

GOVERNMENT OF THE UNITED PROGRESSIVE ALLIANCE

REPORT TO THE PEOPLE - I

**Implementation of National Common Minimum
Programme and Other Initiatives**

May 2004 – February 2005

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I. NCMP principles and Priorities

The United Progressive Alliance government, supported by the Left Parties, assumed office in May 2004. The constituent parties drew up a National Common Minimum Programme (NCMP) that defined the broad contours of the policies of the UPA government. The UPA made a solemn pledge to provide a government that is corruption-free, transparent and accountable ; and to provide an administration that is responsible and responsive at all times, and set out *six principles of governance*, and *seven priorities for policy*.

NCMP's Six Principles of Governance

- To preserve protect and promote social harmony and to enforce the law without fear or favour to deal with all obscurantist and fundamentalist elements who seek to disturb social amity and peace.
- To ensure that the economy grows at least 7-8% per year in a sustained manner over a decade and more and in a manner that generates employment so that each family is assured of a safe and viable livelihood.
- To enhance the welfare and well-being of farmers, farm labour and workers, particularly those in the unorganized sector and assure a secure future for their families in every respect.
- To fully empower women politically, educationally, economically and legally.
- To provide for full equality of opportunity, particularly in education and employment for scheduled castes, scheduled tribes, OBCs and religious minorities.
- To unleash the creative energies of our entrepreneurs, businessmen, scientists, engineers and all other professionals and productive forces of society.

After over nine months in office, the UPA government is happy to present its first *Report to the people* as the Budget Session of Parliament begins. This report offers an update on the policies and programmes of the government for the period May 2004 to Februray 2005. The Government is proud to note that more than half the specific promises made in the NCMP have, indeed, already been fulfilled and many of the other promises are in the process of being implemented.

NCMP's Seven Priorities of policy

“From the National Common Minimum Programme, we have identified seven priority sectors for focused attention. These are agriculture, water, education, health care, employment, urban renewal and infrastructure. These Seven Sectors are the pillars of the development bridge we must cross to ensure higher economic growth and more equitable social and economic development.”

-Prime Minister's Independence Day Speech, 15 Aug 2004

Seven Priority Sectors for Policy Action

Agriculture	-	<i>“A New Deal For Rural India”</i>
Infrastructure	-	<i>“Building World Class”</i>
Employment	-	<i>“Rozgar Badhao</i>
Education	-	<i>“improving access and excellence</i>
Health Care	-	<i>“creating capabilities”</i>
Water	-	<i>“better access, better utilization”</i>
Urban Renewal	-	<i>“humane and modern”</i>

“The essence of the National Common Minimum Programme is the recognition that policies that are aimed at promoting economic growth must also advance the cause of distributive justice and create new employment opportunities. Economic reform is not only about freeing private enterprise from the shackles of bureaucratic control. It is also about making the government more effective, efficient and people friendly so that it can handle better the many tasks that only Governments can perform. And, it is also about ensuring fair and transparent regulation of the market where this is necessary.”

“Our people expect the government to be pro-active and sensitive to their needs. In each of these areas, at every level of governance, the reform of government is today an urgent task before us. We will pursue economic reform and widen the space for individual initiative and enterprise, but even as we do so, we cannot forsake the obligation of running a government that works, and works for the people. The reform of administration and of public institutions to improve efficiency and the quality of delivery services will be our immediate priority.”

- Prime Minister's Address To The Nation, June 2004.

II. Welfare of the People

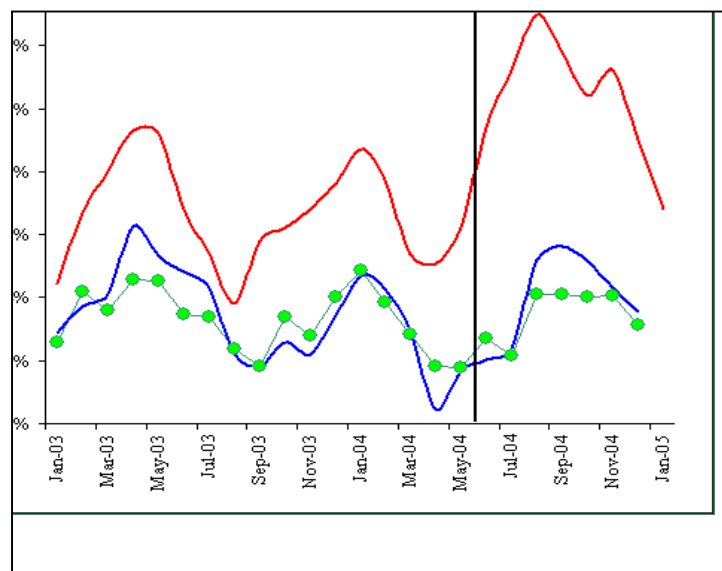
The UPA came to power on a wave of dissatisfaction with the policies of the National Democratic Alliance and the communalization of politics. The UPA's most important contribution to the Nation has been the return of the polity to mainstream political values of pluralism, inclusiveness, secularism and economic growth with equity and social justice. The UPA government has been able to enthuse people to re-focus their energies on economic development and social

