



वित्त मंत्री
भारत
FINANCE MINISTER
INDIA

February 3, 2004

FOREWORD

In continuation of our consistent endeavour to promote transparency and accountability in Government, a brochure detailing the status of implementation of announcements made in the Budget for 2003-04, has been prepared.

I am happy to place this brochure before the House.


(Jaswant Singh)

Budget 2003-2004

S.No.	Para No.	Text of Announcement	Action Taken
1	15	The Antyodaya Anna Yojana will be expanded from April 1, 2003, to cover an additional 50 lakh families raising the total coverage to more than a quarter of all BPL families during the year 2003-04. The additional budgetary expenditure on this account will be Rs.507 crore.	<p>The Antyodaya Anna Yojana (AAY) has been expanded to cover an additional 50 lakh BPL families. The requisite guidelines for implementation of the additional Antyodaya Anna Yojana families have also been issued to all the State Governments/UTs. The State Governments/UT Admn. have been asked to identify the additional families in their States/UTs and issue distinctive ration cards to them.</p> <p>The State Governments of Andhra Pradesh, Chattisgarh, Sikkim, Nagaland, Mizoram and Uttar Pradesh have completed the task of identification of additional AAY families and issue of ration cards under the expanded AAY. The Government of Madhya Pradesh has completed the identification of all the additional families and issued ration cards to 2.728 lakh families out of 3.164 lakh identified families. The Government of Kerala has issued ration cards to 1.021 lakh identified additional families out of 1.192 lakh additional estimated families. The Government of Rajasthan has identified 1.826 lakh additional AAY families and issued ration cards to 1.811 lakh additional Antyodaya families out of 1.865 lakh estimated additional AAY families.</p> <p style="text-align: right;">ACTION COMPLETED</p>
2	17	A Committee headed by the Deputy Chairman, Planning Commission is proposed to examine all schemes having a bearing on poverty alleviation and rural development, and recommend their practical convergence.	An exercise for rationalization of Poverty Alleviation Schemes has already been carried out during the Tenth Five Year Plan finalisation and continued as annual exercise under the Zero Based Budgeting. Further, the convergence of schemes would take place with the adoption of decentralized planning as mandated by 73 rd and 74 th Constitution Amendments through Panchayati Raj Institutions (PRI) and District Planning Committee. The Empowered Sub-Committee of National Development Council on Financial and Administrative Empowerment of Panchayati Raj Institutions set up under the chairmanship of Minister of Rural Development is further examining this aspect. In view of this there is no need to set up a separate Committee under Deputy Chairman, Planning Commission to bring about further rationalization of Poverty Alleviation Schemes.
3	19	The Finance Ministry is examining what additional incentives can be given to basic infrastructural developments that must accompany slum upgradation, sewerage system laying and green-field housing projects.	<p>(a) Water and Sanitation Programme (WSP) of the World Bank is conducting a study on the nature of further government interventions needed and its report is awaited; and</p> <p>(b) Ministry of Urban Development & Poverty Alleviation is also considering the nature of additional government interventions required and its proposals are awaited.</p>
4	23	Development of sports infrastructure will now be supported through direct funding of public-private joint initiatives. Guidelines in this regard will be	Ministry of Youth Affairs and Sports have finalized the scheme of State Sports Academy which will be funded jointly by Central Government, State Government/UT

S.No. Para No.	Text of Announcement	Action Taken
	issued shortly.	Administration and a sponsor. A Sports Academy is sought to be established in every State/UT. The Scheme has already been circulated to all States/UT Governments in October, 2003 ACTION COMPLETED
5 30	The public sector general insurance companies have been encouraged to design a community-based universal health insurance scheme during 2003-04. Under this scheme, a premium equivalent to Re.1 per day (or Rs.365 per year) for an individual, Rs.1.50 per day for a family of five, and Rs.2 per day for a family of seven, will entitle eligibility to get reimbursement of medical expenses up to Rs.30,000 towards hospitalisation, 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 make the scheme affordable to BPL families, the Government has decided to contribute Rs.100 per year towards their annual premium. Full details will be publicized shortly. At least an additional 50 lakh BPL families will be covered during 2003-04.	A new universal Health Insurance Scheme with the approval of Insurance Regulatory Development Authority (IRDA) has since been launched in the country. Public Sector general insurance companies have been assigned a target for covering 100 lakh families under this scheme during the current year. The scheme was launched by the Prime Minister on 14.7.2003. It has also been decided to advise standard hospitals and nursing homes to provide service at the rates fixed by the insurance companies. <u>The sub-limits prescribed in the scheme would be further reviewed after one year on the basis of experience gained during the period.</u> ACTION COMPLETED
6 34	For income tax purposes, the physically handicapped or persons with such dependents be entitled to a deduction for permanent disability of Rs. 50,000 and an enhanced deduction of Rs. 75,000 in case of severe disability.	Action has been taken through the relevant provisions of Finance Bill, 2003. ACTION COMPLETED
7 35	I also propose to reduce the customs duty on hearing aids, crutches, wheel chairs, walking frames, tricycles, brailers and artificial limbs to 5 per cent without Special Additional Duty (SAD). They will be exempt from CVD, and the domestic manufacturers will also be exempt from excise duty. I also propose to reduce the customs duty on parts of hearing aids and wheel chairs to 5 per cent without CVD and SAD.	Necessary notification was issued on 1.3.2003. ACTION COMPLETED
8 36	The Government will establish a college of rehabilitation sciences at Gwalior and a national institute for empowerment of persons with multiple disabilities at Chennai.	Establishment of College of Rehabilitation Sciences at Gwalior -The college will start functioning by hiring temporary accommodation during the year 2003-04. However, project will be completed in the year 2006-07. Setting up a National Institute for Empowerment of Persons with Multiple Disabilities at Chennai - The Planning commission has given its 'in principle' approval for the project. EFC Memo has been finalized and circulated. Execution of the project would commence after approval of Expenditure Finance Committee. Land has already been allotted for the building of this institute.
9 38	The Government will restore the Leave Travel Concession (LTC) facility to its employees.	L.T.C. facility has been restored vide Government orders dated 13th March, 2003. ACTION COMPLETED

