Budget 2002-2003

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1.	**Para No.10:** The Milk and Milk Products Control Order (MMPO) will be amended in order to remove restrictions on new milk processing capacity, while continuing to regulate health and safety conditions.	The Milk and Milk Products Order, 1992 has been amended on 26th March 2002. There is no restriction on creation of new processing capacity and registration will only be required for maintaining quality standards and food safety measures. **ACTION COMPLETED.**
2.	**Para No.10:** Small Scale Industry reservations related to various agricultural equipment items will be removed.	Ten items of agricultural implements have been de-reserved vide a notification dated 20th May, 2002. It has been decided that the remaining 25 items of agricultural equipment may remain reserved for the time being as these items are very simple in nature; are currently produced in large quantities by SSI firms and can easily be manufactured within the present ceiling limit of SSI sector.
3.	**Para No.10:** Export of agricultural commodities will be decanalised and remaining export controls will be phased out.	There are no controls on the export of any agricultural items except onions and Niger seeds at present. The ceiling on exports of onion has been raised to 7 lakh MT, thus making onion exports virtually free since exports have never been above 5 lakh MT.
4.	**Para No.10:** Futures and forward trading will be expanded to cover all agricultural commodities.	Of the 81 agricultural commodities prohibited for future trading, 27 have been notified as "free commodities" on 16th August, 2002. A Cabinet Note to remove the prohibition on the remaining 54 commodities is under consideration. Government has granted National Commodity Exchange status to National Multi Commodity Exchange of India Ltd., Ahmedabad on permanent basis (previously known as Online Commodity Exchange of India Ltd. (OCEIL). In-principle approval has been given to three exchanges, namely, National Board of Trade (NBOT), Indore, Consortium led by ICICI Bank, Mumbai and Multi Commodity Exchange (MCX) of India Ltd., Mumbai.
5.	**Para No.11:** A multiplicity of regulations for food standards under the Prevention of Food Adulteration Act, the Food Products Order, the Meat Products Order, the Bureau of Industrial Standards and the MMPO, affect the food and food processing sectors. They need to be modernised and converged. The Prime Minister has decided to set up a Group of Ministers (GOM) to propose legislative and other changes for preparing a modern integrated food law and related regulations.	A Group of Ministers has been constituted to propose legislation for preparing modern integrated food law and related regulations. **ACTION COMPLETED.**
6.	**Para No.12:** Amendment of the Agricultural Produce Marketing Acts to enable farmers to sell directly to potential processors would help them to receive better prices and to access potential new markets.	Amendment of the Agriculture Produce Marketing/ Regulation Act is within the purview of the State Governments/ UT Administration. A Standing Committee has been constituted under the Chairmanship of Hon'ble Minister of State (Agriculture) on 13th November, 2002 to accelerate reforms in Agriculture Marketing Sector. The Standing Committee has resolved that the States may appropriately amend their respective Agricultural Marketing Acts wherever necessary. A decision has been taken to formulate a model legislation for guiding the States in the implementation of this programme.

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	Para No. 12: The remaining State control orders which are acting as barriers to inter-State trade, also need to be lifted.	Removal of restrictions for pulses, gur, vanaspathi and wheat products is under consideration of the Government in consultation with the State Governments.
8.	**Para No.12:** Additional allocations in respect of centrally sponsored schemes would be linked to decontrol and deregulation of the agricultural sector by the States.	A new credit linked subsidy scheme of Development of Market Infrastructure, Grading and Standardisation has been formulated. The subsidy under the proposed scheme will be linked to State/UTs undertaking reforms to allow private and cooperative sector investment in development of alternative competitive market infrastructure. Planning Commission has communicated their 'in principle' approval to the implementation of the scheme during Tenth Five Year Plan period. No additional allocations have been made in view of the fact that the scheme is yet to be notified. **ACTION COMPLETED**.
9.	**Para No. 14:** The funds for RIDF VIII will be enhanced from Rs. 5000 crore to Rs. 5500 crore in 2002-2003, while the rate of interest will be reduced from 10.5 per cent to 8.5 per cent. Henceforth it will be fixed at the prevailing bank rate plus 2 per cent.	The corpus of RIDF VIII has been enhanced and the RBI has issued instructions regarding the rate of interest to be charged on 24th April, 2002. **ACTION COMPLETED.**
10.	**Para No. 14**: Assistance to the States from RIDF will be linked to reforms in the Agriculture and Rural Sectors.	Out of the corpus of Rs.5500 crore for RIDF VIII, Rs.1100 crore is linked to reforms in agriculture and rural sectors to be complied by all State Governments/ Union Territories. The modalities for linking of reforms have been finalized by NABARD and the rating module has been devised for allocating the reforms linked funds among States. The rating module has been approved by NABARD on 23rd November, 2002. **ACTION COMPLETED.**
11.	**Para No.14:** The target of one lakh additional Self Help Groups to be raised to 1.25 lakhs for 2002-03.	Target has been communicated to NABARD/SIDBI. As on 31st December, 2002, 69,671 SHGs have been linked for refinance support during the year 2002-03.
12.	**Para No.14:** A special one-time settlement scheme (OTS) for small and marginal farmers will be announced by RBI to cover loans.	RBI has issued a circular announcing the Scheme on 22nd March, 2002. **ACTION COMPLETED**.
13.	**Para No.15:** A new Corporation for Agricultural Insurance is to be promoted by the existing public sector general insurance companies	The Agriculture Insurance Company of India Ltd. has been incorporated on 20th December, 2002 under the Companies Act, 1956. This Company is promoted by four public sector general insurance companies. **ACTION COMPLETED**.
