05	1400.00	605235.37	4723.19	1025853.78	4500.00	1107965.04	1112465.04
Charged	*21835.57*	*558473.79*	...	*602477.12*	*4674.00*	*1022680.84*	*4000.00*	*1099307.66*	*1103307.66*
Voted	...	10699.26	1400.00	2758.25	49.19	3172.94	500.00	8657.38	9157.38
TOTAL (REVENUE & CAPITAL)	**47682.87**	**731286.02**	**29453.26**	**793240.07**	**31280.18**	**1215863.30**	**31524.63**	**1306515.93**	**1338040.56**
Charged	*21835.57*	*701566.16*	...	*765851.85*	*4674.00*	*1185919.05*	*4000.00*	*1274598.33*	*1278598.33*
Voted	25847.30	29719.86	29453.26	27388.22	26606.18	29944.25	27524.63	31917.60	59442.23

Demand-wise Details of Schemes Included in the "Outcome Budget"

3. **Demand No.31 - Department of Economic Affairs :**

3.1 In this Demand the major portion of the budget provision are to meet the establishment related expenditure of various establishments, units and subordinate offices including Department of Economic Affairs, National Savings Institute (NSI), Appellate Authority for Industrial and Financial Reconstruction (AAIFR), Board for Industrial and Financial Reconstruction(BIFR), Debts Recovery Tribunals (DRTs) etc. Thus there are very few activities/outlays for which 'Outcome/Target ' could be set in tangible, quantifiable / measurable terms. Following Plan and Non-Plan activities have been selected for depiction in the 'Outcome Budget'.

3.2 PLAN :

(i) Major Head –2075-Umbrella Support Project for Country Co-operation Framework-II (CCF-II) – Rs. 4.00 crore.

This Project envisages the establishment of a fast track mechanism for facilitating formulation of high quality development progammes for organizing cross cutting thematic support, advisory services, capacity building initiatives, and disseminating best practices to achieve optimal value from the Country Co-operation Framework-II (CCF-II) activities.

(ii) Major Head - 3054 – Contribution for Railway Safety Works against Additional Levies on Motor Spirit and High Speed Diesel – Rs. 710.86 crore

The grant is provided to Ministry of Railways for construction of over-bridges/safety works at unmanned Railway crossings. Ministry of Railway is carrying out the implementation of this scheme.

(iii) Major Head –5475 Assistance for Infrastructure Development – Rs. 500.00 crore

This scheme is for putting in place an innovative funding mechanism Public Private Partnership in Infrastructure sector for viability gap support. Details of this Scheme has been given in the Appendix I (A) – Annex –I.

3.3 NON-PLAN :

(i) Major Head- 3605 : Technical & Economic Co-operation with Other Countries - Development Assistance – Rs. 214.17 crore

Under this head, activities under the Indian Development and Economic Assistance Scheme (IDEAS) formerly known as “India Development Initiative” are supported. The activities include, *inter-alia*, interest equalization support to EXIM Bank for GOI supported lines of credit. This Scheme envisages overall, general and imaginative promotion of India’s image abroad, promotion of trade and fostering techno-economic and intellectual cooperation with other countries.

(ii) Major Head-3605 : Technical & Economic Co-operation with Other Countries - Technical Aid - Rs. 4.46 crore
Under the Technical Cooperation scheme, the Colombo Plan was started with a view to providing technical assistance to neighbouring Colombo Plan countries. Under this scheme 410 scholars from 18 countries receive technical training in different institutes in India every year.

(iii) Major Head-7605 : Development Assistance to Foreign Governments – Rs. 158.00 crore

This scheme covers Government to Government line of credit, for the purpose of growth of exports of goods and services from India and development of long standing economic relationship with other countries.

4. Demand No. 32 – Currency, Coinage and Stamps :

4.1 This Demand for Grant was for meeting the expenditure relating to four India Government Mints, two Currency Note Presses, two Security Printing Presses, one Security Paper Mill and one Central Stamp Store. In pursuance of the decision of the Government of India on 2nd September, 2005 these units have been corporatised as " Security Printing and Minting Corporation of India Ltd." (SPMCIL) which came into existence w.e.f.13th January, 2006 and SPMCIL has commenced its business with effect from 10th February,2006. Hence only token provision have been made for the year 2006-07.

5. Demand No.33 - Payments to Financial Institutions :

5.1 The provision under this Demand is basically for financial sector reforms and mandatory payments to International Organisations like IMF, World Bank, Asian Development Bank, African Development Fund/Bank, Multi-lateral Investment Guarantee Agency (MIGA), International Fund for Agricultural Development, Afghan Reconstruction Trust Fund and Contribution to Multi Donor Technical Assistance.

5.2 The investment boom in infrastructure industry (including housing) and services need to be nurtured through further reforms in the financial sector including reforms in bank finances. The 'Grants-in-aid' are given for Industrial Financial Institutions, Agriculture Financial Institutions and General Financial & Trading Institutions and 'Subsidy' to Public Sector General Insurance Companies for Community based Universal Health Insurance Scheme and 'Subsidy' to LIC for Pension Plan for Senior Citizens.

5.3 PLAN :

(i) **Major Head-2416 – Grant to NABARD for Water Harvesting Scheme – Grants-in-Aid - Rs. 16 crore**.

The scheme envisages water harvesting and construction of ponds for SC/ST farmers to raise the income of these weaker sections of society.

(ii) Major Head-2885 - Small Industries Development Bank of India (SIDBI)- National Equity Fund - Rs. 20.00 crore.

Providing equity support to small and tiny entrepreneurs.

5.4 NON-PLAN :

(i) Major Head-2235-Subsidy to public sector general insurance companies for community based Universal Health Insurance Scheme - Rs. 3.00 crore.

The provision is for health care to BPL families

(ii) Major Head-2416- Grants through National Bank for Agriculture & Rural Development for Strenghthening Cooperative Credit Structure in the Country - Rs. 1500.00 crore.

(iii) Major Head-2416- Agricultural Credit Support Scheme – Rs. 37.50 crore

Government decided to extend the interest subvention on an amount of Rs. 2500 crore @ 1.5%, i.e., Rs. 37.50 crore for three years starting from 2004-05 to NABARD for the purpose of refinance for Cooperative Banks and Regional Rural Banks for the debt restructuring package announced by the Government.

(iv) Major Head-2885 Redemption of Securities issued to Stressed Assets Stabilization Fund (SASF) – Rs. 1500.00 crore.

The provision is to carry out accounting adjustment in respect of SASF. The expenditure would be matched by repayment of loan extended to SASF in financial year 2004-05.

v) Major Head-4885 Export Import Bank of India – Rs. 50.00 crore.

The provision is for providing subscription to share-capital of Export-Import Bank of India towards strengthening of its equity base.

(vi) Major Head-4885 India Infrastructure Finance Company Ltd (IIFCL) – Rs. 90.00 crore.

Equity provision for India Infrastructure Finance Company Ltd to finance viable infrastructure projects in specified sectors including roads, ports, airports and tourism.

6. Demand No. 38 - Department of Expenditure :

6.1 PLAN :

Major Head-2070 – Other Administrative Services – Rs. 0.63 crore

The provision is for the training of finance officers of North Eastern/Special Category/BIMARU States.

7. Department of Revenue :

7.1 In Department of Revenue, there are three Demands for Grants, viz, Demand No. 41 – Department of Revenue, Demand No. 42 – Direct Taxes and Demand No.43 – Indirect Taxes.

There is no Plan expenditure in these demands.

7.2 Under Demand No.41 – Department of Revenue, major expenditure is towards Compensation to States/Union Territory Governments on account of revenue loss due to implementation of Value Added Tax (VAT) which is budgeted at Rs.3,000 crores for 2006-07 and included in the 'Outcome Budget'. The other non-Plan expenditure included in the Outcome Budget are expenditure related to implementation of VAT scheme, setting up of Tax Information Exchange System (TINXSYS) and expenditure on Government Opium & Alkaloid Works.

7.3 Under Demand No. 42 – Direct Taxes and 43 – Indirect Taxes - Only specific schemes under 'Information Technology', involving extensive computerization in the Tax Administration and Capital expenditure meant for acquisition of office/residential accommodation, acquisition of marine fleet and anti-smuggling equipments are included in the Outcome Budget.

8. Statement of Outlays and Outcomes:

8.1 Demand No. 31 Department of Economic Affairs

Sl. No.	Name of the Scheme/ Programme	Objective/ Outcome	Outlay 2006-07 (Rs. in crore)			Quantifiable Deliverables/ Physical Outputs	Projected Outcomes	Processes/ Timelines	Remarks/ Risk Factors
1	2	3		4		5	6	7	8
			4(i)	4(ii)	4(iii)				
			Non-Plan	Plan	Complementary Extra-Budgetary Resources				
1.	**Major Head 2075 Umbrella Support Project for Country Cooperation Framework (CCF-II)**	This project will establish a fast track mechanism for facilitating formulation of high quality development programmes for organising cross cutting thematic support, advisory services, capacity building initiatives, and disseminating best practices, thus drawing optimal value from programme (CCF-II) activities.	-	Rs.4 .00	-	3 projects are envisaged under this programme. i**. Coordination and Decision Support System (CDSS) on External Assistance** This aims to improve DEA's aid coordination function by developing a comprehensive web- based Coordination and Decision Support System on external assistance. A customised version of the Development Assistance Database (DAD) would be developed and installed within DEA. Outreach to train counterparts at Central and State levels on data entry, and prepare analysis for decision making. Assessment of Aid coordination capacity at Central and State levels, tailored training course for 15 civil servants on aid coordination.	A pilot phase of a comprehensive web-based coordination and Decision Support System on external assistance would be established.	March 2007	The Umbrella Support Project by its very design imparts an element of flexibility, since its basic objective is to provide catalytic/filler support to other projects in CCF II programme between UNDP and Government of India

Sl. No.	Name of the Scheme/ Programme	Objective/ Outcome	Outlay 2006-07 (Rs. in crore)			Quantifiable Deliverables/ Physical Outputs	Projected Outcomes	Processes/ Timelines	Remarks/ Risk Factors
1	2	3		4		5	6	7	8
			4(i)	4(ii)	4(iii)				
			Non-Plan	Plan	Complementary Extra-Budgetary Resources				
						ii. Capacity Development Mechanism This will involve establishment of capacity building of 15 state level agencies. Development of 45 Project Design Documents/Project Concept Notes – 3 by each agency. State level seminars and workshops on CDM by each agency to create awareness among stakeholders.	Increased involvement of local stakeholders in small scale CDM development activities through enhanced capacity	August 2006	
						iii. Capturing and Disseminating lessons from programme activities. It is a pilot project for advocacy & media dissemination. One documentary film and 3-4 short films are proposed at special multi-stakeholder workshops, apart from TV screenings. The total budget approved for the programme is US $ 60,000	To bring out breakthroughs and barriers on road to deepening and widening the impact of sustainable livelihood approaches so as to touch the lives of the most marginalised on a long term basis and scaling up the response.	May 2006	

Sl. No.	Name of the Scheme/ Programme	Objective/ Outcome	Outlay 2006-07 (Rs. in crore)			Quantifiable Deliverables/ Physical Outputs	Projected Outcomes	Processes/ Timelines	Remarks/ Risk Factors
1	2	3		4		5	6	7	8
			4(i)	4(ii)	4(iii)				
			Non-Plan	Plan	Complementary Extra-Budgetary Resources				
2.	**MH 3054 Contribution for Railway Safety Works against additional levies on Motor Spirit and High Speed Diesel**	Cess money under Central Road Fund Act, 2000 to be used for financing construction of railway over bridges and Railway safety works at unmanned level crossings.		710.86			`	Proposal for construction of Road over/under bridges in lieu of existing busy manned level crossings on cost sharing basis where traffic density is more than 1 lakh train vehicle units (TVUs) is sponsored by respective stae Govt/local bodies duly fulfilling certain preliminary requisites as per extant rule. Based on firm proposal from State Govt/local bodies work is sanctioned.	Construction of Road over/under bridges is joint work of Railway and State Govt/Local bodies. Some time completion of work delayed due to not starting of work by State Govt/local bodies on their portion due to financial crunch with them and removing encroachments etc. Thus overall completion of work is delayed.

