

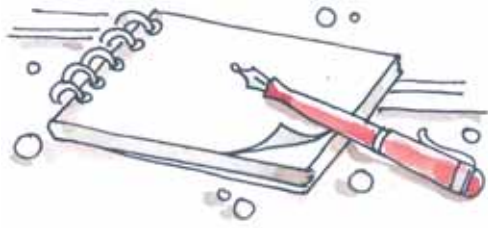
Report to the People

UPA Government

2004 - 2006

CONTENTS

I.	Introduction	1
II.	Health	3
III.	Education	6
IV.	Securing Nutrition and Food	9
V.	Assuring Rights of the Child	10
VI.	Communal Harmony and Welfare of Minorities	12
VII.	Empowering Women	14
VIII.	Empowering Scheduled Castes/Tribes & Backward Classes	16
IX.	Unorganised Sector	18
X.	Rural Development	20
XI.	Agriculture and Cooperatives	22
XII.	Disaster Management	27
XIII.	Water Management	29
XIV.	Conservation of Environment and Wildlife	30
XV.	Governance, Reforms and Strengthening Civil Society	32
XVI.	Panchayati Raj	36
XVII.	Urban Renewal	37
XVIII.	Centre-State Ties	39
XIX.	The North East	41
XX.	Jammu and Kashmir	44
XXI.	Promotion of Industrial Growth and Investment	47
XXII.	Energy	52
XXIII.	Infrastructure	54
XXIV.	Foreign Policy, Overseas Indians and Borders	57
XXV.	Trade	58
XXVI.	Other Initiatives	59



I. INTRODUCTION

In May 2004 the United Progressive Alliance formed the Government in New Delhi, dedicating itself to strengthening the foundations of our secular, democratic Republic and to building an inclusive society and an efficient and equitable economy. The UPA adopted the National Common Minimum Programme (NCMP) to implement its promises to the people.

The Government presented a Report to the People at the end of its first year in office and another report earlier this year. This is unprecedented in Indian political history. Never before has such an annual report to the people on steps taken to redeem electoral commitments been presented. This is the third such report and it presents the important policies adopted and implemented by the UPA Government.

In a short span of two years the UPA Government has been able to implement a large number of the commitments made in the NCMP. There is, of course, no room for complacency and the Government will continue to work hard to fulfil its mandate and meet the aspirations of the people.

The UPA Government has launched several major development initiatives. The most important of these are: the historic National Rural Employment Guarantee Act; the National Rural Health Mission (including the Janani Suraksha Yojana); the Jawaharlal Nehru National Urban Renewal Mission; the expanded Sarva Shiksha Abhiyan and a National Cooked Mid Day Meal Programme; and, finally, Bharat Nirman.

The NREGA is a historic commitment to the people because for the first time the Government has legally guaranteed a minimum employment at a minimum wage, creating a social safety net protecting rural poor from hunger and poverty. The NRHM will revitalize rural health care and empower panchayats in improving the delivery of health services in rural areas. The SSA, along with the cooked mid-day meal programme, will increase enrolment and attendance at schools and improve child nutrition.

The JNNURM will improve the quality of life of the urban poor, especially slum-dwellers, while at the same time also modernizing urban infrastructure and improving urban governance. Bharat Nirman is a time-bound business plan for rural infrastructure development, focused on irrigation, rural housing, rural roads, rural teleconnectivity, rural electrification and rural drinking water supply.

Apart from these new initiatives, the UPA Government has ensured an unprecedented increase in the financial outlays for infrastructure development, for providing affordable credit to farmers, for strengthening public investment in education and health and for improving national security.

The Government has also empowered the ordinary citizen and ensured greater transparency in governance by enacting the Right to Information Act, one of the most progressive pieces of social legislation in the world, to ensure better governance and make sure that higher outlays translate into improved outcomes.

Internal security issues have been handled effectively but with sensitivity. The communal situation shows marked improvement. Social and caste tensions are on a low key. Better appreciation exists today of the dimensions of the Naxalite problem. A two-pronged policy of combining effective police response with a focus on reducing deprivation and the sense of alienation on the other, is well understood at all levels.

The UPA Government has also strengthened India's external profile and has improved India's standing in the world. Our relations with our neighbours, with all major powers and all our economic partners have improved in the past two years. The international and regional environment is today more hospitable to India and more conducive to our economic development and national security than ever before. India stands at a new threshold of development and progress.

Taken together all these new initiatives and the strengthening of existing programmes will promote development and make our society more inclusive and equitable, make our economy more efficient and competitive, increase employment opportunities, empower scheduled castes, scheduled tribes, other backward classes, minorities, women and children, and restore to our country its due place in the comity of nations.

The Government sincerely hopes that this report would be read in full by all concerned citizens and its contents shared widely so that people are aware of the steps taken by the United Progressive Alliance Government to improve the life of our citizens and build a more Caring, Inclusive, Modern and Dynamic India.



II. HEALTH

1. **National Rural Health Mission (NRHM):** The Mission was launched in April 2005 to strengthen public health management and service delivery, and to achieve the goals set under the National Health Policy 2002 and the Millennium Development Goals by seeking to provide universal access to equitable, affordable and quality healthcare that is accountable and responsive to the needs of the people, reduction of child and maternal deaths as well as population stabilisation, and gender and demographic balance. The key components of the Mission are provision of a rudimentary health provider called ASHA in each village in 18 high focus states, preparation of village health plans which cut across sectors, provision of untied funds with the ANM/multi-purpose health worker for initiating local action for health, improving the Community Health Centres and the Primary Health Centres to become effective rural hospitals, and a contextual District Health Plan based on local priorities which provides for action in health care with complementary efforts in areas such as safe drinking water, sanitation and nutrition. Over 1.73 lakh ASHAs had been selected by March 2006 and their training is in progress to commence community level health initiatives from this year. District Plans have been finalised in a large number of districts and this task will be completed this year itself. The Departments of Health and Family Welfare have been integrated at the Central level, while states have created single Health Societies at the state and district levels, thus effecting synergistic administrative integration of delivery mechanisms for vertical health programmes. About one-third of 3,222 Community Health Centres across the country have been upgraded as First Referral Units, while the rest are targeted for 2006-07. Primary Health Centres are being made operational for round-the-clock services in a phased manner. For the first time, all 1.42 lakh sub-centres across the country have been provided untied funds to enable them to meet some of their requirements locally. Multiple models of health insurance are being explored under the Mission. Time-bound targets in respect of control, elimination or eradication of communicable diseases are being pursued under the Mission. The goal of 'eliminating' leprosy, as per WHO standards, has been achieved at the national level and the few states remaining above the elimination level of one case per 10,000 population are being targeted.

