

SIXTY-SEVENTH REPORT
STANDING COMMITTEE ON FINANCE
(2012-2013)

(FIFTEENTH LOK SABHA)

MINISTRY OF FINANCE
(DEPARTMENTS OF ECONOMIC AFFAIRS, EXPENDITURE,
FINANCIAL SERVICES AND DISINVESTMENT)

DEMANDS FOR GRANTS
(2013-2014)

Presented to Lok Sabha on 22.04.2013

Laid in Rajya Sabha on 22.04.2013



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NEW DELHI

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COMPOSITION OF THE STANDING COMMITTEE ON
FINANCE (2012-2013)

Shri Yashwant Sinha — *Chairman*

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*Nominated as Member of the Standing Committee on Finance *w.e.f.* 13th December, 2012.

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| 2. Shri Ramkumar Suryanarayanan | — | <i>Additional Director</i> |
| 3. Shri T. Mathivanan | — | <i>Committee Officer</i> |

INTRODUCTION

1. I, the Chairman of the Standing Committee on Finance, having been authorized by the Committee, present this Sixty-Seventh Report (15th Lok Sabha) on the 'Demands for Grants (2013-14)' of the Ministry of Finance (Departments of Economic Affairs, Expenditure, Financial Services and Disinvestment).

2. The Demands for Grants (2013-14) of the Ministry of Finance (Departments of Economic Affairs, Expenditure, Financial Services and Disinvestment) were laid on the Table of the House on 15 March, 2013.

3. The Committee took oral evidence of the representatives of the Ministry of Finance (Departments of Economic Affairs, Expenditure, Financial Services and Disinvestment) on 20 March, 2013.

4. The Committee considered and adopted this Report at their sitting held on 16 April, 2013. Minutes of the sittings of the Committee are given in appendix to the Report.

5. The Committee wish to express their thanks to the representatives of the Ministry of Finance (Departments of Economic Affairs, Expenditure, Financial Services and Disinvestment) for appearing before the Committee and furnishing the material and information which the Committee desired in connection with the examination of the Demands for Grants (2013-14).

NEW DELHI;
16 April, 2013

26 Chaitra, 1935 (Saka)

YASHWANT SINHA,
Chairman,
Standing Committee on Finance.

PART I

BACKGROUND ANALYSIS

I. INTRODUCTION

1.1 The Ministry of Finance is responsible for the administration of the finances of the Central Government. It is concerned with economic and financial matters affecting the country as a whole, including mobilization of resources for development. It regulates the expenditure of the Central Government and deals with transfer of resources to States. The Ministry comprises of five Departments namely: (i) Department of Economic Affairs; (ii) Department of Expenditure; (iii) Department of Disinvestment; (iv) Department of Financial Services; and (v) Department of Revenue.

1.2 The Ministry of Finance presents 13 Demands for Grants (Demand Nos. 32 to 44) as follows:

(i) Department of Economic Affairs:

Demand No. 32—Department of Economic Affairs, Demand No. 34—Appropriation—Interest Payments; Demand No. 36—Loans to Government Servants, etc; and Demand No. 37—Appropriation—Repayment of Debt.

(ii) Department of Financial Services:

Demand No. 33—Department of Financial Services

(iii) Department of Expenditure:

Demand No. 35—Transfers to State and Union Territory Governments; Demand No. 38—Department of Expenditure; Demand No. 39—Pensions; and Demand No. 40—Indian Audit and Accounts Department.

(iv) Department of Revenue:

Demand No. 41—Department of Revenue; Demand No. 42—Direct Taxes; and Demand No. 43—Indirect Taxes;

(v) Department of Disinvestment:

Demand No. 44—Department of Disinvestment.

The Detailed Demands for Grants and the Outcome Budget of the Ministry of Finance for the year 2013-14 were laid on the Table of the House on 15 March, 2013. Detailed Demands for Grants of the Ministry of Finance — At a Glance is at Annexure-I.

1.3 This Report deals with analysis of the Demands for Grants of the Departments (excluding the Department of Revenue, dealt with in a separate Report) and connected issues under the Ministry of Finance.

II. DEPARTMENT OF ECONOMIC AFFAIRS

(A) Analysis of Demand No. 32

2.1 The Department of Economic Affairs (DEA) is the nodal Department of the Union Government which formulates the country's economic policies and programmes and programmes having a bearing on domestic and international aspects of economic management. This Department prepares the Annual Union Budget (excluding the Railway Budget) and the Economic Survey.

2.2 Total Budget provision for the year 2013-14 is Rs. 75274.01 crore, with provision for Plan Rs. 5142.45 crore and Non-Plan Rs. 70131.56 crore. The details of actuals during the year 2011-12 and plan and non-plan allocation during the years 2012-13 and 2013-14 are given below:

(Rs. in crore)

Description	2011-12	2012-13		Actual as on December, 2012	2013-14
	Actuals	BE	RE		BE
Plan	3985.58	5142.45	4262.45	2204.09	5142.45
Non-Plan	16905.87	62899.98	20694.88	6385.69	70131.56
Total	20891.45	68042.43	24957.33	8589.78	75274.01

2.3 Statement showing major increase/decrease in some major Heads in BE 2013-14 over the last three years is furnished below:—

(Rs. in crore)

Variation in key Major Head (MH)	(BE) 2010-11	(BE) 2011-12	% Increase(+)/ Decrease(-) Over BE 2010-11	(BE) 2012-13	% Increase(+)/ Decrease(-) Over BE 2011-12	(BE) 2013-14	% Increase(+)/ Decrease(-) Over BE 2012-13
1	2	3	4	5	6	7	8
TOTAL	5437.75	18551.59	241.16	62899.98	239.05	70131.56	11.50
NON-PLAN							
3475	153.97	200.73	30.37	272.64	35.82	452.62	66.01

1	2	3	4	5	6	7	8
5465	0.00	400.00	0.00	400.00	0.00	500.00	25.00
5466	294.83	12192.09	4035.29	56468.88	363.16	56574.58	0.19
5475	9.10	5.80	-36.26	6.30	8.62	7005.30	111195.23
PLAN							
TOTAL PLAN	3233.72	3080.63	-4.73	5142.45	66.93	5142.45	0.00
2235	0.00	1000.00	0.00	500.00	-50.00	1000.00	100.00
2810	0.00	0.00	0.00	1500.00	0.00	1650.00	0.00
3054	2158.36	1753.46	-18.76	2081.26	18.69	2204.90	5.94
5475	150.00	480.26	220.17	499.37	3.98	437.55	-12.38

2.4 The major reasons for variations are given below:—

“Non-Plan Schemes:

Major Head 3475—Other Economic Services: The increase in BE 2013-14 is for enhanced provision for interest Equalization support to EXIM Bank of India.

Major Head 5465—Investment in General Financial and Trading Institutions: Provision under BE 2013-14 is for GOIs contribution to corpus of National Skill Development Fund towards Technical Assistance Scheme of National Skill Development Corporation (NSDC).

Major Head 5466—Investment in International Financial Institutions: The provision at BE 2011-12, 2012-13 and 2013-14 are higher as they provide for payment to the IMF for India’s quota increase.

Major Head 5475—Capital Outlay on Other General Economic Services: In BE 2013-14, a provision of Rs. 7000 crore is for transfer to the Social and Infrastructure Development Fund (SIDF). A number of new and innovative ideas can be translated into viable projects/schemes. To facilitate implementation of such schemes in this provision is being made.

Plan Schemes:—

Major Head 2235—Social Security & Welfare: During 2012-13, the BE provision of Rs. 1000 crore for transfer to the National Social Security Fund, has been reduced to Rs. 120 crore at RE. A provision of Rs. 609.55 crore has been kept at BE 2013-14.

Major Head 2810—New and Renewable Energy: Provision of Rs. 1650 crore has been kept under BE 2013-14.”

2.5 Some key issues related to Budgetary allocations (2013-14) are discussed in this chapter:—

(B) 12th Plan and Budgetary Allocations (2013-14)

2.6 The Ministry of Finance in the “Notes on General Budget” stated *inter-alia* about the extent of linkage between 12th Five Year Plan and Budgetary Allocations (2013-14) on key indicators, as follows:—

“The broad vision and aspirations which the Twelfth Plan seeks to fulfil are ‘Faster, sustainable, and More Inclusive Growth’. It also envisages mainly two policy measures *viz.* revival of growth and fiscal consolidation.....

BE 2013-14 provides Rs. 5,55,322 crore towards Plan expenditure, which is 29.4 per cent more than the revised estimate of the current year. All flagship programmes have been fully and adequately funded. Ministries and Departments have also been provided sufficient funds consistent with their capacity to spend the funds.”

(C) Plan Expenditure: Allocation and Utilization

2.7 In the statements laid under FRBM Act, 2003, the Ministry of Finance stated that to meet the twin objective of sustained economic growth and fiscal consolidation, it is very essential to keep the Plan Expenditure at optimal levels. During 2012-13, the Plan Expenditure was rationalized by 0.9 per cent of GDP and the Revised Estimates of 2012-13 for Plan Expenditure stands at 4.3 per cent of GDP. The Plan Expenditure for 2013-14 has been estimated to grow by 6.6 per cent over 2012-13 BE which works out to 29.4 per cent over 2012-13 RE.

2.8 According to the document “Budget at a Glance”, shortfall in utilization of plan expenditure in the year 2011-12 amounting to Rs. 29,172 crore as against BE of Rs. 4,41,547 crore and RE of Rs. 4,26,604 crore. Again in the year 2012-13, there was sharp reduction in Plan expenditure to the tune of Rs. 91,838 crore at RE stage as against BE of Rs. 5,21,025 crore, and kept RE at Rs. 4,29,187 crore. It is, however, marginally increased by Rs. 33,000 crore in BE 2013-14 to Rs. 5,55,322 crore.

2.9 To a specific point as to with this consistent reduction in plan expenditure and increase in non-plan expenditure, would it be possible

to achieve sustainable economic growth, the Ministry in a written reply *inter-alia* stated as follows:—

“.....The Plan allocation during 2011-12, 2012-13 and 2013-14 is Rs. 4,41,546.75 crore, Rs. 5,21,025.00 crore and Rs. 5,55,322.00 crore respectively. While the percentage of Plan allocation *vis-à-vis* the total allocation during these years may be reducing slightly, the actual allocation, as may be seen from the above figures, is increasing every year. Reductions have been made in Revised Estimates of expenditure on the basis of absorptive capacity of the Ministry, available resources and other fiscal constraints.

Sustainable economic growth depends not only on Plan and Non-Plan expenditure but also on several other factors both in the demand side and in the supply side.....”

(D) Sectoral Allocation of Funds

2.10 The details of sectoral allocation of Centre’s Gross Budgetary Support (GBS) during the last three years are given in the table below:—

(Rs. in crore)

Description	Actuals 2010-11	RE 2012-13	BE 2013-14	% of increase/ decrease of RE 2012-13 over Actual 2010-11	% of increase/ decrease of RE 2013-14 over Actual 2012-13
1	2	3	4	5	6
Agriculture and Allied Activities	15651	15844	18624	1.23	17.55
Rural Development*	52397	43704	56438	-16.59	29.14
Irrigation and Flood Control	476	428	1200	-10.08	180.37
Energy	10388	7254	12850	-30.17	77.14
General Economic Services	13681	21004	31587	53.53	50.39
Social Services**	105382	141258	176909	34.04	25.24

1	2	3	4	5	6
Component-wise allocation of GBS					
Education	43513	50664	59394	16.44	17.23
Health	20725	22389	29444	8.03	31.51
Labour and Employment	1076	1820	2264	69.13	24.43
Social Security and Welfare	12101	15897	19498	31.36	22.66

* Includes the provision for rural housing but excludes provision for rural roads.

** Excludes provision for rural housing.

2.11 Economic Survey (2012-13) has mentioned that as a proportion of GDP, expenditure on social services increased from 5.9 per cent in 2007-08 to 6.8 per cent in 2010-11 and further to 7.1 per cent in 2012-13(BE). Nevertheless, India's expenditure on health as a per cent of GDP is lower than in many other developing countries and the share of the public sector still lower.