progress. Not surprisingly, a sense of optimism now pervades the country and we can look forward to a year of improved economic performance, communal harmony and political stability. All major economic indicators are looking up and investors have regained their faith in our ability to realize our true potential.

In keeping with its commitment to the people the government is striving to fulfill one of its key commitments, namely, to increase employment opportunities in the economy. The government has encouraged various ministries to take steps to foster new investment and generate employment opportunities. Honouring the solemn commitment of the NCMP the UPA government has brought to Parliament the **National Employment Guarantee Bill**. The draft bill draws on recommendations of the National Advisory Council headed by UPA chairperson Smt Sonia Gandhi. It provides the basis for a legal guarantee for at least 100 days of employment to at least one person in every poor household in at least 150 of the most backward districts of the country to begin with. This will be gradually expanded to cover the entire country. On the birth anniversary of Pandit Jawaharlal Nehru in November 2004, a **National Food-for-work Programme**, covering 150 backward districts, was launched. The Government has also issued Antyodaya Cards to 50 lakh additional families, taking the total upto 2 crore families. These initiatives will help provide a social security net for the country's most distressed families.

The government has also taken resolute steps to **contain the threat of inflation** created by the runaway increase in global energy prices. After an initial spike in the inflation rate owing to higher oil prices, the rate of inflation has gradually come down and is expected to come down further. The government is committed to taking all necessary steps to keep a check on the price line, in spite of the grim outlook in the global energy market. **Holding the price line is an important pro-poor initiative and a priority for the UPA government for it is the poor who are hit hardest by inflation.**

Inflation: Trends in WPI (-) and CPI (-)



Prices have been on a rising course for more than two years. In part this was because of the increase in international crude oil prices and partly because of an expansive monetary policy. Policy measures take some time to impact prices. When our government took office, it inherited the consequences of the policies adopted by the previous government, including a six-month backlog in the revision of the prices of refined petroleum products. Inflation as measured by the Wholesale Price Index (WPI) soared to over 8 per cent in July and August 2004. Consumer price indices also registered higher levels of inflation at nearly 5 per cent. Prompt and co-ordinated action by the Government in reducing import duties and a slight monetary tightening by the Reserve Bank of India, has yielded very positive results. WPI inflation has come down sharply to 5.01 per cent at the end of February 2005. Consumer price inflation has also come down to less than 4 per cent in December 2004. Inflationary expectations has been successfully altered over the second half of last year and we have entered 2005 with the economy geared to relatively modest inflationary expectations, while at the same time experiencing accelerated growth.

The control of inflation forms a reassuring backdrop to the revival of investment and business activity in the economy. All macro-economic indicators are looking up. On top of a year of record growth, in 2003-04 the economy is once again poised to record close to 7.0% growth in 2004-05, despite a weaker monsoon and higher oil prices. The revival of investment activity and an increase in the rate of capital formation have contributed to annual growth in 2004-05 of 8.9% in the output of the manufacturing sector and an 8.9% growth in services sector incomes. Despite a modest 1.1% rate of growth of agricultural production, on account of a weak monsoon, food prices have been under check. Foreign trade has been growing at a rapid pace with exports rising by over 25% and imports by nearly 35% in US dollar terms in April - January 2004-05. While foreign exchange reserves continue to remain at record levels, the revival of investment activity and the consequent increase in import demand has stabilized the rate of accumulation. Overall, all the macro-economic indicators are robust and positive and there is an air of optimism in the economy and the markets. My Government will pursue policies that will sustain this recovery and accelerate growth, moving forward on the twin roads of efficiency and equity, while maintaining a high degree of fiscal and financial discipline.

To ensure the complete **legal equality for women** in all spheres the Government has taken steps to remove discriminatory legislation and enact a new legislation that gives women equal rights of inheritance and ownership of assets like houses and land. A draft bill has been prepared to grant one-third reservation for women in Vidhan Sabhas and in the Lok Sabha.