2. **HIV/AIDS: AIDS** control has been given leadership at the level of the Prime Minister with the formation of the National AIDS Council and its meeting in February 2006, which has given direction to the National AIDS Control Programme Phase-III for making AIDS everyone's business and mainstreaming HIV/AIDS concerns in programmes and schemes across Ministries. Plan outlay for AIDS in 2006-07 is more than double the actual annual expenditure two years earlier.

3. **Population stabilisation:** Comprehensive health care as basic to family planning has been sought to be extended through the NRHM and is expected to contribute to population stabilisation. The use of the term population control has been dropped. The emphasis is on voluntary acceptance

through awareness creation and better access rather than on a target-oriented approach through directives from the State. Incentives to ASHAs under the NRHM include those for family planning. Janani Suraksha Yojana has been launched to promote institutional deliveries. States have been advised to address population stabilisation through investment in health, education and empowerment. The learning from southern states would be formulated through appropriate strategies in the demographically weaker states after studying their peculiar conditions. The National Population Commission has been reconstituted to make it more compact and its meeting has been held in July 2005.

4. **Pradhan Mantri Swasthya Suraksha Yojana:** In order to fill the gap in tertiary healthcare infrastructure as well as facilities for quality medical education in under-served states, the Government has approved the Pradhan Mantri Swasthya Suraksha Yojana for establishing within three years six new institutions like the All India Institute of Medical Sciences in Bihar, Madhya Pradesh, Orissa, Rajasthan, Chhattisgarh and Uttaranchal as well as upgrading several more such institutions. Each institution will consist of a 850-bed hospital providing state-of-the-art medical treatment facilities through streamlined referral system in 39 speciality / super-specialty disciplines and will provide medical education with an intake of a hundred under-graduate students every year, besides post-graduate and doctoral courses in speciality / super-specialty disciplines.

5. **Affordable medicine:** A draft National Pharmaceutical Policy is being finalised for harmonising price control issues with growth requirements of the pharmaceutical industry and simplifying the procedure for price fixation and price monitoring. The Government has approved packages involving total assistance of around Rs. 800 crore in various forms for the revival of two Central pharmaceutical PSEs, viz., Hindustan Antibiotics Ltd. and Hindustan Organic Chemicals Ltd.

6. **Regulation:** The Government is taking several steps to strengthen regulation in the health sector. These include bringing a bill for regulating and accrediting hospitals, nursing homes, diagnostic centres, etc. with regard to quality of services offered; a Public Health Emergencies Bill to provide for prevention, control and management of public health emergencies; and amendments to law concerning organisations that accredit medical education in order to make their character more representative and to improve accountability. The Government proposes to bring a bill to amend the Indian Medical Council Act with a view to harmonising the requirements of autonomy, transparency, accountability and quality of service delivery.

7. **Universalising ICDS:** The Government has sanctioned 1.88 lakh anganwadi centres in the first phase in order to ensure an anganwadi centre in every habitation, as per the existing population norm of one centre for a population of 1,000 (700 for tribal/hilly/desert areas). With this, the number of anganwadi centres will increase by around 25% from 7.44 lakh centres established since the commencement of the ICDS in 1975. Financial norms for supply of supplementary nutrition have been doubled to two Rupees per beneficiary per day since October 2004 to ensure that the required quantity of nutrients is available to beneficiaries. To enable state governments to provide supplementary nutrition without problems, the Central Government has decided to give support amounting to up to 50% of expenditure incurred by the state government. New population norms for setting up anganwadi centres are being formulated. Nutrition is now provided to all pregnant women, lactating women and children, and is no longer limited to those belonging to families living below the poverty line.

- ❑ **National Rural Health Mission launched**; accredited social health activists - **ASHAs - in all villages in 18 high focus states**; 1.73 lakh selected and being trained; 4 lakh by 2007-08
- ❑ **Health plan outlay increased by 81% in three years** since 2003-04 to Rs. 11,305 crore
- ❑ Comprehensive health care recognised as basic to family planning
- ❑ **Janani Suraksha Yojana launched** to promote institutional deliveries
- ❑ **Pradhan Mantri Swasthya Suraksha Yojana** approved for 6 AIIMS-like institutions and upgrading others to meet tertiary healthcare and medical education needs of under-served states
- ❑ Several steps initiated to strengthen regulation in the health sector
- ❑ **Anganwadi centres** - 1.88 lakh new centres; **financial norms for nutrition through the centres doubled**; **outlay for ICDS increased by 171% in three years** to Rs. 4,543 crore in 2006-07; **nutrition to all pregnant or lactating women and children, not limited to BPL**



III. EDUCATION

8. **Elementary education:** An Education Cess (@ 2% on major Central taxes) has been introduced to raise resources for providing universal elementary education. A non-lapsable fund called the 'Prarambhik Shiksha Kosh' has been set up to receive the proceeds of the Education Cess to finance elementary education, including Sarva Shiksha Abhiyan (SSA) and the cooked mid-day meal scheme. SSA seeks to bridge all gender and social category gaps at primary stage by 2007 and at elementary education level by 2010. SSA also focuses on elementary education of satisfactory quality with emphasis on education for life. Universal retention by 2010 is another important goal of SSA. During 2005-06, opening of 35,306 schools, appointment of 1,56,610 teachers, construction of 34,262 school buildings, 1,41,886 additional classrooms, 65,771 toilets and 40,760 drinking water facilities have been approved.

9. **Right to education:** A model bill on right to education is being prepared and states will be persuaded to adopt such legislation.

10. **Reversing the trend of communalisation of education:** Several steps have been taken for this:

(i) A panel of historians did a quick review of history textbooks of NCERT and

Government has implemented its recommendations.

(ii) The National Curriculum Framework for School Education has been revised.

(iii) All autonomous bodies under the Ministry of HRD were requested to review their activities that have possibly given rise to the perception of communalisation of education and to take suitable corrective measures.