2.12 On being asked as to how universal health coverage is possible with lesser allocation on health, the Ministry in a written reply submitted as follows:—

“.....The Government of India is aware of this fact and despite the limitation in fiscal space, the allocation and expenditure on health has continuously increased as a proportion of GDP to 1.36 per cent in 2012-13 (BE) from 1.27 per cent in 2007-08. Similarly, the central outlay for health in the Twelfth Five Year Plan, has increased by 200 per cent to Rs. 3,00,018 crore compared to the actual outlay of Rs. 99,491 crore in the Eleventh Five Year Plan. This outlay was primarily directed towards building on the initiatives taken in the Eleventh Plan period, for extending the outreach of public health services, and for moving towards the long-term objective of establishing the system of universal health coverage... As such health services are high on Government's agenda and is also reflected in the increased budget allocation to Ministry of Health and Family Welfare of around 32 per cent for 2013-14 (BE) over 2012-13 (RE) from Rs. 24,894 crore to Rs. 32,745 crore.”

(E) Allocation of funds for New Schemes

2.13 While pointing out the token provision of Rs. 400 crore made in BE 2011-12 to the Security Printing and Minting Corporation of India Ltd. (SPMCIL) was surrendered in RE, and again Rs. 400 crore

made in BE 2012-13 pending finalization of revival package, the Parliamentary Standing Committee on Finance in their 60th Report had, *inter-alia*, recommended the Ministry of Finance to avoid tokenism in provisioning of funds and premature allocations without approval of schemes. In reply, the Ministry stated that the recommendation/observation of the Committee had been noted.

2.14 In response to a question, the Ministry informed the Committee in a written submission that token provisions for new schemes amounting to Rs. 5067 crore (of which Rs. 5000 crore under the Ministry of Planning) are made in BE 2013-14 pending approval of the administrative Ministry/Department.

2.15 Asked to furnish a detailed reply such as (i) the need for taking up the new schemes instead of strengthening/modifying the existing schemes; (ii) expected time in obtaining appropriate administrative approvals; (iii) inclusion of plan provision for these schemes at the beginning of the 12th plan; and (iv) elaborate details of the new schemes as the same is found missing in the Expenditure Budget Volume-1 which is in contrary to the Budget Circular (2013-14). The Ministry submitted a detailed written reply as under:—

“Of the total Rs. 5067 crore for new schemes provided in BE 2013-14, Rs. 5000 crore is made in the Demands for Grants of Ministry of Planning as lumpsum provision for new schemes. This will get distributed among new schemes introduced during the course of the year through supplementary demands for grants. New schemes are introduced/taken up when it is felt that the existing schemes are inadequate to address certain measures or there is no scope for modifying the existing scheme.

However, strengthening, modifying and merger of existing schemes is a continuous exercise and line Ministries/Departments are expected to exercise their prudence towards effective implementation of various welfare measures of the Government.

Approvals for implementation of the new schemes/programmes will be obtained by the line Ministries/Departments at appropriate stage depending on finalization of all features of the scheme. Budget provision for Plan (New) Schemes is allocated by the Planning Commission depending on the target set under Five Year Plan document.”

2.16 On a similar issue related to token provision for new schemes, the Ministry in a reply, among other things, that 14 ongoing schemes under the Department of Agriculture and Cooperation will be merged

in 2013-14 under the proposed scheme "National Livestock Mission (NLM)". However, instead of allocation under NLM, those 14 schemes are provided funds separately in BE 2013-14. Details of merger of schemes with proposed schemes are at Annexure II. On being asked, the Ministry explained in a post-evidence submitted as follows:—

"The 14 schemes proposed to be subsumed under the proposed National Livestock Mission (NLM) have been provided funds separately in BE 2013-14 because the NLM is yet to be approved. Token provision for NLM has also been kept in BE so that the amount provided under these schemes can be re-appropriated after obtaining necessary Parliamentary approval."

(F) Creation of Capital Assets

2.17 The Ministry of Finance stated in the Statements laid by under FRBM Act, 2003 that a significant proportion of revenue expenditure is being provided as grants for creation of capital assets. The effective revenue deficit, after factoring in the above mentioned grant component in the revenue account, is estimated at 1.8 per cent of GDP in BE 2013-14. It is further projected to decline to 0.9 per cent in 2014-15 and 0.0 per cent in 2015-16.

2.18 According to the document titled "Budget at a Glance" the grants for creation of capital assets has fallen sharply to Rs. 1,24,275 crore in RE 2012-13 from BE of Rs. 1,64,672 crore and actuals (2011-12) of Rs. 1,32,582 crore. In BE 2013-14, the proposed target is Rs. 1,74,656 crore.

2.19 When specifically asked as to with such steep reduction in creation of capital assets, whether Effective Revenue Deficit at 1.8 per cent of GDP is achievable in 2013-14, the Ministry in a written reply stated, among other things, as follows:—

"Effective Revenue Deficit is the difference between the Revenue Deficit and the grants for creation of capital assets.....

....from the target set for Revenue Deficit at 3.3 per cent of GDP in BE 2013-14 that effective revenue deficit at 1.8 per cent of GDP in 2013-14, *ceteris paribus*, is achievable. In case the revenue deficit is increasing due to shortfall in revenue receipts at the close of the financial year, the effective revenue deficit will also consequently increase. Maintaining the effective revenue deficit at the same level is dependent on revenue generation of the Government, same level of expenditure as grants for creation of capital by line Ministries/ Departments and Gross Domestic Product. Deviation in any one of these element will impact the target."

2.20 Resources of Public Enterprises is estimated to increase to Rs. 2.61 lakh crore in BE 2013-14 from RE 2012-13 of Rs. 2.38 lakh crore. In this regard, the Ministry has been asked as to how this huge resources would be brought into mainstream such as investment in infrastructure development etc. In this context, the Ministry has also been asked about the impact of cost overrun of a number of projects on growth of the economy. The Ministry in a written reply stated, among other things, as under:—

“...The Government has set up the Cabinet Committee on Investments (CCI) with the Prime Minister as the Chairman to expedite decisions on approvals/clearances for implementation of projects. The CCI will monitor and review the implementation of major projects to ensure accelerated and time-bound grant of various licences, permissions and approvals.

.....The CCI is likely to improve the investment scenario by bringing in transparency, efficiency and accountability in accordance of various approvals and sanctions by the respective Ministries/ Departments. Further, the availability of a time-frame with an oversight body shall not only expedite decision-making and thus enhance optimization of the investment, but may also bring resources including those of Public Enterprises into mainstream of the economy in form of timely and efficient execution of successful expansions/capacity additions/modernizations or new project investment.”

III. DEPARTMENT OF EXPENDITURE

3.1 The Department of Expenditure is the nodal Department for overseeing the public expenditure management system in the Central Government and for matters connected with State finances. It oversees the expenditure management in the Central Ministries/Departments and monitors implementation of recommendations of the Expenditure Reforms Commission. It coordinates the Outcome Budget of different Ministries/Departments, releases funds to State Governments for implementing developmental work and monitors matters relating to the Central Plan.

3.2 Demand No. 39—Department of Expenditure is meant to meet the expenditure under following Major Heads:—

- (i) Major Head 2052—Secretariat General Services: The provision under this Major Head includes the Department proper, Office of the Controller General of Accounts, Central Pension Accounting Office, Finance Commission Division, Staff Inspection Unit, Cost Accounts Branch and Office of Controller of Accounts.
- (ii) Major Head 2070—Other Administrative Services: The provision under this Major Head includes (a) Establishment and other expenditure of Institute of Government Accounts and Finance (INGAF), (b) Grant of assistance to National Institute of Financial Management (NIFM), (c) provision for service charges to National Security Depository Ltd. (NSDL) in respect of New Pension Scheme.

The details of Actuals (2011-12), Budget Estimates and Revised Estimates (2012-13) and Budget Estimates (2013-14) of the Department of Expenditure is at Annexure I.

IV. DEPARTMENT OF FINANCIAL SERVICES

(A) Budgetary Allocations:

(i) Swavalamban Scheme

4.1 To extend the benefit of New Pension System (NPS) to the unorganized sector, 'Swavalamban Scheme' was announced in 2010-11. The scheme is aimed at encouraging people from unorganized sector to voluntarily save for their retirement by enrolling themselves under the NPS. It is targeted to enroll additional 10 lakh subscribers under the scheme every year. Since then, only Rs. 108.50 crore is spent as against total allocation of Rs. 550 crore made in Demand No. 33, Department of Financial Services. 6.43 lakh subscribers enrolled during 2011-12; and 2.92 lakh subscribers registered as on December, 2012.

(ii) Agricultural Debt Waiver and Debt Relief Scheme, 2008

4.2 In 2008-09, Government had announced Agricultural Debt Waiver and Debt Relief Scheme (ADWDRS), 2008 for farmers covering all agricultural loans disbursed by Scheduled Commercial Banks (SCBs), Regional Rural Banks (RRBs), Cooperative Banks (including UCBs) and Local Area Banks (LABs) upto 31st March, 2007, overdue as on 31st December, 2007 and that remained unpaid until 29th February, 2008.

4.3 Reimbursement of claims to the lending institutions was made in instalments on basis of duly certified and audited claims through the respective nodal agencies, *i.e.* Reserve Bank of India (RBI) and National Bank for Agriculture and Rural Development (NABARD). An amount of Rs. 25,000 crore was reimbursed under the Scheme to the lending institutions during 2008-09, Rs. 15,000 crore during 2009-10, Rs. 11,340.47 crore during 2010-11 and Rs. 1176.39 crore in 2011-12. Approximately 3.45 crore farm accounts have been benefitted under the scheme to the extent of around Rs. 52,000 crore.

4.4 It is, however, reported that there were serious lapses in implementation of the Scheme. In CAG's latest Report on "Implementation of Agricultural Debt Waiver and Debt Relief Scheme", 2008 reported that large scale errors of inclusion and exclusion at the beneficiary level happened; deficiency in monitoring of the scheme; absence of data; lack of confirmation of correctness of data; and lack of uniformity in data maintained by the nodal agencies, resulted into failure in analysis and comparative evaluation with respect to implementation of the scheme.

4.5 To a specific query asked during the course of oral evidence about the monitoring mechanism on implementation of the scheme, the Department of Financial Services in a post-evidence reply stated, among other things, as under:—

“A Performance Audit of the Scheme was undertaken by the Comptroller and Auditor General of India. The review carried out by CAG from April, 2011 to March, 2012 covered 25 States involving field audit of a total of 90,576 beneficiaries’/farmers’ accounts in 715 branches of lending institutions situated in 92 districts. The sample included 80,299 accounts of such farmers who were extended benefit under the Scheme, 9334 accounts of such farmers who were not selected as beneficiaries and 943 cases where complaints were received. In the report of CAG submitted to Parliament on 5.3.2013, certain observations with regard to the implementation of the scheme have been made which include the following:—

- (a) In 6823 accounts amounting to Rs. 20.50 crore out of the total 80,299 accounts test checked, the beneficiaries were not eligible for either the debt waiver or the debt relief.
- (b) In 2824 cases with claims amounting to Rs. 8.64 crore, there was *prima facie* evidence of tampering, overwriting and alteration of records.
- (c) A private scheduled commercial bank (ICICI Bank) received reimbursement for loans amounting to Rs. 164.60 crore extended to Micro Finance Institutions(MFIs) in violation of guidelines.
- (d) In 4826 accounts, farmers were not extended the benefits according to entitlements and in 3262 cases, undue benefit totalling Rs. 13.35 crore was extended. On the other hand, in the remaining 1564 cases, farmers were deprived of their rightful benefits of Rs. 1.91 crore.
- (e) In 6392 cases across 22 States, although the lending institutions had not borne interest/charges of Rs. 5.33 crore themselves, they were still reimbursed these amounts by the GoI.
- (f) In 21182 accounts out of 61,793 test checked, there was no acknowledgement from farmers or any other proof of issue of debt waiver or debt relief certificates to the beneficiaries.

Mechanism for Implementation

The Government of India had, on 28th May, 2008, issued detailed guidelines for the implementation of the Scheme. Under the Scheme, direct agricultural loans disbursed by Scheduled Commercial Banks, Local Area Banks, Cooperative Credit Institutions and Regional Rural Banks between 1st April, 1997 to 31st March, 2007 to farmers, which were overdue as on 31st December, 2007 and remained unpaid up to 29th February, 2008 were eligible for Debt Waiver/Debt Relief.

.....The books of account of every lending institution that has granted debt waiver or debt relief under this Scheme (including the books of accounts maintained at the branches) shall be subject to an audit in accordance with the procedure that may be prescribed by RBI/NABARD. The audit may be conducted by the concurrent auditors, statutory auditors or special auditors as may be directed by RBI/NABARD. The Central Government, if it is satisfied that it is necessary to do so, may direct a special audit in the case of any lending institution or one or more branches of such lending institution.....”