S.No.	Para No.	Text of Announcement	Action Taken
10	40	To enable them to live their life of retirement in dignity, the tax rebate to senior citizens is proposed to be increased to Rs. 20,000. As a result, their income up to Rs. 1.53 lakh will henceforth become fully exempt from income tax. In the case of senior citizens on pension the effective exemption limit may hereafter be actually higher and become Rs. 1.83 lakh, because of standard deduction. They can get further relief by taking advantage of the tax rebate available under Section 88. In addition, to reduce their cost of compliance, but of much greater importance to them-to reduce bureaucratic hassles - I propose to accept self-declaration filed by our senior citizens, in regard to no deduction of tax at source from interest income, income from units, and such other sources.	Action was taken through the relevant provisions of Finance Bill, 2003. ACTION COMPLETED
11	41	The Life Insurance Corporation of India (LIC) will launch a special pension policy, called Varishtha Pension Bima Yojana, guaranteeing an annual return of 9 per cent, in the form of a monthly pension scheme.	Varishtha Pension Bima Yojana scheme was launched by the Prime Minister on 14th July, 2003. The eligibility age is reduced to 55 years. The scheme is being implemented through Life Insurance Corporation of India and provides for pension at return of 9%. ACTION COMPLETED
12	44	A restructured pension scheme is now ready and will apply only to new entrants to Government service, except to the armed forces, and upon finalisation, offer a basket of pension choices. It will also be available, on a voluntary basis, to all employers for their employees, as well as to the self-employed.	A new pension scheme has been notified by the Government. ACTION COMPLETED
13	45	The Ministry of Finance will oversee and supervise the Pension Funds through a new and independent Pension Fund Regulatory and Development Authority.	A Resolution setting up the Pension Fund Regulatory and Development Authority has been issued. ACTION COMPLETED
14	48 and 49	Budget 2003-04 undertakes to provide a major thrust to infrastructure, principally to roads, railways, airports, and seaports, through innovative funding mechanisms. This comprehensive initiative will cover the following: <ul style="list-style-type: none"> - 48 new road projects at an estimated cost of around Rs.40,000 crore; with a quarter of them being made of cement concrete; - National Rail Vikas Yojana projects worth Rs.8,000 crore; - Renovation/modernization of two airports, and two seaports at an estimated cost of Rs.11,000 crore; and - establishing two global standard international convention centres at an estimated cost of Rs.1,000 crore. <p>The total estimated cost of above projects is about Rs. 60,000 crores. In addition North –</p>	National Rail Vikas Yojana comprises: <ul style="list-style-type: none"> - Strengthening of the Golden Quadrilateral and its diagonals(Rs.8000 crores) - Strengthening of rail connectivity to ports and development of multimodal corridors of hinterland (Rs.3500 crores) - Construction of four mega bridges-two over the River Ganga, one over River Brahmaputra and one over the River Kosi (Rs.3500 crores) A Special Purpose Vehicle called Rail Vikas Nigam Limited (RVNL) has been set up to execute the Golden Quadrilateral projects of NRVY. It has been decided that RVNL will have an equity of Rs.3000 crores, to be provided by the Government to Ministry of Railways as normal budgetary support, including Rs.1500 crores of foreign funding. The remaining Rs.5000 crores will be raised by RVNL from the domestic market and multilateral/bilateral funding agencies. In addition to

S.No. Para No.	Text of Announcement	Action Taken
	South and East – West corridors will be funded through additional levy of a cess of 50 paise per litre of diesel and motor spirit. This levy will contribute further Rs. 2600 crores for road development.	<p>project execution, RVNL will also undertake resource mobilization through multilateral/bilateral agencies, domestic/foreign financial institutions/banks etc. Rs.730 crores have been allocated for 28 projects to RVNL during 2003 -04. This includes Rs. 230 crores of external funding. RVNL will also execute the bankable Port Connectivity projects through public/private partnership and funding from domestic market.</p> <p>Specific projects under the above three components have been identified and transferred to Rail Vikas Nigam Ltd.</p> <p>In view of the schedule of completion of five years for NRVY projects, a special dispensation has been made delegating powers to the Ministry of Railways for approval of unsanctioned projects in consultation with the Ministry of Finance.</p>
15 50	The essence of the new funding mechanism is to leverage public money through private sector partnership, wherever possible. The three critical components of the scheme are: release of public funds only when linked to specific and well-defined milestones in completion of the project, in physical terms; a sharing of the risks with the private promoters and financiers; and no open-ended Government guarantees at any stage.	<p>RVNL has been set up, for undertaking the Golden Quadrilateral projects and Port Connectivity projects. The Port Connectivity projects may be taken up through public / private partnerships also.</p> <p>Government has approved the proposal for setting up a Special Purpose Vehicle for Hassan-Mangalore Gauge Conversion (Port Connectivity) project.</p> <p>A Memorandum of Understanding between Kandla Port Trust, Mundra Ports Ltd., Govt. of Gujarat and the Ministry of Railways for execution of Gandhidham Palanpur Gauge Conversion (Port Connectivity) project has also been signed.</p>
16 51	48 new road projects, with a total length of over 10,000 kms.(excluding the NHDP) have been identified where the traffic volume justifies four-laning. These projects will be funded on a build-operate-and-transfer (BOT) basis, with the Government providing a subsidy in the form of an annuity flow to meet only the shortfall between anticipated revenue and loan repayment liabilities. In the first year, 2003-04, at least 3,000 kms., of roads, or almost a third of the total of these 48 projects, will be taken up for four-laning.	<p>i Build-operate-and-transfer (BOT) bids for 622 kms. (7 projects) have been received and will be awarded shortly.</p> <p>ii Detailed Project Reports (DPRs) for another 1056 kms. are nearing completion and bids for undertaking civil works are likely to be invited soon.</p> <p>iii Consultants are being appointed within 2003-04 for preparing DPRs for another 1700 kms.</p>
17 52	Ministry of Railways has established a special purpose vehicle (SPV) to take up projects worth Rs.8,000 crore for the Golden Quadrilateral. Their projects will be funded through Rs.3,000 crore worth of equity, provided by the Government, and Rs.5,000 crore worth of loans. This SPV will raise debt from the market. Repayment of debt will be done by earmarking Railway receipts over the period of amortisation. Further, safety upgradation programme on the Golden Quadrilateral will be taken up simultaneously under this mechanism.	<p>Rail Vikas Nigam Ltd. (RVNL) was incorporated on 24th January, 2003 and commenced business on 18th February, 2003. RVNL has been set up to execute the bankable projects under National Rail Vikas Yojana (NRVY).</p> <p>Rs. 730 crores have been allocated for 28 projects to RVNL during 2003-04. This includes Rs. 230 crores of external funding.</p>