(iv) The Central Advisory Board on Education (CABE) has been revived to facilitate wider consultation and concurrence in the federal spirit.

11. **Cooked mid-day meal:** In order to improve enrolment, attendance and health of school-going children, the Government has launched the National Cooked Mid Day Meal Programme for Government-run and Government aided primary schools countrywide. The programme has been nearly universalised and covers around 12 crore children in over 9½ lakh schools and is the world's largest school feeding programme. Earlier, states were only provided free uncooked food grains. States have now been provided assistance for meeting cooking cost @ Re. 1 per child per school day since 2004-05. Since 2004-05, rates for transport subsidy to States have been enhanced by 100% for special category states and by 50% for other states. Financial provision has been made for better supervision and monitoring. Provision has also been made for mid-day meals during summers in drought-affected areas. An exercise has been commenced for the extension of the programme to upper primary levels.

12. *Making higher and technical education affordable:* Four Merit Scholarship Schemes, with 350 scholarships annually for the engineering stream and 150 scholarships annually for MBBS, have been introduced for medical and engineering students enrolled in Government and aided institutions participating in the AIPMT and the AIEEE. Banks have waived the need for collateral for student loans up to Rs. 7.5 lakh, up from Rs. 4 lakh earlier, if a satisfactory guarantee is provided on behalf of the student. As a result, flow of loans to students has increased substantially. As against the earlier limit for deduction under the Income Tax Act of Rs. 40,000, deduction has been allowed without any limit on the entire amount of interests paid by an individual during the previous year on amount paid for repayment of loan or interest on loan taken for the purpose of pursuing higher education. A comprehensive and interactive portal (www.educationsupport.nic.in) has been designed and launched to provide information on all scholarships, fellowships and educational loan facilities offered in the public and the private sectors. To prepare candidates from among the Scheduled Castes and the Scheduled Tribes for selection to academic positions and for doctoral studies, the Rajiv Gandhi National Fellowship Scheme has been launched for funding 2,000 fellowships annually. The Private Professional Education Institutions (Regulation of Admission and Fixation of Fees) Act, 2005 has been enacted. All IIM students having gross annual family income up to two lakh Rupees have been made eligible for receiving financial assistance amounting up to full tuition fee waiver. Setting up a body for financing higher education through coordination of student loan schemes of several banks, and directly providing loans and scholarships is being considered.

13. *Strengthening higher and technical education:* The Plan allocation for the UGC has been doubled between 2003-04 and 2006-07, from Rs. 615 crore to Rs. 1270 crore, enabling increase in assistance to Central universities in the northeast, increase in the number of state universities assisted, strengthening of research infrastructure, increase in women's hostels, and expansion of remedial coaching centres for weaker sections of the society. The conversion of Manipur University and Allahabad University into Central universities, the decision to bring legislation for converting Rajiv Gandhi University in Arunachal Pradesh and Tripura University into Central universities, and to establish a new Central University in Sikkim are expected to ensure accelerated development of the existing Universities and expand reach to higher educational facilities. In order to help the National Institutes of Technology become centres of excellence, boost post-graduate education and research, and provide autonomy, the Government is initiating the National Institute of Technology Bill, 2006 in Parliament. New Indian Institutes of Science Education and Research have been approved and special grant of Rs. 100 crore has been sanctioned to the Indian Institute of Sciences for upgrading its infrastructure facilities.

14. *National Commission on Education:* Wide-ranging consultations are being undertaken to ensure that the action initiated is appropriate to the need for the Commission.

15. *Autonomy of educational institutions:* A number of steps have been taken to ensure that all institutions of higher learning and professional education retain their autonomy. These include-

- (i) Restoration of the power of the IIMs to decide on their fee structure
- (ii) Financial contributions now need not be routed through the Bharat Shiksha Kosh
- (iii) Draft Model University Act to standardise governance across universities withdrawn
- (iv) Preparation of a report by a committee of CAGE on measures for enhancing the autonomy of higher education institutions as a consensual basis for further action

(v) Withdrawal of orders requiring universities to seek prior approval for entering into MoU with foreign institutions for collaboration in research

(vi) Reintroducing providing of Block Grants to institutions to restore financial autonomy

(vii) Making the participation of universities in the AIEEE optional

16. *Accrediting bodies*: Bodies like the CBSE, the UGC and the NAAC, which recognise or accredit educational institutions, have created systems for online receipt of applications, while the AICTE and the NBA are in the process of making such arrangements. Grievance redress mechanism and timeframes for disposal of receipts are being worked out to make the interfaces with such educational bodies simple, transparent and hassle-free.

- ❑ **Education cess introduced and Prarambhik Shiksha Kosh established** for financing elementary education, including Sarva Shiksha Abhiyan (SSA) and mid-day meal scheme; Rs. 8,746 crore transferred.
- ❑ In 2006-07, compared to the 2003-04 revised budget outlay, **SSA annual plan outlay increased four-fold to Rs. 11,000 crore; mid-day meal plan outlay has increased nearly four-fold in three years to Rs. 5,348 crore in 2006-07; elementary education and literacy plan outlay has increased three-fold in three years to Rs. 17,128 crore, education plan outlay raised by 180% in three years to Rs. 20,744 crore.**
- ❑ **Trend of communalisation of education reversed**
- ❑ **Model bill on right to education being prepared**
- ❑ **Nation-wide cooked mid-day meal scheme launched**
- ❑ **Number of measures for ensuring reach of education to the poor:** scholarships, student loan collateral waiver limit raised, tax exemption without limit on student loan repayment, scholarships and loans portal, private coaching institutions drafted for pre-exam coaching for minorities, regulation of private professional education institutions
- ❑ **Conversion of four universities to Central universities taken up and new Central university proposed for Sikkim**
- ❑ **UGC assistance doubled over three years**
- ❑ **NITs and IISc being strengthened, new IIM and Indian Institutes of Science Education and Research being set up**



IV. SECURING NUTRITION AND FOOD

17. **Nutrition security:** Nutrition security is being addressed through the National Cooked Mid-Day Meal Scheme, ICDS, Kishori Shakti Yojana, Nutrition Programme for Adolescent Girls and Pradhan Mantri Gramodaya Yojana. The National Cooked Mid-Day Meal Scheme has been nearly universalised, while the first phase for universalising the ICDS has been sanctioned. Government has also universalised Kishori Shakti Yojana to improve the nutritional and health status of girls in the 11 to 18 years age group.