Sl. No.	Name of the Scheme/ Programme	Objective/ Outcome	Outlay 2006-07 (Rs. in crore)			Quantifiable Deliverables/ Physical Outputs	Projected Outcomes	Processes/ Timelines	Remarks/ Risk Factors
1	2	3		4		5	6	7	8
			4(i)	4(ii)	4(iii)				
			Non-Plan	Plan	Complementary Extra-Budgetary Resources				
3.	**MH 5475 – Assistance for Infrastructure Development Public Private Partnership (PPP) in Infrastructure (Please see Annex-I, Appendix –A)**	To Promote Public Private Partnership in the infrastructure sector through provision of Viability Gap Funding (VGF).	-	500.00	-	At present 7 proposals under the revised scheme received. Scheme of VGF for 3 road sector projects considered by Empowered Institutions for in principle approval. Four proposals already under submission. With the streamlining of the mechanism for review of proposals and dissemination of the information relating to the scheme it is expected that the number of proposals received would increase.	It would result in increased private sector participation in infrastructure development in the country.	Actual disbursements likely to take place towards the end of 2006-07.	
4.	**MH - 3605: Technical and Economic Cooperation with other countries, 00.101: Cooperation with other countries, 30. Development Assistance,**	The provision is meant for activities under Indian Development and Economic Assistance Scheme (IDEAS). The major components of the scheme are (i) writing off past debts of	214.17	-	-	Exports of Indian goods and services to countries like Zambia, Djibouti, Mozambique, Ghana, Vietnam, Myanmar, Sudan, Lesotho, Guyana, Suriname, Senegal, Angola, Sri Lanka, Mauritius, Fiji, Chad, Mali, Equatorial Guinea, Cote d' Ivoire, Gambia, Congo etc.	Growth of Indian exports, development of strategic and economic relationship with countries like Zambia, Djibouti, Mozambique, Ghana, Vietnam, Myanmar, Sudan, Lesotho, Guyana, Suriname, Senegal, Angola, Sri Lanka, Mauritius, Fiji, Chad, Mali, Equatorial Guinea, Cote d' Ivoire,	LOCs sanctioned by DEA, on getting proposals from concerned countries, with recommendation of MEA. Credit agreements	The major allocation of about Rs. 112.00 crore is for interest equalisation support. Since 2003-04 the line of credits are operational through EXIM Bank.

Sl. No.	Name of the Scheme/ Programme	Objective/ Outcome	Outlay 2006-07 (Rs. in crore)			Quantifiable Deliverables/ Physical Outputs	Projected Outcomes	Processes/ Timelines	Remarks/ Risk Factors
1	2	3		4		5	6	7	8
			4(i)	4(ii)	4(iii)				
			Non-Plan	Plan	Complementary Extra-Budgetary Resources				
	30.00.31 Grants in aid. (Please see Annex-I, Appendix-B)	HIPC countries; (ii) provide concessional Lines of Credit through Lending Agencies; (iii) Working with other Donors, Governments and Multilateral Funding Institutions (MFIs); (iv) Creation of Regional & Country Strategies; (v) providing assistance for Project preparation; (vi) Technical Assistance; (vii) Special Thrust Area The objective is to project our					Gambia, Congo.	are then signed by EXIM Bank, and based on disbursements, interest equalisation support claimed from DEA. (List in Annex-I, Appendix-B)	Interest equalization support is being provided to EXIM Bank.

Sl. No.	Name of the Scheme/ Programme	Objective/ Outcome	Outlay 2006-07 (Rs. in crore)			Quantifiable Deliverables/ Physical Outputs	Projected Outcomes	Processes/ Timelines	Remarks/ Risk Factors
1	2	3		4		5	6	7	8
			4(i)	4(ii)	4(iii)				
			Non-Plan	Plan	Complementary Extra-Budgetary Resources				
		image abroad and to develop long standing economic relationship.							

Sl. No.	Name of the Scheme/ Programme	Objective/ Outcome	Outlay 2006-07 (Rs. in crore)			Quantifiable Deliverables/ Physical Outputs	Projected Outcomes	Processes/ Timelines	Remarks/ Risk Factors
1	2	3		4		5	6	7	8
			4(i)	4(ii)	4(iii)				
			Non-Plan	Plan	Complementary Extra-Budgetary Resources				
5.	**MH - 3605: Technical and Economic Cooperation with other countries, 07: Technical aid to South and South East Asia under the Colombo Plan; 07.01.32 and 07.02.32 : contribution**	Provide technical aid to countries under Colombo Plan, by providing support to Human resource development, through courses conducted by Indian Institutes.	4.46	-	-	Human resource development through technical education to 410 students every year from Colombo Plan countries	Development of long standing economic relationship through continued technical assistance to countries like, Afghanistan, Bangladesh, Bhutan, Fiji, Indonesia, Iran, Korea, Laos, Malaysia, Maldives, Mongolia, Myanmar, Nepal, Papua New Guinea, Philippines, Sri Lanka, Thailand and Vietnam	The courses are approved by DEA. The trainees are drawn as per the slots allotted to different countries. They are provided with air fare, tuition fee, accommodation and living allowances.	

Sl. No.	Name of the Scheme/ Programme	Objective/ Outcome	Outlay 2006-07 (Rs. in crore)			Quantifiable Deliverables/ Physical Outputs	Projected Outcomes	Processes/ Timelines	Remarks/ Risk Factors
1	2	3		4		5	6	7	8
			4(i)	4(ii)	4(iii)				
			Non-Plan	Plan	Complementary Extra-Budgetary Resources				
6.	**MH-7605: Development Assistance 00.051:Loans to Govt. of Myanmar**	Growth of Exports of goods and services from India and cultivating long term economic relationship with the country.	5.00	-	-	Exports of various machinery equipments and spare parts worth Rs. 5.00 crores.	Growth of Indian exports, development of strategic and economic relationship with Myanmar.	Ongoing credit line since 2003, exporters' claims are routed through SBI overseas branch to DEA for reimburse-ment	Out of a total of US $ 25 million credit line, dated 24.10.2003, with fixed LIBOR, ROI, and 5 yrs. Moratorium, US $ 23.40 million disbursed till 8th Feb. 2006, utilisation of rest expected in 2006-07. Mynamar is in the category of Highly Indebted Poor Countries **(HIPC)**

Sl. No.	Name of the Scheme/ Programme	Objective/ Outcome	Outlay 2006-07 (Rs. in crore)			Quantifiable Deliverables/ Physical Outputs	Projected Outcomes	Processes/ Timelines	Remarks/ Risk Factors
1	2	3		4		5	6	7	8
			4(i)	4(ii)	4(iii)				
			Non-Plan	Plan	Complementary Extra-Budgetary Resources				
7.	**00.061:Loans to Govt. of Cambodia**	Growth of Exports of goods and services from India and cultivating long term economic relationship with the country	21.00	-	-	Exports of pump sets and irrigation equipments, and consultancy for irrigation projects worth Rs. 21.00 crores.	Growth of Indian exports, development of strategic and economic relationship with Cambodia.	Ongoing credit line since 2002, exporters' claims are routed through SBI overseas branch to DEA for reimbursement	Out of a total of US $ 10 million credit line, dated 06.11.2002, with 1.5% p.a. ROI, and 5 yrs. Moratorium, US $ 5.07 million disbursed till 8th Feb. 2006, utilisation of rest expected in 2006-07. Combodia falls under the category of Low Income High Debt **(LIHD)** countries.

Sl. No.	Name of the Scheme/ Programme	Objective/ Outcome	Outlay 2006-07 (Rs. in crore)			Quantifiable Deliverables/ Physical Outputs	Projected Outcomes	Processes/ Timelines	Remarks/ Risk Factors
1	2	3		4		5	6	7	8
			4(i)	4(ii)	4(iii)				
			Non-Plan	Plan	Complementary Extra-Budgetary Resources				
8	**00.064: Loans to Govt. of Surinam**	Growth of Exports of goods and services from India and cultivating long term economic relationship with the country	1.00	-	-	Exports of various machineries like pump sets, hydraulic excavators, solar powered traffic signals, machinery for setting up steel rolling mill etc. worth Rs. 1.00 crores	Growth of Indian exports, development of strategic and economic relationship with Suriname	Ongoing credit line since 2003, exporters' claims are routed through SBI overseas branch to DEA for reimburse-ment	Out of a total of US $ 10 million credit line, dated 17.03.2003, with Fixed LIBOR ROI, and 3 yrs. Moratorium, US $ 9.37 million disbursed till 8th Feb. 2006, utilisation of rest expected in 2006-07. Surinam falls under the category of Middle Income Low Debts **(MILD)** Countries.

Sl. No.	Name of the Scheme/ Programme	Objective/ Outcome	Outlay 2006-07 (Rs. in crore)			Quantifiable Deliverables/ Physical Outputs	Projected Outcomes	Processes/ Timelines	Remarks/ Risk Factors
1	2	3		4		5	6	7	8
			4(i)	4(ii)	4(iii)				
			Non-Plan	Plan	Complementary Extra-Budgetary Resources				
9.	**00.078: Loans to Govt. of Sri Lanka**	Growth of Exports of goods and services from India and cultivating long term economic relationship with the country	180.00	-	-	Export of various goods, such as, tractors, buses, solar powered computers, spare parts of Ashok Leyland vehicles, Cyber consultancy worth Rs. 108.00 crores	Growth of Indian exports, development of strategic and economic relationship with Sri Lanka	Two ongoing credit lines since 2002 and 2004, exporters' claims are routed through SBI overseas branch to DEA for reimbursement.	Out of a total of US $ 31 million (03.07.2002) and US $ 25 million (23.03.2004) credit lines, with Fixed LIBOR six months ROI, and 5 yrs. Moratorium, US $ 17.43 million disbursed till 8th Feb. 2006, utilisation of US $ 24 million expected in 2006-07. Sri Lanka falls under the category of Middle Income Low Debts **(MILD)** countries.