ACTION COMPLETED**ACTION COMPLETED**

S.No. Para No.	Text of Announcement	Action Taken
18 53	It has now been decided to take up the Delhi and Mumbai airports, as the principal hubs of international travel to India, for modernisation to international standards. Two separate companies will be formed with initial equal equity participation from the Airports Authority. These two companies could also take joint venture partners. On completion, the management will be leased out.	<p>Registrar of Companies has allotted the names viz. Indira Gandhi International Airports Ltd., Delhi and Chhatrapati Shivaji International Airport Ltd., Mumbai for the two companies being set up for Delhi and Mumbai airports respectively. Further, steps to frame the Memorandum and Articles of Association for the two companies are in hand.</p> <p>A comprehensive AAI (Amendment) Bill, 2003 has been passed by the Parliament. The assent of the Hon'ble President of India has been obtained for the Bill and it has become operational with effect from 7th September, 2003. This Act, inter-alia, has enabling provisions for leasing of airports and for setting up of greenfield airports with major private sector participation.</p> <p>The Government has approved restructuring of Delhi and Mumbai airports through joint venture route. An Empowered Group of Ministers (EGOM) has also been constituted to decide the detailed modalities for selection of joint venture partner(s). Tentative time schedule has also been laid down for selection of joint partner(s) for these two airports. Financial Consultant has been appointed to advise Government on the restructuring process.</p>
19 54	The implementation of comprehensive modernisation projects for Jawaharlal Nehru Port Trust (JNPT), Navi Mumbai and Cochin Port will be facilitated to bring them up to international standards. JNPT and Cochin ports need dredging and modernisation. These projects are expected to cost over Rs.7,500 crore. The user charges levied by the two port authorities, and the additional custom flowing in after dredging and modernisation is completed, are expected to cover the debt service obligations. Here, too, the Government will provide only the viability gap funding to bridge any possible shortfall.	<p>JNPT</p> <ul style="list-style-type: none"> i) Port Connectivity <ul style="list-style-type: none"> (a) by Road :- In phase 1 - 55% of the work is completed as on 10th January, 2004. (b) by Rail :- Work for doubling the track started in December, 2003. ii) In phase 2 – work will be allotted in March, 2004. iii) Redevelopment of Bulk terminal to container terminal on BOT basis costing Rs.900 crores :- Bids have been received and are being evaluated. License agreements are expected to be signed by March, 2004. iv) Deepening and widening of existing Mumbai Harbour and JN Port Channel :- proposal will be considered by Public Investment Board. v) Deployment of additional machinery, equipment and port crafts :- orders placed for part of the equipment which are expected to be delivered by June and September, 2004. The tendering process for remaining equipment is under way. <p>Cochin Port</p> <ul style="list-style-type: none"> i) International Container Trans-shipment Terminal-fresh bidding process based on modified proposal is under way. ii) International Bunkering Terminal-Tenders for re-bid being called.

S.No. Para No.	Text of Announcement	Action Taken
		iii) International Ship Repair Yard-Expression of Interest floated and responses are under scrutiny in January, 2004.
		<p>Capital Dredging Planning Commission has been approached for "in principle" approval. The proposal will then be considered by Public Investment Board.</p>
20 55	To redress the lack of convention centres of international standards in the country, the Government will enable the establishment of two such centres through public-private partnership; with the Government covering the viability funding gaps only.	<p>State Governments were requested to specify the support for this project. Preliminary proposals have been received from Assam, Haryana, Karnataka, Kerala, Gujarat, Rajasthan and West Bengal. Ministry of Civil Aviation has also sent proposals for convention centers at Delhi and Mumbai.</p> <p>An Inter-Ministerial Committee has been constituted for this purpose.</p> <p>Department of Tourism is commissioning a pre-feasibility study in States with international connectivity.</p>
21 56	For the 48 road projects, National Rail Vikas Yojana, the two airports, the two sea-ports, and the two convention centres, a sum of Rs.2,000 crore is being provided as initial contribution from the Government. On a flow basis, the average annual commitment for all these projects, under the viability gap funding basis, is expected to be around Rs.2,000 crore per annum in the medium-term, to be met annually from the budgets of the Railways and the Government.	Of the Rs. 2000 crores so provided for various infrastructure projects, Rs. 500 crores have been provided for Rail Vikas Nigam Ltd.(RVNL), as equity. This is in addition to the Rs. 230 crores of external funding received for RVNL. These amounts would, in the current financial year, fund the 28 projects that have already been transferred to RVNL.
		ACTION COMPLETED
22 57	Apart from allocating the anticipated Rs.2,325 crore from the existing cess on diesel for 2003-04, additional funds will be made available for rural roads from the proposed additional cess on diesel of 50 paise.	The cess on HSD and Petrol has been hiked by 50 paise per litre which is likely to contribute Rs. 2600 crores to the Central Road Fund. 50% of this additional diesel cess will be available for rural roads in addition to the provision of Rs. 2325 crores. The feasibility of raising additional resources, either by making additional Budget provisions and /or by borrowing from external agencies is being considered. A first tranche of \$700 million approx. is also expected to be approved by Asian Development Bank and World Bank during 2003-04 for these projects.
23 59	The Government had ,in 1999, notified 18 power projects as mega projects, conferring upon them various duty and licensing benefits. The Government now proposes to liberalise the mega power project policy further by extending all these benefits to any power project that fulfills the conditions already prescribed for mega power projects.	The Ministry of Power has issued certificates to four more NTPC projects, namely, Sipat, Rihand, Talchar and Vindhyaachal super thermal power projects to the effect that these projects also fulfill the conditions prescribed for mega power projects.
		ACTION COMPLETED
24 64	The Government, proposes to initiate cash management, on a pilot basis, in some major spending ministries, releasing budgetary	Cash management system has been introduced in respect of nine departments viz. Agriculture & Cooperation, Fertilizers, Food & Public Distribution,