A Standing Committee on **status of tribal groups** has been set up for monitoring of tribal development and address tribal welfare issues. Adivasis in the country have been leading a life of insecurity in many areas since their property rights have remained unsettled. It is necessary to recognize their need for assured property and land rights in areas they have been residing in for several generations. It is an irony that tribals who have been living in “forest villages” and have been practicing agriculture on these lands for generations have not been given due recognition of their rights. Their problems are engaging the attention of this government and we will try and settle the issue of land rights of tribals. The outcome will be beneficial both to tribals and to the goal of forest conservation.

It is absolutely essential that the deprived sections of our society benefit from the growth processes we have unleashed. The Government has constituted a Group of Ministers to engage in a dialogue with industry to explore mechanisms for **increasing employment opportunities for Scheduled Castes and Scheduled tribes in the private sector**. The Government has introduced the Reservation Bill in Parliament codifying all provisions on reservation in government. In addition, a **Standing Committee of Ministers on Dalit Affairs** has been formed to give focused attention to all issues related to the welfare of Dalits.

Visiting the States of **Jammu and Kashmir, Manipur and Assam** the Prime Minister gave a “**healing touch**” to the sentiments of the people. A committee of experts has been constituted to examine the provisions of the Armed Forces Special Powers Act. The Historic Kangla Fort has been handed over to the people of Manipur, and Manipur University is being granted the status of a Central University. The government has initiated a dialogue with the leaders of the National Socialist Council of Nagaland (Isak-Muivah).

The UPA government took major initiatives for infrastructure development in Jammu and Kashmir and the North-eastern States. A Rs 24,000 crore five-year **Development and Reconstruction Plan** has been approved for **Jammu & Kashmir** with a strong focus on infrastructure development, especially power, roads, railways and telecom. Connectivity is an important theme for infrastructure in the North-east also. To harness the Brahmaputra and Barak rivers the government has decided to create a river valley authority for the **Brahmaputra Valley**. The **North-East Council** is being thoroughly revamped with the induction of full-time members.

III. New Deal for Rural India

The UPA government is committed to the welfare of farmers and people living in rural areas. The government is committed to give a “new deal for rural India.” This “new deal” includes:

- reversing the declining trend in investment in agriculture.
- stepping up credit flow to farmers
- increasing public investment in irrigation and wasteland development
- increasing funds for agricultural research and extension
- creating a ‘single market’ for agricultural produce
- investing in rural healthcare and education
- investing in rural electrification
- investing in rural roads
- setting up commodities futures markets
- insuring against risk in farming and rural business

The Union government has re-constituted the **National Commission on Farmers** with eminent agricultural scientist Dr M S Swaminathan as chairperson. **Funds for agricultural research and extension** have also been increased by almost 40% in the Union budget for 2004-05. In keeping with the NCMP promise **credit availability** to farmers has been stepped up steeply, a 30% increase in 2004-05 over 2003-04. The **rural cooperative credit system** is being nursed back to health and a task force has been set up under the chairmanship of Dr A Vaidyanathan to recommend specific steps that have to be taken in this area and improve the delivery system for rural credit. These steps are meant to fulfill the commitment of the UPA government to ensure that the flow of rural credit is doubled in the next three years and that the coverage of small and marginal farmers by institutional lending is expanded substantially. Priority sector lending status has been granted for food-processing sector.

The commitment to give high priority to **irrigation** is reflected in steps taken to increase allocations for irrigation projects in the North-east, in J&K, in U.P. and other states. The Union budget 2004-05 has taken steps to support water harvesting schemes for SC/ST farmers. Water management in all its aspects, both for irrigation and drinking purposes, will receive urgent attention.

The government is introducing a special programme for dryland farming in the arid and semi-arid regions of the country. An inter-ministry task group has been set up for integrating ongoing schemes to address water conservation as a **Water Mission**. Watershed and wasteland development programmes will be taken up on a massive scale. An inter-ministerial group has also been constituted

on Efficient Utilisation of Water Resources. A task force of the Planning Commission is working on bringing together programmes for dryland/ rainfed farming under a common umbrella of a water conservation mission.

The UPA administration will ensure the fullest implementation of minimum wage laws for farm labour. Comprehensive protective legislation will be enacted for all agricultural workers. Revenue administration will be thoroughly modernized and clear land titles established.

In keeping with its promise that farmers all over the country will receive fair and remunerative prices, the UPA government has announced **favourable support prices** for oilseeds, pulses and cotton and made an early announcement of rabi support prices. Thanks to the steps taken by UPA government **payment arrears** for sugarcane farmers have come down drastically from over Rs 2,500 crore in April 2004 to less than Rs 500 crore by September 2004.