18. **Food security:** Food security is being addressed through the National Rural Employment Guarantee Scheme, expanded outlays under the Sampoorna Grameen Rozgar Yojana, expanded Antyodaya Anna Yojana and the revised scheme of village grain banks. Antyodaya Anna Yojana has been expanded to cover additional one crore households, a rise of 67%. To make fair price shops viable, instructions have been issued for using them as PCOs and covering lending to them as priority sector lending. The scheme of village grain banks has been revised, giving it wider coverage and making it more comprehensive, as a safeguard against starvation during periods of natural calamities and the lean season. Earlier, the scheme covered only persons belonging to the Scheduled Tribes and willing persons from among the Scheduled Castes in tribal areas. The Scheme now covers all willing families living below the poverty line in drought prone areas, desert areas and inaccessible hilly areas in food scarce parts of the country.

- ❑ Nutrition security through nearly universal National Cooked Mid-Day Meal Scheme in primary schools, phased launch of universal access to anganwadi centres, **universalised Kishori Shakti Yojana** and universal Pradhan Mantri Gramodaya Yojana
- ❑ Food security through National Rural Employment Guarantee Scheme, expanded outlays under SGRY, **67% expansion in Antyodaya Anna Yojana, revised Village Grain Banks scheme**



V. ASSURING RIGHTS OF THE CHILD

19. *Rights of the child:* The Commissions for Protection of Child Rights Bill, 2005 has been introduced in Parliament. The Bill provides for constitution of a National Commission, as well as State Commissions, for protection of child rights, and Children's Courts for speedily trying offences against children and instances of violation of children's rights. The Commissions will study and monitor all matters relating to child rights, examine and review legal safeguards, recommend measures for effective implementation of laws, review and suggest amendments to existing laws, look into cases involving violation of children's rights, and monitor implementation of laws and programmes for children. Another bill is being prepared to provide for offences against children, including child abuse and violence against children. A bill has been introduced to amend the Juvenile Justice (Care and Protection of Children) Act, 2000 in order to incorporate progressive measures and safeguards like providing for alternatives to detention in observation homes, making production within 24 hours before the Juvenile Justice Board or the Child Welfare Committee mandatory, barring association of police in the inquiry process, and introducing model rules under the Act.

20. *Child marriage:* A bill has been tabled for amending the Prevention of Child Marriage Act. It includes provision for declaration of a child marriage as void at the option of the child who contracted such marriage. It also includes provision requiring the husband, or the guardian of a minor husband, to pay for maintenance of a minor girl contracting a child marriage until the girl's remarriage. It further provides for custody and maintenance of children born of child marriages and provides that such children shall be legitimate for all purposes, notwithstanding nullification of such marriages. In order to provide for effective action, it is proposed to make offences cognisable and provide for appointment of Child Marriage Prevention Officers.

21. *Care and development:* A new Ministry of Women and Child Development has been created for focussed attention on the problems of women and children. The Government has drawn up a comprehensive and holistic National Plan of Action for Children, 2005 for time-bound achievements in terms of reduction of infant and child mortality and HIV prevalence in infants, universal access to drinking water and basic sanitation, and the elimination of child marriages as well as the incidence of disabilities due to polio. It is being following up for implementation in coordination with state governments. The scheme for crèches and day care centres has been revised with enhanced outlays for improved and better crèche facilities to children and working mothers, as well as training for service providers, and a new scheme launched, viz., the Rajiv Gandhi National Crèche Scheme for the Children of Working Mothers. The phased expansion for universalising the ICDS, the nearly universal National Cooked Mid-Day Meal Programme, and universalised Kishori Shakti Yojana, are major initiatives of the Government for assuring realisation of child rights. The ICDS provides an integrated package of health, nutrition and education services to lay the foundation of proper

development of children and adolescent girls and to enhance the capability of mothers to look after the health and nutritional needs of their children. Kishori Shakti Yojana seeks to improve the nutritional and health status of girls in the 11 to 18 years age group, provide non-formal education, upgrade skills, promote awareness, promote marriage only after attaining majority, and encourage initiation of productive and useful activities.

- ❑ **Commissions for Protection of Child Rights Bill, 2005 introduced**
- ❑ **Bill being brought to provide for offences against children**
- ❑ **Bill introduced to bring progressive measures and safeguards in the law on juveniles**
- ❑ **Bill tabled to amend the Prevention of Child Marriage Act**
- ❑ New Ministry of Women and Child Development created for focussed attention
- ❑ **Holistic National Plan of Action for Children, 2005 for time-bound achievements**
- ❑ **Rajiv Gandhi National Creche Scheme for the Children of Working Mothers launched**
- ❑ Holistic care through phased expansion for universalising the ICDS, launch of near universal cooked mid-day meal scheme, universalised Kishori Shakti Yojana



VI. COMMUNAL HARMONY AND WELFARE OF MINORITIES

22. **Communal harmony:** The National Integration Council has been reconstituted and its meeting has been held in August 2005. A bill has been introduced in Parliament for prevention and control of communal violence, immediate and effective steps for relief, rehabilitation and compensation to the victims of communal violence, and expediting investigations and trials.

23. **Reversing communalisation of education:** The trend of communalisation of education has been reversed.

24. **Focus on minority affairs:** Minority affairs have been given focus through creation of the Ministry of Minority Affairs. A bill for providing Constitutional status to the Minorities Commission has been introduced in Parliament. A Commission has been set up to identify how best the welfare of socially and economically backward sections among minorities, including through reservation in education and government employment, may be ensured. A Committee under Justice Sachar is studying in-depth the condition of the minorities and would soon recommend steps for their economic and social development and empowerment.

25. **National Commission for Minority Educational Institutions (NCMEI):** The NCMEI has been established through an Act of Parliament to ensure that the provisions of the Constitution giving minorities the right to establish and administer educational institutions of their choice are implemented effectively for the first time. It provides for the right of minority educational institutions to seek affiliation to any university of their choice, overcoming problems faced in seeking no objection for establishing such institutions, and resolution of disputes relating to minority status of educational institutions by the Commission.