S.No. Para No.	Text of Announcement	Action Taken
	<p>allocations in a time-sliced manner to permit convergence with available resources within the year. Monthly or quarterly cash limits, based on the actual requirements of the Ministries will be prescribed. This will avoid mis-matches between receipts and expenditure and avoid rush of expenditure and the associated possible waste of resources in the last quarter</p>	<p>Health, Family Welfare, Elementary Education and Literacy, Secondary Education and Higher Education, Women & Child Development and Rural Development. Quarterly cash limits are being prescribed.</p> <p style="text-align: right;">ACTION COMPLETED</p>
25	<p>66 The Government has effected premature repayment of 'high-cost' currency pool loans of the World Bank, and of the Asian Development Bank totalling around \$ 3 billion. We intend to continue with this policy of prudently managing the external liabilities and of proactively liquidating relatively higher cost component of our external debt portfolio.</p>	<p>The prepayment of IBRD Currency Pool Loans amounting to US \$ 1.4 billion considered to be high cost was effected on 14th November, 2003.</p> <p style="text-align: right;">ACTION COMPLETED</p>
26	<p>67 A large proportion of the banks' holding of Central Government domestic debt, contracted under the high interest regime of the past, is thinly traded. With the softening of interest rates, ordinarily, such loans should command a premium over their face value. In effect though, banks are often unable to encash this because of limited liquidity. The Government therefore, now proposes to offer a buy back of such loans – entirely on a voluntary basis – from banks that are in need of liquidity, or of encashing the premium for making provisions for their non-performing assets (NPAs) thereby improving their balance sheets, or otherwise. The premium to be offered will be set on a transparent basis. If the banks declare the premium received as business income, for income tax purposes, they will be allowed additional deduction to the extent such income is used for provisioning of their NPAs.</p>	<p>The details of the 'buy-back' scheme were finalized in consultation with RBI. Accordingly, notifications for repurchasing of 19 high coupon illiquid Govt. securities and sale (re-issue) of four securities were issued on 22nd July, 2003. Union Government accepted 131 offers for buy-back of 19 high coupon, relatively illiquid securities amounting to Rs.14434 crores, from banks and financial institutions, on the basis of multi-security, screen based auction which was conducted on July 19,2003. The participating banks have been allowed additional deduction for income tax purposes on the premium received, to the extent that such premium is used for providing for their non performing assets. The buy back rate was arrived at through a screen based auction.</p> <p style="text-align: right;">ACTION COMPLETED</p>
27	<p>69 and 70 The debt swap scheme introduced by the Government of India will enable States to prepay high cost debt and substitute them by current, low-coupon-bearing small savings and Open Market Loans. Twenty-six of the twenty-eight States have consented to participate in the scheme from the current year itself, while the remaining two States will join from 2003-04.</p> <p>Over a three-year period ending in 2004-05, all State loans to the Government of India bearing coupons in excess of 13 per cent will have been swapped. In consequence, the States will save, at the very minimum, an estimated Rs 81,000 crore in interest, and deferred loan repayments, over the residual maturity period of the loans. Furthermore, this scheme will restrain the debt build-up in States through the small savings scheme.</p>	<p>During the current year (2003-04), 30% of the net small savings loan payable to States, apart from market borrowings of around Rs.20,000 crore, was envisaged for debt swap under the scheme. Till 6.1.04, additional open market borrowings of Rs.22,089 crore and another Rs. 13,964 crore from small savings as on 31.12.2003, raised on behalf of the State Governments, have been swapped against high cost debt of States towards Centre, under the Debt Swap Scheme. Rs. 6,000 crore of 'additional open market borrowings' are expected to be raised shortly for being used against debt swap. The scheme as envisaged is expected to be fully implemented in the next financial year.</p> <p style="text-align: right;">ACTION COMPLETED</p>

S.No.	Para No.	Text of Announcement	Action Taken
28	73	A new Central Sector Scheme on Hi-tech Horticulture and Precision Farming is proposed to be introduced. Major components of the scheme will be use of hi-tech interventions like fertigation, use of biotechnological tools, green food production, and hi-tech green houses. Deployment of precision farming technology aimed at judicious utilisation of resources like land, water, sunlight as well as time, including demonstration of these technologies will also be part of the scheme. Initially, a sum of Rs.50 crore under this scheme is being provided.	The proposal for implementing the new Central Sector Scheme on hi-tech horticulture and precision farming was approved "in principle" by the Planning Commission. Further processing of the proposed project is underway.
29	74	The Ministry of Food and the Ministry of Finance will jointly address the problems of the sugar industry and propose a comprehensive scheme for this important agro-industry soon.	An Inter-Ministerial Group of Secretaries, under the chairmanship of Secretary, Expenditure, was constituted to look into the problems of sugar industry and submit a package of solutions for the consideration of the Government. The Group submitted its report to the Government in July, 2003. Many of the recommendations of the Committee have already been implemented by the Department of Food & Public Distribution. ACTION COMPLETED
30	76	Government has announced a Price Stabilisation Fund of Rs.500 crore for the benefit of tea, coffee, and natural rubber growers. The Fund will become operational in 2003-04. Government has approved the setting up of Price Stabilisation Fund scheme.	Government has approved the setting up of Price Stabilisation Fund scheme. Under this scheme action has been taken as follows:- 1) Resolution regarding the setting up of a Price Stabilisation Fund and implementing the Price Stabilisation Fund Scheme has been notified in the Gazette of India. 2) Trust deed has been registered. 3) Rs.200 crore, from out of 1 st Tranche of Rs. 250 crore, has been allocated for the PSF scheme. 4) The CEO of the PSF Scheme has been appointed. 5) Enrollment forms of the growers willing to participate in the scheme have been finalized. 6) Guidelines to the participating banks have been issued. 7) Accounting procedure for the Price Stabilisation Fund Scheme is being finalized in consultation with the Controller General of Accounts. ACTION COMPLETED
31	77	The excise duty of Re. 1 per kg. on tea will be abolished and replaced it by a cess of Re.1 per kg., for creating a separate fund for development, modernisation and rehabilitation of the tea plantation sector. Further, coffee plantations will henceforth be eligible for income tax deduction of sums deposited in a development account, as in the case of tea.	The Department of Commerce initiated dialogue with the Tea Board, tea industry and other concerned Departments for identifying viable schemes to be put in place for the long term development of the Indian tea industry out of the fund being created. Broad schemes to be financed out of the Fund were also identified. Various schemes are being processed as a single scheme for approval of Expenditure Finance Committee.

