



## Budget 2005-2006

S.No.	Para No.	Budget Announcement	Status of Implementation
1.	4	<p><b>Tsunami Reconstruction and Rehabilitation Programme</b></p> <p>Before I turn to the business of the day, I wish to record Government's deep sorrow on the loss of lives, property and livelihood caused by the tsunami tragedy. So far, Government has approved relief packages amounting to Rs.3,644 crore. The Planning Commission, which is coordinating the Tsunami Reconstruction and Rehabilitation Programme, has drawn up a programme at an estimated cost of Rs.10,216 crore. I wish to assure the House, and the affected people, that the Government will provide the necessary funds for the purpose and ensure that every affected family is fully rehabilitated.</p>	<p>A Core Group for Tsunami Recovery and Rehabilitation was formed in the Planning Commission. The Government has approved the report prepared by the Core Group. The total requirement of funds is Rs.9870.25 crore. The programme outlay is based on a consultative process and takes into account the reconstruction and rehabilitation requirements proposed by the States/UTs and Central Ministries. The draft guidelines for the Tsunami Rehabilitation Programme have been discussed in the meeting of the Core Group held with the representatives of the Central Ministries and State Governments on January 5, 2006. The guidelines are being amended in the light of the discussions.</p> <p>The entire work of reconstruction and rehabilitation will be completed in three years.</p>
2.	9	<p><b>Gross Budgetary Support</b></p> <p>Let me first give the big picture. In 2004-05, Gross Budgetary Support (GBS) for the Plan was Rs.145,590 crore to which we added Rs.2,000 crore subsequently. As I shall explain later, the pattern of funding has changed consequent to the recommendations of the Twelfth Finance Commission (TFC). On a like-to-like basis, GBS for the Plan in 2005-06, works out to Rs.172,500 crore. This represents an increase of 16.9 per cent. Support for the Central Plan in BE 2004-05 was Rs.87,886 crore and in BE 2005-06 this has been enhanced to Rs.110,385 crore, representing a very substantial increase of 25.6 per cent. On priority sectors and flagship programmes falling under the NCMP, I propose to provide an additional sum of Rs.25,000 crore in the next year.</p>	<p>Ministry/Department-wise GBS allocations have already been given in the Union Budget 2005-06. While allocating scheme/project-wise funds, the objectives and priorities laid down in National Common Minimum Programme (NCMP) were kept in view and the allocations were finalized in consultations with respective Ministries/ Departments.</p> <p style="text-align: right;"><b>[Action completed]</b></p>
3.	13	<p><b>National Rural Employment Guarantee Scheme</b></p> <p>After the National Food for Work programme was launched in November 2004, provision was made for the cash component and the foodgrain component. In overall terms, the expenditure in the current year is estimated at Rs.4,020 crore. For 2005-06, a provision of Rs.5,400 crore for the cash component and 50 lakh MT of foodgrains have been made and, in overall terms, the allocation will increase to Rs.11,000 crore. It is Government's intention to convert this programme into the National Rural Employment Guarantee Scheme. When fully rolled out, the scheme will provide livelihood security for crores of poor families, and I promise to find the money for the programme.</p>	<p>The National Rural Employment Guarantee Act has been notified on September 7, 2005. The ongoing programmes of Sampoorna Gramin Rozgar Yojana and National Food for Work programme will subsume with the National Rural Employment Guarantee Scheme in the identified districts. The Act will be implemented in 200 districts in the first phase from February 2, 2006.</p> <p style="text-align: right;"><b>[Action completed]</b></p>

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4. 14	<p><b>National Rural Health Mission</b> The National Rural Health Mission (NRHM) will be launched in the next fiscal. Its focus will be strengthening primary health care through grass root level public health interventions based on community ownership. The total allocation for the Department of Health and the Department of Family Welfare will increase from Rs.8,420 crore in the current year to Rs.10,280 crore in the next year. The increase will finance the NRHM and its components like training of health volunteers, providing more medicines and strengthening the primary and community health centre system.</p>	<p>NRHM was launched by Hon'ble Prime Minister on April 12, 2005, and after the launch several generic guidelines have been issued to the State Governments for implementation of the NRHM activities. The States have started taking steps for operationalising various strategies formulated under the Mission. <b>[Action completed]</b></p>
5. 15	<p><b>Pradhan Mantri Swasthya Suraksha Yojana (PMSSY)</b> I am also happy to announce that work on the six AIIMS-like institutions will start next year to augment medical education in deficient States.</p>	<p>Six AIIMS-like institution, one each in the states of Bihar (Patna), Chattisgarh (Raipur), Madhya Pradesh (Bhopal), Orissa (Bhubaneshwar), Rajasthan (Jodhpur), and Uttaranchal(Rishikesh) are proposed to be set up this year under Pradhan Mantri Swasthya Suraksha Yojana. The proposal is under finalization.</p>
6. 16	<p><b>Antyodaya Anna Yojana</b> The Antyodaya Anna Yojana now covers 2 crore Below Poverty Line (BPL) families. The number will be increased to 2.5 crore families in 2005-06.</p>	<p>Coverage of Antyodaya has been expanded from 2 crore BPL families to 2.5 crore BPL families. Necessary guidelines for identification of additional beneficiaries under this expansion of Antyodaya Anna Yojana have been issued to all the State Governments. <b>[Action completed]</b></p>
7. 17	<p><b>Integrated Child Development Services (ICDS)</b> The universalization of the Integrated Child Development Services (ICDS) scheme is overdue. It is my intention to ensure that, in every settlement, there is a functional anganwadi that provides full coverage for all children. As on date there are 6,49,000 anganwadi centres. I propose to expand the ICDS scheme and create 1,88,168 additional centres that are required as per the existing population norms. Forty seven per cent of children in the age group 0-3 are reportedly underweight. Supplementary nutrition is an integral part of the ICDS scheme. I propose to double the supplementary nutrition norms and share one-half of the States' costs for this purpose. I also propose to increase the allocation for ICDS from Rs.1,623 crore in BE 2004-05 to Rs.3,142 crore in BE 2005-06.</p>	<p>A proposal for sanction of 467 additional projects and 1,88,168 additional anganwadi centres has been approved by the Government. Administrative sanctions for additional Projects/Centres have been issued. With this expansion, the number of anganwadi centers will increase to 9.40 lakh.  To fulfill the commitment made in the NCMP, the existing population norms for setting up an Anganwadi centre are proposed to be relaxed and States have been requested to assess the requirement of additional anganwadi centres to enable the Government to consider further expansion of the ICDS.  Regarding Supplementary Nutrition Norms, Government has approved the proposal for release of funds to States/Union Territories for supplementary nutrition on a 50:50 basis. This will involve financial implication of Rs.1500 crore per annum. <b>[Action completed]</b></p>
8. 18	<p><b>Mid-day Meal Scheme</b> The Mid-day Meal Scheme for children has made a promising start throughout the country. 11</p>	<p>Mid Day Meal scheme is an ongoing programme that was revised in September 2004. As per the revised</p>