26. **15-point Programme for Welfare of Minorities:** The programme is being reviewed and recast to make it more effective in realising its objectives and to sharply focus action on issues intimately linked with the social, educational and economic uplift of the minorities. Prevention of communal riots and provision of relief to victims of such riots will continue to have an important place in the revised programme, but additional points more closely linked with the development of backward minorities are being included.

27. **National Minorities Development Finance Corporation (NMDFC):** The NMDFC is being strengthened. The condition of *pro rata* equity contribution by states/UTs has been waived and Centre has increased its equity share while enhancing authorised share capital. The Centre released Rs. 71.79 crore in 2004-05 and Rs. 73.65 crore in 2005-06 - the highest equity contribution in a decade - a substantial rise from the release of Rs. 21.79 crore in 2003-04. As a result, the NMDFC released additional funds of one crore Rupees to each of 41 minority concentration districts. It is

intensifying its efforts to reach out to artisans and weavers living in urban and peri-urban centres, especially in districts with concentration of minorities, while focusing on skill enhancement, credit and techno-managerial support.

28. **Promotion of education among the minorities:** This has been given special focus. Over a thousand Kasturba Gandhi Balika Vidyalayas have been sanctioned in educationally backward blocks of 21 states to provide free residential education to underprivileged girls at the upper primary level. 84 polytechnic level institutes situated in areas having a concentration of minority communities have been identified for upgrading, while 12 new ones are proposed to be set up in such areas. Special allocations, over and above the normal plan grant have been released through the UGC to Central universities that cater to the needs of the minorities. Schemes for pre-examination coaching of candidates belonging to the minority communities, earlier confined to Government institutions, have been expanded to include reputed private coaching institutes having a track record of showing good results in competitive examinations. Grants have been given during 2005-06 augmenting the corpus fund of the Maulana Azad Education Foundation from Rs. 70 crore to Rs. 100 crore to enable the Foundation to expand its coverage in promoting education amongst the educationally backward minorities, through the Foundation's programmes of scholarships, awards, training, etc.

29. **Better dispensation for Haj pilgrims:** Several measures for improvement in facilities for pilgrims have been introduced, including enhanced accommodation norms in Mecca, more proximate accommodation facilities in Madina, improved health facilities, etc. State Haj Committees have been given an increased role in Haj management in terms of regulation of activities of private tour operators, deputation of State Haj Committee and Waqf Board employees as helpers or *khadim-ul-hujjaj*, etc.

- ❑ **National Integration Council revived**
- ❑ **Communal Violence (Prevention, Control and Rehabilitation of Victims) Bill introduced**
- ❑ **Trend of communalisation of education reversed**
- ❑ **Ministry of Minority Affairs created**
- ❑ **Bill introduced for giving Constitutional status to the Minorities Commission**
- ❑ **Commission set up to identify measures for welfare of backward sections among minorities**
- ❑ **Justice Sachar Committee studying the condition of minorities in-depth**
- ❑ **National Commission for Minority Educational Institutions set up to resolve problems faced by minorities in effectively enjoying their Constitutional rights**
- ❑ **15-point Programme for Welfare of Minorities being recast to make it more effective and focus on social, educational and economic uplift of the minorities**
- ❑ **National Minorities Development Finance Corporation being strengthened**
- ❑ **Promotion of education among minorities given special focus**
- ❑ **Better dispensation for Haj pilgrims**



VII. EMPOWERING WOMEN

30. **Law:** Through enactment of the Protection of Women from Domestic Violence Act, 2005, more effective protection has been provided to women who are victims of violence of any kind occurring within a family. The Act enables women to negotiate non-abusive and non-violent matrimonial or other domestic relationships and provides them a civil remedy hitherto not available in the criminal law regime. The Hindu Succession Act, 1955 has been amended to make Hindu women's inheritance rights in coparcenary property equal to men's across states, overriding any inconsistent state laws. A bill for compulsory registration of marriages is also under active consideration. Amendments to the Commission of Sati (Prevention) Act, 1987 are being introduced to make the provisions of the Act more stringent, deterrent and effective and help re-orient the existing perception of the woman attempting to commit *sati* as an offender and, instead, treat her as a victim of prolonged social conditioning.

31. Amendments have been passed by Parliament prohibiting arrest of women after sunset and before sunrise; medical examination of persons accused of committing or attempting to commit rape; and mandatory judicial inquiry in case of rape while in police custody. This is expected to generate employment opportunities for women. A bill on protection against sexual harassment is shortly to be finalised. Steps are being initiated to eliminate female foeticide. In order to provide flexibility in the matter of employment of women during night while requiring the employer to ensure measures for safety and protection, the Government has introduced a bill in Parliament to amend the Factories Act, 1948.

32. The Government proposes to amend the Immoral Traffic (Prevention) Act, 1956 in order to make the provisions of law more stringent, deterrent and effective against traffickers, pimps and brothel-owners, omit such provisions of the Act as are discriminatory towards women who are victims of commercial sexual exploitation, provide for in camera proceedings to protect the privacy and dignity of victims, and provide for setting up a Central Authority and State Authorities for effectively preventing and combating trafficking in persons.

33. **Financial focus:** One-third earmarking for women has been done under the National Rural Employment Guarantee Act. Gender budgeting for assessing and focusing the impact of Government spending on the welfare of women and improving the gender sensitivity of programmes and schemes has been introduced. Gender Budgeting Cells have been established in 40 Ministries. A new scheme for relief and rehabilitation of rape victims is on the anvil.

34. **Women's Reservation Bill:** A draft bill for introducing one-third reservations for women in legislatures has been made and efforts are being made for building consensus. The Government has held meetings with all opposition parties and with all UPA constituents. Discussions have been held with women's groups and other stakeholders.