4.6 Further asked about the mechanism exists in the Department of Expenditure to monitor such centrally sponsored schemes involving huge amount, the Ministry responded in a written reply which states as below:—

“Plan Finance—II Division, Department of Expenditure is mandated to appraise schemes/proposals of various Ministries/Departments by following applicable guidelines (EFC/PIB etc.). However, the implementation including the monitoring of all such schemes is under the exclusive domain of the nodal/line Department/Ministries.”

(iii) Financial Support for opening bank branches in unbanked blocks

4.7 Provision of Rs. 50 crore made in 2010-11 was unspent, and thereafter no fund was provided for opening bank branches in unbanked blocks and financial support to the banks for opening “No frills” accounts as the scheme was discontinued in between.

4.8 When asked during the course of oral evidence to explain the reasons for having discontinued the scheme, the Department of Financial Services stated that:—

“Considering the need to provide banking services in unbanked blocks, the Department of Financial Services, in consultation with Reserve Bank of India (RBI) and the State Level Bankers Committee Convener (SLBC) Banks, set up a mechanism to facilitate banking

services to the 129 identified unbanked blocks in the country. In the Budget Speech 2009-10 (July, 2009) at para 41, it was *inter alia*, proposed to set aside Rs. 100 crore as one time grant-in-aid to ensure provision of at least one centre/Point of Sales (PoS) for banking services in each of the unbanked blocks in the country. An amount of Rs. 50 crore in respect of 'Assistance to Public Sector Banks' for opening bank branches in unbanked blocks under Grant No. 33 was, however, provided in BE 2010-11.

Meanwhile, considering the need to extend reach of banking services in the rural hinterland, the Finance Minister in Budget Speech 2010-11, *inter alia*, advised banks to provide banking services to habitations having a population excess of 2000 by March 2012 using the Business Correspondent and other models with appropriate technology back-up. This campaign named "Swabhimaan" was formally launched in February 2011. The issue to provide assistance to banks for opening financial inclusion accounts under the "Swabhimaan" for providing banking facilities in about 74,000 habitations having a population of over 2000 was also examined. It was decided that Swabhimaan Scheme should be initiated as a Plan Scheme and accordingly, in principle approval of Planning Commission was obtained. It was also decided that Plan Scheme of opening bank branches in unbanked villages with provision of Rs. 50 crore made during 2010-11 be subsumed in the proposed Swabhimaan Scheme.

The Department of Financial Services, however, kept on following up the matter with banks as well as with the State Government concerned for provision of banking facilities in all unbanked blocks and by end of March 2011, the number of unbanked blocks were reduced to 71. With the persistent follow up of the Government with the Banks and State Governments, banking facilities were provided in all unbanked blocks by March 2012 through bank branches, business correspondents and other modes *viz.* mobile vans etc.

The Government and the Reserve Bank of India are already emphasizing banks for expansion of banking facilities through opening of more branches and other modes. The number of branches opened by Scheduled Commercial Banks during last three years is given below:

Year	Rural	Semi-Urban	Urban	Metropolitan	Total
2009-10	988	1708	1398	1124	5218
2010-11	1362	2232	913	977	5484
2011-12	2336	2650	1161	971	7118

Under “Swabhimaan”, banking facilities were provided to over 74,000 identified habitations by March 2012, without seeking financial support from the Government. By December 2012, more than 1,52,000 BCs have been engaged by the banks and about 724.06 lakh accounts opened through BCs.

Besides, a number of other initiatives have been taken by RBI under its Branch Authorisation Policy for expansion of banking facilities....”

(iv) Recapitalisation of Public Sector Banks (PSBs)

4.9 Public Sector Banks (PSBs) are required to maintain at a certain level as regulated entities and listed entities, and also to maintain public confidence in them. Government is stated to have committed to keep all PSBs adequately capitalized and towards this end a sum of Rs. 6000 crore and Rs. 12,000 crore were released in the years 2010-11 and 2011-12 respectively. An amount Rs. 12,517 crore which was provided in RE 2012-13, reduced from BE of Rs. 14,588 crore, is not yet released till February, 2013. For the year 2013-14, provision of Rs. 14,000 crore is provided in BE 2013-14.

4.10 Asked to clarify the need for capitalization of banks when the country is passing through economic slowdown, the Department of Economic Affairs in a post-evidence written reply stated as follows:—

“Ideally banks should grow using internally generated funds and banks that cannot be profitable and generate those funds, should not be allowed to grow. However, when new capital requirements are imposed, it will be difficult for banks to generate funds at a rate that will allow them to meet capital requirements even while funding the credit needs of the economy. This is why some capital infusion into the banks may be warranted.”

4.11 Asked to furnish the reasons for reduction/delay in release of capital support in the year 2012-13, and its possible impact on the financial inclusion, credit growth and expansion of bank branches, the Department of Financial Services in a written response submitted, among other things, that:-

“.....by infusing a capital of Rs. 12,517 crore in the PSBs, the Government of India is likely to receive revenue to the tune of Rs. 1,818 crore p.a. (Rs. 375 crore + Rs. 650 crore + Rs. 793 crore)

in the form of dividend and taxes annually. Besides, the credit which is being made available to the economy would boost growth which would in turn contribute to the revenue in form of direct and indirect taxes to the Government from Industry in general. This would also result in increased household earning through employment generation which will also have a positive impact on the revenue streams of the Government.”

4.12 The Ministry of Finance stated that since the Government would be infusing equity into banks to meet the Capital to Risk weighted Assets Ratio (CRAR) requirement of BASEL III, the dividend from banks would increase relatively faster due to the coupled effect of increase in profit and increase in GOI stake in public sector banks. With these assumptions in 2012-13 the non-tax revenues of the Centre are estimated at 1.3 per cent of GDP. In contrary to this, the Economic Survey (2012-13) stated that in case of the PSBs, net profit as percentage of assets declined from 0.85 per cent in 2010-11 to 0.82 per cent in 2011-12. Foreign banks and old and new private sector banks, however, were able to increase the ratio of net profit to assets.

Creation of a Financial Holding Company

4.13 The Economic Survey (2012-13) has stated that the High Level Committee to assess the capitalization of PSBs in the next 10 years, headed by the Finance Secretary *inter alia* recommended various options for funding of PSBs. Given the budgetary constraints, it may not be feasible for the government to infuse huge sums into the PSBs. The High level Committee has, therefore, recommended the formation of a non-operating financial holding company (HoldCo) under a special act of Parliament with one of the objectives, *i.e.*, to raise long-term debt from domestic and international markets to infuse equity into PSBs.

4.14 The Government has been considering the possibility of creating a financial holding company which will raise resources to meet the Capital requirements of Public Sector Banks. A sum of Rs. 1.00 crore was provided in RE 2012-13 under Major Head 5465 in Demand No. 33—Department of Economic Affairs for investment in National Financial Holdings Co.Ltd (NFHCL). But, no provision is made in BE 2013-14. Further, the Department of Financial Services has stated that formation of Non-Operating Financial Holding Company (NOFHC) is in progress.

4.15 To a further query as to as pointed out in the Economic Survey (2012-13), when the country has been facing economic slowdown and resource constraints, how is it feasible for the Government to

infuse huge sums into the PSBs, the Department of Financial Services in a written reply responded, among other things, as follows:—

“PSBs capacity to raise resources on their own would be limited and pressure on the budget would increase for infusion of funds in PSBs in the form of pure equity capital under Basel III regime. Therefore, formation of Non-operating Financial Holding Company (NOFHC) is a viable option to meet the capital requirement of PSBs under Basel III regime.

The Reserve Bank of India has agreed ‘in principle’ with the formation of NOFHC. The draft Cabinet Note and draft Legal Framework have been prepared and Inter-Ministerial consultations on the matter are in progress.”

(B) Non-Performing Assets (NPAs)

4.16 Public Sector Banks (PSBs) play a major role in the financial sector of the country. Despite good performance on almost all fronts, PSBs face innumerable challenges during the year 2012-13 which include higher provisioning of requirements on account of NPAs due to stress in major sectors of economy.

4.17 NPAs of Public Sector Banks (PSBs) are given below:—

Bank	Gross NPA (Rs. in crore)		Net NPA (Rs. in crore)		Net NPA Ratio	
	March	December	March	December	March	December
	2012	2012	2012	2012	2012	2012
1	2	3	4	5	6	7
Public Sector Banks	112489	156322	51325	77042	1.47	2.10
Allahabad Bank	2056	3433	954	2002	0.90	1.76
Andhra Bank	1798	3302	756	2023	0.90	2.27
Bank of India	5170	7211	2993	4205	1.70	2.26
Bank of Maharashtra	1297	1284	378	278	0.67	0.37
Canara Bank	3890	5656	2892	4254	1.31	2.09
Central Bank of India	7273	8938	4061	5069	2.75	3.28
Corporation Bank	1274	2284	918	1749	0.91	1.68
Dena Bank	957	1317	490	698	0.86	1.12

1	2	3	4	5	6	7
IDBI Bank Limited	4551	6401	2911	3446	1.66	2.13
Indian Bank	1672	2949	833	1692	0.98	1.83
Indian Overseas Bank	3554	5909	1199	2180	0.96	1.62
Oriental Bank of Commerce	3580	3690	2508	2660	2.24	2.17
Punjab & Sind Bank	763	1299	548	916	1019	1.81
Punjab National Bank	8690	13784	4373	7437	1.61	2.78
Syndicate Bank	3051	3025	1085	1044	1.00	0.91
UCO Bank	4020	6498	2117	3528	2.00	3.31
Union Bank of India	5422	6211	2302	2189	1.36	1.26
United Bank of India	2176	2902	1121	1482	1.78	2.31
Vijaya Bank	1718	1889	951	984	1.64	1.54
Nationalized Banks	66795	94583	34565	50676	1.40	1.99
State Bank of Bikaner and Jaipur	1651	1735	910	921	1.85	1.68
State Bank of Hyderabad	2007	2830	748	823	0.97	1.01
State Bank of India	37156	50683	12769	21376	1.74	2.65
State Bank of Mysore	1503	1772	685	691	1.72	1.60
State Bank of Patiala	1888	2724	848	1501	1.34	2.19
State Bank of Travancore	1489	1995	800	1055	1.45	1.63
SBI Group	45694	61740	16760	26366	1.65	2.35

4.18 Data on sectoral advances and NPAs of PSBs is given in the table below:—

(Rs. in crore)					
Bank	Month/Year	NPA Total Priority	NPA Agriculture	NPAs other than priority sector	NPA Corporate
1	2	3	4	5	6
Public Sector Banks	March 2011	41287	14488	29793	28678
	December 2012	71800	28398	84039	83490

1	2	3	4	5	6
Allahabad Bank	March 2011	1217	549	430	287
	December 2012	3433	1103	1042	797
Andhra Bank	March 2011	522	116	473	517
	December 2012	1349	412	1953	2055
Bank of Baroda	March 2011	1762	772	1024	881
	December 2012	2781	1294	3818	3489
Bank of India	March 2011	2939	898	1418	1073
	December 2012	2310	816	4901	4364
Bank of Maharashtra	March 2011	888	313	286	221
	December 2012	1118	506	166	129
Canara Bank	March 2011	1734	663	1296	963
	December 2012	3071	977	2585	2410
Central Bank of India	March 2011	1331	418	1064	965
	December 2012	3019	1229	5920	5463
Corporation Bank	March 2011	464	217	326	319
	December 2012	927	385	1358	1307
Dena Bank	March 2011	428	138	414	382
	December 2012	812	255	506	454
IDBI Bank Ltd.	March 2011	866	244	1918	1217
	December 2012	1908	565	4493	2665
Indian Bank	March 2011	495	219	225	218
	December 2012	979	374	1970	1950
Indian Overseas Bank	March 2011	1388	447	1405	1538
	December 2012	2060	795	3849	3855
Oriental Bank of Commerce	March 2011	1161	425	760	803
	December 2012	1870	807	1820	1585
Punjab & Sind Bank	March 2011	270	66	155	137
	December 2012	566	89	733	756