Sl. No.	Name of the Scheme/ Programme	Objective/ Outcome	Outlay 2006-07 (Rs. in crore)			Quantifiable Deliverables/ Physical Outputs	Projected Outcomes	Processes/ Timelines	Remarks/ Risk Factors
1	2	3		4		5	6	7	8
			4(i)	4(ii)	4(iii)				
			Non-Plan	Plan	Complementary Extra-Budgetary Resources				
10.	**00.094: Loans to Govt. of Mauritius**	Growth of Exports of goods and services from India and cultivating long term economic relationship with the country	18.00	-	- -	Export of softwares, cyber consultancy etc. worth Rs. 18.00 crores	Growth of Indian exports, development of strategic and economic relationship with Mauritius	Ongoing credit line since 2002, exporters' claims are routed through SBI overseas branch to DEA for reimburse-ment	Out of a total of US $ 100 million credit line, dated 04.05.2001, with Fixed LIBOR six months ROI, and 3 yrs. Moratorium, US $ 19.99 million disbursed till 8th Feb. 2006, utilisation of US $ 4 million expected in 2006-07. Mauritius falls in the category of Middle Income Low Debts **(MILD)** countries.

Sl. No.	Name of the Scheme/ Programme	Objective/ Outcome	Outlay 2006-07 (Rs. in crore)			Quantifiable Deliverables/ Physical Outputs	Projected Outcomes	Processes/ Timelines	Remarks/ Risk Factors
1	2	3		4		5	6	7	8
			4(i)	4(ii)	4(iii)				
			Non-Plan	Plan	Complementary Extra-Budgetary Resources				
11.	**00.102: Loans to Govt. of Laos**	Growth of Exports of goods and services from India and cultivating long term economic relationship with the country	5.00	-	-	Export of Transmission equipments worth Rs. 5 crore	Growth of Indian exports, development of strategic and economic relationship with Laos.	Ongoing credit line since 2002, exporters' claims are routed through SBI overseas branch to DEA for reimburse-ment	Out of a total of US $ 10 million credit line, dated 06.11.2002, with1.5%p.a ROI, and 5 yrs. Moratorium, US $ 9.13 million disbursed till 8th Feb. 2006. Laos falls in the category of Highly Indebted Poor Countries (**HIPC).**

8.2 Demand No 33 Payments to Financial Institution

Sl. No.	Name of Scheme/ Programme	Objective/ Outcome	Outlays 2006-07 (Rs. in crore)			Quantifiable Deliverables/ Physical Outputs	Projected Outcomes	Processes/Timelines	Remarks/ Risk Factors
1.	2	3	4(i)	4(ii)	4(iii)	5	6	7	8
			Non-Plan	Plan	Complementary Extra-Budgetary Resources				
1.	**MH 2416 01.03.31 Grants in aid- Water Harvesting Scheme for SC/ST Farmers**	To subsidize farm ponds for SC/ST Farmers to raise the income of these weaker sections of society.	-	16.00	-	About 16,500 irrigation units to be financed.		Banks are to finance the Schemes of Water harvesting with 50% back ended subsidy.	If SC/ST farmers do not get adequate return, there is a risk of non-payment of loan amount.
2.	**MH 2885 Small Industries Development Bank of India (SIDBI) (National Equity Fund)**	Providing equity support to small and tiny entrepreneurs.	-	20.00	-	1,000 units to be assisted during the year.	1,000 units to be assisted during the year.	Lending Institutions approach SIDBI for refinance.	Equity assistance is linked to refinance from SIDBI which impacts the demand from Banks & FIs for assistance.

Sl. No.	Name of Scheme/ Programme	Objective/ Outcome	Outlays 2006-07 (Rs. in crore)			Quantifiable Deliverables/ Physical Outputs	Projected Outcomes	Processes/Timelines	Remarks/ Risk Factors
1.	2	3	4(i)	4(ii)	4(iii)	5	6	7	8
			Non-Plan	Plan	Complementary Extra-Budgetary Resources				
3.	**MH 2235 Subsidy to public sector general insurance companies for community based Universal Health Insurance Scheme**	Provision of health care to BPL families.	3.00	-	-	Coverage of 1 lakh families	Health care to 1 lakh BPL families.	1 year	
4	**MH 2416 01.02.31 Grants in aid – Revitalization of Cooperative Credit Structure**	To revitalize cooperative credit structure in the country	1500.00	-	-	To revitalize short-term cooperative credit structure in the states which agree to implement the package.		As per approval of the Cabinet, State governments to communicate their willingness to implement the package.	

Sl. No.	Name of Scheme/ Programme	Objective/ Outcome	Outlays 2006-07 (Rs. in crore)			Quantifiable Deliverables/ Physical Outputs	Projected Outcomes	Processes/Timelines	Remarks/ Risk Factors
1.	2	3	4(i)	4(ii)	4(iii)	5	6	7	8
			Non-Plan	Plan	Complementary Extra-Budgetary Resources				
5	**MH 2416 01.04.33 Grants in aid – Interest Subvention**	Government decided to extend the interest subvention on an amount of Rs. 2500 crore @ 1.5%, i.e., Rs. 37.50 crore for three years starting from 2004-05 to NABARD for the purpose of refinance for cooperative banks and regional rural banks for the debt restructuring package announced by the Government.	37.50	-	-	To provide interest subvention on liquidity support to NABARD for debt restructuring package to cooperative banks and RRBs.		Utilization certificate has been obtained and amount is being released.	

Sl. No.	Name of Scheme/ Programme	Objective/ Outcome	Outlays 2006-07 (Rs. in crore)			Quantifiable Deliverables/ Physical Outputs	Projected Outcomes	Processes/Timelines	Remarks/ Risk Factors
1.	2	3	4(i)	4(ii)	4(iii)	5	6	7	8
			Non-Plan	Plan	Complementary Extra-Budgetary Resources				
6	**MH 2885 Redemption of IDBI Bonds relating to Stressed Assets Stabilization Fund**	Cash neutral provision for weeding out stressed assets of IDBI.	1500.00	-	-	-	1500 cases of stressed assets are to be resolved with book value of Rs. 2500.00 crore.	-	-
7	**MH 4885 Export Import Bank of India**	Strengthening of equity base of Exim Bank.	50.00	-	-		Paid up capital base of Exim Bank would go up from Rs. 950 crore to Rs. 1000 crore.	-	-
8	**MH-4885 India Infrastructure Finance Company Ltd.**	Enabling the programme of long term infrastructure finance .	90.00	-	-		Full utilization of equity to provide infrastructure finance of Rs. 10,000.00 crore.	-	-

8.3 Demand No.38 Department of Expenditure

Sl. No.	Name of the Scheme/ Programme	Objective/ Outcome	Outlay 2006-07 (Rs. in crore)			Quantifiable Deliverables/ Physical Outputs	Projected Outcomes	Processes/ Timeliness	Remarks/ Risk Factors
1	2	3	4			5	6	7	8
			4 (i)	4 (ii)	4 (iii)				
			Non-Plan	Plan	Complementary Extra Budgetary Resources				
1	**Demand No. 38 – Major Head '2070'- Other Administrative Services** **Central Plan Scheme for training to officers of North Eastern/ Special Category/ BIMARU States**	High level professional course covering basic elements of MBA(Finance) for officers dealing with Accounts and Finance matters to be offered by the National Institute of Financial Management Society	-	0.63	-	MBA (Finance) training to 15 officers	Capacity building in financial managerial skill	2 Years	-
	TOTAL		-	**0.63**	-				

8.4 Demand No.41-Department of Revenue

Sl. No.	**Name of Scheme/ Programme**	**Objective/ Outcome**	**Outlay 2006-07 (Rs.in Crore)**			**Quantifiable Deliverables/ Physical Outputs**	**Projected Outcomes**	**Processes/ Timelines**	**Remarks/ Risk Factors**
1	**2**	**3**		**4**		**5**	**6**	**7**	**8**
			4 (i)	**4 (ii)**	**4 (iii)**				
			Non-Plan	**Plan**	**Complementary Extra Budgetary Resources**				
1.	**Major Head 2052 Implementation of VAT (Value Added Tax) Scheme**	Introduction of State VAT is the most significant tax reform measure at State level. The State VAT being implemented presently is to replace the existing Sales Tax system of the States. The decision to implement the State level VAT was taken in the meeting of the Empowered Committee of the State Finance Ministers held on	5.00	-	-	Computerisation of VAT administration in NE States and Sikkim	Effective Implementation and administration of VAT..	The initial phase of implementation of the project on Turnkey basis is expected to be completed by 31st March 2006. The task will be to effectively utilize the systems put in place during 2005-06, to remove bottlenecks etc.	The process requires readiness of States for Computerisation and utilization of the systems put in place.

Sl. No.	Name of Scheme/ Programme	Objective/ Outcome	Outlay 2006-07 (Rs.in Crore)			Quantifiable Deliverables/ Physical Outputs	Projected Outcomes	Processes/ Timelines	Remarks/ Risk Factors
1	2	3		4		5	6	7	8
			4 (i)	4 (ii)	4 (iii)				
			Non-Plan	Plan	Complementary Extra Budgetary Resources				
		18th June, 2004 where a broad consensus was arrived at amongst the States to introduce VAT w.e.f. 1st April, 2005. The Central Govt is arranging technical and financial support for 11 North-Eastern States/Special Category States as per their request to enable them to take up VAT computerization and other necessary steps.							

Sl. No.	Name of Scheme/ Programme	Objective/ Outcome	Outlay 2006-07 (Rs.in Crore)			Quantifiable Deliverables/ Physical Outputs	Projected Outcomes	Processes/ Timelines	Remarks/ Risk Factors
1	2	3		4		5	6	7	8
			4 (i)	4 (ii)	4 (iii)				
			Non-Plan	Plan	Complementary Extra Budgetary Resources				
2	**Major Head 2052 Setting up of Tax Information Exchange System** **(TINXSYS)**	The project has been undertaken to inter-link the States for having the details of sales transactions which are subject to levy of CST. 50% of the funding of the project is to be provided by the Central Government and the rest 50% cost of the project will be shared by the States. In addition, financial support is also being provided to the Empowered Committee (EC) of the States Finance Ministers as well for undertaking publicity	4.00	-	-	Implementation of TINXSYS Smooth functioning of EC	Effective tracking of inter-State transactions which will set the stage for CST reforms	The TINSXYS project is being implemented by EC on BOOT model through Service Provider. The Total project is costing Rs.30 crores and the duration of the project is 5 years. During 2004-05, Central Govt. provided Rs.2 crores and in 2005-06, Rs. 3 crores are estimated to	The process requires readiness of States for Computeri-sation and utilization of the systems put in place.