S.No.	Para No.	Text of Announcement	Action Taken
32	79	Subject to the Reserve Bank of India's prudential norms and approvals, private banks will hereafter be encouraged to open branches in rural areas, to service both farm and non-farm sectors there.	RBI has advised Private Sector Banks to open more branches at rural centres. Banks are conducting surveys to explore the possibility of opening more rural branches.
33	79	The whole question of franchising agricultural credit, including through Post Offices, would also be examined, afresh.	<p>In order to use the wide network of post offices in rural areas for disbursement of credit to rural poor, NABARD has prepared a scheme called SHGs-Post Office Linkage Programme. As per the Scheme, NGOs participating in the SHGs-Bank Linkage Programme in the Kanchipuram and Pudukottai Districts shall facilitate linkage of 200 SHGs with the Post Offices.</p> <p>The term loan given to SHGs by the selected Post Offices shall be repayable within a period of 24 months carrying interest rate of 9% p.a. The Post Offices shall be responsible for recovery and regular monitoring. An MOU between NABARD and authorized representative of Department of Post has been entered into. As the Indian Postal Act does not permit the Post Offices to borrow funds from other institutions, it is proposed to park the funds in suitable instruments with the Postal Department. For the purpose Rs. 34 lakhs has already been sanctioned to Postal Department on 27.12.03.</p>
34	80	In order to pass on the benefits of lower rates of interest to agriculture and the SSI sector, the State Bank of India has announced an interest rate band of 2 per cent above and below its prime lending rate (PLR) for secured advances. The Indian Bank Association (IBA) is now advising all its member banks to adopt a similar interest rate band. Agriculture and SSI will hereafter have to pay no more than an extra 2 percentage points than the best bank customers.	IBA has advised Member banks on 5th March, 2003 to adopt an interest rate band of 2% above and below PLR for secured advances in the agriculture and SSI sectors. IBA has also advised banks not to charge more than 9% interest for agricultural loans up to Rs. 50,000.
			ACTION COMPLETED
35	83	A bipartisan Task Force, headed by the Chief Minister of Andhra Pradesh, and with a Minister of Agriculture from another State, as one of the members, will be constituted to recommend measures needed to be adopted firstly, to expand the coverage of drip and sprinkler irrigation, thereafter to also suggest safeguards so that the intended benefits actually reach the target groups.	Ministry of Finance has constituted a Task Force under the chairmanship of Chief Minister, Andhra Pradesh. An Action Plan has been finalized by the chairman of the Task Force. Report will be finalized soon and submitted to Government.
36	85	The Prime Minister has appointed a Task Force, which will suggest modalities for arriving at a consensus amongst the States on transfer of water to deficit areas and for identifying the priority links which could be implemented early, as well as a mechanism for their clearance and funding. Adequate outlay is being provided to support this Task Force.	Government has provided budget provision of Rs. 4.00 crore to provide support to the Task Force. The Task Force has submitted Action Plan I and the preliminary document on Action Plan -II to the Ministry of Water Resources in April, 2003 and August, 2003 respectively, giving an outline of the time schedules for completion of the feasibility studies and detailed project reports, estimated cost, implementation schedule, concrete benefits and advantage of the project, alternative options for funding and execution of the project as also

S.No. Para No.	Text of Announcement	Action Taken
		the suggested method of cost recovery. Final document on Action Plan -II will be submitted by the Task Force by April, 2004.
37 86	A special programme, Maru Gochar Yojana, is proposed to be taken up for the desert districts of Rajasthan. This programme will provide for rehabilitation of traditional pastures – ‘Oran’ or ‘Gauchar’ – by developing at least one large pasturage nursery in each of the identified districts, as a Central scheme, for restoration of traditional water courses, and other measures so as to provide effective drought proofing. A Task Force will be established for working out modalities for its implementation. Rupees 100 crore will be provided for this purpose, over a period of three years, with only a quarter of the contribution coming from the State Government. Provision for 2003-04 for this purpose will be Rs.50 crore.	Implementation of Maru Gochar Yojana (MGY) has commenced with approval of 40 pilot projects in 10 desert district of Rajasthan. Rs. 371.92 lakhs have been sanctioned for these pilot projects, out of which the central share of Rs. 278.94 lakhs has been released to Government of Rajasthan. The Task Force has also approved projects for 30 locations in Jodhpur, Jaisalmer and Barmer districts. Project locations have been selected in consultation with the Gram Panchayat and Gram Sabhas. The programme is picking up momentum and implementation will be accelerated during 2004-05.
		ACTION COMPLETED
38 91	Amendments to the Securities Control and Regulation Act would be proposed in the current session, for corporatisation of stock exchanges.	The Securities Laws (Amendment) Bill, 2003, seeking to, inter-alia, amend the Securities Contracts (Regulation) Act, 1956, to strengthen the governance of stock exchanges through demutualisation and corporatisation of stock exchanges has been introduced in the Lok Sabha on 18 th August, 2003. The same has been referred to the Standing Committee on Finance for examination.
		ACTION COMPLETED
39 94	The procedure for the decentralized sector will be simplified so as to exempt job workers from maintaining any central excise records or even from central excise registration.	Simplified procedure for decentralized sector has been prescribed by inserting Rule 12(B) of the Central Excise Rules, 2000. Under this rule, it has been provided that job workers in textile sector such as weavers and processors, tailors etc, at their own option, are exempted from obtaining central excise registration, paying duty and maintaining central excise records, if they undertake manufacturing work on job work basis of another person and if the said person (who gets the job done on job work basis) undertakes to comply with these requirements.
		ACTION COMPLETED
40 96, 97, 98 and 99	It is proposed to strengthen the existing programme for Induction of Technology in the Weaving Sector further by offering a ‘Power-loom Package for Modernisation’. This package will have the following three features.	Consultations have been held with State Governments, Chief Executive Officers of State Powerloom Development Corporations and Chairman, Powerloom Development & Export Promotion Council to decide the features and modalities of the Powerloom Package.
	(i) The Technology Up-gradation Fund Scheme will be enlarged to cover modernisation of power-looms.	(i) Operational guidelines to implement the scheme have been issued. Necessary instructions have also been issued for release of funds to the Textile Commissioner, Mumbai. Approval for enlarging TUFs to powerloom units with an additional option of a credit linked incentive of 20% of the cost of