1	2	3	4	5	6
Punjab National Bank	March 2011	2742	1171	1629	1341
	December 2012	6145	2436	7639	7464
Syndicate Bank	March 2011	1569	328	1020	1370
	December 2012	2817	919	207	901
UCO Bank	March 2011	1573	697	1518	984
	December 2012	2076	766	4422	4447
Union Bank of India	March 2011	2262	856	1354	1177
	December 2012	3300	1558	2911	2577
United Bank of India	March 2011	1078	320	278	279
	December 2012	1225	329	1676	1590
Vijaya Bank	March 2011	1032	363	227	339
	December 2012	956	401	933	896
Nationalised Banks	March 2011	25721	9220	17220	14940
	December 2012	41680	16015	52903	49153
State Bank of Bikaner	March 2011	278	98	558	485
	December 2012	1092	695	644	561
State Bank of Hyderabad	March 2011	411	79	740	782
	December 2012	1077	391	1753	1663
State Bank of India	March 2011	13275	4518	9799	11055
	December 2012	24565	9878	25635	29469
State Bank of Mysore	March 2011	519	282	345	252
	December 2012	916	583	857	812
State Bank of Patiala	March 2011	757	243	624	624
	December 2012	1451	626	1273	1171
State Bank of Travancore	March 2011	327	47	508	541
	December 2012	1021	210	974	660
SBI Group	March 2011	58	10	134	135
	December 2012	30121	12383	31136	34337

4.19 Details of NPA reduction by PSBs during the last two years are given in the table below:-

Bank	31 March 2011				31 March 2012			
	Reduction in NPAs (Rs. in crore)				Reduction in NPAs (Rs. in crore)			
	Due to compro- mise write-offs	Due to upgrada- tion	Due to actual recovery	Total	Due to compro- mise write-offs	Due to upgrada- tion	Due to actual recovery	Total
1	2	3	4	5	6	7	8	9
Public Sector Banks	17250.99	11081.08	14664.76	42996.84	15985.69	17170.31	16843.28	49999.27
Allahabad Bank	719.90	325.13	275.92	1320.95	455.07	455.07	0.00	1821.00
Andhra Bank	179.25	47.17	60.49	286.91	239.23	143.14	102.57	484.94
Bank of Baroda	500.54	189.17	455.49	1145.20	1215.05	335.55	580.46	2131.06
Bank of Maharashtra	349.84	107.70	277.70	735.24	394.62	109.03	248.91	752.55
Canara Bank	491.70	889.26	1580.36	2961.32	1459.81	761.14	1474.50	3695.45
Central Bank of India	554.00	182.36	736.00	1472.36	629.34	586.76	754.26	1970.36
Corporation Bank	542.70	62.51	68.44	673.65	565.38	49.17	104.25	718.80
Dena Bank	196.27	171.12	191.05	558.45	193.89	191.47	222.57	607.92
IDBI Bank Ltd.	883.57	277.42	170.98	1331.98	319.43	419.47	54.70	793.60
Indian Bank	590.33	13.49	119.90	723.71	506.11	34.68	228.25	769.04
Indian Overseas Bank	970.52	688.33	1031.90	2690.75	1166.39	451.64	736.25	2354.28
Oriental Bank of Commerce	695.70	75.38	333.13	1104.21	932.88	682.19	622.57	2237.64
Punjab & Sind Bank	65.97	49.21	50.14	165.32	38.86	58.05	114.67	211.58
Punjab National Bank	1591.75	409.96	1170.01	3171.72	126.29	529.69	1675.43	2331.41
Syndicate Bank	350.60	108.56	541.66	1000.82	890.79	843.73	838.03	2572.55
UCO Bank	586.37	225.91	433.70	1245.98	390.55	416.66	658.11	1465.32
Union Bank of India	1126.01	267.92	577.67	1971.60	937.68	254.83	740.56	1933.07
United Bank of India	414.56	286.17	299.94	1000.67	232.85	579.64	331.09	1143.58
Vijaya Bank	312.68	332.19	452.65	1097.52	214.20	924.91	458.60	1597.72
Nationalised Banks	12002.68	5476.78	9888.37	27637.84	14234.01	8313.87	11151.25	33699.12
State Bank of Bikaner and Jaipur	165.76	74.21	153.19	393.16	275.09	253.32	227.45	755.86
State Bank of Hyderabad	201.75	268.32	199.55	669.62	264.93	642.41	454.83	1362.17

1	2	3	4	5	6	7	8	9
State Bank of India	4006.85	4499.10	3848.35	12354.30	744.35	5458.36	4159.35	10362.06
State Bank of Mysore	311.25	63.26	139.74	514.25	165.43	301.63	204.65	671.71
State Bank of Patiala	410.23	252.91	212.72	551.81	181.69	1576.97	328.33	2086.99
State Bank of Travancore	152.47	176.50	222.84	551.81	181.69	1576.97	328.33	2086.99
SBI Group	5248.31	5334.30	4776.39	15359.00	1751.68	8856.44	5692.03	16300.15

4.20 Details of Gross NPAs above Rs. 1 crore of PSBs during the last three years are given in the table below:—

Bank	Gross NPAs — end of year (Rs. crore)			Gross NPAs above Rs. 1 crore					
	2010	2011	2012	2010		2011		2012	
				No. of A/c	Amount (Rs. crore)	No. of A/c	Amount (Rs. crore)	No. of A/c	Amount (Rs. crore)
1	2	3	4	5	6	7	8	9	10
Public Sector Banks	59924	74664	117262	4099	26629	4589	34633	7295	68262
Allahabad Bank	1222	1648	2059	129	11	13	53	103	292
Andhra bank	488	996	1798	36	233	58	421	71	820
Bank of Baroda	2401	3153	4465	167	845	160	1496	196	2498
Bank of India	4883	4812	5894	350	2809	236	2522	507	4268
Bank of Maharashtra	1210	1174	1297	62	339	61	305	77	598
Canara Bank	2590	3137	4032	176	1054	198	1435	272	2485
Central Bank of India	2458	2395	7273	179	882	137	1159	222	4349
Corporation Bank	651	790	1274	14	142	39	291	72	799
Dena Bank	642	842	957	32	243	40	440	58	416
IDBI Bank Ltd.	2129	2785	4551	234	1598	371	2125	579	3682
Indian Bank	510	740	1851	49	345	294	239	284	1113
Indian Overseas Bank	3611	3090	3920	269	2942	214	2250	262	2934
Oriental Bank of Commerce	1469	1921	3580	105	645	112	929	190	2187
Punjab & Sind Bank	3214	4379	8720	188	826	133	1803	709	5295
Punjab National Bank	3214	4379	8720	188	826	133	1803	709	5295

1	2	3	4	5	6	7	8	9	10
Syndicate Bank	2007	2599	3183	109	504	147	833	129	1556
UCO Bank	1666	3150	4086	147	664	168	1834	222	2747
Union Bank of India	2671	3623	5450	116	977	148	1385	218	2359
United Bank of India	1372	1356	2176	126	575	136	526	164	1246
Vijaya Bank	994	1259	1718	61	413	27	291	47	786
State Bank of Bikaner and Jaipur	612	835	1651	38	350	37	525	54	805
State Bank of Hyderabad	646	1150	2007	30	304	83	716	189	1302
State Bank of India	19535	25326	39676	1262	8553	1527	11406	2419	23320
State Bank of Mysore	595	864	1503	36	251	42	289	36	446
State Bank of Patiala	1007	1382	1888	87	499	134	698	91	850
State Bank of Travancore	642	835	1489	33	223	31	435	53	587

4.21 Data on restructured standard advances of the PSBs are given below:—

Bank	March, 2012		December, 2012	
	Restructured Standard Advances (Rs. crore)	Restructured advances to Gross Advances Ratio (%)	Restructured Standard Advances (Rs. crore)	Restructured advances to Gross Advances Ratio (%)
1	2	3	4	5
Public Sector Banks	203637	5.7	277405	7.4
Allahabad Bank	5964	5.5	12332	10.7
Andhra Bank	5590	6.6	9463	10.5
Bank of Baroda	14689	7.1	14058	6.8
Bank of India	11028	6.2	15937	8.4
Bank of Maharashtra	2862	5.0	4850	6.5
Canara Bank	6987	3.1	13118	6.4
Central Bank of India	15304	10.2	19743	12.5

1	2	3	4	5
Corporation Bank	6554	6.5	7529	7.2
Dena Bank	3331	5.8	4575	7.3
IDBI Bank Ltd.	8516	4.8	12542	7.6
India Bank	8271	9.6	9933	10.6
Indian Overseas Bank	11354	8.9	13848	10.0
Oriental Bank of Commerce	9376	8.3	14534	11.8
Punjab & Sind Bank	2213	4.8	6015	11.8
Punjab National Bank	23064	8.4	28529	10.4
Syndicate Bank	6020	5.4	9234	7.9
UCO Bank	7242	6.7	8614	7.9
Union Bank of India	6947	4.0	9086	5.1
United Bank of India	2328	3.6	3351	5.1
Vijay Bank	2609	4.4	3967	6.1
State Bank of Bikaner & Jaipur	2784	5.6	3838	6.9
State Bank of Hyderabad	3282	4.2	4524	5.4
State Bank of India	29912	3.9	36955	4.4
State Bank of Mysore	2476	6.1	3476	7.8
State Bank of Patiala	3624	5.7	5220	7.5
State Bank of Travancore	1307	2.3	2136	3.3

4.22 NPAs of Scheduled Commercial Banks (Public sector, private sector and foreign) recovered through various channels:—

(Rs. in crore)

Details	Lok Adalats			DRTs			SARFAESI Act		
	2009-10	2010-11	2011-12	2009-10	2010-11	2011-12	2009-10	2010-11	2011-12
No.of cases referred	778833	616018	476073	6019	12872	13365	78366	118642	140991
Amount involved	7235	5254	1731	9797	14092	24111	14249	30604	35313
Amount recovered	112	151	218	3133	3930	4097	4269	11561	10082
% of recovery	1.55	2.87	12.56	32	27.89	16.99	30	37.78	28.55

4.23 The Ministry of Finance furnished a brief reply on NPAs which *inter-alia* states that:-

“...To improve the health of the financial sector, to reduce the NPAs, to improve asset quality of banks, and to prevent slippages, RBI has issued instructions which stipulate that each bank is required to have a robust mechanism for early detection of signs of distress including prompt restructuring in the case of all viable accounts; to have a loan recovery policy which sets down the manner of recovery of dues, targeted level of reduction (period-wise), norms for permitted sacrifice/waiver, factors to be taken into account before considering waivers, decision levels, and reporting to higher authorities; monitoring of write-off/waiver cases; valuation of properties including collaterals accepted for their exposures; and taking recourse to legal mechanisms like SARFAESI Act, 2002, DRTs and Lok Adalats. The existing guidelines are considered sufficient to address the issues of NPA management.

The Government has advised Public Sector Banks (PSBs) to take a number of new initiatives to increase the pace of recovery and manage NPAs.....and to constitute a Board level Committee for monitoring of recovery. RBI has advised banks to review NPA accounts of Rs. 1 crore and above by Board of Directors and top 300 NPA accounts by Management Committee of the Board.

Parliament has recently enacted "The Enforcement of Security Interest and Recovery of Debts Laws (Amendment) Act, 2012" for removing certain bottlenecks in the recovery of bad debts. The Amendment Act has come into force from 15.01.2013.

The steps taken by the Government and RBI have resulted in year-on-year improvement in recovery of NPAs by PSBs”.

V. DEPARTMENT OF DISINVESTMENT

5.1 The Department of Disinvestment deals *inter-alia* with all matters relating to disinvestment of Central Government's equity from Central Public Sector Enterprises (CPSEs). The budgeted targets for disinvestment receipts and the amounts realized through disinvestment in CPSEs during the last three years are given below:-

(Rs. in crore)

Year	Target (BE)	Achievement
2010-11	40,000	22,144.21
2011-12	40,000	13,894.07
2012-13	30,000	21,814.47 (till date)
2013-14	40,000	—

5.2 Asked to comment on the general criticism on disinvestment that it amounts to selling family's silver, and also to furnish the details of utility of disinvestment proceeds, the Ministry of Finance submitted a post-evidence reply as follows:-

“Government has been conscious of the criticism that “family silver” should not be sold to pay grocery bills, and, accordingly had planned for utilising sale proceeds of CPSE shares for specified purposes and not for meeting current revenue expenditure of the Govt. The National Investment Fund (NIF) was constituted by the Government on 27th January, 2005. The objectives structure and administrative arrangements, investment strategy were notified by GR dated 23rd November, 2005, whereby the proceeds from disinvestment of CPSEs were to be channelized into the NIF. The corpus of the fund was to be of a permanent nature and the same was to be professionally managed in order to provide sustainable returns to the Government, without depleting the corpus. As per this Scheme, 75% of the annual income of the NIF was to be used for financing selected social sector schemes which promote education, health and employment. The residual 25% of the annual income of NIF was to be used to meet the capital investment requirements of profitable and revivable PSUs.