Sl. No.	Name of Scheme/ Programme	Objective/ Outcome	Outlay 2006-07 (Rs.in Crore)			Quantifiable Deliverables/ Physical Outputs	Projected Outcomes	Processes/ Timelines	Remarks/ Risk Factors
1	2	3		4		5	6	7	8
			4 (i)	4 (ii)	4 (iii)				
			Non-Plan	Plan	Complementary Extra Budgetary Resources				
		campaign for VAT at National Level.						be provided. The initial implementation is expected to be completed by end of 2006-07. Thereafter, it will be run by the Service Provider for another 2 years before transfer to Empowered Committee.	
3.	**Major Head 3601 Compensation to States & UTs for revenue loss due to Introduction of VAT**	Though VAT is a States' subject, the Central Government is playing the role of facilitator for successful implementation of VAT. The	3000.00	-	-	Implementation of VAT by States/UTs, Computerisation of VAT by States Publicity of VAT at State level		The financial support to States will continue till the end of the year 2007-08 as per the agreed formula for	

Sl. No.	Name of Scheme/ Programme	Objective/ Outcome	Outlay 2006-07 (Rs.in Crore)			Quantifiable Deliverables/ Physical Outputs	Projected Outcomes	Processes/ Timelines	Remarks/ Risk Factors
1	2	3		4		5	6	7	8
			4 (i)	4 (ii)	4 (iii)				
			Non-Plan	Plan	Complementary Extra Budgetary Resources				
	including grant to States for Implementation of VAT scheme.	Central Government has been providing all necessary support to the States in their endeavour to implement State level VAT. The Central Government has announced a package for payment of compensation to States for possible revenue loss on account of Introduction of VAT and certain VAT related expenditure which includes publicity, computerization etc.						compensation which is to provide 100% compensation for revenue loss during 2005-06 and 75% during 2006-07 and 50% during 2007-08. So far 25 states/UTs have implemented VAT (Valued Added Tax). During 2005-06, a total of Rs.1512.36 crores has been released up to 28th February,2006 for 8 states.	

Sl. No.	Name of Scheme/ Programme	Objective/ Outcome	Outlay 2006-07 (Rs.in Crore)			Quantifiable Deliverables/ Physical Outputs	Projected Outcomes	Processes/ Timelines	Remarks/ Risk Factors
1	2	3		4		5	6	7	8
			4 (i)	4 (ii)	4 (iii)				
			Non-Plan	Plan	Complementary Extra Budgetary Resources				
4.	**Major Head 2875 Govt. Opium & Alkaloid Works**	The Govt. Opium & Alkaloid Factories in Gazipur and Neemach are two departmental undertakings functioning under the Department of Revenue. Each of these undertakings has two separate units viz. Opium Factory and Alkaloid Plant. The Opium Factories are engaged in catering to the demand of opium and the major portion of raw opium received from the field is exported	180.91	-	-	Export of Opium (450 MT) Sale of alkaloids (35 MT) This will result into revenue receipt of Rs..243 crores.	Revenue Realisation of Rs.243.00 crores .	The progress of revenue realization vis-à-vis expenditure will be reviewed monthly.	The revenue realization and expenditure incurred depends upon a number of factors like demand of Indian opium in the international market, production of alkaloid quantity of opium for procurement etc.

Sl. No.	Name of Scheme/ Programme	Objective/ Outcome	Outlay 2006-07 (Rs.in Crore)			Quantifiable Deliverables/ Physical Outputs	Projected Outcomes	Processes/ Timelines	Remarks/ Risk Factors
1	2	3		4		5	6	7	8
			4 (i)	4 (ii)	4 (iii)				
			Non-Plan	Plan	Complementary Extra Budgetary Resources				
		whereas the alkaloid plants manufacture the drugs/alkaloid from opium. These drugs are used by the domestic companies for formulations. Since the drugs produced by the two alkaloids are insufficient to meet the domestic demand and to bridge the gap, GOAWs are also importing approximately 14 MTs of Codeine Phosphate every year							

8.5 Demand No. 42. Direct Taxes

Sl. No.	Name of Scheme/ Programme	Objective/ Outcome	Outlay BE 2006-07 (Rs. In crores)			Quantifiable Deliverables/ Physical Outputs	Projected Outcomes	Processes Timelines	Remark Risk Factors
1	2	3	4			5	6	7	8
			4 (i)	4 (ii)	4 (iii)				
			Non-Plan	Plan	Complementary Extra Budgetary Resources				
1.	**Major Head 2020 – Information & Technology Comprehensive Computerisation of the Income Tax Department**	1.Electronic delivery of tax payers services. 2.Augmentation of Departmental computer infrastructure. 3.Setting up of Tax Information Network(TIN)	138.50	-	-	The outcomes of the computerisation project can be broadly categorised under 3 headings: **1.Electronic-delivery of taxpayer services comprising the following components:** -Dissemination of tax information through the website - Services related to allotment of Permanent Account Number Online preparation of returns of income Electronic filing of returns of income lectronic payment of taxes -Computer based processing of returns and issue of refunds - Electronic credit of refunds - Electronic filing of TDS returns **2.Augmentation of Departmental computer infrastructure comprising the comprising the following components:** • Setting up of All India	1. Better services to the tax payers. 2. Introduce higher transparency and free part of manpower for investigations. 3. Reduce human interface resulting in higher transparency. 4. Identification of non-filers and stop-filers 5.Online Management Information System for Tax Policy and Planning and integration of Direct Taxes with Indirect Taxes and VAT. 6. The Department will be enabled to handle the increased workload in terms of higher number of tax payers and revenues. 7.Reduction in processing time for of refunds resulting in significant savings in	31.12.2006. In December, 2002, the Cabinet approved the 3rd phase of Computerisation Plan of the Income Tax Department at a cost of Rs.251.56 crores. An additional sanction of Rs.442.03 crore on account of inclusion of expenses on running and managing the All India Income Tax Network, National Data Centre, Business Continuity	

Sl. No.	Name of Scheme/ Programme	Objective/ Outcome	Outlay BE 2006-07 (Rs. In crores)			Quantifiable Deliverables/ Physical Outputs	Projected Outcomes	Processes Timelines	Remark Risk Factors
1	2	3	4			5	6	7	8
			4 (i)	4 (ii)	4 (iii)				
			Non-Plan	Plan	Complementary Extra Budgetary Resources				
						Income Tax Network • Setting up of National Data Centre • Consolidation of Regional Databases into Single National Database **3. Setting up Tax Information Network (TIN)**	interest payments to the tax payers. 8. Enhance revenue collection and also bringing down the cost of collection	Planning (BCP) Site, Disaster Recovery (DR) Site and Facilities Management Service etc was accorded in June, 2005. Thus, a total sanction of Rs. 693.59 crores has been accorded for the project. Besides the Cabinet also accorded approval for setting up of Tax Information Network at a cost of Rs.91crore.	

Sl. No.	Name of Scheme/ Programme	Objective/ Outcome	Outlay BE 2006-07 (Rs. In crores)			Quantifiable Deliverables/ Physical Outputs	Projected Outcomes	Processes Timelines	Remark Risk Factors
1	2	3	4			5	6	7	8
			4 (i)	4 (ii)	4 (iii)				
			Non-Plan	Plan	Complementary Extra Budgetary Resources				
2.	**Major Head 4059 Acquisition of Office Accommodation** 1. Purchase of ready built office accommodation at Scindia House at Mumbai	To bridge the shortfall of office Accommodation.	8.19	-	-	The purchase of this office accommodation will bridge the shortfall requirement of office space in Mumbai	The property has already been acquired and Income Tax Office are already functioning from the building which has eased the shortfall of office accommodation at Mumbai.	31.3.07	The provision is for payment of balance amount.
	2.Purchase of ready built office at Kohlapur (CCIT Pune)	To bridge the shortfall of office Accommodation.	1.85	-	-	The purchase of this office accommodation will bridge the shortfall requirement of office space.	The availability of adequate office accommodation would increase efficiency of the Department and will result in enhanced revenue collection	31.3.07	The proposals involve obtaining clearances from CPWD, Ministry of Urban Development, Committee on Non Plan Expenditure etc. after following the due procedure prescribed in GFR.

Sl. No.	Name of Scheme/ Programme	Objective/ Outcome	Outlay BE 2006-07 (Rs. In crores)			Quantifiable Deliverables/ Physical Outputs	Projected Outcomes	Processes Timelines	Remark Risk Factors
1	2	3	4			5	6	7	8
			4 (i)	4 (ii)	4 (iii)				
			Non-Plan	Plan	Complementary Extra Budgetary Resources				
	3.Purchase of ready built office at Pollacchi, Coimbatore	-do-	1.68	-	-	-do-	-do-	31.12.06	-do-
	Total		**11.72**						
3.	**Major Head 4216 Acquisition of Residential Accommodation** 1.Purchase of 30 ready built flats at NOIDA	To bridge the shortfall of residential accommodation	6.45	-	-	The purchase of this residential accommodation will bridge the shortfall in requirement	The availability of residential accommodation will lead to better staff satisfaction resulting in enhanced motivation and productivity. This will considerably reduce the dependence of IT officials on private parties.	31.03.07	The proposals involve obtaining clearances from CPWD, Ministry of Urban Development Committee of Non-Plan Expenditure etc. after following the due procedure prescribed in GFRs.
	Total		**6.45**						

8.6 Demand No.43 – Indirect Taxes

Sl. No.	Name of Scheme/ Programme	Objective Outcome	Outlay 2006-07 (Rs. in crore)			Quantifiable Deliverables/ Physical Outputs	Projected Outcomes	Processes/Timelines	Remarks /Risk Factors
1	2	3	4			5	6	7	8
			4(i)	4(ii)	4(iii)				
			Non-Plan	Plan	Complementary Extra-Budgetary Resources				
1	**Major Head 2307 and 2038 Information Technology**	Strengthening of IT capability for e-governance	165.00	-	-	- Establishment of a co-location Data Center and country wide data network covering all CBEC locations - Installation of Central servers - Development of Customs software - Establishment of Data warehouse - Automation of Central Excise & Service Tax - Intranet development	-Greatly reduced response times for assessee queries, permission and related interactions.. -Reduction in transaction time will result in lowering of transaction costs. -Ensuring a large degree of transparency and reduced interface with assesses through automated workflow of business processes -CBEC would become a	31.03.2007. In order to consolidate the system for Customs, Central Excise and Service Tax processes being done through separate platforms and also to set up Centralized Data Warehouse for CBEC and a Disaster Recovery Site, a major project named the Business Processes Re-engineering Project or the Server Consolidation Project costing Rs.165 crores was approved by the Cabinet in February, 2005. The project envisages to bring all Computerization efforts of the CBEC on a single platform	Massive effort is required in change management.