14.	**Para No.16:** The allocation for the Accelerated Irrigation Benefit Programme (AIBP) is to be increased to Rs. 2800 crore in 2002-03. This will assist the States to accelerate the completion of unfinished medium and major irrigation projects, and also to undertake reforms by revising user charges and setting up of water users associations.	The allocation for the Accelerated Irrigation Benefit Programme (AIBP) has been increased to Rs.2800 crore, which includes Rs.500 crore for Fast Track Projects. This will assist the States to accelerate the completion of unfinished medium and major irrigation projects. Norms for giving loan under this programme have also been relaxed in respect of the States who agree to revise their water rates within a period of five years so as to meet full O & M costs for all category of projects. **ACTION COMPLETED.**

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15.	**Para No.17:** A full review of the governance of agricultural research is also proposed so that the system can serve the new needs creatively.	A review of ICAR's administrative structure has been done. The Hemant Kumar Committee (constituted for the purpose of suggesting ways to establish an effective, precise and dynamic system of administration and management of ICAR; to improve scientific monitoring of various departments; to examine the linkage between ICAR and State agricultural universities and to improve human resources in the research system) submitted its report on 31st December, 2002. The report is now being examined. **ACTION COMPLETED.**
16.	**Para No.18:** Linkages between research and extension will be strengthened to improve quality and effectiveness of research and extension systems. The extension system will be revitalized and broad-based through Krishi Vigyan Kendras (KVKs), NGOs, farmers organisations, cooperatives, the corporate sector and agri-business clinics. KVKs will be designated as nodal agencies for quality certification including organic products, bio-fertilizers, and bio-pesticides. The supply of inputs, agro-processing and trade through such cooperatives/ companies will be encouraged through the availability of credit with the help of NABARD.	KVKs have been developed by the ICAR to facilitate the linkages between research and extension. In order to revitalize the extension system, it has been decided to transfer the administrative control of KVKs from ICAR (which is primarily a research organization) to the Department of Agriculture and Co-operation, which will be in a better position to improve the functioning of the KVKs. Standard inspection procedures are to be developed before the KVKs can be effective in organic certification.
17.	**Para No.19:** For promotion of agricultural exports, Agri Export zones are being promoted in different States and 15 such zones have been approved so far. APEDA will catalyse development of infrastructure and flow of credit to the units in these Agri Export zones.	41 Agri Export Zones (AEZs) have been operationalised in 17 States, upto December 2002. This involves an estimated investment of around Rs.1142.53 crore, out of which Rs.333.68 crore will flow from various Central Government agencies.
18.	**Para No.20:** A further allocation of Rs 2,500 crore for the year 2002-03 is being made for the Pradhan Mantri Gram Sadak Yojana (PMGSY) to provide connectivity to all our villages through all weather roads. Depending on the accelerated implementation of these works, additional resources including those from multilateral sources would also be arranged in the course of the year.	Project proposals for the amount earmarked for PMGSY, in the budget of 2002-2003 have been cleared in the year 2001-2002. These road works are in various stages of execution and are likely to be completed by the end of 2002-03. There will be a requirement of additional funds. Discussions have been held with the World Bank and the Asian Development Bank to explore the possibility of external funding. Both the Agencies have agreed, in principle, to fund the Programme. **ACTION COMPLETED.**
19.	**Para No.21:** Considering the fact that State Electricity Boards find it difficult to service debt, the Government proposes to introduce a new interest subsidy scheme called the Accelerated Rural Electrification Programme. An outlay of Rs 164 crore has been provided for this scheme in 2002-03.	Under the scheme, the interest subsidy would be provided for the loans to be taken by the State Governments for the electrification of un-electrified villages including dalit bastis. The interest subsidy would be granted on the net present value after disbursement of loans. The interest subsidy has been proposed to be kept at 4%. The GOM has cleared the scheme. The entire budgeted outlay for 2002-03 will be utilized during the current year as work is under progress in several States. **ACTION COMPLETED.**

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20.	**Para No.22:** Sampoorna Grameen Rozgar Yojana (SGRY) announced by the Prime Minister in his Independence Day speech of 2001 was launched on September 25, 2001 by merging the ongoing Employment Assurance Scheme (EAS) and the Jawahar Gram Samridhi Yojna (JGSY). This scheme will be continued next year. I urge upon all the States to come forward to take full advantage of the free food grains being offered under this scheme.	The SGRY is under operation with effect from 25th September 2001 and is being implemented in all the States/UTs. **ACTION COMPLETED.**
21.	**Para No.23:** Jai Prakash Rozgar Guarantee Yojana (JPRGY) will be launched to provide employment guarantee to the unemployed in the most distressed districts of the country. A Task Force to be headed by Minister for Rural Development will also be set up to design and implement a massive programme for employment generation in these districts.	A Task Force has been constituted under the Chairmanship of Minister of Rural Development. On the basis of the recommendations made by the Task Force, a draft Cabinet Note on implementation of JPRGY has been prepared and circulated among the concerned Ministries. After discussions with the Deputy Chairman, Planning Commission, an alternate approach of the Scheme was sent to the Planning Commission. The comments of the Planning Commission are being examined.