The NIF started functioning with effect from 6th October, 2007 when the first Tranche of funds from disinvestment proceeds of

Power Grid Corporation amounting to Rs. 994.82 crore were provided to the Fund managers for investment. The current corpus in the Fund is to the tune of Rs. 1814.45 crore. Selected Public Sector Mutual Funds namely SBI Funds Management, LIC Mutual Fund and UTI AMC, were entrusted with the management of the NIF corpus. In view of the difficult economic situation caused by the global slowdown of 2008-09 and a severe drought in 2009-10, Government approved a change in the policy for utilization of disinvestment proceeds (5th of November 2009) by granting a one-time exemption to utilize the disinvestment proceeds directly for selected Social Sector Schemes allocated by Department of Expenditure/Planning Commission. This exemption was to be operational for the period April 2009-March 2012. In view of the persistent difficult condition of the economy, the exemption from channelizing the disinvestment proceeds into the NIF was further extended by another year *i.e.* from April 2012 to March 2013. Accordingly, disinvestment proceeds during the period were utilized for capital expenditure of select social sector schemes only. The details of utilization of disinvestment proceeds during the last three years are as follows:

Sl.No.	Name of the Scheme	NIF Fund Used (Rs. in crore)			
		Actuals 2009-10	Actuals 2010-11	Actuals 2011-12	RE 2012-13
1.	Jawaharlal Nehru National Urban Renewal Mission	1922.00	1031.42	1533.72	2344.80
2.	Accelerated Irrigation Benefits Programme	1462.97	1700.00	2442.76	3547.20
3.	Rajiv Gandhi Gramin Vidyutikaran Yojana	3100.00	2000.00	2086.04	3808.80
4.	Accelerated Power Development and Reform Programme	58.00	52.00	0	0
5.	Indira Awas Yojana	5280.00	7000.00	0	0
6.	National Employment Guarantee Scheme	11730.00	10360.79	7831.53	14299.20
	Total	23,552.97	22,144.21	13,894.05	24,000.00

....In order to align the NIF with the disinvestment Policy, Government has decided that the disinvestment proceeds, with effect from the fiscal year 2013-14, will be credited to the existing

NIF which is a 'Public Account' under the Government Accounts and the funds would remain there until withdrawn/invested for the approved purposes. It was also simultaneously decided that the NIF would be utilized for the following purposes:—

- (a) Subscribing to the shares being issued by the CPSE on rights basis so as to ensure that 51% ownership of the Government in CPSEs is not diluted.
- (b) Preferential allotment of shares of the CPSE to promoters as per SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 so that Government shareholding does not go down below 51% in all cases where the CPSEs desire to raise fresh equity to meet their Capex programme.
- (c) Recapitalization of public sector banks and public sector insurance companies so as to strengthen them by further capital infusion towards achieving the Basel III norms.

The Government further approved inclusion of the following purposes also, to be financed from the NIF:—

- (i) Investment by Government in RRBs/IIFCL/NABARD/Exim Bank;
- (ii) Equity infusion in various Metro projects;
- (iii) Investment in Bhartiya Nabhikiya Vidyut Nigam Limited and Uranium Corporation of India Ltd.;
- (iv) Investment in Indian Railways towards capital expenditure.

As per the Budget 2013-14, provisions have been made for utilizing the NIF for recapitalization of Public Sector Banks and towards budgetary support to the Indian Railways."

5.3 On the suggestion made by the Committee during the course of oral evidence that a study be conducted on phases of disinvestment, disinvestment targets and achievement and return on equities, the Ministry of Finance stated as follows:—

"No study in regard to return on equity has been conducted by the Department so far. However, the Department will examine the suggestion of the Standing Committee and take appropriate action."

PART II

OBSERVATIONS/RECOMMENDATIONS

ANALYSIS OF DEMAND NO. 32

1. The scrutiny of Demand No. 32 of the Department of Economic Affairs reveals absence of correlation between Budget Estimates (BE), Revised Estimates (RE) and Actuals. In the year 2012-13, as against RE of Rs. 24,957.33 crore which was reduced from BE of Rs. 68,042.43 crore, the Ministry could incur only Rs. 8589.78 crore as on December, 2012, leaving around 65 per cent of funds to be expended in the last quarter of the financial year. For the year 2013-14, around 200 per cent increased allocation has been made in BE of Rs. 75,274.01 crore over RE 2012-13. This trend reflects that the formulation of Budget of the Department of Economic Affairs has been reduced to an exercise of unrealistic estimates projection coupled with underutilization of funds. The Committee had been consistently recommending to take corrective measures to arrest such an erratic trend of projection of fund requirements and formulate realistic estimates. However, substantial reduction in RE stage and consistent underutilization of funds indicate that there is no discernible improvement. The Committee, therefore, expect the Department of Economic Affairs and the Department of Expenditure to bring improvements in their budget making exercise and monitor the pace of expenditure periodically, so that allotted funds are fully utilized and blocking of scarce resources is avoided.

SECTORAL ALLOCATION OF FUNDS

2. The Committee find that the plan expenditure was grossly reduced at RE stage by as much as Rs. 1.06 lakh crore during the years 2011-13. The reductions have been made on the basis of absorptive capacity of the Ministry, available resources and other fiscal constraints. The Committee have been informed that in BE 2013-14, with marginal increase in plan allocation of Rs. 33,000 crore, all flagship programmes have been fully and adequately funded. The Committee, however, find reduction in some sectoral allocation of Centre's Gross Budgetary Support (GBS) in BE 2013-14 over RE 2012-13 under General Economic Services (from 53.53 per cent to 50.39 per cent); Social Services (from 34.04 per cent to 25.24 per cent); Labour and Employment (from 69.13 per cent to 24.43 per cent); and

Social Security and Welfare (from 31.36 per cent to 22.66 per cent). Apart from these downward revisions in plan expenditure, the Committee find that though the expenditure on Health sector marginally increased as a per cent of GDP to 1.36 per cent in 2012-13 from 1.27 per cent in 2007-08, it is evident from Economic Survey (2012-13) that allocation to Health sector and the share of the public sector is still lower than many other developing countries. The Committee believe that inadequate allocation of plan expenditure, considering our population size and extent of development, would affect the achievement of 12th Plan objective of "Faster, sustainable and more inclusive growth". The Committee note with concern that allocated funds are not being fully utilized even though there are resource constraints. With regard to better utilization of funds, the Committee recommend that necessary corrective measures be initiated to augment the absorptive capacity of the line Ministries so that the allotted funds are fully utilized leaving no scope for any downward revision in funding.

ALLOCATION OF FUNDS FOR NEW SCHEMES

3. The Committee note that the Ministry of Finance appears to have repeatedly violated the budgetary guidelines in allocation of funds for the new schemes. A huge amount of Rs. 5067 crore is provided in BE 2013-14 as lumpsum provision for new schemes pending approval of the concerned Department/Ministry. The names and details of the new schemes are neither provided nor found in the Expenditure Budget Volume-I as stipulated in the Budget Circular (2013-14). It is also not clear as to when the approvals would be obtained, and whether plan provision for these schemes is included at the beginning of the 12th Plan. In the absence of the details of the schemes, the Committee are not in a position to arrive at any conclusion about the rationale of the new schemes. In this regard, the Committee in their 60th Action Taken Report on Demands for Grants (2012-13) of the Ministry of Finance (Departments of Economic Affairs, Expenditure, Financial Services and Disinvestment) while observing a token provision of Rs. 400 crore made in BE 2011-12 and BE 2012-13 to Security Printing and Minting Corporation of India Ltd. (SPMCIL) pending finalisation of revival package, had urged the Government to avoid tokenism in provisioning of funds and premature allocations without approval of the schemes. Even after the Ministry of Finance informed the Committee that it had 'noted' the observations/recommendations of the Committee, provision of a lumpsum amount as large as Rs. 5067 crore for new schemes is inappropriate on the part of the Ministry. Similarly, token provision

for the proposed scheme “National Livestock Mission (NLM)” under the Department of Agriculture and Cooperation has been kept in BE 2013-14, pending approval of the scheme, and also provision is made for 14 schemes, which are to be subsumed under the proposed NLM. The Committee express their extreme disappointment over the repetitive provision of huge/token amount without preparatory work/finalization of schemes. The Committee would, therefore, urge upon the Ministry to review the allocations for the new schemes without specific details about objective, targets, allocations and mechanism for implementation while exploring to strengthen the ongoing schemes by way of merger/streamlining/rationalization etc.

CREATION OF CAPITAL ASSETS

4. The Committee are given to understand that the creation of capital assets and investment in infrastructure development are vital for sustainable growth of the economy. The Committee are, however, constrained to observe that on the one hand, creation of capital assets was adversely affected in the year 2012-13 by steep downward revision of grants to Rs. 1,24,275 crore at RE stage from BE of Rs. 1,64,672 crore, on the other hand, huge resources to the tune of Rs. 2.61 lakh crore is lying idle with the Public Enterprises. Moreover, significant rise in cost and time overruns in a large number of projects blocks huge investible funds and retards infrastructure development. The Committee can only hope that the newly constituted Cabinet Committee on Investments (CCI) would take appropriate and timely action to bring available resources including those of Public Enterprises into the mainstream.

SWAVALAMBAN SCHEME

5. The Committee observe that the ‘Swavalamban Scheme’ announced in 2010-11 aiming at encouraging people from unorganized sector to voluntarily save for their retirement under the New Pension System (NPS) has not been well received among the people over the years. As against the target to enroll 10 lakh subscribers under the scheme every year, it could enroll only 6.43 lakh subscribers during 2011-12; and 2.92 lakh subscribers as on December, 2012. As a result, the scheme could utilize only Rs. 108.50 crore as against the total allocation of Rs. 550 crore made for the scheme since 2010-11. The Committee, therefore, recommend the Ministry to restructure the “Swavalamban Scheme” and give wide publicity as well in order to attract more and more people from unorganized sector.

AGRICULTURAL DEBT WAIVER AND DEBT RELIEF SCHEME, 2008

6. The Committee note that under the scheme, "Agricultural Debt Waiver and Debt Relief Scheme, 2008" reimbursement of claims to the lending institutions was made. The Committee also note that a number of discrepancies in implementation of the scheme ranging from exclusion of beneficiaries to violation of guidelines in reimbursement of loans has been recently reported. The Committee have been informed that the Department of Expenditure is mandated to appraise schemes/proposals of various Ministries/Departments, and the implementation including the monitoring of all such schemes is under the exclusive domain of the nodal/line Department/Ministries. Thus, it is the nodal Department, *i.e.* the Department of Financial Services as well as the RBI and NABARD, who have been designated as nodal implementing agencies have failed in performing their primary function of effectively monitoring the scheme. The Committee, therefore, urge upon the Department of Financial Services to set up an exclusive monitoring wing for the implementation and monitoring of various schemes under its jurisdiction. Further, in order to preempt such large scale deviation from the envisaged objectives of the schemes, the Committee desire that the Department of Expenditure should oversee the outcome of expenditure periodically in such big schemes.

FINANCIAL SUPPORT FOR OPENING BANK BRANCHES IN UNBANKED BLOCKS

7. The Committee have been emphasizing that no other model can substitute brick and mortar branches in achieving the goal of financial inclusion. The Committee are inclined to draw attention of the Government that the financial inclusion and extension of banking facilities to unbanked areas attempted over the years have failed to achieve the desired results. The scheme namely, "Assistance to Public Sector Banks (PSBs)" for opening bank branches in unbanked blocks was scrapped earlier by way of surrender of initial allocation of Rs. 50 crore made in BE 2010-11. Later, the scheme was subsumed in the Swabhimaan Scheme for providing banking services to identified habitations for 5.11 crore beneficiary accounts, using the Business Correspondent (BC)/Business Facilitators (BFs) and other models. The Committee regret to observe that achievement of financial inclusion through banking services has been mainly left to the BCs/BFs. The Committee in their earlier reports had expressed their view that the rural branches should be considered as a "service centre" and not

merely as a “profit centre”. With this perspective in view, the Committee believe that the proposition of brick and mortar branches in sparsely and unbanked areas would still be sustainable in the longer run and thus needs to be pursued earnestly. The Committee, therefore, recommend the Ministry to provide necessary support to the banks, PSBs in particular, to open brick and mortar branches in unbanked areas on “mission mode”. The Banks may also extend financial inclusion through measures such as Ultra Small Banks (USBs), mobile banking, village adoption scheme, weekly bank for village clusters etc. In the meantime, the Ministry may review the BC/BF model for better results in the interim, while ensuring that it should not become an instrument of exploitation of the rural poor. Social obligations on the part of private banks must also be strictly enforced.