To help jute farmers the government has issued the jute packaging order for 100% jute packaging for foodgrains and 90% for sugar. The report of the S K Tuteja Committee on sugar industry has been submitted. The Government is considering its recommendations. The UPA is committed to the welfare of cane farmers and to making the Indian sugar mill industry globally competitive. Cane arrears have been brought down from 25% of total payable in 2003-04 to 5% as on 30th September 2004.

To help in checking the cost of inputs, two representatives of farmers have been nominated to the Board of Directors of the National Seeds Corporation and one on that of the State Farms Corporation of India. Farmers' representatives are also being nominated as non-official members of the Central Seed Committee and five farmer representatives on Central Seed Certification Board.

A **National Committee on Rural Infrastructure** has been constituted with Prime Minister as chairman for time-bound implementation of rural infrastructure projects. The Government has cleared new schemes for post-harvest infrastructure like rural godowns and marketing infrastructure.

A new **Marine Fishing Policy** has been approved to protect interests of traditional and coastal fishermen against large commercial enterprises in deep sea fishing. Provisions for chartering, leasing and test fishing, which existed in earlier policies, have been removed. The policy has been extended to cover island groups like the Lakshadweeps and Andaman & Nicobar Islands for developing and promoting fishing, post harvest operations, fuel supply, fast track clearance of deep sea fishing proposals, training and survey. In aiding the reconstruction of the Tsunami-affected coastal economy the government will encourage the

modernization of the maritime economic infrastructure and of the fishing economy.

To boost employment and incomes in rural areas a new **National Horticulture Mission** is on the anvil. Details regarding this Mission will be released soon.

To protect the farmers against the vagaries of the monsoon, a weather insurance scheme titled **Varsha Bima Yojana** has been introduced in 4 states on a pilot basis.

The **Rural Infrastructure Development Fund (RIDF)** has been revived with a corpus of Rs 8,000 crore in 2004-05. Apart from these initiatives directed at strengthening the farm economy and improving the livelihood of farmers, there are several other initiatives listed below in areas such as infrastructure development, health and education and fiscal policy that will benefit the farm economy. The policies of the UPA government will usher a new dawn for rural India, bringing millions of Indians into the process of development and empowerment.

The government has constituted a **National Commission for the Welfare of Socially and Economically Backward Sections Among Linguistic and Religious Minorities** to examine measures to address issues of concern to them. To address the problems of development in the North-eastern states the North-eastern Council is being revitalized.

IV. Building World Class Infrastructure

The principles of equity and efficiency will define the government's approach to the infrastructure sector also. While paying attention to the infrastructure needs of rural areas and of the urban poor, the government is committed to providing world-class infrastructure in such critical areas as roads, railways, power, telecom, civil aviation, ports and inland waterways and tourism.

The Prime Minister is chairing a **Committee on Infrastructure** that includes all concerned ministers and the deputy chairman of the Planning Commission. This Committee has already discussed plans for attracting new investment in roads, power, civil aviation and tourism. The government has already speeded up the work on **National Highways** and has approved plans for further development of the Golden Quadrilateral, the North-South and East-West corridors. These projects were running behind schedule when the UPA

government came to power. Hence, the government has speeded up the work on the highway projects.

A new **civil aviation policy** is on the anvil. This policy will upgrade over 30 major airports and modernize the international airports in New Delhi, Mumbai, Kolkata and Chennai, apart from inviting new investment for international airports at Hyderabad and Bangalore. The government unveiled a “peak season open skies policy” to cater to the seasonal rush in air traffic. The **FDI cap** for investment in domestic airlines has been increased to attract more foreign investment and increase **competitiveness in the aviation sector**.

The government has approved the formation of the Sethusamudram Corporation Limited to raise finance and to create and operate a navigable channel to be called **Sethu Samudram**, from Gulf of Mannar to Bay of Bengal through Palk Bay. To promote development of shipping the government has introduced the **tonnage tax**, a longstanding demand of the shipping industry. A National Maritime Policy and a Maritime Development Programme is under preparation.

Plans are being made for a “**world class railway system**” in India and for **urban metro rail** in all major cities. The railways budget has increased allocations for modernization, including computerization of all customer-related transactions and e-enabling of railway operations. The government has also authorized increased commercial utilization of railway land, especially for passenger-related services like hotels and shopping malls.

The **power sector** has been a special focus of policy for the UPA government. The UPA government has constituted an Expert Committee on Energy Policy and is actively pursuing the Accelerated Power Development and Reforms Programme. 11 **private sector power** projects aggregating to an additional capacity of 4000MW have achieved financial closure. A new **rural electrification** programme has been approved to provide electricity to all villages in the country by the year 2009. The government has also finalized a National Electricity Policy. The promised review of the Electricity Act, 2003 is being completed in consultation with various stakeholders and the concerns pertaining to the affordability and availability of power for the rural poor are being addressed.