22.	**Para No.24:** To promote rural industrialisation, the Wardha Institute started by Mahatma Gandhi in 1935 would be upgraded as a national institute to be called Mahatma Gandhi Institute for Rural Industrialisation.	The Jamnalal Bajaj Central Research Institute has been renamed as Mahatma Gandhi Institute for Rural Industrialisation and is functioning as a National Institute. **ACTION COMPLETED.**
23.	**Para No.25:** The diversification of agriculture will not succeed without appropriate infrastructure for marketing. For this purpose, rural local bodies, cooperatives and NGOs will be assisted to set up rural produce marketing centres and sub-centres at the district and block levels and to upgrade village haats under a special scheme of the Swaran Jayanti Gram Swarozgar Yojana (SJGSY).	During the year 2002-03, Rs. 5 crore has been earmarked under this component. This amount is being utilized for sanction of marketing infrastructure and development of marketing linkages as part of the existing SGSY programme, where creation of marketing infrastructure and marketing linkages have been given priority. Assistance is being provided for development of infrastructure to Cooperative Societies with a condition that at least 50% of the members of the cooperative society should be SGSY Swarozgaris. Under SGSY Special Projects also, development of marketing infrastructure is being sanctioned to the States. Since inception of the Scheme, Special Projects on marketing amounting to Rs. 93.50 crore have been sanctioned to various States. **ACTION COMPLETED.**
24.	**Para No.26:** Houses constructed by the poor under the Indira Awas Yojana (IAY) in natural calamities prone areas will henceforth be provided insurance cover through a Master Policy.	A Committee was constituted to work out the details of the Scheme. The detailed proposal was placed before the Standing Finance Committee which met on 31st October, 2002, under the Chairmanship of Secretary (Rural Development). The Committee apprehended that the funds might not reach the beneficiaries properly through Insurance Policy and that it would be more appropriate to reach the funds directly to beneficiaries through Government agencies, as is being done under IAY. Besides, as per decision of the Cabinet, from the financial year 2002-03, 5% of the funds under IAY have been earmarked to provide assistance in cases of natural calamities and other emergent situations. Whenever, Additional Central

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		Assistance (ACA) is provided for construction of houses in emergent situations, it covers IAY houses as well. In view of this, the proposal of insurance coverage under the IAY has not been processed further. **ACTION COMPLETED.**
25.	**Para No.27:** The report of the High Level Committee on Long Term Grain Policy is expected to be submitted shortly. A more durable approach for better management of our food economy shall be formulated after considering this report.	The HLC on Long Term Grain Policy has submitted its Report on 31st July, 2002. The recommendations in the Report are under examination.
26.	**Para No. 31:** To achieve commercial viability of State Electricity Boards, the high level empowered group of Chief Ministers and Union Ministers has agreed for a one time settlement scheme in regard to SEB overdues to the Central Public Sector Utilities through securitisation and issue of tax free bonds by the respective State Governments, subject to the achievement of specified performance milestones and full payment of current dues in the future. The States shall have to come forward and implement the scheme speedily.	To facilitate securitization of old outstanding dues of the Central Public Sector Undertakings by way of issue of tax-free bonds, a tri-partite agreement between the respective State Governments, Government of India and the RBI has been prepared. 22 States have signed the agreement so far. The payment of current dues in respect of CPSUs of Power Ministry by the SEBs has improved from around 70 per cent earlier to 90 per cent after signing the tri-partite agreement. **ACTION COMPLETED.**
27.	**Para No.32 :** The APDP is being redesigned as the Accelerated Power Development and Reform Programme (APDRP), with an enhanced plan allocation of Rs 3,500 crore for 2002-03. Access of the States to the fund will be on the basis of agreed reform programmes, the centre piece of which would be the narrowing and ultimate elimination of the gap between unit cost of supply and revenue realisation within a specified time frame. Accordingly, the focus of reform has shifted from generation to transmission and distribution.	As on 10th February, 2003, 332 projects worth Rs.13,703.16 crore have been sanctioned under APDP with an APDRP assistance of Rs. 7386.81 crore. A sum of Rs.1087.59 crore has been released so far. 24 States have signed a Memorandum of Agreement agreeing to undertake efficiency and cost reduction measures; organizational re-structuring to ensure accountability at the feeder and circle level; undertaking 100 per cent metering; energy auditing and elimination/ reduction of commercial and technical losses. Consequent to the initiative under APDRP, Karnataka, Andhra Pradesh, Madhya Pradesh, Uttar Pradesh and West Bengal have enacted anti-theft legislation. Maharashtra, Punjab and Bihar have initiated action to legislate anti-theft provision.
	Para No. 33: A high level monitoring group will oversee the progress of this programme. Allocation for this programme will be augmented by loans on concessional terms from the Power Finance Corporation (PFC).	A High level APDRP Monitoring Committee headed by the Minister of Power is monitoring and evaluating the programme. **ACTION COMPLETED.**
28.	**Para No 34:** The PM's National Highway Development Programme promises to achieve a totally new scenario in the road sector. The Golden Quadrilateral will be completed substantially by December 2003, a year ahead of schedule. The North-South East-West corridors have a length of 7300 kms., of which 716 kms. have already been four-laned. With the assistance of multilateral funding, other borrowings by the National Highway Authority of India (NHAI) with government guarantee, and other innovative financing schemes, the funding for this phase will be fully tied up in 2002-03.	Total length of NHDP is 13,146 kms out of which Golden Quadrilateral (GQ) is 5,846 kms and North-South & East-West Corridors (NSEW) is 7,300 kms. 1327 kms of the GQ has already been completed and 4383 kms are in various stages of implementation. Contracts are yet to be awarded for construction of the remaining 136 kms. The GQ is targeted to be substantially completed by December, 2003. 442 kms of NSEW Corridors are common with the GQ. 616 kms of NSEW has already been 4-laned and another 430 kms are under implementation. Contracts

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		for constructing remaining 5812 kms are yet to be awarded. The corridors are targeted to be completed by December 2007. The funds required for Phase 1 of NHDP of length 6359 kms comprising 4993 kms under GQ, 671 kms under NSEW and 695 kms as other roads including port connectivity have been tied up. Funds required for Phase II of NHDP of total length 6876 kms including NSEW component of 6251 kms and 625 kms of other roads for an amount of Rs.35314 crore, are being tied up.