RECAPITALISATION OF PUBLIC SECTOR BANKS

8. The Committee note with concern that at a time when the country is facing fiscal deficit and resource constraints, the Government has been infusing huge amount towards capitalization of Public Sector Banks (PSBs). The formation of financial holding company to meet the capital requirements of PSBs is still in process. During the years 2010-2013, a sum of Rs. 30,517 crore was infused into PSBs. For the year 2013-14, provision of Rs. 14,000 crore is made in BE. According to the Ministry, the infusion of capital into PSBs is supposed to increase their profits and dividend thereof. It is, however, evident from the Economic Survey (2012-13) that unlike foreign and private sector banks, net profit as percentage of assets of PSBs declined to 0.82 per cent in the year 2011-12 from 0.85 percent in the year 2010-11. The Committee are of the firm view that the extant practice of following easy route of capitalizing PSBs from the budget would not only numb the PSBs but may also make them inefficient. Considering the fiscal consolidation and the need for maintaining capital adequacy in PSBs to meet BASEL III norms, the Committee expect the Ministry to propel PSBs to generate funds internally also for their recapitalization instead of depending on budgetary support alone. They also urge the Ministry to expedite the process of setting up the holding company at the earliest. The Ministry should also ensure that the capital infused into PSBs so far is used only for the purpose of credit growth and not for restructuring/writing-off NPAs.

NON-PERFORMING ASSETS (NPAs)

9. The Committee are alarmed to note that NPAs of Public Sector Banks (PSBs) registered substantial increase during the recent years. In the year 2011, Gross NPAs ballooned by 24 per cent to Rs. 74,664

crore from Rs. 59,924 crore in the year 2010, which further scaled up by 36 per cent to Rs. 1,17,262 crore in the year 2012. To cite specific instances, while the average Net NPA Ratio of PSBs reached as high as 2.10 in December, 2012, the Net NPA Ratio of UCO Bank was 3.31; 3.28 in respect of Central Bank of India; 2.78 in the case of Punjab National Bank; 2.65 in the case of the largest bank in the country *i.e.* State Bank of India (SBI); and 2.19 in respect of State Bank of Patiala. Equally disturbing fact is that among sectoral NPAs of PSBs, compared to NPA-priority sector and NPA-agriculture, both NPA-corporate and NPAs other than priority sector during the period between March, 2011 and December, 2012 went up by a whopping 190 per cent to Rs. 83,490 crore and Rs. 84,039 crore respectively. NPA-corporate in PSBs namely State Bank of India (SBI), Punjab National Bank, UCO Bank, Indian Bank, Bank of Baroda, Andhra Bank and Bank of India increased manifold during the corresponding period. The rising NPAs eroded the balance sheet of PSBs. For instance, the net profit of SBI declined to Rs. 3398.06 crore in December, 2012 from Rs. 3658.14 crore in September, 2012.

10. The Committee are perturbed to find that during the years 2010-2012, the number of accounts of Gross NPAs above Rs. 1 crore of PSBs increased by around 80 per cent to 7295 accounts from 4099 accounts. Major increase in these accounts were reported in banks such as State Bank of India, Bank of India, IDBI Bank Ltd; Indian Overseas Bank, Punjab National Bank, and Union Bank of India. Another disquieting fact is that percentage of restructured advances to Gross advances ratio increased exponentially to 7.4 in December, 2012 from 5.7 in March, 2012. In most of the PSBs, the percentage of restructured advances surpassed average 7.4 of PSBs; such as Central Bank of India (12.5); Oriental Bank of Commerce/Punjab National Bank (11.8); Allahabad Bank (10.7); Andhra Bank (10.5); Indian Bank (10.6); Punjab National Bank (10.4); and Indian Overseas Bank (10.0).

11. Above all, though total reduction in NPAs improved by a paltry sum of Rs. 7,000 crore to Rs. 49,999.27 crore in March, 2012 from Rs. 42,996.84 crore on March, 2011, the percentage of reduction in NPAs due to actual recovery remains stagnant at 35 per cent only; and the compromise write offs and upgradation together constitutes 65 per cent. It is, thus, evident that the performance of individual PSBs in recovering the NPAs as compared to write-offs/upgradation is far from satisfactory. The largest bank, State Bank of India, was able to improve its actual recovery by a paltry sum of Rs. 311 crore as against Rs.1452 crore increase in write-offs; Vijaya Bank scaled its

actual recovery as low as Rs. 6 crore compared to Rs. 592 crore rise in upgradation; and Allahabad Bank recovered no amount as against Rs. 646 crore increase in write-offs and Rs. 130 crore in upgradation during the corresponding period.

12. Similarly, the trend of recovery of NPAs through various channels during the period 2009-10 to 2011-12 is also not satisfactory. The number of cases referred to lok adalats declined around 40 percent; while the number of cases referred to DRTs increased by 120 per cent and 80 per cent under SARFAESI Act in the year 2011-12, the percentage of actual recovery through DRTs slumped to 16.99 per cent in 2011-12 from 32 per cent in 2009-10; and to 28.55 per cent in 2011-12 from 30 per cent in 2009-10 under SARFAESI Act.

13. The Committee thus cannot but conclude that the above findings with regard to NPAs dispel the tall claim put-forth before the Committee by the Ministry of Finance that steps taken by the Government and RBI have resulted in year-on-year improvement in recovery of NPAs by PSBs. Instead, these facts can only illustrate the managerial failures of PSBs in their inability to arrest rising NPAs, which has doubtlessly affected their overall performance and weakened their ability to expand credit to deserving areas/sectors. The Committee expect a detailed explanation in this regard from the Ministry and the PSBs. The Committee would urge the Government/RBI to constitute a special NPA Management Cell at the highest level to review the write-off/up-gradation and restructured advances and also to monitor the pace of recovery of NPAs. A report on the results achieved thereof may be submitted to the Committee within a period of three months from the presentation of this Report. In the meantime, the names of all wilful-defaulters (Companies/Directors) should be published appropriately.

DISINVESTMENT

14. The Committee regret to observe that in the absence of concrete disinvestment policy and lack of consistency in utilization of disinvestment proceeds, the disinvestment proceeds of Central Public Sector Enterprises (CPSEs) over the years being treated as "selling family's silver to pay grocery bills". All disinvestment proceeds being used for revenue expenditure is not socially justified. When the Government dispose off one asset, proceeds therefrom should be used only for fresh asset creation. The earlier recommendations made by the Committee in this matter were not

heeded to by the Government. As a result the corpus of National Investment Fund (NIF) is left with a meager amount of Rs. 1814.45 crore for investment purpose, therefore, sustainable returns from the disinvestment proceeds could not be earned. Considering the low balance of funds in NIF and its impact on returns, the Committee are not convinced with the proposal of utilizing the budgeted disinvestment proceeds of Rs. 40,000 crore in BE 2013-14 for recapitalization of Public Sector Banks (PSBs) and towards budgetary support to the Indian Railways. As recommended elsewhere in this Report, the Government could easily find resources for capitalization of PSBs through early setting up of financial holding company/ internal resources of PSBs. Similar steps may also be taken for Indian Railways. As agreed upon to a suggestion made by the Committee during oral evidence, the Department of Disinvestment should conduct a study in regard to return on disinvestment of Central Government's equity from CPSEs and apprise the Committee within a period of three months from the date of presentation of this report. The Committee are not in favour of Offer for Sale of Shares route by promoters through Stock Exchange Mechanism, instead the Government should look for market penetration and encourage retail investors. The Committee would also reiterate their earlier recommendation that the Government should formulate a coherent Disinvestment Policy with clear direction and vision.

NEW DELHI;
16 April, 2013

26 Chaitra, 1935 (Saka)

YASHWANT SINHA,
Chairman,
Standing Committee on Finance.

DETAILED DEMANDS OF MINISTRY OF FINANCE—AT A GLANCE*(In crores of Rupees)*

Description	Actuals 2011-2012		Budget Estimates 2012-2013		Revised Estimates 2012-2013		Budget Estimates 2013-2014					
	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Total			
1	2	3	4	5	6	7	8	9	10	11	12	13
DEMAND NO. 33												
DEPARTMENT OF ECONOMIC AFFAIRS												
Total-Revenue Section	3685.58	3400.19	7085.77	4704.90	4376.45	9081.35	3824.90	3912.04	7736.94	4464.45	4400.67	8865.12
Charged	...	...	...	...	...	...	...	...	...	...	...	...
Voted	3685.58	3400.19	7085.77	4704.90	4376.45	9081.35	3824.90	3912.04	7736.94	4464.45	4400.67	8865.12
Total-Capital Section	300.00	13505.68	13805.68	437.55	58523.53	58961.08	437.55	16782.84	17220.39	678.00	65730.89	66408.89
Charged	...	...	...	...	...	...	...	...	...	...	...	...
Voted	300.00	13505.68	13805.68	437.55	58523.53	58961.08	437.55	16782.84	17220.39	678.00	65730.89	66408.89
Total (Revenue & Capital)	3985.58	16905.87	20891.45	5142.45	62899.98	68042.43	4262.45	20694.88	24957.33	5142.45	70131.56	75274.01
Charged	...	...	...	...	...	...	...	...	...	...	...	...
Voted	3985.58	16905.87	20891.45	5142.45	62899.98	68042.43	4262.45	20694.88	24957.33	5142.45	70131.56	75274.01

1	2	3	4	5	6	7	8	9	10	11	12	13
	DEMAND NO. 34											
	DEPARTMENT OF FINANCIAL SERVICES											
Total-Revenue Section	200.00	6311.61	6511.61	200.00	8335.23	8335.23	...	7459.42	7459.42	200.00	7268.99	7468.99
Charged	...	...	...	...	...	...	...	...	...	...	...	...
Voted	200.00	6311.61	6511.61	200.00	8335.23	8335.23	...	7459.42	7459.42	200.00	7268.99	7468.99
Total-Capital Section	14297.43	14.00	14311.43	15888.00	14.01	15902.01	14652.00	1.00	14653.00	29888.00	12.40	29900.40
Charged	...	...	...	...	...	...	...	...	...	...	...	...
Voted	14297.43	14.00	14311.43	15888.00	14.01	15902.01	14652.00	1.00	14653.00	29888.00	12.40	29900.40
Total (Revenue & Capital)	14497.43	6325.61	20823.04	16088.00	8349.24	24437.24	14652.00	7460.42	22112.42	30088.00	7281.39	37369.39
Charged	...	...	...	...	...	...	...	...	...	...	...	...
Voted	14497.43	6325.61	20823.04	16088.00	8349.24	24437.24	14652.00	7460.42	22112.42	30088.00	7281.39	37369.39
	APPROPRIATION NO. 35											
	INTEREST PAYMENTS											
Total-Revenue Section	...	287182.18	287182.18	...	324769.43	324769.43	...	333997.49	333997.49	...	385000.46	385000.46
Charged	...	287182.18	287182.18	...	324769.43	324769.43	...	333997.49	333997.49	...	385000.46	385000.46
Voted	...	...	...	...	...	...	...	...	...	...	...	...
Total-Capital Section	...	...	...	...	...	...	...	...	...	...	...	...