Several initiatives have been taken to enhance India’s energy security. An “**oil diplomacy for energy security**” initiative has been launched and we have succeeded in diversifying our energy sources. Despite a phenomenal increase in world oil prices, impact on domestic consumer has been moderated through fiscal policy initiatives aimed at protecting the consumer to the extent possible.

The government is also actively pursuing new investments in oil and gas exploration and in pipeline construction.

V. Access and Excellence in Education

One of the first measures the UPA government took in step with its pledge to raise public spending in education was to impose a cess @ 2% on both direct and indirect taxes. The funds so generated will flow into an **Elementary Education Fund** that will finance primary and secondary school development. The government has fulfilled its promise to widen the scope of the **cooked mid-day meal programme**.

Resources for elementary education have been augmented through the Education Cess. This will enable better funding of Sarva Shiksha Abhiyan, Prarambik Shiksha Kosh, Kasturba Gandhi Balika Vidyalaya, Mid-day Meal Scheme, and Nutrition Programme for Adolescent Girls. The National Mission for Sarva Shiksha Abhiyan has been constituted under the Chairmanship of the Prime Minister for the first time. The launch of EDUSAT, an educational satellite, and of Doordarshan's Direct-To-Home television facility will enable us to use modern technology in spreading knowledge. My Government has also given special attention to the educational development of Scheduled Castes, Scheduled tribes and Minorities. In order to ensure and safeguard the interests of institutes of higher learning set up by Minorities, a **National Commission for Minority Educational Institutions** has been established. The Central Advisory Board of Education has been reconstituted. The Universities of Allahabad and Manipur are being given the status of Central universities and a special grant has been given to Jamia Millia Islamia. The Government has also sanctioned an Indian Institute of Management for the North-east and has agreed to aid faculty development at Kashmir University.

Steps have been taken to ensure that all institutions of higher learning and **professional education** retain their autonomy. The **IIMs** have been given back their autonomy to determine their fee structure. Means-based financial assistance is being provided to all those admitted to IIMs. There has been an impressive expansion of the educational loan programme in the least one year. The government will upgrade 100 **industrial training institutes** every year and the private corporate sector is being encouraged to adopt and upgrade them. New centers of excellence are being funded in public health and bio-technology, stem cell and tissue engineering, marine biotechnology, testing of GM products.

VI: Towards A Healthier Nation

Next to education, health is an important priority area for the UPA government. The Government is taking steps to improve access to **affordable health care** and to affordable medicines.

A **National Rural Health Mission** is to be launched soon to improve access to health care for the weaker sections of rural society. This mission will be a district based model of health care delivery. It will emphasize comprehensive health care, integrating healthcare policies at the district level with policies that influence health status like drinking water, sanitation and nutrition. A cadre of health activists will be developed to ensure effective functional hospitals for a population of 1 lakh and above. Funding for the National Campaign for HIV/AIDS Awareness is being increased and the PM launched an AIDS awareness media campaign in January 2005. The government will integrate its health and population programmes so that improvements in health status of the people, especially woman and the girl child, can encourage preference for smaller families. The decentralized model of health management will enable localized solutions to health problems and will lead to the goal of health for all.

The national cooked mid-day meal scheme will contribute to both improved educational and health status of children. The **National Rural Food-for-Work Programme** and the National Rural Employment Guarantee Act will also have a beneficial impact on the health status of the poor since these will improve the nutritional status of the poor. The government has also launched a redesigned **Universal Health Insurance Scheme** for poor families, and a Group Health Insurance Scheme, Swasthya Bima Policy is being launched. A **Senior Citizens Savings Scheme** is also being implemented. These initiatives will improve the healthcare status of the elderly. New centers of excellence in medical research and for advanced health care are to be set up.

VII: Urban Renewal

The rapid process of urbanization has increased the salience of towns and cities in the Indian economy. However, to deal with the consequences of unplanned urban development the government will launch a **National Urban Renewal Mission** to upgrade urban infrastructure, increase civic participation in urban infrastructure and implement a targeted programme to ensure basic entitlements for all. The Government is pursuing a legal initiative to end the scourge of manual scavenging. Several proposals for urban infrastructure development have come before the Committee on Infrastructure. The **National Commission to examine the problems facing enterprises in the unorganized/informal sector** has been constituted. Its recommendations will also contribute to

planned initiatives for urban development and the welfare of the urban poor. A National Policy on Street Vendors is also being drafted.