29.	**Para No.35:** It is proposed to corporatise major ports in a phased manner. Private sector investments have been facilitated and 17 projects worth more than Rs 4,500 crore have already been approved and another 8 projects worth more than Rs 3,200 crore are under consideration. With corporatisation of the existing ports and new private sector ports coming up, the regulatory structure will be strengthened.	Government has initiated the process of phased corporatisation of the major ports. To enable corporatisation of 11 major ports functioning under the Major Port Trusts Act, 1963, the Act needs to be amended. Accordingly, the Major Port Trusts (Amendment) Bill, 2001 has been introduced in the Lok Sabha on 31st August, 2001. The Bill is presently under consideration of Department Related Standing Committee on Transport and Tourism and the report of the Committee is awaited. There is a proposal for change of role of Tariff Authority for Major Ports (TAMP) from existing Tariff Setting Authority to Appellate Authority, not only for Major Ports but also for other ports, which are under the State Governments. The matter is under consideration.
30.	**Para No. 36:** The international airports at Delhi, Mumbai, Chennai and Kolkata would be upgraded to the standards of world class airports by inducting private sector management and investment through long term leasing systems. The process will be completed in 2002-03.	Action has been initiated for restructuring of Delhi, Mumbai, Chennai and Kolkata airports through long-term leasing route, to upgrade them to world class standards. A Bill has been introduced in the Lok Sabha to incorporate an enabling provision in the Airports Authority of India (AAI) Act, 1994, for transaction of leasing. This Bill has been referred to the Department Related Parliamentary Standing Committee on Transport, Tourism and Culture. A revised Bill has been prepared based on the recommendations of the Committee. A proposal for restructuring of airports through Joint Venture (JV) route, in addition to the leasing route, is also under consideration of the Government.
31.	**Para No.37 :** Private sector participation in greenfield airports will be encouraged through a package of following concessions:	The Government has already accorded “in principle” approval for construction of greenfield airports through joint ventures under private sector participation at Shamshabad near Hyderabad, Devanhalli near Bangalore and Mopa in Goa .
	• Availability of land and related infrastructure from the State Governments.	• Andhra Pradesh and Karnataka have taken necessary action to provide land and other infrastructure like power, water supplies, roads, etc.
	• Exemption from levy of Inland Air Travel Tax (IATT) and Foreign Travel Tax (FTT) on departing passengers for projects located in States that charge sales tax on Aviation Turbine Fuel (ATF) at Central Sales Tax (CST) rate.	• Exemption from levy of IATT and FTT at the greenfield airports would arise only when these airports become operational.

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	• Charging of Advance Development Fee (ADF) by way of additional Passenger Service Fee (PSF) at the existing airports for help in financing of the greenfield airports.	• A proposal is under consideration for creation of an Airport Development Fund under Airports Authority of India. The proceeds could be used to advance loans for construction of greenfield airports or for taking part in the equity of the company engaged in the construction of these greenfield airports. This proposal is also being included in the revised Bill being processed for the amendment of the AAI Act 1994.
	• Levy of User Development Fee (UDF) at the new airport.	• The UDF at a pre-determined/regulated rate can be levied to the departing passengers after the new airports are commissioned/ operational.
	• Financial assistance/equity participation by Airports Authority of India.	• As per MOU signed by the AAI separately with the promoters of greenfield airports at Devanahalli and Shamshabad, AAI will hold 13% equity in each project, subject to a cap of Rs. 50 crore.
32.	**Para No. 39:** An Urban Reform Incentive Fund (URIF) would be set up with an initial allocation of Rs 500 crore to provide reform linked assistance to States. The Fund will seek to incentivise reforms in the following areas: • Reform of Rent Control Laws and repeal of Urban Land Ceiling Acts. • Rationalization of high stamp duty regimes. • Revision of bye-laws to streamline the approval process for construction of buildings, development of sites, etc. • Revision of municipal laws in line with model legislation prepared by the Ministry of Urban Development and Poverty Alleviation. • Simplification of legal and procedural frameworks for conversion of agricultural land for non-agriculture purposes. • Levy of realistic user charges and resource mobilization by urban local bodies. • Initiation of public private partnership in the provision of civic services.	Planning Commission has worked out State-wise allocations on the basis of share of each State in urban population and included the same among States' resources at the time of fixing the size of Annual Plan. The process of release would be initiated by States individually entering into a Memorandum of Agreement with the Central Government. State Governments are being encouraged to avail of this Fund, even if they are willing to sign a truncated MoA stating that they would undertake at least a few areas of urban reforms to start with. Negotiations are on with several State Governments at present.
33.	**Para No.40:** A City Challenge Fund (CCF) will also be set up as an incentive based facility that will support cities to fund transitional costs of moving towards sustainable and creditworthy institutional systems of municipal management and service delivery. It will assist in the partial financing of the cost of developing an economic reform programme and financially viable projects to be undertaken by urban local bodies.	Administrative Staff College of India (ASCI) Hyderabad has prepared and circulated a draft policy report and operational guidelines for the design of the City Challenge Fund (CCF), to the Ministry of Urban Development. Guidelines of this Scheme are in an advanced stage. After the final report is received from ASCI, views from concerned Ministries/departments will be sought. The Scheme is expected to be operationalised in 2003-04.
34.	**Para No.40:** It is also proposed to set up a Pooled Finance Development Scheme to provide credit enhancement to assist local bodies to access market borrowing on a creditworthy basis.	Draft guidelines for the Scheme have been formulated and 'in principle' approval of the Planning Commission has been sought.
35.	**Para No.40:** To provide further incentive for urban local bodies to become credit worthy and to invest in urban infrastructure, municipal tax free bonds would be issued upto Rs.500 crore in 2002-03, up from Rs.200 crore this year.	State Governments have been informed of the provision in this regard and have been requested to send proposals accordingly. A proposal from Nashik Municipality is under consideration by a Committee constituted for this purpose.