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	<p>crore children are covered today. The Central Government is now providing the cost of food grains as well as the conversion cost at the rate of Re.1 per child. The allocation in BE 2004-05 was Rs.1,675 crore. I propose to increase the allocation for the next year to Rs.3,010 crore.</p>	<p>scheme, in addition to free foodgrains and transport subsidy, assistance for cooking cost @ Re.1 per child per school day is now also being provided to States and Union Territories. About 12 crore children of primary stage are being covered. The programme has made positive impact on both enrolment and attendance as also on nutritional status of children. A comprehensive evaluation of the Mid Day Meal programme has been launched.</p>
9. 19	<p><b>Sarva Shiksha Abhiyan</b> The Sarva Shiksha Abhiyan programme is the cornerstone of the Government's intervention in basic education for all children. Sarva Shiksha Abhiyan was allocated Rs.3,057 crore in the Budget Estimates for 2004-05. During the course of the year, I enhanced the allocation to Rs.4,754 crore. A non-lapsable fund called "Prarambhik Shiksha Kosh" has been created for funding this programme. I propose to increase the allocation to Rs.7,156 crore in 2005-06.</p>	<p>[Action completed] Government approved creation of the Prarambhik Shiksha Kosh on October 6, 2005. Final order constituting the Prarambhik Shiksha Kosh has been issued on November 14, 2005.</p>
10. 20	<p><b>Drinking Water &amp; Sanitation</b> All drinking water schemes have now been brought under the Rajiv Gandhi National Drinking Water Mission. In the current year, so far, 31,355 uncovered rural habitations have been provided drinking water facilities. During 2005-06 the emphasis will be on covering more habitations. Emphasis will also be laid on tackling water quality in about 2.16 lakh habitations in Andhra Pradesh, Gujarat, Karnataka, Rajasthan, West Bengal and some other States. I propose to increase the outlay for the Mission from Rs.3,300 crore in the current year to Rs.4,750 crore in the next year.</p>	<p>[Action completed] During the current financial year emphasis for drinking water schemes has been on coverage of more habitations and also on tackling water quality problems. The annual target is to cover 56,270 habitations. These include (i) coverage of remaining 3,522 not covered (NC) habitations (ii) coverage of remaining 8,375 partially covered (PC) habitations (iii) coverage of 34,373 slipped back NC/PC habitations and (iv) 10,000 water quality affected habitations. As per the latest report received from States/ Union Territories, 47,546 habitations are reported to have been covered.</p>
11. 21	<p>Sanitation, however, remains critically deficient. Only about 30 per cent of the rural households have access to safe sanitation facilities. The Total Sanitation Campaign (TSC) now operates in 452 districts. Government intends to extend the TSC to all districts, and I propose to allocate Rs.630 crore for the next year.</p>	<p>540 districts have so far been covered under TSC. It is proposed to cover all the districts by the end of the Tenth Plan. There is no resource gap for rural sanitation for the current year as the funds allocated under the budget are sufficient to meet the requirement.</p>
12. 23	<p><b>Scheduled Castes and Scheduled Tribes</b> The key to empowering the scheduled castes and scheduled tribes is to provide top class education opportunities to meritorious students. The three on-going scholarship schemes for SC/ST students under the Central Plan - pre-Matric, post-Matric, and merit-based - will continue. To provide an added incentive, I propose a new window: a short list of institutes of excellence will be notified, and any SC/ST student who secures admission in one of those institutes will</p>	<p>Draft Scheme is being finalized.</p>

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		be awarded a larger scholarship that will meet the requirements for tuition fees, living expenses, books and a computer. The details of the scheme will be announced by the ministry concerned.	
13.	24	Government will also introduce the Rajiv Gandhi National Fellowship for SC and ST students for pursuing M. Phil and Ph.D. courses in selected universities. I propose to provide funds for 2000 Fellowships per year to be awarded from 2005-06 on the pattern of UGC Fellowships.	The scheme has been prepared and approved by the Government. It shall be implemented during the current year itself. <b>[Action completed]</b>
14.	26	<b>Minorities</b> Minorities would have to be brought more into the development process. I propose to increase the equity support, as may be required, for the National Minorities Development and Finance Corporation. (NMDFC)	The equity contribution to the National Minority Development & Finance Corporation in the first three years of the Tenth Plan was Rs.20.00 crores, Rs.22.40 crores and Rs.73.60 crores. In view of the large jump in 2004-05 from Rs.22.40 crore to Rs.73.60 crore, and the inability of the State agencies to absorb this jump in a short period, the equity requirement in the current year is not likely to exceed the budget estimate of Rs.25.00 crores. <b>[Action completed]</b>
15.	27	A certain percentage of new schools that will be opened under the Sarva Shiksha Abhiyan (SSA) as well as the Kasturba Balika Vidyalaya Scheme will be located in districts or blocks having a substantial minority population. Likewise, a certain proportion of new anganwadi centres will be located in blocks or villages, which have a substantial concentration of minorities.	Under SSA, 2,643 primary schools and 1,978 upper primary schools have been sanctioned in 2005-06 in minority concentration areas. 10,600 makhtabs/madarsas are also being provided assistance.  Under Kasturba Gandhi Vidyalaya Scheme, 118 Upper Primary Schools for girls have been sanctioned in Blocks with concentration of Muslim population.  While sanctioning new projects/Anganwadi Centres, States are advised to give priority to blocks/villages predominantly inhabited by population belonging to SC/ST and minority community. <b>[Action completed]</b>
16.	28	Urdu is the mother tongue of a large number of people in Uttar Pradesh and Bihar, but there is very little provision for teaching Urdu. I propose to provide central assistance for recruitment and posting of Urdu language teachers in primary and upper-primary schools that serve a population in which at least one fourth belong to that language group.	As per the norms of the Scheme of Financial Assistance for "Appointment of Language Teachers", the financial assistance to State Government and Union Territories is provided for appointment of Urdu Language teachers in educationally backward minorities blocks as identified by Ministry of Social Justice and Empowerment.  As per the extant Scheme, the Central assistance shall be admissible to a State for the appointment of Urdu language teachers for the new posts in the schools based on requests made by State Governments. No proposals have been received from State Governments during the current financial year so far. Central Assistance would be provided on receipt of proposals from the State Governments. <b>[Action completed]</b>