S.No. Para No.	Text of Announcement	Action Taken
		the modern weaving and preparatory machinery up to Rs. 60 lakhs is also given.
	(ii) To create a better working environment and obtain higher productivity, a new Powerloom Workshed Scheme will be introduced together with the State Governments. Improvement of other infrastructure of existing power-loom clusters will be taken up under the revised Textile Sector Infrastructure Development Scheme.	(ii) Guidelines to operate/implement the scheme have been issued to the Textile Commissioner, Mumbai. Fifteen powerloom parks are expected to come up during 10th plan, including four to start during the current year.
	(iii) As a welfare measure, all powerloom workers will be covered under the Special Insurance Scheme, which will provide them insurance cover against death, accident and disability.	(iii) The Scheme has been started with an outlay of Rs. 1.73 crores to cover one-lakh powerloom workers by the end of 10 th Five Year Plan.
		Necessary guidelines have been issued to the Textile Commissioner who has begun operating the scheme.
		ACTION COMPLETED
41 100	Recognising the need to prevent sickness in the textile industry, Government is considering a mechanism for restructuring the debt portfolios of viable and potentially viable textile units. The details will be decided in consultation with all the stake holders.	Ministry of Finance (Banking Division) has announced the mechanism for restructuring debt portfolios of viable and potentially viable textile units.
		ACTION COMPLETED
42 114	In order to enable Export Credit Guarantee Corporation of India Ltd. (ECGC) to provide adequate underwriting support to such projects, the Government has decided to increase its share capital to Rs.800 crore.	After consulting the Department of Expenditure and Planning Commission, Ministry of Commerce as nodal authority of Export Credit Guarantee Corporation of India Ltd. (ECGC) is taking further follow up action to obtain approval for enhancing equity base of the Corporation to the level of Rs. 800 crore.
43 115	The recent announcement by the State Bank of India and the decision by the Indian Bank Association about an interest rate band of 2 per cent above and below PLR for secured advances will help the SSI sector in obtaining bank finance at moderate rates of interest. In addition, benefits and entitlements available to this sector shall be placed on the Ministry's website, for ready reference.	The Indian Bank Association (IBA) has issued a circular to all its member banks on 5 th March, 2003, advising them to fix the interest rate for SSI sector on the lines of SBI's decision. All the 27 Public Sector Banks have issued necessary instructions in this regard. In addition, benefits and entitlements available to the SSI sector have already been placed on the Ministry's website (http://www.laghu-udyog.com)
		ACTION COMPLETED
44 116	It is now proposed to withdraw SSI reservation from another 75 items of laboratory chemicals and reagents, leather and leather products, plastic products, chemicals and chemical products and paper products. The Minister of Small Scale Industries will announce the details of these items separately. To help further investment in the SSI sector, Government will examine the question of a limited partnership act.	For de-reservation of 75 items, Gazette Action Notification No. S.O. 649 (E) has been issued on 3rd June, 2003.
		ACTION COMPLETED
		As regards Limited Liabilities Partnership Act, the Companies (Amendment) Bill, 2003 would be withdrawn and in its place a comprehensive set of amendments is proposed to be placed before the

S.No. Para No.	Text of Announcement	Action Taken
45 117	An initiative to promote India as both a production centre and an investment destination, called 'India Development Initiative', shall be established in the Ministry of Finance, with an allocation of Rs.200 crore for 2003-04. This initiative will also leverage and promote our strategic economic interests abroad.	<p>Parliament for consideration. Provisions to enable Limited Liability Partnerships will be a part of the amendments, which will take care of the concerns of the SSI sector.</p> <p>"India Development Initiative" has been established. Some schemes under this initiative such as interest equalization support to Exim Bank for extension of credit lines to other countries and media campaign for promotion of India's economic and financial interests are already under operation. Certain other parameters of the scheme on individual components are being firmed up in consultation with the concerned Ministries.</p>
ACTION COMPLETED		
46 118	Disinvestments receipts for the current year are estimated at Rs.3360 crore. The pace of disinvestments will accelerate in the coming year. Details about the already announced Disinvestment Fund and Asset Management Company, to hold residual shares post disinvestments, shall be finalized early in 2003-04.	<p>Disinvestment Receipts:</p> <p>(a) Disinvestment of 46 PSUs is at different stages of process. Total amount of receipts from disinvestment during 2003-04 (upto 30th November, 2003) was Rs. 1335.41 crore. The disinvestments of the two Oil Sector PSUs HPCL and BPCL was halted because of the Supreme Court ruling that companies acquired through Acts of Parliament cannot be disinvested without Parliamentary approval and this has affected to a large extent the disinvestments receipts during the year. Further disinvestment through strategic sale depends upon the outcome of the on going court cases in the Hon'ble Supreme Court. The Government is however launching six public offers in the case of CMC, IPCL, IBP, Dredging Corporation, ONGC and GAIL in the domestic market during the remaining part of the year which will go towards substantially meeting the target for the current year. These comprise residual shares in disinvested companies as well as minority shares in others.</p> <p>Disinvestment Proceeds Fund :</p> <p>(b) The modalities for setting up the Fund have been worked out. The Fund is expected to be operational from 1st July, 2004.</p> <p>Asset Management Company</p> <p>(c) UTI -II has been identified as the appropriate Asset Management Company for this purpose. Government is in the process of finalizing the operational details.</p>
47 119	FDI in the banking companies in India is presently capped at 49% from all sources under the automatic route. For facilitating the setting up of subsidiaries by foreign banks, as well as for inviting investment in private banks, this limit will be raised to at least 74 per cent.	Raising the FDI limit in Private Sector Banks from the present level of 49 % to at least 74%, draft notification for notifying the necessary changes in the FDI policy has been forwarded to the Ministry of Commerce and Industry, Department of Industrial Policy and Promotion(DIPP).