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36.	**Para No. 41:** It is proposed to implement a comprehensive tourism development package as under: • 6 tourism circuits would be identified for development to international standards during 2002-03. • Special Purpose Vehicles (SPVs) will be permitted to raise resources from both public and private sectors for infrastructure development in these circuits. • One special area, the World Heritage Site of Hampi, will be developed as an international destination for tourism based on an integrated master plan.	• Six tourist circuits have been identified for development during 2002-03. Guidelines for the grant of Central financial assistance for development of the tourist centres have been issued. • Once the core infrastructure projects have been put in place, modalities for setting up SPVs for site-management will be worked out. • Several measures have been initiated to develop Hampi as a world class tourist destination. The Project is being executed in association with the State Government of Karnataka and CPWD. An amount of Rs.4.95 crore has been sanctioned for the development of Hampi in Karnataka under the Scheme of Destination Development and an amount of Rs.1 crore has been released as first instalment. The work includes construction of Shopping-cum-Interpretation Centre-cum-Parking Node at Hampi. **ACTION COMPLETED.**
37.	**Para No.43:** An Infrastructure Equity Fund of Rs 1000 crore will be set up to help in providing equity investment for infrastructure projects. Contributions to the Fund to be managed by the Infrastructure Development Finance Company Limited (IDFC), would initially be made by public sector insurance companies, financial institutions and some banks.	A concept paper has been prepared by Infrastructure Development Finance Company Limited (IDFC). Life Insurance Corporation of India has agreed to contribute Rs.100 crore to this Fund and State Bank of India is also likely to make a matching contribution to the Fund, to make it operational.
38.	**Para No.43:** An institutional mechanism is being set up to coordinate the debt financing by financial institutions and banks of infrastructure projects larger than Rs 250 crore. IDFC will act as the coordinating institution with primary responsibility for different sectors being shared with the IDBI and ICICI.	A concept paper has been prepared by Infrastructure Development Finance Company Limited (IDFC). The participating institutions like IDFC, IDBI, SBI, IFCI and LIC are assessing the viability of setting up a new improved mechanism for coordinating debt financing.
39.	**Para No.43:** Public private partnerships will be encouraged for the provision of infrastructure facilities, the modalities for which are being worked out by a Task Force.	A Working Group has been set up to develop bidding/ contracting documents for developing infrastructure through public-private partnerships. Intensive discussions have already been undertaken with various Ministries, especially in the social sector, to develop contracting framework for at least one project in each sector.
40.	**Para No. 45:** To help investors plan their investments better and to add transparency and stability in the market RBI will announce an issuance calendar for dated government securities**.**	Calendar for dated government securities for the year 2002-03 has been issued by the Reserve Bank of India. **ACTION COMPLETED.**
41.	**Para No. 45:** Having now received the concurrence of all state legislatures, it is proposed to introduce a new Government Securities Bill to replace the old Public Debt Act 1949 within this Parliament Session.	The Bill is likely to be introduced in the ensuing Budget Session of Parliament.
42.	**Para No. 46:** The process of demutualisation and corporatisation of stock exchanges is expected to be completed during the course of the year, to implement the decision to separate ownership, management and operation of stock exchanges.	The recommendations of Justice M.H. Kania Committee on demutualization of stock exchanges, have been accepted by the SEBI Board for implementation. This would require Legislative amendments.

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43.	**Para No. 46:** Legislative changes will be proposed, during the Budget Session, in the SEBI Act, 1992 for investor protection, and to enhance the effectiveness of SEBI as the capital market regulator.	The Securities and Exchange Board of India (Amendment) Act, 2002 has since been passed during the winter session of Parliament, 2002. **ACTION COMPLETED**.
44.	**Para No.46:** Following certain developments overseas, and within the country, regarding accounting standards and effectiveness of auditors, it is proposed to strengthen regulation in this area.	Shri Naresh Chandra Committee on Corporate Audit and Governance has submitted its report on 23rd December, 2002, which is under examination. Different aspects of strengthening regulatory powers require amendments in the Companies Act which will be placed before the Parliament in the current session. **ACTION COMPLETED**.
45.	**Para No. 46:** Foreign institutional investors (FIIs) can invest in a company under the portfolio investment route beyond 24 per cent of the paid up capital of the company with the approval of the general body of the shareholders by a special resolution. It is proposed that now FII portfolio investments will not be subject to the sectoral limits for foreign direct investment except in specified sectors. Guidelines in this regard will be issued separately.	The Committee has been reconstituted under the chairmanship of Dr. A.K. Lahiri, to identify the sectors in which FII Portfolio investments will not be subject to sectoral limits for FDI.
46.	**Para No 48:** A package of measures for reforming the US-64 scheme and the Unit Trust of India (UTI) has been announced which seeks to balance investors' interest while ensuring systemic safety. The long overdue reform for making US-64 NAV based has been implemented. Further legislative changes in the UTI Act to put in place other needed reform measures will be proposed during the year.	Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 has since been passed during the winter session of Parliament 2002. **ACTION COMPLETED.**
47.	**Para No. 49:** A new Bill on Banking Sector Reforms is proposed to be introduced in Parliament to strengthen creditor rights through foreclosure and enforcement of securities by banks and financial institutions. This Bill will also enable securitisation for money locked up in long term loans.	The Securitisation & Reconstruction of Financial Assets & Enforcement of Security Interest Act, 2002 has been passed by the Parliament. **ACTION COMPLETED**.