- ❑ **Protection of Women from Domestic Violence Act** has provided civil remedies to women in abusive / violent relationships
- ❑ **Hindu women given equal rights to inherit coparcenary property**
- ❑ **Law enacted to bar arrest of women at night, DNA test of rape accused, and mandatory judicial inquiry in case of rape while in police custody**
- ❑ **Bill introduced to permit flexibility in working hours for women**
- ❑ **Strengthening of law on *sati* prevention on the anvil**
- ❑ **Compulsory registration of marriages being considered**
- ❑ **Focus being brought on elimination of female foeticide**
- ❑ **Law soon for stricter action against immoral trafficking and non-discriminatory treatment of women victims of commercial sex exploitation**
- ❑ **Earmarking for women under the National Rural Employment Guarantee Scheme**
- ❑ **Gender budgeting in over 40 Ministries**
- ❑ **New scheme for relief and rehabilitation of rape victims on the anvil**



VIII. EMPOWERING SCHEDULED CASTES, SCHEDULED TRIBES AND BACKWARD CLASSES

35. **Reservations in jobs:** A bill seeking to elevate reservations to a statutory right has been introduced in Parliament. The Government has speeded up recruitment to fill up the backlog of vacancies for reserved posts. A Group of Ministers has been set up to cover all dimensions regarding the question of reservation for the OBCs in backlog vacancies. A Group of Ministers has been constituted to examine the issue of affirmative action in private sector. It has initiated a dialogue with Industry to see how best the private sector can fulfil the aspirations of youth belonging to the SCs and the STs.

36. **Education:** Constitution has been amended to facilitate greater access to education for students belonging to the SCs, the STs and the socially and educationally backward classes. To prepare candidates from among the SCs and the STs for selection to academic positions and for doctoral studies, the Rajiv Gandhi National Fellowship Scheme has been launched for funding 2,000 fellowships annually.

37. **Rights of forest dwelling STs in forests:** A comprehensive bill has been introduced in Parliament to vest forest dwelling STs with rights in land under forest and ownership of minor forest produce. New guidelines for streamlining and simplifying the system of identification of pre-1980 tribal forest settlers by involving Panchayati Raj institutions have been issued. A decision has been taken to universalise Joint Forest Management to all 1.73 lakh forest fringe villages, up from the earlier number of 0.61 lakh villages under JFM. Modalities are being framed for grant of one-time clearance under the Forest (Conservation) Act, 1980 to public utility projects / infrastructure projects. To expedite constitution of Conservation and Community Reserves under the Wildlife (Protection) Amendment Act, guidelines are being finalised in consultation with states.

38. **Communitarian rights in Fifth Schedule Areas:** The Ministry of Panchayati Raj has been mandated for pursuing the implementation of the Panchayats (Extension to Scheduled Areas) Act, 1996 ['PESA'] with the states. A Group of Ministers has been set up for looking into a range of issues concerning Panchayats including, *inter alia*, implementation of PESA. States have been requested to amend their rules for conformity with PESA and issue guidelines for involving Gram Sabhas / Panchayats in mining. Most states having Scheduled Areas have done this.

39. **Cabinet Committee on Tribal Affairs:** It has been set up to address issues concerning tribal development on a continuing basis. Its terms of reference include examination of issues relating to strategies for development, reorienting Tribal Sub-Plans, developing a Tribal Development Index, fixing measurable targets, empowering the Ministry of Tribal Affairs to intervene on matters impinging on tribal rights to resources guaranteed under law, ensuring conditions through Centrally sponsored programmes for filling up posts in tribal areas, monitoring implementation of PESA,

and ensuring value addition of non-timber forest produce in favour of tribal population. The issue of converting the current policy on rehabilitation into a law, in so far as acquisition of tribal lands is concerned, is being examined.

40. *Committee of Ministers on Dalit Affairs:* It has been set up to bring greater focus on dalit affairs.

41. *Developing lands of SCs and STs:* The National Rural Employment Guarantee Scheme provides for improvement of fields of farmers belonging to the SCs and the STs. A National Project for the Repair, Renovation and Restoration of Water Bodies used by farmers, especially in dry land, remote and tribal areas, has been launched in 2005-06 to augment the storage capacity of water bodies and restore their lost or wasted irrigation potential, beginning with a pilot project covering 23 districts in 13 states. 20,000 water bodies with a command area of 1.47 million hectares have been identified for being taken up in the first phase in 2006-07. The estimated cost is Rs. 4,481 crore. This scheme will give priority to SC/ST farmlands. The AIBP guidelines have been revised to include surface minor irrigation in non-special category states for tribal and drought-prone areas and this is expected to predominantly benefit SCs and STs. A programme has been initiated to provide assistance for minor irrigation schemes for land belonging to the Scheduled Tribes, with an outlay of Rs. 200 crore for the Tenth Five Year Plan period. The Finance Minister had announced a scheme for water harvesting for SC/ST farmers in 2004-05 and a provision of Rs. 49 crore was made in 2005-06 Budget. Creation of irrigation potential of 10 lakh hectares by 2009 under Bharat Nirman through groundwater will primarily benefit small and marginal farmers among the SCs and the STs.

42. *Outlays:* The budget allocations for 2006-07 for schemes benefiting SCs and STs have been enhanced by 14 per cent to Rs. 12,592 crore.

- ❑ **Constitution amended to facilitate reservations in private unaided institutions**
- ❑ **Bill to vest rights in land under forest and minor forest produce in forest dwelling STs**
- ❑ **Bill introduced in Parliament to elevate reservations to statutory right**
- ❑ OBC reservation in backlog vacancies being looked into
- ❑ Dialogue with industry regarding fulfilment of job aspirations of SC/ST by the private sector
- ❑ Ministry of Panchayati Raj mandated as nodal Ministry for **taking up implementation of Panchayats (Extension to Scheduled Areas) Act [PESA] with states**
- ❑ **Number of schemes to improve SC/ST farmlands**
- ❑ **Cabinet Committee on Tribal Affairs and Committee of Ministers on Dalit Affairs set up**
- ❑ **Converting rehabilitation policy into law for acquisition of tribal lands being examined**
- ❑ **System of identifying pre-1980 tribal forest settlers simplified by involving Panchayats**
- ❑ **Decision taken to universalise JFM to all 1.73 lakh forest fringe villages**
- ❑ **One-time forest clearance for public utilities / infrastructure: modalities being framed**
- ❑ **Setting up of Conservation and Community Reserves under wildlife law being finalised**



IX. UNORGANISED SECTOR

43. *Rural Employment Guarantee:* A major step has been taken towards provision of social security to labour in the unorganised sector in rural areas through enactment of the National Rural Employment Guarantee Act and the launch of the Rural Employment Guarantee Scheme in February 2006 to cover 200 districts initially, with a commitment to expand the Scheme throughout the country within five years.