The UPA government has called for a concerted effort to modernize Mumbai city and has stressed the urgency of urban rapid mass transit systems in all cities on the lines of the Delhi Metro. The National Urban Renewal Mission will enable financing major urban infrastructure projects.

VIII. Creating A Single Market

The UPA government is committed to removing all barriers to internal trade within the country and the greater integration of the Indian economy. The introduction of **value-added taxation (VAT)** by States and the on-going investment in road, rail, air, telecom and broadband **connectivity** will further help **reduce internal transactions costs in trade and commerce**. The simplification of the **Essential Commodities Act** and removal of movement control on commodities is being pursued. Steps have also been taken to draw up an **integrated food law** applicable for the entire country. The development of **commodity futures markets** and reform of laws pertaining to agricultural marketing have also been initiated. A **National Tax Tribunal** is being set up to ensure uniformity in administration of tax laws and harmonise various tax laws to reduce incidence of tax-related disputes in the courts. Efforts are on to create a unified internal market by persuading States to appropriately amend **Agricultural Produce Marketing Control Acts**.

IX. Building Competitiveness At Home and Abroad

The UPA government came to power giving an assurance to the people that it would pursue policies that would boost economic growth and simultaneously address questions of equity and social justice. All the initiatives taken by the Government till now are entirely in conformity with this assurance to the people. The government is committed to stepping up investment and employment generation in all sectors of the economy, including the manufacturing sector. To suggest credible policies that are mindful of the requirements of efficiency and equity, the government has constituted various high-powered advisory groups. These include: **National Manufacturing Competitiveness Council** (chairman, Mr V Krishnamurthy) to advise government on policies to enable Indian industry to compete globally; **National Commission to examine the problems facing enterprises in the unorganized, informal sector** (chairman, Dr Arjun Sengupta); **Board for Reconstruction of Public Sector Enterprises** (chairman, Mr P K Basu). The government has also

constituted an **Investment Commission** (chairman, Mr Ratan Tata) set up to attract more investment, including foreign direct investment, especially into infrastructure sector.

The Government's focus on reviving the country's agrarian economy, boosting investment and employment in rural areas and stabilizing commodity prices will help increase domestic demand for goods and services. The consequent **widening of the home market** will help increase the competitiveness of industry. Further, the concerted push being given to **investment in the infrastructure sector** will also increase domestic demand and reduce the **transactions cost** of doing business in India. Altogether, these initiatives will make the Indian economy more globally competitive. The Prime Minister's Council on Trade and Industry is working to come forward with specific suggestions to reduce the "**tyranny of the Inspector Raj**" for both large and small scale industry. The **small-scale industry** reservations policy has been further liberalized with **85 more sectors dereserved** last year.

Going beyond these macro initiatives, the government has also taken sectoral initiatives as in the case of the **sugar, jute, textiles and steel**. Steps to encourage ethanol use in petrol are being taken. Market **opportunities for jute** have been widened with policy to use jute in foodgrains and sugar packaging. A **comprehensive strategy for the modernization and development of the textiles and garments industry** to take on the challenge and opportunity provided by the winding up of the Multi-Fibre Agreement (MFA) is being implemented by the Union textiles ministry. This includes fiscal, industrial and labour policy changes as well as technological upgradation. It is possible to generate 12 million new jobs in the textile sector if these initiatives are implemented.

The Government has taken several steps to increase investment through greater involvement in the world economy. India's ability to integrate more easily with the world economy will be further enabled by the **regional economic agreements** being entered into with other countries. The government has actively pursued a "comprehensive economic cooperation" agreement with Singapore, apart from the free trade agreements with Sri Lanka and Thailand. A **India-ASEAN FTA** is also being negotiated. An early harvest agreement has already been signed. The government's commitment to **reduce tariffs to "ASEAN levels"** will encourage and enable domestic industry to become more globally competitive.

X. India - A Knowledge Economy

The world has come to recognise the promise and potential of India's "knowledge economy". The steps being taken to increase access and excellence

in education will further strengthen the base of the knowledge economy. Apart from the launch of **EDUSAT**, the national educational satellite, the launch of **Direct To Home television** by Prasar Bharati will strengthen public broadcasting and thereby the base for the growing knowledge economy.

The government has also come forward with a **Broadband Policy 2004** with a view to provide impetus to broadband and internet penetration in the country. The State Wide Area Network Policy (SWAN) has been announced to provide reliable connectivity for government-to-government communication upto Block level. The Department of Information Technology (DIT), in association with the Internet Service providers Association of India (ISPAI), has promoted the National Internet Exchange of India (NIXI) as a not-for-profit company with the objective of facilitating improved internet services in the country. NIXI will ensure improved traffic, lower cost and better security.