48.	**Para No. 49:** The Deposit Insurance Credit and Guarantee Corporation (DICGC) will be converted into the Bank Deposits Insurance Corporation (BDIC) to make it an effective instrument for dealing with depositors' risks and for dealing with distressed banks. Appropriate legislative changes will be proposed for this purpose.	The Bank Deposit Insurance Corporation (BDIC) is being planned on the lines of the globally acclaimed Federal Deposit Insurance Corporation. A Study Team has submitted its final report to the Government on 13th January, 2003. The report is under examination.
49.	**Para No. 49:** It is proposed to make legislative changes to corporatise IDBI within the coming year to provide it appropriate flexibility. Meanwhile IDBI's tier one capital is being strengthened by conversion of existing IBRD and NIC (LTO) loans in to appropriate long term instruments.	A Bill to corporatise IDBI has been introduced in the Lok Sabha, on 4th December, 2002. The Bill has been referred to Department Related Parliamentary Standing Committee on Finance.
50.	**Para No. 49:** Consequent to certain amendments made in the year 2000 in the companies act, 1956, directors incur disqualification for election in the case of certain defaults by the company. it is proposed to exempt nominee directors of public financial institutions and banks from this provision.	A circular to this effect has been issued on 22nd March, 2002. **ACTION COMPLETED.**

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51.	**Para No.50 :** In the banking sector foreign banks are permitted to operate in India as fully owned branches with specific permission of the Reserve Bank of India. As recommended by the Committee on Banking Sector Reforms, it has now been decided to give an option to foreign banks to either operate as branches of their parent banks or to set up subsidiaries. A foreign bank will have to choose only one of the two options. Such subsidiaries will have to adhere to all banking regulations, including priority sector lending norms, applicable to other domestic banks. Necessary amendments will be proposed in the Banking Regulation Act 1949 to relax the maximum ceiling of voting rights of 10 percent for such subsidiaries.	Comments of the Reserve Bank of India on the draft Cabinet Note have been received and the matter is under discussion.
52.	**Para No. 52:** The NHB will launch a Mortgage Credit Guarantee Scheme, which would be provided to all housing loans thereby fully protecting lenders against default. This will make housing credit more affordable thereby also increasing access to housing credit in rural areas.	NHB is in the process of working of the business plan and collaboration details with four foreign partners. The launch is planned for 2003-04.
53.	**Para No.52:** The target under the Golden Jubilee Rural Housing Finance Scheme is proposed to be increased to 2.25 lakh for 2002-03.	Increased targets have been distributed to banks and Housing Finance Companies. Upto December 2002, 76,000 rural dwelling units have been covered under the Scheme. **ACTION COMPLETED.**
54.	**Para No. 53:** There will be full convertibility of deposit schemes for Non Resident Indians. The existing Foreign Currency Non-Resident (FCNR(B)) scheme and the Non-Resident External rupee (NRE) scheme will continue to be repatriable.	Reserve Bank of India has issued necessary Notification under FEMA on 1st March, 2002. **ACTION COMPLETED.**
55.	**Para No.53:** The schemes which do not offer full convertibility to NRIs will be discontinued from April 1, 2002. The existing balances in the non-resident (non-repatriable) rupee accounts will be allowed to be credited on maturity to the convertible NRE account.	Reserve Bank of India has issued necessary Notification under FEMA on 1st March, 2002. **ACTION COMPLETED.**
56.	**Para No.53:** NRIs will be free to repatriate in foreign currency their current earnings in India such as rent, dividend, pension, interest and the like based on appropriate certification.	Reserve Bank of India has issued necessary Notification under FEMA on 14th May 2002. **ACTION COMPLETED.**
57.	**Para No. 53:** Indian companies wishing to invest abroad may now invest up to US $ 100 million on an annual basis through the automatic route, up from the existing limit of US $ 50 million.	Reserve Bank of India has issued necessary Notification under FEMA on 7th March, 2002. **ACTION COMPLETED.**
58.	**Para No. 53 :** Indian Companies making overseas investment in joint ventures abroad by market purchases may now do so without prior approval up to 50 per cent of their net worth, up from the current limit of 25 per cent.	Reserve Bank of India has issued necessary Notification under FEMA on 1st March, 2002. **ACTION COMPLETED.**
59.	**Para No.53:**Corporates with proven track record will be allowed to contribute funds from their foreign exchange earnings for setting up chairs in educational institutions abroad and for other welfare measures, likely to benefit the community abroad, on a case by case basis by the RBI.	Reserve Bank of India has issued necessary instructions to the Authorised Dealers on 1st March, 2002. **ACTION COMPLETED.**

S.No.	Budget Announcement	Status Of Implementation
60.	**Para No.53:** Indian mutual funds will now be allowed to invest in rated securities in countries with fully convertible currencies, within the existing limits. Earlier such investment was only permitted in ADR/GDRs issued by Indian companies in overseas markets.	Reserve Bank of India has issued necessary instructions to the Authorised Dealers on 2nd March, 2002. **ACTION COMPLETED.**
61.	**Para No.53:** Pre-payment of ECBs is permissible to the extent of balances available in EEFC accounts, which are currently restricted to 50 per cent of export proceeds. To enable ECB holders to benefit from lower interest rates, utilisation of higher amounts from export proceeds will be considered by RBI.	Reserve Bank of India has issued a circular to this effect on 1st March, 2002 **ACTION COMPLETED.**
62.	**Para No.53:** With a view to further liberalising the capital account transactions, the Foreign Currency Convertible Bond (FCCB) scheme is proposed to put under the automatic route upto US $ 50 million.	Reserve Bank of India has issued necessary Notification under FEMA on 7th March, 2002. **ACTION COMPLETED.**
63.	**Para No.54:** The Government proposes to bring suitable legislation during the current session of Parliament to empower the enforcement agencies to arrest and prosecute the hawala operators/money launderers suspected to be engaged in financial transactions linked with terrorist activities.	The Prevention of Terrorism Act, 2002 was enacted on 28.3.2002 and has provisions to deal with terrorist activities and connected matters including financial transactions linked to terrorist activities. **ACTION COMPLETED.**
64.	**Para No.55:** The Oil Pool Account will be dismantled on April 1, 2002 and the outstanding balances will be liquidated by issue of oil bonds to the concerned oil companies.	Oil Pool Account has been wound up on 31st March, 2002 and the Government have issued "6.96% Oil Companies Government of India Special Bonds, 2009" on 30th March 2002 to partially meet the outstanding of the Oil Companies against the Oil Pool Account. The bonds for remaining amount would be issued after C&AG's audit. **ACTION COMPLETED.**
65.	**Para No.55:** Private companies will be permitted in distribution in the petroleum sector subject to specified guidelines.	The Government have decided to grant authorization to market transportation fuels, namely, MS, HSD and ATF to the new entrants including the private sector vide a resolution dated 8th March 2002. The authorization has already been granted to four companies, viz. RPL, ESSAR Oil, ONGC and NRL. **ACTION COMPLETED.**
66.	**Para No.55 :** A Petroleum Regulatory Board will be set up to oversee the sector.	A Petroleum Regulatory Board Bill, 2002 has been introduced in the Parliament.