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17. 29	<p>The Ministry of Social Justice and Empowerment and the Ministry of Human Resource Development implement a number of schemes for pre-examination coaching of candidates belonging to the minority communities. These schemes are confined to Government institutions, and the results have not been encouraging. Hence, I propose to expand these schemes to include reputed private coaching institutes, which have a track record of showing good results in competitive examinations. I propose to provide funds to pay the fees on behalf of meritorious candidates from minority communities who enroll in these selected private institutes.</p>	<p>A new scheme of coaching and allied assistance has been prepared. In view of the formation of a separate Ministry for Minority Affairs, the separate scheme would be implemented by that Ministry.</p>
18. 30	<p><b>Backward Regions Grant Fund</b>            Since the announcement in the last Budget of a Grant Fund for backward districts, a lot of thought has gone into the proposal. An Inter-Ministerial Group (IMG) has identified 170 backward districts based on certain socio-economic variables. The IMG has also proposed that resources under the new facility will be conditional on Panchayati Raj institutions being properly empowered, including devolution of functionaries and funds. I propose to accept the recommendations of the IMG, and I am happy to announce the establishment of a Backward Regions Grant Fund. An allocation of Rs.5,000 crore has been made in the Plan for 2005-06, and an equal amount will be allocated every year in the next four years. Consequent upon the establishment of the Fund, the existing Rashtriya Sam Vikas Yojana (RSVY), envisaged to end in 2006-07, will be wound up with suitable transition arrangements that will protect every district now covered under RSVY.</p>	<p>The modalities to operationalise the Backward Regions Grant Fund are being worked out. In the meanwhile, Government has released grant amounting to Rs.1089.12 crore to the States (based on the recommendations of the Planning Commission) to the RSVY districts in line with the commitment to institute suitable transition arrangements.</p>
19. 31	<p><b>Bihar</b>            The NCMP refers to special economic packages for Bihar, Jammu &amp; Kashmir and the North Eastern Region. Till now, Bihar received special assistance through the RSVY. The transition arrangements under RSVY will continue until 2006-07. Meanwhile, the backward districts of Bihar will begin to receive assistance from the Backward Regions Grant Fund. I may also point out that, recognizing the needs of Bihar, the TFC has made substantial grants amounting to Rs.7,975 crore for the period 2005-10. Bihar has also been identified as one of the few States requiring special grants for the health and education sectors.</p>	<p>Backward Regions Grant Fund once finalized would subsume the Bihar package. Grants amounting to Rs.299.96 crores have been released to the State of Bihar under RSVY Project during 2005-06 in addition to the releases of Rs.733.80 crores for health, education and forests till January 23, 2006, in line with the recommendations of the Twelfth Finance Commission.</p>
20. 32	<p><b>Jammu and Kashmir</b>            The Government will provide special plan assistance to Jammu and Kashmir under a</p>	<p>As against 2004-05 State Plan of Rs. 3008 crore, the size of State Plan for 2005-06 has been fixed at Rs.</p>

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	<p>recently-approved Reconstruction Plan, in addition to the normal State Plan. As against the current year's State Plan of Rs.3,008 crore, the size of the State Plan for 2005-06 has been fixed at Rs.4,200 crore. The Baglihar project was allocated Rs.300 crore this year and will be provided adequate funds next year too. The Udhampur-Baramulla rail line will be implemented as a project of national importance.</p>	<p>4200 crore, inclusive of Reconstruction Plan of Rs. 1200 crore. Reconstruction Plan includes Baglihar project also and State's share of counterpart funding for the ADB project. The Scheme of financing for Jammu &amp; Kashmir for the financial year 2005-06 indicates the provision of Rs. 857.47 crores as Special Plan Assistance of which Rs.502.39 crore has been released so far. Grant component of Rs.93.87 crore towards Additional Central Assistance payable for Baglihar Project in 2005-06 has also been released.</p>
21. 33	<p><b>North Eastern Region</b> All Ministries and Departments are required to allocate at least 10 per cent of their plan budget for schemes and programmes in the North Eastern Region (NER). For 2005-06, this would amount to Rs.9,308 crore. The Kumarghat-Agartala and Lumding-Silchar-Jiribam-Imphal projects will be supported with additional funds outside the railway budget as projects of national importance. A special package for highway development in the NER has also been approved, and I have allocated Rs.450 crore in this behalf.</p>	<p>The allotment for Northeast Region has increased from 8.75% in BE to more than 18% in RE 2005-06. Additional budget support of Rs 165 crore has been provided to the Railways during 2005-06 for the two National Projects of Kumarghat - Agartala and Lumding - Silchar - Jiribam - Imphal.</p> <p>As regards special package for Highway Development in North Eastern Region, Government has approved Phase "A" of the Special Accelerated Road Development programme at a cost of Rs.4618 crore. Approval has been accorded for implementation of Phase 'A' of the programme having 1310 km length and preparation of Detailed Project Report for projects under Phase 'B' aggregating to 5,122 km length</p>
22. 34	<p><b>Rural Infrastructure</b> Government will focus on providing basic infrastructure to the poor, especially those in rural India and in urban slums. The Rural Infrastructure Development Fund which was revived last July will, as in the current year, be provided a corpus of Rs.8,000 crore in 2005-06 also.</p>	<p>State-wise allocation of Rs 8,000 crore under RIDF has been finalized by NABARD. Activities for financing under RIDF XI have also been approved.</p>
23. 35.	<p><b>Bharat Nirman</b> In his address to Parliament, the President outlined an overarching vision to build India, and called it 'Bharat Nirman'. Bharat Nirman has been conceived as a business plan, to be implemented over a period of four years, for building infrastructure, especially in rural India. It will have six components, namely, irrigation, roads, water supply, housing, rural electrification and rural telecom connectivity. In each of these areas, we must dare to be bold and set for ourselves high targets to be achieved by the year 2009. The UPA Government's goals are:</p> <ul style="list-style-type: none"> <li>• to bring an additional one crore hectares under assured irrigation;</li> <li>• to connect all villages that have a population of 1000 (or 500 in hilly/tribal areas) with a road;</li> <li>• to construct 60 lakh additional houses for the poor;</li> </ul>	<p>Action Plans have been drawn up for each of the six components of Bharat Nirman programme (irrigation, roads, water supply, housing, rural electrification and rural telecom connectivity) and necessary funding is being tied. Good progress has been reported during the first year of the programme, which is to be implemented over a period of four years for building infrastructure in rural areas. The National Committee on Rural Infrastructure under the chairmanship of the Prime Minister is regularly monitoring the progress.</p> <p>A document on Bharat Nirman has been released and the programme will be monitored at both Centre and State levels. The Prime Minister has already addressed all the Chief Ministers of the States to closely monitor the programme so as to make it time-bound, transparent and accountable.</p>