S.No. Para No.	Text of Announcement	Action Taken
48 120	The voting rights of any person holding shares of a banking company are restricted to 10 per cent irrespective of his/her shareholding. The Banking Regulation Act, 1949 will be amended to remove this limitation.	Bill introduced in the Parliament. ACTION COMPLETED
49 122	Credit Information Bureau has already been established. It is proposed to provide the necessary legislative support to this Bureau.	Follow up Legislative action has been initiated.
50 123	It is important that administered interest rates on public provident fund and other small saving schemes be adjusted in line with the market rates. Accordingly, rates of interest on public provident fund, and small savings schemes, etc. will be reduced by one percentage point with effect from March 1. Interest on relief and savings bonds will also be reset accordingly. .	The rates of interest on small saving schemes have been reduced by 1 percent w.e.f. 1 st March, 2003. Interest rates on loans and advances by Central Government, including GPF, have been reduced with effect from April 1, 2003. As regards resetting of interest rates on Relief and Savings bonds, Government has discontinued the Relief Bonds Scheme with effect from the close of business on 28th February, 2003. Government has notified two schemes viz, 6.5 % Savings Bonds, 2003(Non-taxable) and 8% Savings (Taxable) Bonds, 2003 with effect from 24.03.2003 and 21.04.2003 respectively. ACTION COMPLETED
51 124	(a) To enable diversification, overseas investment under the automatic route will be permitted to corporates with a proven track record, even where the investment is not in the same core activity. Further, the current restriction, limiting such investment to 50 per cent of the net worth of the Indian company, will now be raised to 100 per cent. (b) Prepayment of ECB dues under the automatic route will be permitted by removing the current ceiling of US \$100 million.	a. The automatic route of investments up to US\$ 100 million will now be available to Indian corporates with a proven track record for investments in overseas joint ventures (JVs) or wholly owned subsidiaries (WOSs) even where the investment is not in the same core activity as they are engaged in. They will also be permitted to invest in such ventures up to 100 per cent of their net worth. RBI's circular has been issued. ACTION COMPLETED b. The Reserve Bank of India has issued the necessary operative guidelines to the authorised dealers. These relaxations are in force with effect from 01.03.2003. ACTION COMPLETED
52 125	The Government is already considering a major review of sectoral limits for investments by Foreign Institutional Investors. In order to facilitate their easy entry into the stock markets, the process of their registration will be further streamlined. Several steps have recently been taken to ease flows of Capital. There will be more initiatives in this regard.	The Ministry of Finance has given its concurrence to the RBI to make necessary amendments in the Foreign Exchange Management Act Regulations, 2000 to grant registration to FIIs under the single window approach as recommended by the Working Group consisting of representatives from the Ministry of Finance, SEBI and RBI. ACTION COMPLETED
53 126	Relief to certain bilateral donors with smaller assistance packages to allow them to transfer their resources to specified NGOs and other countries. For the Heavily Indebted Poor Countries (HIPCs), owing overdue payments of substantial sums to India, a debt relief package	The relief package for HIPCs has been finalised in consultation with the Ministry of External Affairs. ACTION COMPLETED Bilateral development assistance is now being received by the Government only from the United States of

S.No. Para No.	Text of Announcement	Action Taken
	will be considered. This will be announced shortly in consultation with the Ministry of External Affairs.	America, Russian Federation, European Commission, United Kingdom, Germany and Japan. Guidelines for operationalizing the reoriented policy of bilateral development cooperation were issued on 12 th September, 2003. ACTION COMPLETED
54 128	The Department of Economic Affairs will be restructured and have separate divisions dealing with economic policy; analysis: international and national; capital markets; budget; banking; trade and aid concerns; and infrastructure and coordination.	Matter is under consideration of a committee under the chairmanship of the Advisor to the Finance Minister. The committee is expected to finalize its suggestions on restructuring of the Ministry by the end of February, 2004.
55 129	An Expert Advisory Council, to advise the Ministry of Finance, will be set up for agriculture.	An Expert Advisory Council on Agriculture to advise the Finance Ministry has since been set up. The first meeting of the Council was held on 26 th September, 2003, and the second meeting was held on 24 th December, 2003. ACTION COMPLETED
56 132	The Government of India considers the introduction of VAT, at the State level, to be a historic reform of our domestic trade tax system. It will assist the States to transit successfully from the erstwhile sales tax system to a modern domestic system, at present in use in over 120 countries.	The Chief Ministers of the States as well as their Finance Ministers had repeatedly affirmed their commitment to the introduction of VAT from 1 st April, 2003. However, this deadline could not be adhered to as the States were not fully prepared both with regard to legislative requirements in conformity with the decision of the Empowered Committee of State Finance Ministers and other procedural and infrastructural requirements. A new roadmap for introduction of VAT is to be worked out in consultation with the principal political parties and the Empowered Committee of the State Finance Ministers.
57 133	While continuing to give States the additional 1.5 per cent of all shareable taxes and duties, in order to enable them to generate more revenues, the Additional Duties of Excise (Goods of Special Importance) Act, 1957 is being amended, from a date to be notified. This will allow the States to levy sales tax on textiles, sugar and tobacco products at a rate not exceeding 4 per cent. This will also enable the States to integrate these three important products in the VAT chain.	An amendment in the Additional Duties of Excise (Goods of Special Importance) Act vide the Finance Act, 2003 was carried out to enable the States to charge sales tax at a rate not exceeding 4% on sugar, textiles and tobacco without affecting their share of Additional Duties of Excise. So far this amendment has not come into force as the notification to this effect has not yet been issued. The Empowered Committee of State Finance Ministers, in its meeting held on 20 th October, 2003, decided that the questions of levying of Sales Tax on Additional Duties of Excise items is linked to introduction of VAT and no preemptive action would be desirable. Hence the issue of notification to enforce the Amendment has been kept in abeyance pending introduction of VAT.
58 134	To enable levy of tax on services as a specific and important source of revenue, an amendment to the Constitution is proposed. This Constitutional amendment, and the consequent legislation would give the Central Government the power to levy the tax and both the Central and the State Governments sufficient powers to	In order to rationalize levy of tax on services and to augment the revenues of the Central and State Governments, a Constitutional Amendment Bill has been passed by the Parliament to provide for levy of tax on services by the Union and collection and appropriation of the proceeds thereof by the Union and States in accordance with the principle laid down