67.	**Para No. 55:** The 1997 Government decision on the dismantling of APM mandated the subsidy on LPG and kerosene oil to be reduced to 15 and 33 per cent respectively by April 1, 2002. Accordingly, the price of LPG and kerosene oil for PDS is being raised. These subsidies will be borne by the Consolidated Fund from April 1, 2002. The subsidies on LPG and kerosene will be on a specified flat rate basis from April 1, 2002. The retail prices will then vary as the price of crude oil changes in international markets.	The retail selling prices of domestic LPG and PDS Kerosene were increased by about Rs.40/- per cylinder and Rs.1.50 per litre w.e.f. 1st March 2002. The prices of domestic LPG were later rolled back by about Rs.20 per cylinder w.e.f 17th March 2002. The scheme for providing post APM subsidy on PDS kerosene and domestic LPG has been notified on 28th January, 2003. **ACTION COMPLETED.**

S.No.	Budget Announcement	Status Of Implementation
68.	**Para No. 58:** In addition to the use of legal avenues by industrial and other companies for financial restructuring, a mechanism for Corporate Debt Restructuring (CDR), has been set up. It is also proposed to set up a small group consisting of bankers and others, under the chairmanship of Deputy Governor, Reserve Bank of India to suggest measures to make its operation more efficient.	On the basis of the recommendations of the Working Group, set up for this purpose, RBI has issued guidelines through a circular dated 5th February, 2003. **ACTION COMPLETED.**
69.	**Para No.61:** It has been decided to introduce a scheme called 'Laghu Udyami Credit Card' (LUCC) Scheme for providing simplified and borrower friendly credit facilities to small businessmen, retail traders, artisans and, small entrepreneurs, professionals and other self employed persons, including those in the tiny sector.	The Laghu Udyami Credit Card (LUCC) Scheme has been launched on 12th November, 2001. **ACTION COMPLETED.**
70.	**Para No. 62:** Over 50 items of knitwear, certain agricultural implements, auto components, some chemicals and drugs, and others will now be dereserved.	51 items have since been dereserved and nomenclature of 2 items changed vide a notification dated 20th May 2002. The investment ceiling on knitwear has been raised from Rs. 1 crore to Rs.5 crore, on 9th October, 2001. **ACTION COMPLETED.**
71.	**Para No. 67:** IRDA has recommended a regulatory framework for setting up pension funds to enable individuals to subscribe on a defined contribution basis to obtain the benefit of pensions on their retirement. Action on these recommendations will be taken by June 30, 2002.	The matter is under consideration of the GOM constituted for this purpose.
72.	**Para No. 68:** An insurance scheme called "Janraksha" is being designed by the public sector insurance companies to provide protection to the needy population. With a payment of Re. 1 per day as insurance premium, a person will be entitled to indoor treatment up to Rs.30,000 per year at selected and designated hospitals. Out patient treatment upto Rs.2,000 per year will also be covered at designated clinics which would include civil hospitals, medical colleges, private trust hospitals and other NGO run institutions.	The "Jan Raksha" Policy has been launched by the National Insurance Company Ltd. on 15th January, 2003. The Company has already sold 100 policies and it is expected that 500 policies would be issued by 31st January, 2003. **ACTION COMPLETED.**
73.	**Para No.70:** In order to encourage the entry of large numbers of women into scientific professions, the government intends to institute at least 100 scholarships a year to be provided by the Department of Science and Technology to women scientists and technologists.	The "Women Scientists Scholarship Scheme" has been launched and about 100 scholarships will be awarded annually under this. Approximately 5000 women scientists have already approached the Government for support from this Scheme. **ACTION COMPLETED.**
74.	**Para No. 71:** Under the National Nutrition Mission announced by the PM, food grains at subsidised rates would be made available to adolescent girls and expectant and nursing mothers belonging to below poverty line families through the ICDS structure.	Draft notification for constitution of National Nutrition Mission is under finalization. The Planning Commission has allocated Rs.103.33 crore for 2002-03 as special Central Assistance to States, to provide food grains to undernourished adolescent girls, pregnant and lactating mothers in 51 identified districts. The first instalment of Rs.53.95 lakhs has been released to all States for 2002-03. Guidelines for implementation of the pilot project have also been issued.

S.No.	Budget Announcement	Status Of Implementation
75.	**Para No.72:** A National Ayurvedic Hospital will be set up at Delhi with private sector participation.	In order to set up a National Ayurveda Hospital, Delhi Development Authority has allotted 4.5 acres of land near Apollo Hospital at Sarita Vihar, New Delhi. The Hospital is proposed to be managed as a joint venture with minority share of Government of India. Ten medical/ pharmaceutical companies have made a presentation before the Committee, constituted to scrutinize the "Expression of Interest". An MOU has been signed with RITES on 28th January, 2003 for identifying within 29 weeks a viable private partner for establishing the hospital.