Sl. No.	Name of Scheme/ Programme	Objective Outcome	Outlay 2006-07 (Rs. in crore)			Quantifiable Deliverables/ Physical Outputs	Projected Outcomes	Processes/Timelines	Remarks /Risk Factors
1	2	3	4			5	6	7	8
			4(i)	4(ii)	4(iii)				
			Non-Plan	Plan	Complementary Extra-Budgetary Resources				
							centralized repository of all Customs, Central Excise & Service Tax data. This data will be available to all user groups over the web with a user friendly interface. - All applications in Customs, Central Excise & Service Tax will be accessed by the Departmental users. Will provide paper free secure environment for business applications.	and will be an extension of the existing projects which will suitably be re-built into the new project utilizing the existing infrastructure to the maximum. Besides, other normal routine expenses will also be incurred for computerization of Customs and Central Excise Department.	

Sl. No.	Name of Scheme/ Programme	Objective Outcome	Outlay 2006-07 (Rs. in crore)			Quantifiable Deliverables/ Physical Outputs	Projected Outcomes	Processes/Timelines	Remarks /Risk Factors
1	2	3	4			5	6	7	8
			4(i)	4(ii)	4(iii)				
			Non-Plan	Plan	Complementary Extra-Budgetary Resources				
2	**Major Head 4047 Preventive Functions Acquisition of ships and fleets**	Strengthening Anti-smuggling capability and improved coastal security	35.68	-	-	Following vessels are proposed to be acquired during 2006-07:- Category — No. of vessels III A — 16 III B — 16 32	Modern fast vessels will strengthen anti-smuggling capability of Customs Department. Improved coastal security will greatly help in curbing smuggling of dangerous/prohibited goods, Prevention of environment hazards & protection of endangered species	**31.03.2007.** In December, 2004, the Cabinet approved acquisition of 109 vessels of three categories as mentioned below to strengthen Customs Marine capability at a cost of Rs.153.85 crores. Category — No. of Vessels I — 24 II — 22 III A — 30 III B — 33 109 The acquisition is to be made completed by March, 2008.	The technical evaluation of bids received through Global Tender is under process. Procurement of vessels may begin by August, 2006.
3	**Major Head 4047 Acquisition of Anti-smuggling equipments**	Facilitate cargo clearance, efficient handling of increased volume of container traffic,	20.00	-	-	Procurement of 3 mobile scanners and 4 fixed scanners are proposed at a total project cost of Rs.172.94 crores (recurring) and Rs.18.61 crores per annum (non-recurring)	Non-intrusive scanning of containers and interpretation of the images obtained.	As a Pilot Project, one Mobile Scanner and one fixed scanner for checking container cargo have been installed at Jawahar Customs	CNE has approved the proposal on 14.02.2006 and now the proposal is to be

Sl. No.	Name of Scheme/ Programme	Objective Outcome	Outlay 2006-07 (Rs. in crore)			Quantifiable Deliverables/ Physical Outputs	Projected Outcomes	Processes/Timelines	Remarks /Risk Factors
1	2	3	4			5	6	7	8
			4(i)	4(ii)	4(iii)				
			Non-Plan	Plan	Complementary Extra-Budgetary Resources				
		improve Customs control through non-intrusive examination.					The Scanning Systems will help in detection of large number of cases irregularities. This will also result in increased revenue collection and fast clearance of cargo etc.	House, Nhava Sheva. Now, more scanners are to be purchased D (Date of CCEA approval) + 11 months for Mobile Scanner & D + 18 months for fixed scanner.	approved by CCEA.
4.	**Major Head 4059 Acquisition of Office Accommodation**	To meet shortfall in Office Accommodation	33.00	-	-	The purchase of office accommodation will bridge the shortfall in requirement of office space.	The availability of adequate own office space would increase the efficiency of the Department.	**31.03.2007**. Purchase of Building from UTI at Mumbai and some other proposals are likely to be finalized.	The proposals involve obtaining clearance from CPWD, M/UD,CNE etc after following the due procedures prescribed in GFRs
5	**Major Head 4059**	To meet shortfall in residential	10.00	-	-	The purchase of residential accommodation will bridge the	The availability of	**31.03.2007**. Part payment in	The proposals

Sl. No.	**Name of Scheme/ Programme**	**Objective Outcome**	**Outlay 2006-07 (Rs. in crore)**			**Quantifiable Deliverables/ Physical Outputs**	**Projected Outcomes**	**Processes/Timelines**	**Remarks /Risk Factors**
1	**2**	**3**	**4**			**5**	**6**	**7**	**8**
			4(i)	**4(ii)**	**4(iii)**				
			Non-Plan	**Plan**	**Complementary Extra-Budgetary Resources**				
	Acquisition of Residential Accommodation	accommodation				shortfall in requirement.	residential accommodation will lead to better staff satisfaction resulting in enhanced motivation and productivity.	respect of purchase of flats from Allahabad Development Authority, residential premises at Shillong and remaining amount in respect of other ongoing projects are likely to be made.	involve obtaining clearance from CPWD, M/UD, SFC etc after following the due procedure prescribed in GFRs.

CHAPTER – III

REFORM MEASURES AND POLICY INITIATIVES

1 <u>Economic Affairs (Main)</u> :

1.1 The India Development & Economic Assistance Scheme (IDEAS) scheme is an initiative towards enhancing the scope and coverage of the earlier scheme of extending credit lines only. This scheme not only envisages a number of components like preparation of regional and country strategy, mobilization of credit through EXIM bank and other commercial banks, technical assistance and assistance in special thrust areas but also envisages an elaborate inter ministerial coordination mechanism so as to achieve the purpose in a much better coordinated manner.

1.2 Under the Technical Assistance scheme of Colombo Plan comprehensive integrated training is provided to participants from member countries. The training courses are carefully selected so that trainees from abroad get exposure in reputed training institutes of our country and in the long run it will help our institutes to develop long standing relationship with the participant countries.

2. <u>Banking & Insurance Division (Financial Sector)</u> :

2.1 With a view to enhancing credit flow to agriculture and nurse the Rural Credit Institutions back to health, a Task Force under the Chairmanship of Prof. A. Vaidyanathan was set up by the Government of India on 5^{th} August, 2004 to recommend an Action Plan for reviving Rural Cooperative Banking Institutions, suggest an appropriate regulatory framework, make an assessment of the Financial Assistance required for the revival and suggest other measures for meeting their efficiency and viability.

2.2 Based on the recommendations of the Task Force and after consultations with States/ UTs, a financial package for revitalization of short-term cooperative credit structure has been approved by the Government. The total expenditure for the package, estimated at Rs.13596.00 crore including Rs.400 crore for the contingency, is to be shared by the Government of India, State Governments and the short-term Cooperative Credit Structure (CCS) in the ratio of 68:28:4 on an aggregate basis.

2.3 Promotion of Self Help Groups (SHG) Bank Linkage Programme is one of the key micro-finance initiatives. The focus under SHG Bank Linkage Programme is largely on those rural poor who have no sustainable access to the formal banking system. Member households, therefore, broadly comprise small and marginal farmers, agricultural and non-agricultural labourers, artisans and craftsmen and other poor engaged in some business like vending, hawking etc. Various banks which participated in the programme have cumulatively extended loans amounting to Rs. 6898 crore by 31st March, 2005 backed by refinance support of Rs. 3092 crore from NABARD. It has been decided to upscale the target for credit linking of the SHGs for 2005-06 to 3 lakh, of which 1.81 lakh SHGs have been credit linked by 31st December, 2005.

2.4 Government has decided on 8th November, 2005 to permit FDI in the equity capital of Asset Reconstruction Companies. FIPB would henceforth consider applications from persons/ entities eligible to invest in India in the equity capital of ARCs registered with RBI under the FDI route subject to the following conditions:

(a) Maximum foreign equity shall not exceed 49% of the paid-up-capital.

(b) Where in individual investment exceeds 10% of the equity, ARC should comply with the provisions of section 3(3)(f) of SARFAESI Act.

FDI alone will be permitted and investments by FIIs would not be permitted. From November 11, 2005 FIIs registered with SEBI are permitted to invest in Security Receipts (SRs) issued by ARCs registered with RBI. FIIs can invest up to 49% of each tranche of scheme of SRs subject to the condition that investment of a single FII in each tranche of the scheme SRs shall not exceed 10% of the issue.

2.5 India Infrastructure Finance Company Limited was incorporated on January 5, 2006 with a paid up capital of Rs.10.00 crore and an authorized capital of Rs.1000.00 crore. The Special Purpose Vehicle (SPV) would lend funds, especially debt of longer term maturity, directly to the eligible projects to supplement other loans from banks and financial institutions Government will communicate the borrowing limit to SPV at the beginning of each financial year. For 2005-06, the borrowing limit was fixed at Rs.10000.00 crore.

2.6 The Banking Ombudsman Scheme of 1995 which was revised in 2002 has been further revised and notified by RBI w.e.f. 1.1.2006. The extent and scope of the new scheme is wider than the earlier scheme. The new scheme provides for online submission of complaints. This scheme covers all Scheduled Commercial Banks, Regional Rural Banks and Scheduled Primary Cooperative Banks.

3. Department of Expenditure :

3.1 The Prime Minister's Thrust Areas set for D/o Expenditure included 5-planks of institutional reforms, viz., Decentralisation, Simplification, Transparency, Accountability and e-governance. These were echoed in the FPSS and became the guiding principles of setting the work plan for the D/o Expenditure in 2005-06. Some of the semi finished initiatives will be carried forward to their logical conclusion in 2006-07. D/o Expenditure will aim at tightening financial discipline on the one hand while expediting financial decision making on the other.

3.2 Department of Expenditure is the nodal Department along with the Planning Commission for the Government's initiative of preparing and implementing Outcome Budget. Detailed guidelines were issued for this purpose in 2005-06. In 2006-07, the Department would continue to work on crystalising and standardizing the structure and modalities for preparing and implementing Outcome Budget which is an evolving exercise.

3.3 The Department has initiated a major exercise to redefine the role, responsibilities and accountability of the Financial Advisors with measures to strengthen their authority and capacity. A revised Charter for Financial Advisers is on the anvil.

3.4 All Ministries/Departments have been advised to initiate action to have an evaluation done in respect of all their plan, schemes and programmes so that no scheme is carried forward to the 11th Plan without proper evaluation of its continued relevance and utility. These evaluation studies will be an integral part of the formulation and appraisal process in the 11th Plan.

3.5 Delegation of financial powers to administrative Departments for development expenditure was last reviewed in 2001-02. A fresh review will be undertaken in 2006-07 and enhanced delegation considered for the 11th Plan, i.e., from 2007-08.