S.No. Para No.	Text of Announcement	Action Taken
	collect the proceeds.	by a law made by the Parliament. A draft Service Tax Bill has been prepared and after consultation with the States, this bill will be introduced in the Parliament.
59 135	With the introduction of VAT, there is need to now phase out the CST, and move to a completely destination-based system. In the first instance, the ceiling rate of CST for inter-State sale between registered dealers will be reduced to 2 per cent during 2003-04, with effect from a date to be notified. The Government of India will compensate the States for loss of revenue from this reduction of the CST. This will be done, as all these steps have been undertaken, only after arriving at a consensus with the Empowered Committee of State Finance Ministers.	Recognizing the incompatibility of Value Added Tax and Central Sales Tax, an amendment to the Central Sales Tax Act to provide for reduction of the rate of Central Sales Tax for inter-State sale between registered dealers to 2% has been made vide section 162 of the Finance Act, 2003. A notification to give effect to this amendment has not yet been brought out since this issue is related to the introduction of VAT.
60 151	<p>(a) Allotment of PAN, and creation of data bank of high value transactions through tax information network to be outsourced;</p> <p>(b) Discretion-based system for selection of returns for scrutiny to be replaced by a computer generated, intelligent, random selection of only 2 per cent of the returns, annually;</p> <p>(c) To expand the scope of taxpayer services, including extension of interactive voice response system to more cities and software for preparation of returns;</p> <p>(d) Direct crediting of all refunds to the bank account of the taxpayer, through electronic clearance system (if the taxpayer furnishes a bank account number);</p> <p>(e) To reduce the compliance cost of the taxpayer, through halving the number of</p>	<p>a (i). The services relating to issue of PAN cards have already been outsourced to UTI-ISL. UTI-ISL has set up PAN Service Centres in all cities for providing services relating to issue of PAN cards. ACTION COMPLETED</p> <p>(ii) The proposal to host Tax Information Network (TIN) with National Securities Depository Ltd. (NSDL) has been approved by the Government. The scheme for electronic filing of TDS returns has been notified. The last date for filing of TDS returns has been extended to 31.01.2004. Detailed scope of work to be handled by NSDL has been finalized.</p> <p>(iii) Other components of TIN, namely, Online Tax Accounting Systems (OLTAS) and digitisation of Annual Information Return will be operationalised with effect from 1.4.2004.</p> <p>(b) The old system of discretion - based scrutiny has already been discontinued.</p> <p>A detailed procedure for computer assisted intelligent selection of cases for scrutiny has been devised and has been issued. ACTION COMPLETED</p> <p>(c) The software for preparation of returns called SAMPARK has already been released and it is being extended to four more cities, namely, Ahmedabad, Bangalore, Hyderabad and Pune. ACTION COMPLETED</p> <p>(d) The scheme will get operationalised in 13 cities after amendments to Treasury Rules and Accounting Procedures.</p> <p>(e) The number of forms for the purpose of tax deduction at source and tax collection at source</p>

S.No. Para No.	Text of Announcement	Action Taken
	forms presently used in furnishing of applications, returns, etc., for the purposes of tax deduction and tax collection at source, from the present 42 to just 22;	has been reduced to 17. ACTION COMPLETED
	(f) immediate introduction of a one-page only return form for individual tax payers, having income from salary, house property and interest, etc.;	(f) A single page return for "Naya Saral" for individual taxpayers having income from salary, house property and income from other sources has been introduced. ACTION COMPLETED
	(g) The Income Tax Act to be amended to enable electronic filing of returns;	(g) The Income Tax Act has already been amended through the Finance Act, 2003 to enable electronic filing of returns. The scheme is operational in seven cities. ACTION COMPLETED
	(h) Abolition of tax-clearance certificates currently needed by a person leaving India, or any person submitting a tender for a government contract;	(h) The necessary amendments have already been made in the Income Tax Act through the Finance Act, 2003. ACTION COMPLETED
	(I) To simplify the procedure and methods employed during search and seizure, and during survey by the Income Tax department.	(I) Instruction for simplification of procedure and methods employed during search and seizure, and during survey by the Income Tax department has been issued. ACTION COMPLETED
61 185	To bring our customs clearance procedures at par with best international practices, this year itself, a self-assessment scheme for importers and exporters will be introduced. Under this scheme, the importer himself/herself will determine the classification of goods, including claim for any exemption benefit, and the system will calculate the duty based on his/her declaration. Physical inspection of imported goods will be done by using risk-assessment and management techniques on a computer-based system and not on the orders of customs examining staff. Further, the existing system of concurrent audit of import documents will be replaced by post-clearance audit, as prevalent in developed countries.	A trust based Customs Clearance System, Accelerated Customs Clearance Systems (ACS) for import /export of selected items has been introduced at three Customs stations namely, Air Cargo Complex Mumbai, Chennai Seaport and ICD, Tughlakabad, New Delhi on pilot basis. It envisages acceptance of the declarations made by the importers/exporters and based on such declaration the Electronic Data Interchange (EDI) system will do the job of assessment for the imports/items covered in the ACS, as against the existing system of assessment. There will be no physical examination of these goods. In addition, 100% self-assessment subject to Risk Management Module (RMM) has also been introduced on pilot basis at ICD, Tughlakabad, New Delhi. Under this scheme the computer after evaluation of the risk factors, will give specific direction as to whether the consignment should be cleared without examination or if examination is necessary and of what percentage. The risk management module will be finalized by 31.3.2004. Tenders have already been floated. The module will then be integrated with the Post Clearance Audit Module also. It is expected that the module will be extended to all Customs EDI location by 30.9.2004.