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	<ul style="list-style-type: none"> <li>• to provide drinking water to the remaining 74,000 habitations that are uncovered;</li> <li>• to reach electricity to the remaining 1,25,000 villages and offer electricity connection to 2.3 crore households; and</li> <li>• to give telephone connectivity to the remaining 66,822 villages.</li> </ul>	
	<p>'Bharat Nirman' will require huge resources. Government believes that Bharat Nirman is an achievable project, and it is our intention to give rural India a new deal fully involving the Panchayati Raj Institutions in the planning and implementation.</p>	
24.	<p><b>37 Investment</b> I am happy to announce that in 2005-06, the Government will provide equity support of Rs.14,040 crore and loans of Rs.3,554 crore to Central Public Sector Enterprises (including Railways).</p>	<p>Provision has been made in the Budget for equity support of Rs.14,040 crore and loans of Rs.3,554 crore to Central Public Sector Enterprises (including Railways) in 2005-06.</p>
25.	<p><b>40 Agriculture</b> Indian agriculture has indeed diversified from food grains to other crops, but more needs to be done. The Ministry of Agriculture will prepare a roadmap for agricultural diversification. The road map will focus on fruits, vegetables, flowers, dairy, poultry, fisheries, pulses and oilseeds.</p>	<p>The roadmap for diversification, prepared by the Ministry of Agriculture is reportedly being acted upon by several States. Area under Rice has reduced by 2.60 million hectares and is diversified largely into oilseeds and pulses. Area under Wheat in the states of Uttar Pradesh, Rajasthan and Haryana has marginally diversified into other crops. Coarse cereals, of which the productivity levels are low, has also reduced by 1.18 million hectares, and diversified into pulses and oilseeds, of which the reported increases are 2.12 million hectares and 4.23 million hectares respectively. Both these are sustainable high value crops giving higher returns to farmers and requiring much less water and other inputs.</p> <p>The Government will shortly, approve the National Fisheries Development Board (NFDB), which would give a fillip to comprehensive development of fisheries- both inland and marine - in the country. Introduction of schemes for the development of rural backyard poultry, small ruminants and piggery, are also important measures of diversification from crop-centric agriculture.</p> <p>The National Horticulture Mission is fully operational in all States of the country. This is another major initiative towards high value diversified agriculture.</p>
26.	<p><b>41</b> The National Horticulture Mission, announced in the last Budget, will be launched on April 1, 2005. I propose to allocate Rs.630 crore in 2005-</p>	<p>The Centrally sponsored scheme, namely, National Horticulture Mission has been approved by the Government with an outlay of Rs. 2300 crores, for</p>

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	<p>06 for the Mission. The Mission will ensure an end-to-end approach having backward and forward linkages covering research, production, post-harvest management, processing and marketing, under one umbrella, in an integrated manner. As the Mission gathers pace, more funds will be provided.</p>	<p>implementation during the remaining period of the Xth Five Year Plan.</p> <p>The Annual Action Plan of all the concerned 18 States/UTs and 4 national agencies have been approved for Rs.1265.32 crore. Against the budgetary allocation of Rs.630 crore for 2005-06, Rs.579.68 crore has been released so far.</p> <p style="text-align: right;"><b>[Action completed]</b></p>
27.	<p><b>42 Plantation Sector</b></p> <p>I am aware of the difficulties that the plantation sector has faced for some years now. While the prices of commodities such as tea and coffee have shown some improvement, the sector still faces difficulties. The Price Stabilization Fund has not proved very effective or popular. Therefore, Government has set up an expert committee to suggest improvements to the Fund and its operation.</p> <p>In the case of tea, our comparative advantage has been eroded largely because of the declining productivity of tea. Government will examine ways and means of introducing a programme for massive replantation and rejuvenation.</p>	<p><b>(i) Improvement to the Price Stabilization Fund</b></p> <p>The Expert Committee set up by the Government under the Chairmanship of Dr. Pronab Sen, Principal Advisor, Planning Commission has submitted its report. Based on the report, a proposal for improvements to the scheme has been prepared and is under consideration.</p> <p><b>(ii) Replantation and rejuvenation of old tea bushes</b></p> <p>Tea Board has submitted a proposal on the detailed costing and modalities of funding the programme, including setting up of a Special Purpose Tea Fund. The proposal is being finalized.</p>
28.	<p><b>43 Agriculture Marketing Infrastructure</b></p> <p>Government proposes to introduce a new scheme called Development and Strengthening of Agricultural Marketing Infrastructure, Grading and Standardization. The goal of this scheme is to induce large investments from the private and cooperative sectors for setting up agricultural markets, marketing infrastructure and support services such as grading, standardization and quality certification. Assistance will be available in the form of credit-linked, back-ended subsidy. It is proposed to implement the scheme through the National Bank for Agriculture and Rural Development (NABARD) and the National Cooperative Development Corporation (NCDC) in those States which amend their Agricultural Produce Marketing Committee (APMC) Acts. I propose to allocate Rs.72 crore for the new scheme.</p>	<p>The Scheme for Development/Strengthening of Marketing Infrastructure, Grading and Standardization has been implemented in the reforming States of Madhya Pradesh, Andhra Pradesh, Punjab, Himachal Pradesh, Nagaland, Sikkim, Rajasthan, Tamil Nadu, Kerala and Manipur and the Union Territories of Andaman &amp; Nicobar Islands, Dadra &amp; Nagar Haveli and Daman &amp; Diu.</p> <p style="text-align: right;"><b>[Action completed]</b></p>
29.	<p><b>46 Irrigation</b></p> <p>The Accelerated Irrigation Benefit Programme (AIBP) has been reviewed and the focus turned to early completion of truly last mile projects. In BE 2004-05, I had provided a sum of Rs.2,800 crore. Having regard to the improvement in the pace of implementation, the outlay has been increased to Rs.4,800 crore for the next year.</p>	<p>The plan outlay for AIBP for 2005-06 is Rs.4,500 crore. This comprises of budgetary support of Rs.1,380 crore, while the remaining amount is to be raised by the States as loans. In addition, there is a budgetary allocation of Rs.300 crore for other related schemes under the Ministry of Water Resources. It has been projected that around 24-30 last mile projects would be completed during the year under the scheme.</p> <p style="text-align: right;"><b>[Action completed]</b></p>