3.6 Gradual shift from advance payment to reimbursement based payment systems will be made for more effective control on end-use.

3.7 On-going initiatives in introduction of multi-dimensional accounting structure catering to growing information needs of financial management and accrual accounting will be continued. Further, standardization of accounting structure for the Union and the States for moving towards integration of general government fiscal statistics will be initiated. Feasibility of development of IT-enabled Decision Support Systems for financial management will be examined. IT enabled expenditure management will be advanced through expanding the scope of e-banking.

3.8 In order to ensure transparency, competition, fairness and objectivity in the procurement / bidding processes in the Government, it has been felt necessary to improve documentation of best practices. Hence, three Working Groups were constituted, one each for 'Goods', 'Works' and 'Consultancy', for preparation of 'Manual of Policies and Procedures', 'Bidding Documents', 'Guidelines to Purchaser', 'Guidelines to supplier', and 'Draft Standard Contracts' for different categories'. These manuals and standard operating procedures would be notified for guidance of all concerned.

3.9 In the changed economic scenario, and keeping in view the Government's emphasis on better governance, outcome oriented and improved delivery of services, the role of ***Staff Inspection Unit*** (SIU) has since been re-defined. The SIU has now been positioned to act as a catalyst in assisting the line ministries and autonomous organizations in improving their organizational effectiveness and to suggest appropriate organizational structures, re-engineering of processes and measures for optimum utilization of resources etc. As per the new mandate, SIU would also now conduct the studies of organizational analysis in five distinct fields namely, organisational systems, financial management systems, delivery systems, client/customer focus, employees' concerns.

4. Department of Revenue :

4.1 The reforms and policy initiatives pertaining to taxation proposals find mention in the Finance Minister's Budget speech and Finance Bill. These initiatives and changes are intended to improve tax to GDP ratio, expand the taxpayer base, increase tax compliance and make tax administration more efficient.

4.2 Implementation of VAT Scheme

4.2.1 Introduction of State VAT is the most significant tax reform measure at State level. The State VAT being implemented presently is to replace the existing Sales Tax systems of the States. The Government of India has constituted an Empowered Committee(EC) of State Finance Ministers who deliberate and decide all issues concerning Sales Tax Reforms/States VAT. The decision to implement State level VAT was taken in the meeting of the Empowered Committee of State Finance Ministers held on 18th June, 2004, where a broad consensus was arrived at amongst the States to introduce VAT w.e.f. 1st April, 2005. Accordingly, VAT has been introduced by 25 States/UTs by now.

4.2.2 Since Sales Tax/VAT is a State subject, the Central Government is playing the role of a facilitator for successful implementation of VAT. The Central Government has been providing all necessary support to the States, in their endeavour to implement State level VAT. Some of the steps taken by the Central Government in this regard are as under:-

(a) A package for payment of compensation to States for possible revenue loss on account of introduction of VAT has been announced.

(b) A Model VAT Bill was got prepared and circulated amongst the States to help them in preparation of their VAT Bills. Similarly, an Audit Manual for VAT was also got prepared and circulated.

(c) Technical and financial support is being provided to 11 North Eastern/Special Category States to enable them to take up VAT computerization and other necessary steps.

(d) Financial support is also being provided to the Empowered Committee as well as the States for undertaking publicity campaigns for VAT.

(e) 50% funding for the TINXSYS Project is also being provided

4.2.3 The budget provision for various VAT related scheme has been made by the Central Government as facilitator in implementation of State level VAT.

4.2.4 The initial experience of implementation of VAT has been quite encouraging. The new system has been generally received well by the business community as well as the general public. The initial trend of revenue collection in the VAT implementation States is quite encouraging. At this stage, one major issue of concern is that the States/UTs which have not yet implemented the VAT should implement the same at the earliest. The Empowered Committee of State Finance Ministers is in the process of persuading these States/UTs to implement VAT. Many of the benefits of VAT system like simple and uniform tax structure all over the country and resultant development of common markets will be fully available once VAT is fully implemented all over the country.

4.3 Prevention of Money Laundering Act, 2002 :

The Prevention of Money Laundering Act, 2002 (PMLA) has come into force with effect from July 1, 2005. The PMLA seeks to combat money laundering in India with three main objectives – to prevent and control money laundering, to confiscate and seize the property obtained from laundered money, and to deal with any other issues connected with money laundering in India. The Rules under this Act have also been notified with effect from July 1, 2005. Powers have been conferred on the Director, Financial Intelligence Unit-India and the Director of Enforcement under the relevant provisions of the Act.

4.4 Financial Intelligence Unit – India :

The Government of India set up Financial Intelligence Unit-India (FIU-IND) as the Central National Agency responsible for receiving, processing, analyzing and disseminating information relating to suspect financial transactions to enforcement/intelligence agencies.

4.5 Government Opium and Alkaloid Works :

Some of the major reforms and initiatives undertaken by the Government Opium and Alkaloid Works (GOAWs) are as follows :-

- A project of National Botanical Research Institute, Lucknow is being financed for development of high yielding varieties of opium poppy and installation of climate control chamber. On completion of this R&D work, those varieties of opium poppy may be cultivated which may facilitate production of superior and international quality alkaloids, pharmaceutical ingredients, value added drugs as per market demands. This may lead to increase in revenue receipts and lesser dependence on imports.

- Proposal for involvement of private pharmaceutical companies for production of alkaloids is under finalization.

- Proposal for conversion of both the departmental factories into a commercially viable public sector enterprise is under finalization.

4.6 Central Bureau of Narcotics :

The Central Bureau of Narcotics (CBN) is primarily responsible for administration of NDPS Act, regulation of opium cultivation in the country , control of trade of narcotic drugs, psychotropic substances and precursor chemicals and other related activities of preventive and intelligence work. Certain initiatives undertaken by CBN are as follows :-

- The Joint Licit Opium Poppy Survey (JLOPS) experiments and its current phase are being carried out in association with US and Indian agricultural scientist to examine the influence of various factors and parameters on opium yields.

- The Smart card project for opium poppy cultivators has been undertaken which will help build up the required data on cultivation of opium and will facilitate the licensing, production, regulation and all other functions of CBN vis a vis the cultivators.

- In association with ISRO, the satellite imagery of licit opium poppy cultivation is being undertaken and further expanded to the entire cultivation area for better control, climate estimation, etc.

4.7 E-Governance activities of Department of Revenue :

An empowered Committee has been set up to oversee the computerization in CBEC, CBDT and Department of Revenue.

4.8 Central Board of Direct Taxes :

a) CBDT has prepared a document "Vision 2010-E-delivery of Taxpayer Services". In this document, CBDT has identified "Quality Tax Payer Service" as a key area. In this connection, the main objective of the department has been defined as "To enable taxpayers to meet their normal tax obligations in a convenient manner without visiting Income Tax Office". This will give the following services to the tax payers:-

- Obtain all direct tax related information including forms etc.
- File PAN application and obtain PAN on demand.
- Prepare and file returns of income/TDS.
- Pay taxes and track status thereof.

- Get refunds by credit to their bank accounts.
- Reply all assessment related queries except where personal attendance is necessary.
- File petitions and track status thereof.

b) The computerisation program in Income Tax Department has three major components-

i) **e-delivery of taxpayer services :**

The e-delivery of taxpayer services consists of dissemination of tax information on web, PAN related services, on-line preparation of returns of income by taxpayers not having business income, e-filing of returns of income at many stations and setting up of facility for payment of Direct Taxes through internet intended to result into faster processing of returns and issue of refunds. Facility for electronic credit of refunds to the bank account of taxpayers has been introduced in 12 cities and is also proposed to be increased in more cities. Electronic filing of TDS returns are also taking place and a system of computer assisted selection of cases for scrutiny has `been introduced at 60 stations.

ii) **Augmentation of departmental computer infrastructure :**

The projects of setting up single national data base, national data center and All India virtual private network are under implementation.

iii) **Setting up Tax Information Network** :

The Tax Information Network (TIN) has been set up outside the Department. This is being hosted by National Securities Depository Limited (NSDL) as a repository of information relating to –

a) Tax payments – coming online from banks under Online Tax Accounting System (OLTAS)

b) Tax deductions coming from TDS returns – filed electronically as well as filed on paper and digitized at TIN.

c) High value financial transactions coming through Annual Information Returns. These are being filed in electronic format with TIN using PAN as the key identifier from August 2005. Information available in these returns will be used for widening of tax base, computerized selection of cases for scrutiny on intelligent criteria, and deepening of tax base.

iv) **<u>Online Tax Accounting System (OLTAS) :</u>**

On line tax accounting system has become functional from 01.06.2004. Under this nearly 12,900 branches of 34 designated banks entrusted to collect direct taxes are transmitting information of tax payments online to the Department through TIN on T+3 basis. The procedure for payment has been simplified. The number of challans has been reduced from 7 to 3. Blank bar coded challans with preprinted PAN and name have been sent to companies, firms and TDS deductors for facilitating use of PAN.

v) **<u>Computerisation of TDS/TCS functions</u> :**

TIN is providing facility for e- filing of TDS/TCS returns and digitization of paper TDS returns. The information in respect of deductees available in TDS returns can also be used for widening of taxbase using PAN as the key identifier. In Phase–II facilities for dematerialisation of TDS certificate are being set up through TIN.

vi) **<u>Annual Information Returns</u> :**

The scheme for filing of Annual Information Returns of high value financial transactions by main nerve centre of financial activities such as Credit Card companies, banks, Registrar of immovable properties, mutual funds etc. has been operationalised from this year. These returns are to be filed on electronic medium with TIN giving party-wise break up of specified high value financial transactions made by different parties, with PAN as the key identifier.

Information available in these returns will be used for widening of tax base, computerized selection of cases for scrutiny on intelligent criteria, and deepening of tax base

4.9 Central Board of Excise & Customs (CBEC) :

(i) Computerisation efforts in the field of assessment of Central Excise and Customs Duties date back to 1992 and 1995 respectively. A System for Excise Revenue Monitoring (SERMON) and Electronic Data Processing Systems (ICES) for Customs were set up with the assistance of the NIC who have been engaged in the review, revision and development of the softwares with the changing needs of the Department. These Systems have been extended to all Commissionerates. While both SERMON and ICES were operational at local levels, with a wider perspective of linking the Customs community through a single network a Gateway Project was conceptualized in 2000 and has since been implemented . Initially there were only 12 ICES sites connected through the Gateway, 35 sites have since been connected. E-filing of Customs documents through the Gateway has been achieved. A secure certificate authority licensed by the Department of Information Technology for certifying digital signatures for the user community has also been set up.

(ii) Another futuristic and ambitious project costing Rs.165 crores has been taken up to consolidate the Customs, Excise and Service Tax Servers , to bring all the systems on a single network/platform , to set up a Data warehouse and a Disaster Recovery site and is currently under implementation. Also a Risk assessment software is being developed for identification of potential duty evaders /smugglers, etc.