76.	**Para No.77:** It is proposed to set up a micro venture capital fund for small innovations to be initiated by the Small Industries and Development Bank of India (SIDBI), in cooperation with the National Innovation Foundation, to facilitate the transition of innovations into enterprises.	SIDBI has released its contribution of Rs.5 crore for the Fund. **ACTION COMPLETED.**
77.	**Para No.81:** Recommendations of the Parliamentary Standing Committee of Finance on the Fiscal Responsibility and Budget Management Bill have been received and the Bill would be brought up for consideration in this august House within the current session.	Amendments to the Fiscal Responsibility and Budget Management Bill, 2000 will be moved in the ensuing Budget Session of Parliament.
78.	**Para No.85:** • The ERC submitted 10 reports covering 36 Ministries/Departments that had a total sanctioned staff of 8.65 lakh. Of the identified surplus manpower of 42,200 in these Ministries/ Departments, nearly 12,200 posts are expected to be abolished by the end of March 2002. The remaining reports are at different stages of consideration. • The decision to limit fresh recruitment to 1 per cent of total civilian staff strength will continue to be implemented over the next 4 years.	• Around 23901 posts have been identified for abolition so far by various Ministries/Departments, and out of these, around 12,898 posts have already been abolished. The progress of abolition of posts is being continually monitored. • The decision to limit fresh recruitment to 1 per cent of total civilian staff strength will continue.
79.	**Para No.86:** Efforts to contain the fertiliser subsidy have been made by plugging inefficiencies in the production system which were earlier passed on to the government by the producers and by periodical increases in the issue prices. The ERC has recommended that the Government should increase prices by 7 per cent every year and move towards decontrol over the next 5 years. Accordingly, a modest increase in the issue price of urea, DAP and MOP are proposed to be increased by about 5 per cent and to reduce the subsidy for SSP by Rs 50 per tonne. The prices of complex fertilisers will also be suitably modified.	Maximum retail prices of urea, a controlled fertilizer and DAP, MOP and complexes (decontrolled fertilisers) have already been increased w.e.f. 28th February 2002 and rate of subsidy on SSP has been reduced by Rs.50 per metric tonne. **ACTION COMPLETED.**
80.	**Para No.88:** Because of the rising cost of Postal Service, a modest increase in postal rates is being proposed.	The revised postal rates have been made effective from 1st June, 2002. **ACTION COMPLETED.**

S.No.	Budget Announcement	Status Of Implementation
81.	**Para No. 89:** Administered interest rates will now be benchmarked to the average annual yields of government securities of equivalent maturities in the secondary market. Accordingly, most administered interest rates are being reduced by 50 basis points from March 1, 2002. Such adjustments will henceforth be made annually on a non-discretionary automatic basis. The benefit of reduction in interest rates on small savings deposits will be fully passed on to the States.	Interest rate on most small savings schemes have been reduced by 50 basis points w.e.f. 1st March 2002. Interest on on-lending to States has also been reduced by 50 basis points. **ACTION COMPLETED.**
82.	**Para No. 89:** A corresponding reduction of 50 basis points will be made in the interest rate applicable to Government of India Relief Bonds. Further, a ceiling of Rs 2 lakh per year is being put on investment in these bonds.	A notification to this effect has been issued on 28th February, 2002. **ACTION COMPLETED.**
83.	**Para No.89:** The entire net proceeds of small savings will be transferred to State Governments beginning April 1, 2002, up from the current transfer of 80 per cent. Consequently, additional loan assistance of about Rs. 10,000 crore will be available to the States along with the benefits of a lower interest rate.	The entire net small savings collections are being transferred to the State & U.T. (with Legislature) Governments from 1st April, 2002. **ACTION COMPLETED**
84.	**Para No. 89:** State Governments will be enabled to pre-pay their high cost debt of the past from these additional resources which would be at a lower interest rate. Modalities of this pre-payment of small savings debt of State Government will be worked out in consultation with them and the Reserve Bank of India.	Debt Swap Scheme is under implementation.
85.	**Para No. 89**: The interest rate on the loans portion of Central assistance to State plans is being reduced by 50 basis points.	Interest rate on loans to State Government has been reduced by 50 basis points and fixed at 11.50 per cent w.e.f. 1st April, 2002. **ACTION COMPLETED.**
86.	**Para No. 91:** The report of the High Level Expert Group is being considered by the Government and the new pension scheme for new recruits will be announced and implemented by June 1, 2002.	The High Level Expert Group has submitted its report on 22nd February, 2002. The recommendations contained in this report are under consideration.
87.	**Para No.92 :** We expect to complete the disinvestment in another 6 companies and the remaining hotels in HCI and ITDC this year. Disinvestment receipts for the year 2002-03 would be Rs. 12,000 crore.	Out of six companies targeted for disinvestment in 2002-03, HZL, IPCL and MUL have been disinvested. Disinvestment of NEPA, BHPV and ICVL (Palakkad) unit is under progress. In addition, ten hotels of ITDC and one hotel of Hotel Corporation of India, were disinvested. Chefair, Mumbai, Centaur Hotel, Airport, Delhi (including Chefair, Delhi), six hotels of ITDC and seven joint venture hotels of ITDC are at various stages of disinvestment. Against the target of Rs.12,000 crore, disinvestment proceeds have been around Rs.3342 crore. Rs.18.18 crore from the disinvestment of Jessop and Company Ltd., is pending decision of the High Court, Kolkatta.