1	2	3	4	5	6	7	8	9	10	11	12	13
Charged	...	...	...	...	...	...	...	...	...	...	...	...
Voted	...	...	...	...	...	...	...	...	...	...	...	...
Total (Revenue & Capital)	...	287182.18	287182.18	...	324769.43	324769.43	...	333997.49	333997.49	...	385000.46	385000.46
Charged	...	287182.18	287182.18	...	324769.43	324769.43	...	333997.00	333997.00	...	385000.46	385000.46
Voted	...	...	...	...	...	...	...	...	...	...	...	...
DEMAND NO. 36												
TRANSFERS TO STATE AND UNION TERRITORY GOVERNMENTS												
Total-Revenue Section	74056.91	52842.59	126899.50	95908.00	68022.46	163930.46	80435.00	64420.35	144855.35	91957.00	72059.40	164016.40
Charged	...	43972.67	43972.67	...	58357.46	58357.46	...	55031.80	55031.80	...	62134.40	62134.40
Voted	74056.91	8869.92	82926.83	95908.00	9665.00	105573.00	80435.00	9388.55	89823.55	91957.00	9925.00	101882.00
Total-Capital Section	9995.35	...	9995.35	11000.00	1000.00	12000.00	11000.00	1000.00	12000.00	11000.00	1000.00	12000.00
Charged	9995.35	...	9995.35	11000.00	1000.00	12000.00	11000.00	1000.00	12000.00	11000.00	1000.00	12000.00
Voted	...	...	...	...	...	...	...	...	...	...	...	...
Total (Revenue & Capital)	84052.26	52842.59	136894.85	106908.00	69022.46	175930.46	91435.00	65420.35	156855.35	102957.00	73059.40	176016.40
Charged	9995.35	43972.67	53968.02	11000.00	59357.46	70357.46	10000.00	56031.80	66031.80	10000.00	63134.40	73134.40
Voted	74056.91	8869.92	82926.83	95908.00	9665.00	105573.00	80435.00	9388.55	89823.55	91957.00	9925.00	101882.00

1	2	3	4	5	6	7	8	9	10	11	12	13
	DEMAND NO. 37											
	LOANS TO GOVERNMENT SERVANTS ETC.											
Total-Revenue Section	...	...	...	...	...	...	...	...	...	...	...	...
Charged	...	...	...	...	...	...	...	...	...	...	...	...
Voted	...	...	...	...	...	...	...	...	...	...	...	...
Total-Capital Section	...	212.68	212.68	...	250.00	250.00	...	235.00	235.00	...	225.00	225.00
Charged	...	...	...	...	...	...	...	...	...	...	...	...
Voted	...	212.68	212.68	...	250.00	250.00	...	235.00	235.00	...	225.00	225.00
Total (Revenue & Capital)	...	212.68	212.68	...	250.00	250.00	...	235.00	235.00	...	225.00	225.00
Charged	...	...	...	...	...	...	...	...	...	...	...	...
Voted	...	212.68	212.68	...	250.00	250.00	...	235.00	235.00	...	225.00	225.00
	APPROPRIATION NO. 38											
	REPAYMENT OF DEBT											
Total-Revenue Section	...	...	...	...	...	...	...	...	...	...	...	...
Charged	...	...	...	...	...	...	...	...	...	...	...	...
Voted	...	...	...	...	...	...	...	...	...	...	...	...
Total-Capital Section	...	3495928.70	3495928.70	...	3786074.35	3786074.35	...	3301906.00	3301906.00	...	4014248.55	4014248.55

1	2	3	4	5	6	7	8	9	10	11	12	13
Charged	...	3495928.70	3495928.70	...	3786074.35	3786074.35	...	3301906.00	3301906.00	...	4014248.55	4014248.55
Voted	...	...	...	...	...	...	...	...	...	...	...	...
Total (Revenue & Capital)	...	3495928.70	3495928.70	...	3786074.35	3786074.35	...	3301906.00	3301906.00	...	4014248.55	4014248.55
Charged	...	3495928.70	3495928.70	...	3786074.35	3786074.35	...	3301906.00	3301906.00	...	4014248.55	4014248.55
Voted	...	...	...	...	...	...	...	...	...	...	...	...
DEMAND NO. 39												
DEPARTMENT OF EXPENDITURE												
Total-Revenue Section	2.45	11525	117.70	4.00	131.25	135.25	2.88	121.97	124.85	4.00	136.12	140.12
Charged	...	...	...	...	...	...	...	...	...	...	...	...
Voted	2.45	11525	117.70	4.00	131.25	135.25	2.88	121.97	124.85	4.00	136.12	140.12
Total-Capital Section	1.03	...	1.03	...	...	...	...	...	...	...	...	...
Charged	...	...	...	...	...	...	...	...	...	...	...	...
Voted	1.03	...	1.03	...	...	...	...	...	...	...	...	...
Total (Revenue & Capital)	3.48	11525	118.73	4.00	131.25	135.25	2.88	121.97	124.85	4.00	136.12	140.12
Charged	...	...	...	...	...	...	...	...	...	...	...	...
Voted	3.48	11525	118.73	4.00	131.25	135.25	2.88	121.97	124.85	4.00	136.12	140.12

1	2	3	4	5	6	7	8	9	10	11	12	13	
					DEMAND NO. 40								
					PENSIONS								
Total-Revenue Section	...	17977.51	17977.51	...	19800.00	19800.00	...	19564.00	19564.00	...	21049.00	21049.00	
Charged	...	75.43	75.43	...	90.00	90.00	...	90.00	90.00	...	95.00	95.00	
Voted	...	17902.08	17902.08	...	19710.00	19710.00	...	19474.00	19474.00	...	20954.00	20954.00	
Total-Capital Section	
Charged	
Voted	
Total (Revenue & Capital)	...	17977.51	17977.51	...	19800.00	19800.00	...	19564.00	19564.00	...	21049.00	21049.00	
Charged	...	75.43	75.43	...	90.00	90.00	...	90.00	90.00	...	95.00	95.00	
Voted	...	17902.08	17902.08	...	19710.00	19710.00	...	19474.00	19474.00	...	20954.00	20954.00	
					DEMAND NO. 41								
					INDIAN AUDIT & ACCOUNTS DEPARTMENT								
Total-Revenue Section	...	2421.17	2421.17	...	2558.49	2558.49	...	2618.16	2618.16	...	2794.54	2794.54	
Charged	...	74.02	74.02	...	78.83	78.83	...	86.61	86.61	...	97.69	97.69	
Voted	...	2347.15	2347.15	...	2479.66	2479.66	...	2531.55	2531.55	...	2696.85	2696.85	
Total-Capital Section	...	0.61	0.61	...	10.00	10.00	...	5.00	5.00	...	10.00	10.00	

1	2	3	4	5	6	7	8	9	10	11	12	13
Charged
Voted	...	0.61	0.61	...	10.00	10.00	...	5.00	5.00	...	10.00	10.00
Total (Revenue & Capital)	...	2421.78	2421.78	...	2568.49	2568.49	...	2623.16	2623.16	...	2804.54	2804.54
Charged	...	74.02	74.02	...	78.83	78.83	...	86.61	86.61	...	97.69	97.69
Voted	...	2347.76	2347.76	...	2489.66	2489.66	...	2536.55	2536.55	...	2706.85	2706.85
DEPARTMENT OF REVENUE												
Total-Revenue Section	...	5256.94	5256.94	...	1167.05	1167.05	...	855.24	855.24	...	10117.19	10117.19
Charged	0.02	0.02	...	0.02	0.02	...	0.02	0.02
Voted	...	5256.94	5256.94	...	1167.03	1167.03	...	855.22	855.22	...	10117.17	10117.17
Total-Capital Section	...	3.57	3.57	...	11.54	11.54	...	8.91	8.91	...	100.71	100.71
Charged
Voted	...	3.57	3.57	...	11.54	11.54	...	8.91	8.91	...	100.71	100.71
Total (Revenue & Capital)	...	5260.51	5260.51	...	1178.59	1178.59	...	864.15	864.15	...	10217.90	10217.90
Charged	...	0.02	0.02	...	0.02	0.02	...	0.02	0.02	...	0.02	0.02
Voted	...	5260.51	5260.51	...	1178.57	1178.57	...	864.13	864.13	...	10217.88	10217.88

1	2	3	4	5	6	7	8	9	10	11	12	13
					DEMAND NO. 43							
					DIRECT TAXES							
Total-Revenue Section	...	2971.85	2971.85	...	3071.18	3071.18	...	3301.51	3301.51	...	3771.91	3771.91
Charged
Voted	...	2971.85	2971.85	...	3071.18	3071.18	...	3301.51	3301.51	...	3771.91	3771.91
Total-Capital Section	...	260.99	260.99	...	809.28	809.28	...	434.00	434.00	...	589.98	589.98
Charged
Voted	...	260.99	260.99	...	809.28	809.28	...	434.00	434.00	...	589.98	589.98
Total (Revenue & Capital)	...	3232.84	3232.84	...	3880.46	3880.46	...	3735.51	3735.51	...	4361.89	4361.89
Charged
Voted	...	3232.84	3232.84	...	3880.46	3880.46	...	3735.51	3735.51	...	4361.89	4361.89
					DEMAND NO. 44							
					INDIRECT TAXES							
Total-Revenue Section	...	3193.66	3193.66	...	3481.88	3481.88	...	3535.78	3535.78	...	3830.25	3830.25
Charged	...	0.16	0.16	...	0.50	0.50	...	0.50	0.50	...	0.50	0.50
Voted	...	3193.50	3193.50	...	3481.38	3481.38	...	3535.28	3535.28	...	3829.75	3829.75
Total-Capital Section	...	47.34	47.34	...	119.20	119.20	...	34.83	34.83	...	149.25	149.25

1	2	3	4	5	6	7	8	9	10	11	12	13
Charged
Voted	...	47.34	47.34	...	119.20	119.20	...	34.83	34.83	...	149.25	149.25
Total (Revenue & Capital)	...	3241.00	3241.00	...	3601.08	3601.08	...	3570.61	3570.61	...	3979.50	3979.50
Charged	...	0.16	0.16	...	0.50	0.50	...	0.50	0.50	...	0.50	0.50
Voted	...	3240.84	3240.84	...	3600.58	3600.58	...	3570.11	3570.11	...	3979.00	3979.00
DEMAND NO. 45												
DEPARTMENT OF DISINVESTMENT												
Total-Revenue Section	...	35.26	35.26	...	63.24	63.24	...	25.83	25.83	...	63.24	63.24
Charged
Voted	...	35.26	35.26	...	63.24	63.24	...	25.83	25.83	...	63.24	63.24
Total-Capital Section
Charged
Voted
Total (Revenue & Capital)	...	35.26	35.26	...	63.24	63.24	...	25.83	25.83	...	63.24	63.24
Charged
Voted	...	35.26	35.26	...	63.24	63.24	...	25.83	25.83	...	63.24	63.24

ANNEXURE II

DETAILS OF MERGER OF SCHEMES WITH PROPOSED SCHEMES

Department of Agriculture and Cooperation

(₹ in crore)

Name of Scheme	BE 2012-13	RE 2012-13	BE 2013-14
1	2	3	4
Following schemes will be merged under the proposed scheme “National Livestock Mission (NLM)”			
1. Central Fodder Development Organisation	25.55	17.95	25.78
2. Central Poultry Development Organisation	20.00	17.04	18.50
3. Integrated Development of Small Ruminants and Rabbits	15.00	12.90	15.00
4. Piggery Development	10.00	10.00	12.00
5. Salvaging and Rearing of make Buffalo Calves	0.01	0.00	0.01
6. Poultry Venture Capital Fund	30.00	20.00	30.00
7. Poultry Development	52.50	35.62	52.50
8. Utilization of Fallen Animals	0.01	0.00	0.05
9. Conservation of Threatened Livestock Breeds	1.00	1.00	1.35
10. Feed & Fodder Development Scheme	50.00	74.70	90.00
11. Livestock Insurance	50.00	50.00	60.00
12. Livestock Extension and Delivery Services	0.01	0.00	0.03
13. Establishment/Modernisation of Rural Slaughter Houses, including Mobile Slaughter Plants	0.01	0.00	0.04
14. Managing Livestock	1.00	0.00	0.00
Following scheme will be merged under the revised scheme “National Fisheries Development Board”			
1. Development of Marine Fisheries, Infrastructure & Post Harvest Operations	80.00	78.60	80.00