(iii) The above measures intended to provide benefits to both the Dept. and its clients are to facilitate the assessment and collection of duty in the following ways:-

(a) speedier clearance of cargo
(b) reduction in number of stages, transaction time and costs
(c) electronic credit of drawback in the bank
(d) Interactive voice response systems like tele-enquiry , touch screen kiosks, SMS etc
(e) Encouraging voluntary compliance.
(f) Simplification of procedures .
(g) Synergy between various tax systems
(h) Transparency
(i) Minimisation of manual interference

4.10 Other initiatives by CBEC :

(i) Container Scanners :

CBEC has installed two Electronic scanners at Jawaharlal Nehru Port Trust (JNPT), Nhava Sheva, Mumbai for checking containerized cargo passing through Customs to detect any movement of drugs, arms and ammunition and other contraband goods. As the results have been encouraging more such scanners are proposed to be installed at major ports. Proposal has been included in the budget estimate for 2006-07.

(ii) Marine Fleet :

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

ANNEX - I
Appendix–A

NOTES TO OUTCOME – DETAILS OF SCHEMES

DEMAND NO. 31 – DEPARTMENT OF ECONOMIC AFFAIRS (Sl. No. 3 of Para 8.1 – Chapter-II)

MH 5475 – Assistance for Infrastructure Development Public Private Partnership (PPP) in Infrastructure

1. The Viability Gap Funding (VGF) Scheme would provide financial support in the form of capital grant for Public Private Partnership (PPP) Projects from one of the following sectors:

i) Roads and bridges, railways, seaports, airports, inland waterways;

ii) Power;

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

iv) Infrastructure projects in Special Economic Zones; and

v) International convention centres and other tourism infrastructure projects;

2. Sectors/sub-sectors could be added or deleted from the aforesaid list through competent approval.

3. The total VGF under this scheme shall not exceed 20% of the Total Project Cost; provided that the Government or statutory entity that owns the project may, if it so decides, provide additional grants out of its budget, but not exceeding a further 20% of the Total Project Cost. While 20% is the cap provided for in the scheme, the actual VGF required for any project will be determined through competitive bidding.

4. Thus the VGF Scheme would enable leveraging of funds upto five times in the focus area of infrastructure. By meeting the concerns of commercial viability that often plagues such projects it would promote inflow of private capital flow in the infrastructure sectors.

5. The Scheme was first introduced in the Budget of 2004-05 when a provision of Rs. 1500 crore in the Budget was made. However, no funds could be disbursed. The Scheme was subsequently revised in August, 2006 and a sum of Rs. 1500 crore was provided in the Budget of 2005-06. Since the guidelines for making proposals could be finalised only in January, 2006 no funds could be disbursed in 2005-06.

6. Under the revised scheme 7 proposals have been received, of which in-principle approval has been granted to 3 highway projects in Gujarat and in-principle approval to another 2 highway projects in Maharashtra is likely to be issued during March, 2006. The remaining projects are likely to take some more time before they can be put up for consideration.

7. The total approvals for VGF given till now in the current fiscal is of the order of Rs. 241.74 crores for the 3 highway projects in Gujarat. If the two other highway projects received from Maharashtra which are under process are approved before 31 March 2006, the total approvals will be of Rs. 333.24 crores. Though the actual level of VGF will be known once the bidding takes place. However, it is likely to take minimum of four to eight months for the bidding process to be completed and VGF sanction issued and a further three to six months for financial close to take place. Therefore, the first disbursements of VGF are likely to commence sometime towards the end 2006-07.

8.. The highway projects envisage four-laning of three important State Highways in Gujarat and two highways in Maharashtra by the private sector on BOT basis with imposition of toll. Without the viability gap funding the projects were not commercially viable to be implemented by private sector and the only alternative was to implement it through government funding. Thus the VGF has enabled additionality of resources, development of infrastructure and commercialisation of highway development in the States of Gujarat and Maharashtra. Similar benefits are expected to occur in other infrastructure sectors through the VGF scheme. However, as the Scheme is new it will take some time for the proposals to be developed.

9. A sum of Rs. 500 crore has been provided for the VGF Scheme in the Budget of 2006-07. It is felt that it may be sufficient to meet the requirement at this stage. Since the VGF Scheme is new necessary dissemination of information is required amongst the concerned entities. DEA is taking steps in this direction. Once the awareness for the proposal is widespread the number of proposals received would increase. In case better prepared projects are received where the bidding can be expedited the rate of disbursement could get accelerated.

Appendix -B

LIST OF OPERATIONAL GOI SUPPORTED EXIM BANK OF INDIA LINES OF CREDIT

Demand No.31 - Department of Economic Affairs - MH 3605 (Sl. No. 4 of para 8.1 – Chapter-II)

Sl. No.	Borrower (with F.No.)	Amount of LOC (US Dollars)	Rate of Interest	Repayment period (inclusive of grace period)	Interest Equalisation	Purpose of credit
1	Govt. of Zambia **(HIPC)**	10 mn.	LIBOR+ 1% p.a.	5 yrs.	1.5% p.a.	Purchase of various equipment from India
2	Central Bank of Djibouti on behalf of Govt. of Djibouti **(MILD)**	10 mn.	1.5% p.a.	10 yrs. Grace – 2 yrs.	LIBOR+ 1.5% p.a.	Purchase of various goods from India
3	Govt. of Mozambique **(HIPC)**	20 mn.	1.75% p.a.	20 yrs. Grace – 5 yrs.	LIBOR+ 1.25% p.a.	Financing of exports of various goods from India
4	Govt. of Ghana **(HIPC)**	15 mn.	LIBOR+ 0.5% p.a.	7 yrs.	2% p.a.	Purchase of various goods from India
5	Govt. of Vietnam **(LIHD)**	27 mn.	1.5% p.a.	25 yrs. Grace – 5 yrs.	LIBOR+ 0.5% p.a.	Export of various Indian equipment, goods and services
6.	Govt. of Myanmar **(HIPC)**	56.358 mn.	LIBOR+ 0.5% p.a.	10 yrs. Grace – 2 yrs.	2.5% p.a.	Up-gradation of Yangon-Mandalay Railways System
7	Govt. of Sudan **(HIPC)**	50 mn.	LIBOR+ 0.5% p.a.	11 yrs.	2% p.a.	Purchase of various goods from India
8	Govt. of Lesotho **(LIHD)**	5 mn.	LIBOR+ 0.5% p.a.	8 yrs.	2.5% p.a.	Purchase of various goods from India
9	Govt. of Myanmar (17/2/2003-CIE-II) **(HIPC)**	7 mn.	LIBOR+ 0.5% p.a.	8 yrs. Grace – 1 yr.	2% p.a.	Development of information and communication technology
10	Govt. of Suriname **(LIHD)**	16 mn.	LIBOR+ 0.5% p.a.	15 yrs. Grace – 5 yrs.	2.5% p.a.	Power transmission line project (to be executed by PEC/L&T Ltd.)

Sl. No.	Borrower (with F.No.)	Amount of LOC (US Dollars)	Rate of Interest	Repayment period (inclusive of grace period)	Interest Equalisation	Purpose of credit
11	Govt. of Senegal **(HIPC)**	15 mn.	1.75% p.a.	20 yrs. Grace – 5 yrs.	LIBOR+ 1.25% p.a.	Development of rural SMEs and purchase of agricultural machinery and equipment
12	Govt. of Angola **(LIHD)**	40 mn.	1.75% p.a.	20 yrs. Grace – 5 yrs.	LIBOR+ 1.25% p.a.	Railway rehabilitation project by M/s RITES Ltd.
13	Ceylon Petroleum Corporation on behalf of Govt. of Sri Lanka **(MILD)**	150 mn.	LIBOR+ 0.5% p.a.	7 yrs. Grace – 1 yr.	2.25% p.a.	Purchase of petroleum products from Indian PSUs.
14	Govt. of Guyana **(HIPC)**	19 mn.	1.75% p.a. (fixed)	20 yrs. Grace – 5 yrs.	LIBOR+ 1.25% p.a.	Construction of a cricket stadium in Georgetown (Guyana)
15	Govt. of Senegal **(HIPC)**	17.87 mn.	1.75% p.a. (fixed)	20 yrs. Grace – 5 yrs.	LIBOR+ 1.25% p.a.	Supply of 350 buses by M/s. TATA Motors
16	Govt. of Mauritius **(MILD)**	10 mn.	LIBOR+ 0.5% p.a.	10 yrs. Grace – 2 yrs.	2.5% p.a.	Construction of Baie du Tombeau sewerage project in Mauritius
17	Govt. of Ghana **(HIPC)**	27 mn.	1.75% p.a. (fixed)	20 yrs. Grace – 5 yrs.	LIBOR+ 1.25% p.a.	Financing for rural electrification, agriculture, transportation and communication equipment/ projects.
18	Fiji Corporation Ltd. on behalf of Govt. of Fiji **(MILD)**	58 mn.	LIBOR+ 0.5% p.a.	8-10 years Grace – 2-3 years	1.5% p.a.	Revival and restructuring of sugar industry
19	Govt. of Burkina Faso**(HIPC)**	30.97 mn.	1.75% p.a.	20 years Grace – 5 years	LIBOR+0.75 % p.a.	Agricultural materials, Modernising post office and foreign exchange bureau.
20	Govt. of Chad **(HIPC)**	50 mn.	1.75% p.a.	20 years Grace – 5 years	LIBOR+0.75 % p.a.	Bicycle Plant, Agricultural Plant, Steel Billet Pant & Rolling Mill and Cotton Yarn Plant
21	Govt. of Ghana **(HIPC)**	60 mn.	1.75% p.a.	20 years Grace – 5 years	LIBOR+0.75 % p.a.	Rural electrification, construction of President's office
22	Govt. of Mali **(HIPC)**	27 mn.	1.75% p.a.	20 years Grace – 5 years	LIBOR+0.75 % p.a.	Rural electrification, Agricultural machinery
23	Govt. of Equatorial Guinea **(HIPC)**	15 mn.	LIBOR + 0.5% p.a.	15 years Grace – 5 years	1.5% p.a.	Potable drinking water project