44. *National Commission on Enterprises in the Unorganised Sector:* The National Commission on Enterprises in the Unorganised Sector has been set up in September 2004 with a three-year term to act as an advisory body and a watchdog and to submit periodic reports to the Government. Its terms of reference cover broadly the entire gamut of issues relating to unorganised sector and it has done significant work on relevant legislation through wide-ranging consultations with stakeholders, particularly state governments with the objective of providing a social security net, including health insurance and other schemes for these workers. The Commission has also undertaken a review of labour laws in India for improving productivity and ensuring greater competitiveness and employment generation in various sectors, like textiles, IT and SEZs, consistent with labour rights. Cluster-based growth poles, skill formation through public-private partnership, provision of micro-finance have been identified as priority areas. Measures are also being identified for protecting and promoting livelihoods for self-employed workers, through provision of credit, right to common property and natural resources, and use of public space to engage in economic activity.

45. *National Policy on Urban Street Vendors:* The progress of implementation of the National Policy on Urban Street Vendors is being reviewed and the National Alliance of Street Vendors of India has been involved in this exercise.

46. *Social Security Net:* The Unorganised Sector Workers Social Security Bill for providing social security is being finalised. The LIC has carried out actuarial analysis for providing the social security net, which will pay particular attention to the health insurance aspect.

47. *Conditions of Work and Livelihood Promotion:* The Unorganised Sector Workers (Conditions of Work and Livelihood Promotion) Bill to provide for conditions of work and measures for protection and promotion of livelihoods is being finalised.

48. *Setting up a National Fund:* The modalities for setting up a National Fund for providing technical, marketing and credit support to enterprises in the informal sector are being worked out.

49. *Streamlining processes:* A bill has been introduced in Parliament to simplify and rationalise forms and registers prescribed in 16 labour enactments and to make provisions for submission of prescribed returns electronically.

50. *Khadi and village industries*: The Khadi and Village Industries Commission has been revamped to ensure that more employment is generated through small and village industries.

- ❑ **Rural Employment Guarantee provided**
- ❑ **National Commission on Enterprises in the Unorganised Sector** set up and focusing on review of labour laws, cluster-based growth poles, skill formation, micro-finance, provision of credit, right to common property and natural resources, use of public space to engage in economic activity, etc.
- ❑ **Bill for providing social security being finalised**
- ❑ **Bill on conditions of work and measures for promotion of livelihoods being finalised**
- ❑ **Modalities for setting up a National Fund for providing technical, marketing and credit support to enterprises in the informal sector being worked out**
- ❑ **Implementation of the National Policy on Urban Street Vendors is being reviewed**
- ❑ **Bill introduced to simplify and rationalise forms and registers under labour laws**
- ❑ **KVIC revamped**



X. RURAL DEVELOPMENT

51. **Rural employment:** The Rural Employment Guarantee Act has been passed. For the first time, it recognises the right to work as a fundamental legal right and entitles the rural poor to guaranteed employment for hundred days. The Outcome Budget for Flagship Programmes 2006-07 estimates that 116 crore mandays of work will be generated in the year under the National Rural Employment Guarantee Scheme and the Sampoorna Grameen Rozgar Yojana (SGRY), which is substantially higher than the man days of work generated in earlier years. The Budget provision for the National Rural Employment Guarantee Scheme for 2006-07 is Rs. 11,300 crore, while the provision for SGRY is Rs. 3,000 crore.

52. **Rural infrastructure:** Bharat Nirman is a four-year programme (2005-09) for achieving identified goals in six selected areas of rural infrastructure - irrigation, drinking water, housing, roads, telephony and electrification. In four of these areas the aim is to have universal coverage, where every village will have telephony and electricity, and every habitation will have access to safe drinking water and - for a population of at least one thousand, or 500 in hilly / tribal areas - access to all weather road. In addition, we intend to build 60 lakh houses and add one crore hectares of irrigation capacity. The estimated investment is over Rs. 1,74,000 crore. Internal and extra-budgetary resources also contribute to investment under the programme.

53. **Irrigation:** One crore hectare under assured irrigation will be achieved through completion of ongoing major and medium irrigation projects (42 lakh hectare), minor irrigation schemes (28 lakh hectare), enhanced utilisation of completed projects (20 lakh hectare) and ground water development in areas with unutilised ground water potential (10 lakh hectare). The annual outlay for 2006-07 is Rs. 7,121 crore, which represents nearly trebling of the outlay from the level of three years ago. In the first year of its implementation, 2005-06, it is estimated that around 6 lakh hectares of irrigation potential has been created through completion of ongoing major and medium irrigation projects. Completion of another 17 projects with irrigation potential of 3.2 lakh hectares is targeted in 2006-07.

54. **Drinking water supply in rural areas:** The goal for drinking water is to ensure that estimated 55,000 habitations without safe source of drinking water, estimated 2.8 lakh habitations that have slipped back from full coverage, and estimated 2.17 lakh habitations that have problems of water quality are provided access to safe drinking water. The total outlay for the first two years of Bharat Nirman for this exceeds Rs. 9,000 crore. 7,596 uncovered habitations were provided drinking water and 46,106 'slipped back' habitations were covered again in 2005-06. The outlay for the Rajiv Gandhi National Drinking Water Mission for 2006-07 is Rs. 5,200 crore, up by nearly 80% in three years. The targets for 2006-07 are coverage of the remaining 1,120 non-covered habitations, 17,000 partially covered habitations, 40,000 slipped back habitations, and 15,000 water quality affected habitations.

55. **Rural housing:** The budget outlay for rural housing under Indira Awaas Yojana has been enhanced steadily from Rs. 1,900 crore in 2003-04 to Rs. 2,920 crore in 2006-07. 10.99 lakh houses were constructed in 2005-06 and construction of 15.33 lakh houses is targeted during 2006-07.

56. **Rural roads:** 66,802 habitations were to be connected to a road aimed over the period 2005-09 through construction of 1.46 lakh km of roads and upgrading of 1.94 lakh km of existing roads at an investment of approximately Rs. 48,000 crore. 4,068 habitations were connected under Bharat Nirman in 2005-06. The allocation of Rs. 5,225 crore and a separate window under RIDF XII of Rs. 4,000 crore for 2006-07 under Pradhan Mantri Gram Sadak Yojana constitute resources that are nearly four times the allocation of Rs. 2,325 crore only three years ago. 27,250 km of roads connecting 9,435 inhabitations are targeted for 2006-07.