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30. 47	<p>Water-use efficiency in Indian agriculture is one of the lowest in the world. Government will promote micro-irrigation technology, comprising drip and sprinkler irrigation, on a large scale. About 1.2 million hectares have been covered under micro-irrigation so far, and the plan is to increase the coverage to 3 million hectares by the end of the Tenth Plan and to 14 million hectares by the end of the Eleventh Plan. Accordingly, I have provided Rs.400 crore for promoting micro-irrigation in 2005-06.</p>	<p>A Centrally sponsored scheme on micro irrigation has been launched by the Department of Agriculture &amp; Cooperation, for which, an outlay of Rs.200 crore has been earmarked for 2005-06. The operational guidelines of the scheme have also been finalized and the scheme is under implementation.</p> <p style="text-align: right;"><b>[Action completed]</b></p>
31. 48	<p><b>Rural Credit</b> Government intends to continue with its effort to turn the focus of commercial banks, regional rural banks (RRBs) and cooperative banks towards providing credit, especially production credit, to rural households and farm households. Particularly in agricultural credit, innovations are possible. I propose to request the Reserve Bank of India (RBI) to examine the issue of allowing banks to adopt the agency model, by using the infrastructure of civil society organizations, rural kiosks and village knowledge centres, to provide credit support to rural and farm sectors.</p>	<p>RBI constituted an Internal Working Group to examine, inter alia, the issue of allowing banks to adopt agency model, by using infrastructure of civil societies organizations, rural kiosks and village knowledge centers, to provide credit support to rural and farm sector. A circular on the subject has been issued by RBI on January 25, 2006.</p> <p style="text-align: right;"><b>[Action completed]</b></p>
32. 49	<p>In June 2004, I had announced my intention to double the flow of agricultural credit in three years. I had also announced an indicative target of Rs.105,000 crore. Notwithstanding a below par performance by co-operative banks, together, all three arms will disburse Rs.108,500 crore in the current year. Continuing on the same path, I propose to ask commercial banks, RRBs and cooperative banks to increase the flow of credit by another 30 per cent in 2005-06. Further, the public sector banks (PSBs) would be asked to increase the number of borrowers by another 50 lakh.</p>	<p>i. A target of Rs. 1,41,000 crore, during the year 2005-06 for PSBs has been finalized.</p> <p>ii. NABARD has been advised Quarterly targets for issue of Kisan Credit Cards to 50 lakh new farmers in the year 2005-06. The quarterly targets have been communicated to the Public Sector Banks by NABARD.</p> <p style="text-align: right;"><b>[Action completed]</b></p>
33. 50	<p>Cooperative banks in India, with few exceptions, are in a shambles. Six State Central Cooperative Banks and 140 District Central Cooperative Banks do not comply with Section 11 of the Banking Regulation Act, 1949. They also have difficulty in accessing refinance for agricultural credit. Alarmed by the gravity of the situation, I had appointed a Task Force to examine the reforms required in the cooperative banking system. The Task Force has submitted its report. The recommendations include:</p> <ul style="list-style-type: none"> <li>• Special financial assistance to wipe out accumulated losses and strengthen the capital base of co-operative credit institutions;</li> </ul>	<p>A package for revival of short-term rural co-operative credit structure has been approved by the Government in consultation with the States. State Governments have been advised to convey their willingness and sign the MoU.</p> <p style="text-align: right;"><b>[Action completed]</b></p>

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	<ul style="list-style-type: none"> <li>Institutional restructuring to ensure democratic institutions; and</li> <li>Changes in the legal framework to empower RBI to enforce prudent financial management.</li> </ul>	
	<p>I propose to accept the report in principle. I also propose to call State Governments for consultation and begin the process of implementing the recommendations in the States that show willingness to accept the recommendations.</p>	
34.	<p>52 The programme of linking Self Help Groups (SHGs) with the banking system has emerged as the major micro-finance programme in the country. 560 banks including 48 commercial banks, 196 RRBs and 316 cooperative banks are now actively involved in the programme. I propose to enhance the target for credit-linking in the next fiscal from 2 lakh SHGs to 2.5 lakh SHGs.</p>	<p>i) It has been decided to up-scale the target for credit linking of Self Help Groups for 2005-06 to 3 lakhs.</p> <p>ii) NABARD has been advised quarterly targets for credit linking of 3 lakh SHGs in the year 2005-06.</p> <p style="text-align: right;"><b>[Action completed]</b></p>
35.	<p>53 <b>Micro Finance</b> At present, micro finance institutions (MFIs) obtain finance from banks according to guidelines issued by RBI. MFIs seek to provide small-scale credit and other financial services to low income households and small informal businesses. Government intends to promote MFIs in a big way. The way forward, I believe, is to identify MFIs, classify and rate such institutions, and empower them to intermediate between the lending banks and the beneficiaries. Commercial banks may appoint MFIs as "banking correspondents" to provide transaction services on their behalf. Since MFIs require infusion of new capital, I propose to re-designate the existing Rs.100 crore Micro Finance Development Fund as the "Micro Finance Development and Equity Fund", and increase the corpus to Rs.200 crore. The fund will be managed by a Board consisting of representatives of NABARD, commercial banks and professionals with domain knowledge. The Board will be asked to suggest suitable legislation, and I expect to introduce a draft Bill in the next fiscal year.</p>	<p>i) NABARD has decided to extend grants to banks for ratings of MFIs.</p> <p>ii) The additional contribution to Micro Finance Development and Equity Fund is proposed to be contributed by RBI, NABARD and commercial banks in the ratio 40:40:20.</p> <p>iii) Advisory Board for the Micro Finance Development and Equity Fund has been constituted. Discussions have been held with RBI, NABARD and other stakeholders regarding draft legislation. Draft legislation is under preparation.</p>
36.	<p>54 I propose to request RBI to open a window to enable qualified NGOs engaged in micro-finance activities to use the External Commercial Borrowing (ECB) window. Detailed guidelines containing necessary safeguards will be issued by RBI.</p>	<p>Guidelines for External Commercial Borrowings and Non-Government Organizations engaged in micro finance activities under automatic route have been issued by RBI.</p> <p style="text-align: right;"><b>[Action completed]</b></p>
37.	<p>56 <b>Rural Knowledge Centres</b> The National Commission on Farmers has recommended the establishment of Rural</p>	<p>Department of Information Technology has formulated a scheme for creation of 100,000</p>

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	<p>Knowledge Centres all over the country using modern information and communication technology (ICT). Mission 2007 is a national initiative launched by an alliance comprising nearly 80 organizations including civil society organizations. Their goal is to set up a Knowledge Centre in every village by the 60th anniversary of Independence Day. Government supports the goal, and I am glad to announce that Government has decided to join the alliance and route its support through NABARD. I propose to allow NABARD to provide Rs.100 crore out of RIDF.</p>	<p>Common Service Centres, primarily in rural areas, which would also meet the objectives of the Village Knowledge Centre Scheme. The Scheme has been approved by the Expenditure Finance Committee and will be placed before Cabinet for approval within the current financial year. It is envisaged that these Centres would come up by end 2007 on an entrepreneur based PPP model and would deliver government and private services to citizens in rural areas. The scheme has a total outlay of Rs.5742 crore, of which the quantum of government support envisaged is Rs.1929 crore.</p>
38. 57	<p><b>Agricultural Research</b> Agricultural Research has a vital role to play in the strategy for reviving and encouraging diversification. Our agricultural universities and research institutions have done good work in the past and now need to be strengthened and modernized. A Task Force headed by Dr. M S Swaminathan has recommended the creation of a National Fund for Strategic Agricultural Research. I am happy to announce an initial provision of Rs.50 crore for operationalizing this Fund.</p>	<p>To operationalise and implement the National Fund for Strategic Research in Agriculture, the modalities have been finalized in the light of the deliberations held by the Governing Body of ICAR chaired by the Agriculture Minister. An Empowered Committee has been constituted to determine the policy and priorities and to approve the projects on a competitive basis.</p>
39. 59	<p><b>Manufacturing</b> Worldwide, it is manufacturing that has driven growth. In order to revive the manufacturing sector, particularly small and medium enterprises, and to enable them to adjust to the competitive pressures caused by liberalization and moderation of tariff rates, I propose to launch a new scheme that will help them strengthen their operations and sharpen their competitiveness. The scheme will be called the "Manufacturing Competitiveness Programme." The design of the scheme will be worked out by the National Manufacturing Competitiveness Council in consultation with the industry.</p>	<p>The National Manufacturing Competitiveness Programme has been approved by the National Manufacturing Competitiveness Council. The proposal is being processed for obtaining the approval of the competent authority.</p>
40. 60	<p><b>Textiles</b> In the last Budget, I made a beginning in addressing the tax-induced rigidities in the textile sector in order to prepare the sector for the post-quota regime. There is a new vigour in the sector, especially in the handloom and powerloom segments. Government will continue to nurture the textile sector, which has huge potential for employment and exports. The estimate of investment made in 2004-05 is Rs.20,000 crore. The estimate for the next year is Rs.30,000 crore. The Technology Upgradation Fund (TUF) scheme is being continued with an enhanced allocation of Rs.435 crore. I propose to introduce a 10 per cent capital subsidy scheme for the textile-processing sector in addition to the normal benefits available under the TUF Scheme.</p>	<p><b>1. Technology Upgradation Fund Scheme (TUFS)</b> The allocation of Rs. 435 crore under TUFS would be disbursed to Nodal agencies, viz. IDBI, SIDBI &amp; IFCI and the Office of the Textile Commissioner, during the year 2005-06. <b>[Action completed]</b></p> <p>2. 10% Capital Subsidy for textile processing has been notified. <b>[Action completed]</b></p>