Sl. No.	Borrower (with F.No.)	Amount of LOC (US Dollars)	Rate of Interest	Repayment period (inclusive of grace period)	Interest Equalisation	Purpose of credit
24	Govt. of Cote d' Ivoire **(HIPC)**	26.8 mn.	1.75% p.a.	20 years Grace – 5 years	LIBOR+0.75 % p.a.	Renewal of urban transport system in Abidjan, Agricultural projects
25	Govt. of Mali and Govt. of Senegal (combined) **(HIPC)**	20.62 mn. (to Mali) and 7.08 mn. (to Senegal)	1.75% p.a. (both)	20 years Grace – 5 years (both)	LIBOR+0.75 % p.a. (both)	Acquisition of railway coaches and locomotives from India
26	Govt. of Gambia **(HIPC)**	6.7 mn.	1.75% p.a.	20 years Grace – 5 years	LIBOR+0.75 % p.a.	Assembly Plant for tractors.
27	Govt. of Cambodia **(LIHD)**	3.03 mn.	LIBOR+0.5% p.a.	15 years Grace – 5 years	1.5% p.a.	Supplementary LOC for completion of West Barray Irrigation Project in Siem Reap, Cambodia.
28	Govt. of Congo **(HIPC)**	33.5 mn.	1.75% p.a.	20 years Grace – 5 years	LIBOR+0.75 % p.a.	Cement factory, acquisition of 500 buses, Rehabilitation of Kisenge Manganese, Acquiring equipment for MIBA.
29	Govt. of Sudan/ NEC, Sudan **(HIPC)**	350 mn.	4% p.a.	12 years Grace – 3 years	LIBOR-2% p.a.	Setting up Power Plant by M/s, BHEL
30	Govt. of Sudan **(HIPC)**	41.9 mn.	4% p.a.	13 years Grace – 3 years	LIBOR-2% p.a.	Singa-Gedarif Transmission line and Sub-station project

ANNEX –II

NOTES TO OUTCOME – DETAILS OF SCHEMES

Demand No33 – Payments to Financial Institutions (Para 8.2.Chapter II)

1. **Water Harvesting Scheme for SC/ST Farmers (Plan) :**

The Hon'ble Finance Minister had announced, in the budget of 2004-05, launching of a nationwide water harvesting scheme to help SC/ST farmers with 50% capital subsidy provided by the Government through National Agricultural Bank for Rural Development (NABARD) or covering one irrigation unit. The estimate scale for the Scheme was announced as Rs. 100 crore.

The scheme was launched by NABARD in August, 2004 through public sector banks, Cooperative banks and Regional Rural Banks. During 2004-05, 293 units were financed and during 2005-06, 3013 units have been financed by December, 2005 by banks.

However, in view of the slow progress under the scheme, the scheme was reassessed by NABARD and the total outlay under the scheme has been revised to Rs. 49 crore up to 2006-07 for 24,500 units. 50% of the cost will be given as loan by lending agency where as remaining 50% will be disbursed as back ended subsidy to the borrowers through NABARD. Govt. of India will give this subsidy component to the tune of Rs. 24.50 crore. This revision in target and allocation has been approved by Hon'ble Finance Minister. The budget allocation in BE-2005-06 is Rs. 3.81 crore, however, in RE it has been scaled to Rs. 8.50 crore and Rs. 16 crore in BE-2006-07

2. National Equity Fund Scheme (NEF) (Plan) :

The National Equity Fund Scheme (NEF), launched in 1987, is jointly funded by Small Industrial Development Bank and Government of India. The fund has been set up with equal contributions from SIDBI and GOI. The objective of NEF is to provide equity type support to small and tiny entrepreneurs for setting up new projects in tiny/small scale sector, for undertaking expansion, modernization, technology up gradation and diversification of existing tiny, SSI and service enterprises and for rehabilitation of viable sick units in the SSI sector which fulfill the specified eligibility criteria, irrespective of location.

3. **Universal Health Insurance Scheme (UHIS)** :

The scheme was launched on 14th July, 2003 to provide reimbursement of medical expenses to weaker sections of society up to Rs. 30,000/- towards hospitalization, a cover for death due to accident for Rs. 25,000/- and compensation due to loss of earning at the rate of Rs. 50/- per day up to a maximum of 15 days to the earning head of the family for a premium of Rs. 365/- for individual, Rs. 548 for a family of five and Rs. 730/- for a family of seven. The scheme had a provision of a subsidy of Rs. 100/- for BPL families against annual premium. The scheme was redesigned and was again launched on 20th September 2004. The redesigned scheme was meant only for BPL families. It provided a subsidy of Rs. 200/- for individuals, Rs. 300/- for a family of five and Rs. 400/- for a family of seven.

4. Revitalisation of Cooperative Credit Structure (Non-Plan) :

The Task Force set up under Prof. A. Vaidyanathan to revitalize the cooperative credit structure has submitted its report with regard to short term credit structure and the report has been accepted. A financial package of Rs. 13,596 crore, along with other recommendations, has been approved by the Government for implementation.

The same Task Force has been entrusted the work of making recommendations with regard to revival of long-term cooperative credit institutions. The Task Force has submitted its draft report and the final report is expected shortly. Details of the scheme and funds requirement are indicated below:-

i) **Financial Assistance** :

a) **Total Package** :

The total financial assistance required is estimated as Rs. 13,596 crore.

b) **Eligible Purposes** :

Financial assistance under the package will be available for wiping out accumulated losses, covering invoked but unpaid and uninvoked guarantees given by the State governments and other dues to the CCS from them, and increasing the capital to a specified minimum level. Technical assistance will also be provided to upgrade institutional and human resources of the CCS.

c) **CRAR** :

The package will include assistance necessary to bring all cooperatives, including Primary Agricultural Cooperative Credit Societies (PACS), to a minimum Capital to Risk Weighted Assets Ratio (CRAR) of 7%. While this ratio will be raised within three years to 9% by PACS, District Central Cooperative Banks (DCCBs) and SCBs shall rate their CRAR as prescribed by the Reserve Bank of India (RBI).

d) **Refund of share capital to State Governments** :

The share of the State government in the equity of each institution in the three tiers shall not exceed 25% of the total subscribed share capital, subject to the condition that there will be only one government representative on the Board of a DCCB or SCB to represent the State government. However, there would be no State government nominee on the board of a PACS even if it has received equity contribution from the State government. Where the State Government's equity is more than 25% the amount in excess of 25% shall be converted into a grant by the State Government to the concerned CCS entity. It is desirable that State Government equity participation be progressively reduced further and eliminated within a period of three years from the date of acceptance of the package by the respective State Government.

e) **Eligible Institutions** :

All PACS with a recovery level of at least 30% of the demand as on 30th June, 2004 will qualify for being covered under the revival package and to receive financial assistance. Capitalisation will be full for the PACS with recovery levels of 50% and above. The PACS with recovery levels between 30% to 50% will receive financial assistance in three annual back-ended instalments at the beginning of each succeeding year subject to their achieving an incremental increase in their recovery rate by at least 10 percentage points on 30th June 2006 against the benchmark recovery achieved on 30th June 2004, and an annual increase of 10 percentage points thereafter. As and when a PACS achieves 50% recovery, the entire assistance should be released without waiting for the year to year recovery benchmarks. DCCBs and SCBs which have deposit erosion of less than 25% after factoring in the cleansing of balance sheets of PACS will be eligible for assistance. For the North Eastern States, scheduled areas and tribal districts, the Central Government may consider relaxing the eligibility levels for PACS and DCCBs.

f) **Sharing Pattern** :

The liability for funding the financial package will be shared by the Central Government, State Governments, and the CCS based on origin of loss and existing commitments. The Government of India is expected to bear around 68% of the total estimated package of Rs. 13,596/- crore viz. Rs. 9,245 crore, with the States bearing around 28% and the CCS bearing 4% of the said amount. The actual magnitude of the share will be determined on the basis of the findings of the special audit. The Central Government will provide its share as grants while the States are expected to meet their share from their budget or by open market borrowing. The Centre will also consider assistance on more liberal terms for special category States and for specified scheduled areas and tribal areas to meet their liability under the package.

g) **Yearly Requirement of Funds by Government of India** :

The indicative yearly breakdown of the Central Government's share is as below :-

2005-06	**Rs. 400 crore**
2006-07	**Rs. 3000 crore**
2007-08	**Rs. 5000 crore**
2008-09	**Rs. 845 crore**

h) **The Impact** :

The impact of implementing the Revival Package will be found on the one hand on the legal and institutional environment in which the cooperatives function, and on the other on the internal operational efficiency of the system.

The legal amendments will ensure and re-establish the autonomy of the cooperatives in their decision making at all the three levels, ensure professionalism at the Board and CEO levels, and allow regulatory prescriptions to be expeditiously implemented. The institutional restructuring will allow cooperatives to access resources from alternative sources and therefore bring competitiveness and efficiency in the system resulting in linking the cost of resources directly to efficiency of functioning. These two standardizing accounting systems, computerization of operations, and training and capacity building of the elected board members and staff will enable the coopertives at all levels to meet growing and newer challenges efficiently.

5. Interest subvention for liquidity support :

Government decided to extend the interest subvention on an amount of Rs. 2500 crore @ 1.5% i.e. amounting to Rs. 37.50 crore for three years starting from 2004-05. This amount of interest subvention will be available to NABARD for the purpose of refinance for cooperative banks and regional rural banks for the debt restructuring package announced by the Government.

6. Export-Import Bank of India :

Set up in 1982 by an Act of Parliament, for the purpose of financing, facilitating and promoting foreign trade of India. It is the Principal Financial Institution in the country for coordinating working of institutions engaged in financing exports and imports. The Govt. of India wholly owns Exim Bank of India. The authorized capital of the Bank is Rs. 1,000.00 crore. The paid up capital at present stands and

Rs. 950.00 crore. Profit after tax amounted to Rs. 258 crore during FY 2004-05 as against profit after tax of Rs. 229 crore during FY 2003-04, an increase of 13%.

7. <u>India Infrastructure Finance Company Limited (IIFCL)</u> :

IIFCL was incorporated On January 5, 2006 with a paid up capital of 10.00 crore and an unauthorized capital of Rs. 1,000.00 crore. IIFCL would lend funds, especially debt of longer-term maturity, directly to the eligible projects to supplement other loans from banks and financial institutions. The company would fill the gap for long term infrastructure finance, which the banks are not in a position to address owing to concerns relating to mismatches in assets and liabilities.

8. **<u>Stressed Assets Stabilization Fund (SASF)</u>** :

SASF has been created to address the problem of Non-Performing Assets (NPAs) of Industrial Development Bank of India (IDBI). Government had set up Stressed Assets Stabilization Fund with a corpus of about Rs. 9,000 crore in 2004-2005. These funds are re-invested in Government of India Bonds issued to IDBI Ltd. *<u>in lieu</u>* of the non-performing assets transferred to SASF. This enabled IDBI Ltd. to start banking with zero net NPAs. SASF is managed by a Trust constituted under Indian Trusts Act, 1882. In terms of SASF Trust Deed, the SASF shall pay the amount realized or recovered from the stressed assets of IDBI to GOI each year. Equivalent amount shall be released to IDBI Ltd. (holder of the Bonds) to redeem the bonds issued. During the year 2005-06, a provision of Rs. 1000 crore has been made and increased to Rs. 1500 crore during BE 2006-07. The transaction is cash neutral.

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