These are supply side initiatives. On the demand side, the government is investing in e-governance and e-enabling transactions. A **National E-Governance Action Plan (NEGAP)** has been prepared to speed up e-enabling of public services. The government is drafting a **National Biotechnology Policy** and is encouraging greater private-public partnership in bio-tech R&D.

In recognition of the need to modernize the educational system at all levels and to strengthen technical education as well as institutions of excellence, and to upgrade higher education and access to information, the Prime Minister will be constituting a **National Knowledge Commission** to function as a think tank on knowledge economy related policies.

XI. The Reform of Public Systems

An important promise of the UPA government is to reform government and public systems. The UPA government has been interacting with all Chief Ministers, Chief Secretaries and DGPs of all State and UT governments as well as judges of High Courts and the Supreme Court to emphasise the urgency of **administrative, legislative and judicial reform** in the country. The Cabinet Secretary has initiated action to upgrade the quality of civil services and make government more transparent, responsive and efficient. A **Model Code of Good Governance** for Government servants is being drawn up as part of a comprehensive reform of administration and administrative procedures. The Government will set up an Administrative Reforms Commission to prepare a blueprint for revamping the public administrative system. A National Institute of

Smart Governance has been set up in Hyderabad to help accelerate e-governance initiatives across the country. A uniform software called Public Grievances Redress and Monitoring System for installation in all Central Government Ministries and Departments has been developed. A citizen can now lodge any grievance on a website created by the Department of Administrative Reforms and Public Grievances and monitor action taken thereon. As part of the government's efforts to enhance the quality of governance, a number of new initiatives are proposed to be taken to ensure that government functionaries, at all levels, are properly trained to discharge their responsibilities.

An important step forward in the reform of public systems has been the decision to introduce the **Right To Information Bill** in Parliament. The government has also initiated steps for the reform of the cooperative sector, especially cooperative banks. It has also been decided to transfer all centrally sponsored schemes to the State sector so that these schemes are better administered by State governments with little interference from the Centre.

The Prime Minister has also written to all chief ministers on issues pertaining to administrative reform and has emphasized the importance of ending the "**transfer Raj**" and ensuring continuity of tenure in important departments and ministries. Several procedural reforms have been initiated by the Union government to reduce delays and increase the efficiency of the government's work. The Panchayat Raj ministry is organizing nationwide roundtables to strengthen the framework of decentralization.

The Prime Minister has also written to his ministerial colleagues on a variety of issues pertaining to governance reform. The Lok Pal Bill is being discussed by a Cabinet sub-committee to ensure that it is an effective instrument of good governance.

XII. National Security

There has been a marked improvement in the country's security environment in recent months. The UPA has repealed **POTA** without comprising the security interests of the country. The incidence of communal and caste-based violence has come down. Normalcy is returning to many parts of the North-Eastern region and there has been a marked decline in cross-border infiltration in Jammu & Kashmir. The Government has appointed a committee to review the provisions of the Armed Forces Special Powers Act. The Government has reiterated its openness to all groups who are committed to the economic upliftment and social empowerment of people.

India's external security remains a top priority for the Government. The modernization of the Armed Forces has received the Government's special attention in recent months. There has been an increase in the allocation of funds for modernization of Army, Navy and Air Force. Three prototypes of "Tejas", the Light Combat Aircraft are undergoing flight testing and have completed 307 test flights including super-sonic flights. Several new generations equipment, including missiles, developed indigenously have been tested and inducted. The supersonic missile BrahMos, a joint venture programme with Russia, is ready for induction, and the Main Battle Tank "Arjun" has been successfully inducted into the Army. The UPA has implemented its promise of creating a **Department of Ex-Servicemen's Welfare** in the Ministry of Defence.

The UPA Government has re-affirmed India's commitment to maintaining a credible minimum nuclear deterrent with a policy of no-first-use.

XIII. Foreign Policy Priorities

In the past nine months, the UPA Government has taken important initiatives in the field of foreign policy. The basis of our effort has been to maintain India's freedom of options while simultaneously remaining alive to our vital concerns. As a result of the Government's efforts, the international environment for India's development has been made more secure.