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41. 61	<p>I think it is necessary to lend further help to the handloom sector. The Government proposes to adopt the cluster development approach for the production and marketing of handloom products. The Ministry of Textiles will take up 20 clusters in the first phase at a cost of Rs.40 crore, and the amount will be provided during the course of the year.</p>	<p>The guidelines for the cluster development scheme have been approved [Action completed]</p>
42. 62	<p>The Government is implementing a life insurance scheme for handloom weavers which provides insurance cover up to Rs.50,000. At present, only 2 lakh weavers are covered. I propose to enlarge the coverage of the scheme to 20 lakh weavers in two years which will cost Rs.30 crore per year when fully rolled out.</p> <p>The Government is also implementing a health insurance package for weavers. Here too, the coverage is now only for 25,000 weavers. I propose to increase the coverage to 2 lakh weavers at a recurring cost of Rs.30 crore per year. Once the two new and enlarged schemes are approved, I propose to provide the required funds.</p>	<p><b>M/O Textiles</b></p> <ol style="list-style-type: none"> <li><b>1. Mahatma Gandhi Bunkar Bima Yojana</b> Scheme has been launched on October 2, 2005.</li> <li><b>2. Health Insurance Scheme</b> The Health Insurance Scheme has been launched on November 3, 2005. The guidelines of the scheme have been issued to all State Secretaries, Commissioner and Director, In-charge of Handlooms. [Action completed]</li> </ol>
43. 63	<p><b>Sugar</b></p> <p>The sugar industry has been under financial stress since 2001. The position became worse due to two successive droughts in certain parts of the country. The Tuteja Committee appointed by the Government has submitted its report. After a careful examination of the report, and after consulting RBI and NABARD, I propose the following financial package for the revitalization of the sugar industry:</p> <ul style="list-style-type: none"> <li>• Sugar factories that were operational in 2002-03 sugar season will be assisted to restructure. NABARD, in consultation with State Governments, RBI, banks and financial institutions will work out a scheme for providing a financial package with a moratorium of two years, on both principal and interest, and a schedule of payment having regard to the commercial viability of each unit.</li> <li>• Government has already reduced the rate of interest on loans from the Sugar Development Fund to 2 percentage points below the bank rate. I propose to make the same rate applicable to outstanding loans as on October 21, 2004.</li> <li>• Indian Banks' Association (IBA) and NABARD will be asked to work out a scheme</li> </ul>	<p>The Government has approved financial package for revitalization of sugar industry. [Action completed]</p>

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	under which individual sugar factories may renegotiate the rate of interest on their past high interest loans.	
44. 64	<p><b>Pharmaceuticals &amp; Biotechnology</b></p> <p>Our human resource base gives us an exceptional advantage in pharmaceuticals and biotechnology. The Indian pharmaceutical industry has declared its preparedness to produce drugs under the new patent regime. Government has already set up a Rs.150 crore research and development corpus fund for the industry. The corpus deserves to be increased, and I propose to do so in phases beginning next year. India has also the potential to become an attractive destination for outsourcing in drug discovery and clinical research, and for co-development of drugs and manufacturing. In biotechnology, the industry has the potential to be a global leader supplying novel technologies and products to the health and agriculture sectors. Government will provide a stable policy environment and necessary incentives to help the two industries become world leaders.</p>	<p>The Departments concerned have supported a need based annual plan allocation as opposed to a corpus as it is felt that interest income accruing from the corpus would be too small to carry out any meaningful research in the pharma and biotech sectors.</p> <p>In addition, a new scheme "Small Business Innovation Research Initiative (SBIRI)" for supporting early stage pre proof of concept and late stage development of bio-tech product in small and medium enterprises has been launched.</p>
45. 67	<p><b>Small and Medium Enterprises</b></p> <p>There is a need for new legislation that will provide a supportive environment for small and medium enterprises. I am glad to inform the House that my colleague, the Minister of Small Scale Industries, will introduce in this session the Small and Medium Enterprises Development Bill.</p>	<p>The 'Small and Medium Enterprises Development (SMED) Bill 2005' was introduced in the Lok Sabha on May 12, 2005. Based on the recommendations of the Department related Parliamentary Standing Committee on Industry, notice for amendments to the SMED Bill, 2005 duly approved by the Cabinet, has been sent to the Lok Sabha on December 2, 2005.</p>
46. 69	<p><b>Skills Training</b></p> <p>There is a demand for specific skills of a high order, which is often unmet. I, therefore, propose a Public-Private Partnership between Government and industry that will take up the skills development programme under the name Skills Development Initiative or SDI. Details of the scheme will be worked out and announced shortly.</p>	<p>Proposal for Skill Development Initiative under Public-Private Partnership for imparting training and testing and certification of skills of the workforce to enhance their employability is being worked out.</p>
47. 74	<p><b>Rural Electrification</b></p> <p>A massive programme for rural electrification will begin in 2005-06 with the objective of covering 1.25 lakh villages in five years. The focus will be on deficient States. The programme envisages creation of a rural electricity distribution backbone, with a 33/11 KV substation in each block and at least one distribution transformer in each village. I have provided Rs.1,100 crore for this programme in the next year.</p>	<p>"Rajiv Gandhi Grameen Vidyutikaran Yojana - Scheme for Rural Electrification Infrastructure &amp; Household Electrification" (RGGVY) was launched in April 2005 for the attainment of the National Common Minimum Programme (NCMP) goal of providing access to electricity to all households in four years. It is targeted that 10,000 villages would be electrified in the current financial year. All the States are participating in the scheme except Goa. 187 projects for 191 districts have so far been sanctioned covering 51,284 unelectrified villages and 69,29,379 rural households which includes 45,15,341 BPL households.</p>