	1	2	3	4
Following schemes will be merged under the proposed scheme "National Programme for Bovine Breeding & Dairy (NPBBD)"				
1. Assistance to Cooperatives		10.00	6.22'	5.00
2. National Project for Cattle and Buffalo Breeding National Programme on Bovine Breeding		180.39	117.66	134.99
3. National Programme on Bovine Breeding		0.50	0.00	0.01
4. Dairy Development Projects		100.00	84.08	85.00
Following scheme will be subsumed under the revised scheme "Livestock Health & Disease Control (LH&DC)"				
1. Upgradation/Strengthening of Infrastructure of Veterinary Colleges		1.00	0.00	0.01
Ministry of Minority Affairs				
Following schemes merged with "Multi Sectoral Development Programme for Minorities in selected of Minority Concentration Districts"				
1. Scheme for Promotion of Education in 100 Minority Concentration Towns/Cities, out of 251 such Towns/Cities identified as backward		50.00	0.04	0.00
2. Village Development Programme for Villages not covered by MCB/MCD		50.00	0.04	0.00
3. Free Cycle for Girl Students of Class IX		5.00	0.04	0.00
4. Support to Districts Level Institution in MCDs		25.00	0.04	0.00
Ministry of Culture				
Following schemes merged with "Centre for Cultural Resources and Training, New Delhi"				
1. Cultural Heritage Volunteers (CHV) Scheme		1.00	1.00	0.00
2. Centre for Management of Cultural Resources		0.01	0.01	0.00
Following scheme merged with "Indira Gandhi National Centre for Arts"				
1. National Archives for Audio Visual Materials		0.50	0.50	0.00
Following schemes merged with "Financial Assistance for Promotion of Art & Culture"				
1. Financial Assistance for Professional Group & Individuals for Specified Performing Art Projects		40.13	40.13	0.00

	1	2	3	4
2. Financial Assistance to Cultural Organizations with National Presence		4.00	4.00	0.00
3. Financial Assistance for Promotion & Dissemination of Tribal/Folk Art		0.10	0.10	0.00
4. Financial Assistance for Research Support to Voluntary Organizations Engaged in Cultural Activities		10.00	10.00	0.00
5. Financial Assistance for Preservation & Development of Cultural Heritage of Himalayas		1.50	1.50	0.00
6. Scheme of MIS and Automation of Grants-in-aid Schemes		0.50	0.50	0.00
Following schemes merged with "Scheme on Intangible Cultural Heritage"				
1. Scheme for the Safeguarding and Other Protective Measures in the area of Intangible Heritage and Cultural Diversity (arising out of UNESCO)		0.50	0.50	0.00
2. Pilot Scheme for Cultural Industries		0.01	0.01	0.00
3. Scheme for sustaining the Living and Diverse Cultural Traditions of India		0.50	0.50	0.00
Following schemes merged with "Setting up of Performing Arts Centre and International Cultural Centres"				
1. Setting up of National Centre for Performing Art		1.00	1.00	0.00
2. Setting up of International Cultural Centres at Kolkata & Chennai		0.50	0.50	0.00
Following schemes merged with "Artists' Pension Scheme"				
1. Financial Assistance to Persons Distinguished in letters, Arts and such other walks of life may be in indigent circumstances		8.00	8.00	0.00
2. Creating National Artists Welfare Fund		1.00	1.00	0.00
Following schemes merged with "Fellowship Scheme"				
1. Award of Scholarships to Artists in the Field of Performing, Literacy and Visual Arts		8.20	10.70	0.00
2. Flexible Engagements of Scholars in Knowledge Institutions of the Ministry of Culture		1.00	1.00	0.00

	1	2	3	4
Following scheme merged with “Anthropological Survey of India”				
1. Assistance to State Government Institutions and Organisations for Documentations and Dessiminations of Research Results		0.50	0.50	0.00
Following schemes merged with “Museum Scheme”				
1. Promotion and Strengthening of Regional and Local Museums		18.00	18.00	0.00
2. Scheme for Public Private Partnership (PPP) for Providing Financial Assistance for Establishment of Large Scale Museums		0.50	0.50	0.00
3. Scheme for Modernization of Museums in Metro Cities		9.00	9.00	0.00
Following schemes merged with “Digitization of Museums Collection and Academic Facilities for Museum Related Disciplines”				
1. Scheme for Financial Assistance for Digitization of Museum Collections for Making Collections for Making their Catalogues/Images Available over Internet		0.50	0.50	0.00
2. Scheme for Financial Assistance for Management Course and other Additional Academic Facilities for Museum Related Disciplines		0.50	0.50	0.00
Following schemes merged with “Publishing Scheme”				
1. Financial Assistance to Publishing (a) Research on Culture (b) Important Manuscript (c) Record of History (d) Co-publishing of Book on Culture		0.50	0.50	0.00
2. Financial Assistance to (a) Library/Cultural Institute for preservation and (b) conservation of old and rare document/Manuscripts (c) Record of History (d) Co-publishing of Book on Culture		0.50	0.50	0.00
Following schemes merged with “Centenaries & Anniversaries Scheme”				
1. Khalsa Heritage Project		6.00	6.00	0.00
2. 150th Birth Aniversary of Rabindranath Tagore		30.00	20.20	0.00
3. 150th Birth Aniversary of Swami Vivekananda		20.00	24.90	0.00
4. Birth Centenary of Shri Lal Bahadur Shastri		2.00	2.00	0.00
5. Celeberation of 150th Anniversary of the First War		2.00	2.00	0.00

	1	2	3	4
Following schemes merged with “Financial Assistance for Artists and Cultural professionals going abroad for seminars, festivals and exhibitions on Cultural subjects”				
1. Scheme for financial assistance to foreign artistes desiring to study and/or learn Indian Culture in any form like dance, music, drama		0.50	0.50	0.00
2. Indian Literature Abroad		1.00	1.00	0.00
3. Permanent pavillion of Inida in Venic Vienale		0.01	0.01	0.00
4. Financial Assistance for Book Fairs, Book Exhibitions and participation in International Book Fairs/Publishing events		2.00	2.00	0.00
Following schemes merged with “Archaeological Survey of India”				
1. Scheme for Conservation, Preservation and Environmental Development of monuments and archaeological sites by the State Government/Union Territories, Colleges		20.70	7.70	0.00
2. Scheme for Archaeological Exploration and Excavation		1.00	0.00	0.00
Department of Telecommunications				
The following scheme in inclusive of previous schemes of ‘Physical Infra. for NICF and HRM’				
1. NICF		29.99	10.00	35.99

ANNEXURE III

MINUTES OF THE ELEVENTH SITTING OF THE STANDING
COMMITTEE ON FINANCE (2012-13)

The Committee sat on Wednesday, the 20th March, 2013 from
1500 hrs. to 1915 hrs.

PRESENT

Shri Yashwant Sinha—*Chairman*

MEMBERS

Lok Sabha

2. Shri Nishikant Dubey
3. Shri Deepender Singh Hooda
4. Shri Bhartruhari Mahtab
5. Dr. Chinta Mohan
6. Shri Sanjay Brijkishorlal Nirupam
7. Shri S.S. Ramasubbu
8. Dr. Kavuru Sambasiva Rao
9. Adv. A. Sampath
10. Shri Thakur Anurag Singh
11. Shri Shivkumar Udasi

Rajya Sabha

12. Shri Rajeev Chandrasekhar
13. Smt. Renuka Chowdhury
14. Shri Piyush Goyal
15. Shri Ravi Shankar Prasad
16. Dr. Yogendra P. Trivedi

SECRETARIAT

- | | |
|---------------------------------|------------------------------|
| 1. Shri A.K. Singh | — <i>Joint Secretary</i> |
| 2. Shri Ramkumar Suryanarayanan | — <i>Additional Director</i> |
| 3. Shri Sanjay Sethi | — <i>Deputy Secretary</i> |

Part I
(1500 hrs. to 1625 hrs.)

WITNESSES

2.	***	***	***	***
	***	***	***	***

The witnesses then withdrew.

Part II
(1625 hrs. to 1725 hrs.)

WITNESSES

3.	***	***	***	***
	***	***	***	***

The witnesses then withdrew.

Part III
(1750 hrs. to 1915 hrs.)

WITNESSES

MINISTRY OF FINANCE

1. Shri R.S. Gujral, Finance Secretary and Secretary (Expenditure)

Department of Economic Affairs

2. Dr. Raghuram G. Rajan, Chief Economic Advisor
3. Shri Dipak Dasgupta, Principal Economic Advisor
4. Shri M.C. Singhi, Sr. Economic Advisor
5. Dr. H.A.C Prasad, Sr. Economic Advisor
6. Dr. Rajat Bhargava, Joint Secretary
7. Ms. Sharmila Chavaly, Joint Secretary
8. Mrs. Rosy Sharma, Joint Secretary
9. Dr. K.L. Prasad, Economic Advisor

Department of Financial Services

10. Shri Rajiv Takru, Secretary
11. Smt. Snehlata Shrivastava, Additional Secretary
12. Shri Umesh Kumar, Joint Secretary

13. Shri Alok Nigam, Joint Secretary
14. Shri Anurag Nigam, Joint Secretary
15. Dr. A. Bhattacharya, Joint Secretary
16. Shri Rajat Sachar, Economic Advisor

Department of Expenditure

17. Ms. Anjuly Chib Duggal, Additional Secretary
18. Shri Rajeev Kumar, Joint Secretary
19. Ms. Sudha Krishnan, Joint Secretary

Department of Disinvestment

20. Shri Ravi Mathur, Secretary
21. Shri H.P. Rao, Joint Secretary and Financial Advisor
22. Shri Alok Tandon, Joint Secretary
23. Ms. Anita Chauhan, Joint Secretary

4. The Committee thereafter took oral evidence of the representatives of Ministry of Finance (Departments of Economic Affairs, Expenditure, Financial Services and Disinvestment) in connection with the examination of Demands for Grants (2013-14). The major issues discussed included decline in GDP due to economic slowdown; removing loan slabs for Self Help Groups; allocation of funds for developing cancer hospitals; concentration on Skill Development; reduction in allocation to agricultural sector, increase in Non-Performing Assets (NPAs) of Banks; recapitalisation of Banks; reported money laundering allegations; improper reflection of budget estimates; impact of inflation linked bonds on bond yields; investment of funds received through disinvestment of public sector entities; availability of mechanism to monitor various held up projects, etc. The Chairman then directed the representatives of the Ministry of Finance (Departments of Economic Affairs, Expenditure, Financial Services and Disinvestment) to furnish replies to the points raised by the Members during the discussion within a week.

A verbatim record of the proceedings was kept.

The witnesses then withdrew.

The Committee then adjourned.

MINUTES OF THE FOURTEENTH SITTING OF THE STANDING
COMMITTEE ON FINANCE (2012-13)

The Committee sat on Tuesday, the 16th April, 2013 from 1500 hrs.
to 1705 hrs.

PRESENT

Shri Yashwant Sinha—*Chairman*

MEMBERS

Lok Sabha

2. Shri Nishikant Dubey
3. Shri Gurudas Dasgupta
4. Shri Chandrakant Khaire
5. Shri Bhartruhari Mahtab
6. Dr. Chinta Mohan
7. Dr. Kavuru Sambasiva Rao
8. Adv. A. Sampath
9. Dr. M. Thambidurai

Rajya Sabha

10. Shri Naresh Agrawal
11. Smt. Renuka Chowdhury
12. Shri Piyush Goyal
13. Shri Satish Chandra Misra
14. Dr. Mahendra Prasad
15. Shri P. Rajeeve
16. Shri Praveen Rashtrapal

SECRETARIAT

- | | |
|---------------------------------|------------------------------|
| 1. Shri A.K. Singh | — <i>Joint Secretary</i> |
| 2. Shri Ramkumar Suryanarayanan | — <i>Additional Director</i> |
| 3. Shri Sanjay Sethi | — <i>Deputy Secretary</i> |
| 4. Shri Kulmohan Singh Arora | — <i>Under Secretary</i> |

2. The Committee took up following draft Reports for consideration and adoption:—

- (i) Draft Report on Demands for Grants (2013-14) of the Ministry of Finance (Departments of Economic Affairs, Expenditure, Financial Services and Disinvestment);
- (ii) Draft Report on Demands for Grants (2013-14) of the Ministry of Finance (Department of Revenue);
- (iii) Draft Report on Demands for Grants (2013-14) of the Ministry of Planning;
- (iv) Draft Report on Demands for Grants (2013-14) of the Ministry of Statistics and Programme Implementation; and
- (v) Draft Report on Demands for Grants (2013-14) of the Ministry of Corporate Affairs.

3. The Committee adopted the draft reports at Sl. Nos. (i), (ii), (iii) and (v) with minor modifications and at Sl. No. (iv) without modification. The Committee authorised the Chairman to finalise the Reports in the light of the modifications suggested and present these Reports to Parliament.

The Committee then adjourned.