With regard to South Asia, the UPA Government has accorded primary attention to relations with our neighbours and the strengthening of SAARC. Our policy has been founded on the conviction that the peoples of our region keenly desire enhanced cooperation, which outweighs all existing barriers and inhibitions. In the past nine months, the UPA Government has conducted substantive interactions with the leaders of Bhutan, Sri Lanka, Pakistan, Maldives, Bangladesh, as well as Myanmar and Afghanistan. India's traditionally close ties with Bhutan, Sri Lanka, Afghanistan and Maldives have been strengthened. Particular attention has been paid to resolve outstanding disputes with Pakistan through a serious dialogue. Efforts have also been made to take forward a variety of confidence-building measures to build people to people ties and economic links. Recently, agreement has been reached on procedures for a bus service linking Srinagar and Muzaffarabad. However, expansion of bilateral ties is founded on the basic presumption that Pakistan will fulfill its assurances that it would not extend support to terrorist activities. Efforts to expand the traditional special relationship with Bangladesh are also underway.

Our traditionally friendly relations with Russia, with whom we have a strategic partnership, have been developed further in recent times. The UPA Government will continue to give priority attention to ensuring this relationship remains comprehensive and future oriented. We are also taking forward the important bilateral relationship with USA including through building upon the enduring affinity of our two democracies, people to people ties and growing economic interaction. Similarly, the relationship with the European Union is expanding rapidly. All these important relationships are gaining in substance under the direction of the UPA Government.

In East and South-East Asia, our Government has worked to provide more content to the 'Look-East' Policy which was announced over a decade ago by a Congress Government. For the first time ever, a Summit-level meeting was held with India's neighbours in the Bay of Bengal area under the aegis of BIMST-EC. The existing Summit-level interaction with ASEAN has been taken forward and further consolidated. Similarly, India's growing economic links with Japan and Korea have been expanded further, including through Summit-level meetings with the leadership of those countries. The UPA Government has worked to accelerate our dialogue and engagement with China, which is now one of our largest trading partners.

At the same time, our historic and civilizational links with the countries of West Asia and Central Asia have been revitalized. On this foundation, we are building new links based on economic interaction and our growing need for sources of abundant supplies of energy. Apart from our traditional and established interests in West Asia, the Gulf region and Iran, our policy in the region remains closely linked to our long-standing commitment to the cause of the Palestinian people. The UPA Government remains convinced of the need to support ongoing international efforts to find a just and durable solution to the Palestinian issue, to enable the Palestinian people to achieve a viable state of their own. At the same time, the Government remains committed to strengthening and diversifying the bilateral relationship with Israel.

During the last nine months, the UPA Government has been positively engaged in a variety of international organizations. The Government has clearly articulated our vision of the need for reform of the United Nations, and other multilateral organizations. There is now a growing recognition of India's legitimate aspiration to play a larger international role, particularly in the UN, which would be consistent with its status and strength. India also remains positively engaged with other traditional international organizations, including the Non-Aligned Movement and the Commonwealth.

XIV. Implementing The NCMP

Few governments have in the past ever maintained such a close watch on the pace and effectiveness of implementation of the promises made in a manifesto as has the UPA government. Within nine months, the UPA government has implemented many of the promises of the NCMP. Most of these have been in this report. Many other assurances are on the verge of implementation and will be done so before the government completes its term in office.

In implementing the NCMP, the Government has been receiving close and constructive support of the National Advisory Council in conceptualizing and formulating critical developmental initiatives. The UPA government values the role played by the NAC in enabling the implementation of the NCMP, and looks forward to receiving its continued guidance.

Nine months is not a long time in the tenure of any Government. Moreover, the UPA Government was busy in the first two months with the presentation of the Union Budget, 2004-05. With just nine full months of working time, it has been able to implement, or begin the implementation of, most of the important commitments made in the National Common Minimum Programme. In its second year in office, the UPA will be able to move beyond these commitments to lay the foundation for sustained long-term economic growth and development, based on a commitment to equity and efficiency and to the welfare of all sections of society, especially the weaker sections and minorities.

Jai Hind!

BHARAT NIRMAN

The UPA Government proposes to undertake a major plan for rebuilding rural India called "Bharat Nirman". This will be a time-bound business plan for building rural infrastructure in the areas of irrigation, roads, housing, water supply, electrification and telecommunication connectivity.

The tangible outputs under the Bharat Nirman Programme will be:

- Irrigation: One crore hectares of additional irrigation capacity to be created by 2009.
- Roads: All 1000+ villages (500+ in tribal and hilly areas) would be connected by 2009.
- Housing: 50 lakh additional houses to be constructed.
- Water Supply: All remaining 72,000 habitations to be covered.
- Electrification: All remaining 1,12,000 villages to be electrified. Over 2.3 crore households also to be electrified.
- Rural Telecommunication: All remaining 80,000 villages to be provided telephone facility.

Bharat Nirman would be the platform on which the UPA Government will construct its "New Deal for Rural India".