[Action completed]

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48. 75	<p><b>Indira Awas Yojana</b> Indira Awas Yojana (IAY) is the flagship rural housing scheme for weaker sections. The allocation is being increased from Rs.2,500 crore in the current year to Rs.2,750 crore in BE 2005-06. About 15 lakh houses will be constructed during the next year.</p>	<p>During the current financial year 2005-06, Rs. 2,750 crore allocation has been made. There is a target of 15 lakh houses to be built during the current financial year.</p> <p style="text-align: right;"><b>[Action completed]</b></p>
49. 76	<p><b>Special Purpose Vehicle</b> The importance of infrastructure for rapid economic development cannot be overstated. The most glaring deficit in India is the infrastructure deficit. Investment in infrastructure will continue to be funded through the Budget. However, there are many infrastructure projects that are financially viable but, in the current situation, face difficulties in raising resources. I propose that such projects may be funded through a financial Special Purpose Vehicle (SPV). When large infrastructure projects are implemented, the foreign exchange resources could be drawn for financing necessary imports. Accordingly, I propose to establish an SPV to finance infrastructure projects in specified sectors. Roads, ports, airports and tourism would be sectors that can benefit most from the SPV. The projects will be appraised by an Inter-Institutional Group of banks and financial institutions. The SPV will lend funds, especially debt of longer term maturity, directly to the eligible projects to supplement other loans from banks and financial institutions. Government will communicate the borrowing limit to the SPV at the beginning of each fiscal year. For 2005-06, I propose to fix the borrowing limit at Rs.10,000 crore.</p>	<p>The structure, role and modalities of the Special Purpose Vehicle have been finalized and all necessary approvals obtained. The Notification for setting up the SPV has been issued and the SPV has since been incorporated.</p> <p style="text-align: right;"><b>[Action completed]</b></p>
50. 78	<p><b>PURA Clusters</b> The unorganized or informal sector accounts for 92 per cent of the employment and absorbs the bulk of the annual accretion to the labour force. PURA or Provision of Urban Amenities in Rural Areas is an idea that contains within itself possible solutions to a number of problems that afflict rural India such as unemployment, isolation from markets, lack of connectivity and migration to cities. The National Commission on Enterprises in the Unorganized/ Informal Sector has proposed pilot projects for 'growth poles' applying the PURA principles. The objectives are to expand production and employment in the unorganized enterprises around existing clusters of industrial activities and services as well as encourage the formation of new clusters. Once the proposals are firmed up, Government will take up the creation of a few growth poles, as pilot projects, in 2005-06.</p>	<p>Proposals received from State Governments for development of Growth Poles in the unorganized sector are being examined by the National Commission on Enterprises in the Unorganized/ Informal Sector. Though the actual pilot projects would be completed only next year, a Technical Study on the concept of growth poles is being initiated during the current financial year.</p>

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51. 79	<p><b>National Urban Renewal Mission</b> The demographic trends in the country indicate a rapid increase in urbanization. India needs urban facilities of satisfactory standards to cope with the challenge. If our cities are not renewed, they will die. The National Urban Renewal Mission is designed to meet this challenge. It will cover the seven mega cities, all cities with a population of over a million, and some other towns. I propose to make an outlay of Rs.5,500 crore in 2005-06, including a grant component of Rs.1,650 crore for the Mission.</p>	<p>Jawaharlal Nehru National Urban Renewal Mission has been launched on December 3, 2005. <b>[Action completed]</b></p>
52. 80	<p>The Mumbai Metro Rail Project, the Mumbai Trans Harbour Link, the Mumbai Western Expressway Sealink and the Bangalore Metro Rail Project are examples of projects, which could be supported through the Mission.</p>	<p>The Mumbai Metro Rail Project, the Mumbai Trans Harbour Link, the Mumbai Western Expressway Sealink and the Bangalore Metro Rail Project will be considered as per the guidelines issued under the NURM.</p>
53. 83	<p><b>Banking</b> I had promised that a comprehensive Bill to amend the Banking Regulation Act, 1949 will be introduced in the Budget Session. In consultation with the RBI, I propose to introduce amendments to the Act-</p> <p>to remove the lower and upper bounds to the statutory liquidity ratio (SLR) and provide flexibility to RBI to prescribe prudential norms;</p> <p>to allow banking companies to issue preference shares, since preference share capital can be treated as regulatory capital under specified circumstances as per Basel norms;</p> <ul style="list-style-type: none"> <li>• to introduce specific provisions to enable the consolidated supervision of banks and their subsidiaries by RBI in consonance with the international best practices in this regard;</li> </ul> <p>I also propose to introduce amendments to the Reserve Bank of India Act, 1934-</p> <ul style="list-style-type: none"> <li>• to remove the limits of the cash reserve ratio (CRR) to facilitate more flexible conduct of monetary policy; and to enable RBI to lend or borrow securities by way of repo, reverse repo or otherwise.</li> </ul>	<p>Amendment Bill has been introduced in Lok Sabha on May 13, 2005. <b>[Action completed]</b></p> <p>Amendment Bill has been introduced in Lok Sabha on May 13, 2005. <b>[Action completed]</b></p>
54. 84	<p><b>Pension Fund Regulatory and Development Authority (PFRDA)</b> With increasing longevity, the problem of old-age income security can no longer be ignored. Government had announced a defined contribution pension scheme for newly recruited Central Government employees which would also be extended to the unorganized sector. I</p>	<p>The Pension Fund Regulatory &amp; Development Authority Bill, 2005 was introduced in the Lok Sabha on 21st March 2005. The Bill was referred to the Standing Committee on Finance for examination and report thereon. The Committee presented their report in the Parliament on 26th July, 2005.The</p>

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	<p>am happy to inform the House that seven State Governments - Andhra Pradesh, Chhattisgarh, Himachal Pradesh, Jharkhand, Manipur, Rajasthan and Tamil Nadu - have introduced similar schemes for their employees. Other States have also evinced interest. An Ordinance was promulgated on December 29, 2004 to set up a Pension Fund Regulatory and Development Authority (PFRDA). I propose to introduce a Bill to replace the Ordinance during this session.</p>	<p>recommendations of the Committee have been examined and a proposal for amending the PFRDA Bill, 2005, based on the recommendations of the Committee is under consideration of the Government.</p>
55. 86	<p><b>Capital Markets</b></p> <p>The capital market has emerged as a major vehicle for converting savings into investment. It is also the preferred investment destination of foreign savings. The steps announced by me last July, and implemented, have strengthened the capital market. It is time for more measures and, hence, I propose to -</p> <ul style="list-style-type: none"> <li>• authorize Securities and Exchange Board of India (SEBI) to set up a National Institute of Securities Markets (NISM) for teaching and training intermediaries in the securities markets and promoting research; and</li> <li>• permit FIIs to submit appropriate collateral, in cash or otherwise, as prescribed by SEBI, when trading in derivatives on the domestic market.</li> </ul> <p>While India's equity market has made progress, the corporate bond market still lags behind. In order to address this gap, I propose to -</p> <ul style="list-style-type: none"> <li>• amend the definition of 'securities' under the Securities Contracts (Regulation) Act, 1956 so as to provide a legal framework for trading of securitized debt including mortgage backed debt; and</li> </ul> <p>appoint a high level Expert Committee on corporate bonds and securitization to look into the legal, regulatory, tax and market design issues in the development of the corporate bond market.</p>	<p>NISM has been registered as a Society under the Societies Registration Act. <b>[Action completed]</b></p> <p>Matter is under examination by the Government.</p> <p>Securities Contracts (Regulation) Act Bill has been introduced in the Lok Sabha on December 12, 2005. <b>[Action completed]</b></p> <p>An Expert Committee has been constituted. <b>[Action completed]</b></p>
56. 87	<p><b>Over the counter (OTC) derivatives</b></p> <p>Over the counter (OTC) derivatives play a crucial role in mitigating the risks of corporates, banks and other financial entities. There is, however, some ambiguity regarding the legality of OTC derivative contracts, which has inhibited their growth. I, therefore, propose to take measures to provide for clear legal validity of such contracts.</p>	<p>RBI (Amendment) Bill 2005 has been introduced in Parliament. <b>[Action completed]</b></p>

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57. 89	<p><b>Stamp Duty on Commercial Paper</b> In order to create a level playing field for banks and non-bank entities to issue commercial paper, and to bring the Indian commercial paper market closer to international standard, I propose to rationalize the stamp duty so that it applies uniformly regardless of the issuing entity.</p>	<p>Notification has been issued. [Action completed]</p>
58. 90	<p><b>Mumbai- A regional Financial Centre</b> When I look at the map of the world, I am struck by the strategic location of Mumbai. It lies almost midway between London and Tokyo, two nerve centres of world finance. Mumbai is also home to the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE), which now rank no.3 and no.5 among the stock exchanges of the world by the number of trades per year. In the last decade, we have built world-class institutions on the securities markets and we now compare with the best in terms of technological sophistication, risk management and sound governance. I believe the time has come to begin work on making Mumbai a regional hub for finance. In consultation with the RBI, I propose to appoint a high-powered Expert Committee to advise the Government on how to make Mumbai a regional financial centre.</p>	<p>A High level Expert Group has been constituted. [Action completed]</p>
59. 91	<p><b>Gold Exchange Traded Funds</b> Ten years ago we embarked on the process of ensuring that gold inflows are through the official channels alone. I believe that we are now in a position to introduce 'gold units' and create a market for such units. I propose to ask SEBI to permit, in consultation with RBI, mutual funds to introduce Gold Exchange Traded Funds (GETFs) with gold as the underlying asset, in order to enable any household to buy and sell gold in units for as little as Rs.100. Such units could be traded in the same manner as units of mutual funds.</p>	<p>A Committee has been constituted by SEBI to look into all aspects relating to GETFs. The Committee has submitted its Report indicating the proposed model for trading of Gold ETFs. The report of the Committee was considered by the SEBI Board and it decided to make appropriate amendments in the mutual fund regulations in order to enable mutual funds to launch such schemes. SEBI is in the process of notifying the amendment to the regulations.</p>
60. 98	<p><b>Defence Expenditure</b> Last July, in order to catch up with the backlog of expenditure that had not been provided for, I had increased the allocation for Defence to Rs.77,000 crore. I am happy to inform the House that, after a gap, defence expenditure in 2004-05 has matched the Budget Estimates. I propose to increase the allocation for Defence in 2005-06 to Rs.83,000 crore, which will include an allocation of Rs.34,375 crore for capital expenditure.</p>	<p>Outlay has been increased. [Action completed]</p>
61. 100	<p><b>Outlays versus Outcomes</b> At the same time, I must caution that outlays do not necessarily mean outcomes. The people of</p>	<p>Development Evaluation Advisory Committee (DEAC) has been constituted by Planning Commission. The</p>

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	<p>the country are concerned with outcomes. The Prime Minister has repeatedly emphasized the need to improve the quality of implementation and enhance the efficiency and accountability of the delivery mechanism. During the course of the year, together with the Planning Commission, we shall put in place a mechanism to measure the development outcomes of all major programmes. We shall also ensure that programmes and schemes are not allowed to continue indefinitely from one Plan period to the next without an independent and in-depth evaluation. Civil society should also engage Government in a healthy debate on the efficiency of the delivery mechanism.</p>	<p>Committee includes all members of Planning Commission and four eminent experts in the field of evaluation research. The Committee has already become functional.</p> <p style="text-align: right;"><b>[Action completed]</b></p>
62. 142	<p><b>Taxes</b> Hon'ble Members are aware that many goods are chargeable to excise duty on a value with reference to their maximum retail price (MRP), after allowing suitable abatement. The system of quantifying the abatement should be made transparent. There should also be a mechanism to review the rate of abatement to reflect changed circumstances. Hence, as a trade facilitation measure, I propose to set up an advisory committee to advise the Government on the extent of abatement for both excise duty and service tax</p>	<p>An Advisory Committee to advise the Government on abatement for excise duty and service tax has already been set up.</p> <p style="text-align: right;"><b>[Action completed]</b></p>
63. 179	<p>As a measure of facilitation, I propose to follow international practice and establish large taxpayer units (LTUs). To begin with, these units will be set up in major cities. I would like to invite large taxpayers, whether of corporate tax or income tax or excise duties or service tax, to participate in the programme and avail of the single window service. For small taxpayers, I propose to set up Help Centres in cooperation with industry associations, professional bodies and NGOs.</p>	<p>It has been decided that the LTUs would be set up in a phased manner and would be established initially in five large cities of the country, viz. Bangalore, Chennai, Delhi, Kolkata and Mumbai.</p> <p>Computerised Help Centres were set up through Public-Private Partnership Model to provide facilities for small taxpayers for filing return of income, challans, computing income and tax, and other tax related advice.</p> <p>For indirect taxes also, at least one help centre was to be set up under each Commissionerate.</p>
64. 180	<p>I have received many suggestions on amendments to the direct tax laws and the indirect tax laws. I have decided to accept some suggestions that require to be acted upon immediately, but I do not propose to burden the Finance Bill with those changes. Instead, I intend to introduce a separate Bill for that purpose during this session. In due course, I intend to place before Parliament a revised and simplified Income Tax Bill.</p>	<p>(i) A Taxation Laws Amendment Bill was introduced in the Lok Sabha on 12th May 2005.</p> <p style="text-align: right;"><b>[Action completed]</b></p> <p>(ii) An Expert Group has also been constituted to prepare the draft for revised and simplified Income-tax Bill. Expert Group will submit report by April 2006.</p>