57. **Rural telephony:** 66,822 villages without telephones will be covered by September 2007. More than 50 million rural connections will be rolled out in three years and, thereafter, a connection will be available on demand. 24,687 villages were provided telephones in 2005-06.

58. **Rural electrification:** Over 100,000 villages do not have electricity. To remedy this, the Government has initiated Rajiv Gandhi Grameen Vidyutikaran Yojana in April 2005. The total resource outlay for the first two years of Bharat Nirman for this is Rs. 5,000 crore. Bharat Nirman will not only reach electricity to the remaining villages, but will offer electricity connection to an estimated 2.3 crore households. Further, at least one 33/11 KV sub-station will be set up in each Block and at least one distribution transformer in each habitation. 6,580 villages were electrified in 2005-06, while projects were sanctioned for covering 51,284 villages and 69 lakh rural households. During 2006-07, electrification of 40,000 villages, providing access to electricity to around 80 lakh rural households, including free connections to around 40 lakh living below the poverty line, has been provided for. A Rural Electrification Policy under the Electricity Act is being finalised.

- ❑ **National Rural Employment Guarantee Act guaranteeing work to rural poor launched** in 200 districts in February 2006; to be extended country-wide in five years
- ❑ **Bharat Nirman** launched for thrust to rural infrastructure for power, roads, irrigation, telecom, housing and drinking water by 2009



XI. AGRICULTURE AND COOPERATIVES

59. **Irrigation:** Besides one crore hectare of fresh capacity by 2009 under Bharat Nirman, micro-irrigation through drip and sprinkler irrigation is being promoted with the aim of covering 3.8 lakh hectare through drip irrigation and 2.4 lakh hectare through sprinkler irrigation by the end of Tenth Plan period. Rural Infrastructure Development Fund (RIDF) was revived in 2004-05 and its corpus has been enhanced to Rs. 10,000 crore in 2006-07.

60. **National Rainfed Area Authority:** A National Rainfed Area Authority is being established to look into all dimensions of managing water resources in rain-fed areas and provide scientific and intellectual support to Panchayati Raj institutions. It will foster harvesting, conservation and sustainable and equitable use of rainwater for strengthening health, nutrition and livelihood security of rural communities, and will help ensure security and productivity of crop and animal husbandry, forestry and fisheries. It will be a professional body, whose recommendations and action plans will be characterised by high scientific content and economic credibility and will be guided by principles of ecology, economics, equity and generation of employment.

61. **Credit:** The disbursement of credit to agriculture and allied activities has expanded rapidly in volume as well as reach, while also making it more affordable.

62. In June 2004, the Government announced a comprehensive policy envisaging the doubling of credit delivery to agriculture over the next three years. This ambitious target is set to be exceeded. Banks have been allowed to waive margin / security requirements for agricultural loans up to Rs. 50,000 and, in the case of agri-business and agri-clinics, for loans up to Rs. 5 lakh. The limit on loans to farmers through the produce marketing scheme has been increased from Rs. 5 lakh to Rs. 10 lakh. The level of annual credit flow has increased by around 74% in just two years from the level of Rs. 86,981 crore in 2003-04 to Rs. 1,25,309 crore in 2004-05 and estimated disbursement of Rs. 1,51,000 crore in 2005-06. The target for lending has been further enhanced for 2006-07 to Rs. 175,000 crore. A bill has been introduced in Parliament for making warehouse receipts for all commodities negotiable instruments in order to increase the flow of credit in the agriculture sector and facilitate financing from banks against warehouse receipts. The RBI has instructed banks to implement recommendations made by an Expert Group regarding steps to overcome the problem of low credit deposit ratios. In follow up, special sub-committees of District Level Credit Committees are being set up in the 196 districts where the credit to deposit ratio is below forty per cent to draw up Monitorable Action Plans for improving the credit deposit ratio in these districts, while also reviewing progress in lending to agriculture and small scale industries.

63. Equal attention has been paid to increasing the reach of credit through the formal credit structure and micro-finance. Public sector banks, Regional Rural Banks and cooperative banks added over 1½ crore new farmers to their portfolio of borrowers in 2004-05 and 2005-06 and another 50 lakh

are targeted for 2006-07. Over Rs. 15,000 crore of farmer loans were restructured in the last two years. A large number of Self-Help Groups (SHGs) numbering around 8½ lakh have been credit-linked in 2004-05 and 2005-06, with credit flow of over Rs. 5,200 crore over these two years. This represents a cumulative increase in just two years of around 80% in number of SHGs credit linked and over 135% in credit flow, over the cumulative number of SHGs credit linked and credit flow till March 2004. Another 3.85 lakh SHGs are targeted for credit linking during 2006-07. Legislation is being brought to provide a statutory frame for the promotion, development and regulation of the micro-finance sector. NABARD is being asked to open a separate line of credit for financing farm production and investment activities through SHGs. A Committee on Financial Inclusion will be identifying the reasons for exclusion of nearly half of cultivator households from access to credit, and suggest a plan for designing and delivering credit to every household that seeks credit from lending institutions.

64. The Government has provided assistance of Rs. 1,700 crore for providing relief in interest rates by two per cent on crop loans of up to one lakh Rupees for 2005-06 kharif and rabi crops. Further, short-term credit to farmers of up to Rs. 3 lakh has been made cheaper by a couple of percentage points to 7%, with effect from kharif 2006-07.

65. A package of estimated Rs. 13,596 crore to revive short-term rural cooperative structure is being implemented for financial restructuring of Primary Agricultural Cooperative Societies, District Central Cooperative Banks and State Cooperative Banks and bringing them to an acceptable level of financial health through cleansing of their balance sheets and strengthening of their capital bases. The package covers accumulated losses, unpaid invoked guarantees, receivables from state governments, return of share capital to state governments, human resource development, conduct of special audits, computerisation, etc., and assistance has been linked to reforms. The interim report of the task force to make recommendations for the long-term for revival of the cooperative credit structure has been received and is being examined.

66. **Unified market:** The Government is committed to having a common market for agricultural produce so that farmers get better *ex farm* prices. This is being done by making warehouse receipts negotiable instruments; amending the Essential Commodities Act; working with states to amend local Agriculture Produce Marketing Acts; and expanding the food supply and storage chain. State level VAT has been implemented in most states and the unified market created under VAT would be useful to farmers. States and union territories are being persuaded to amend their Agriculture Produce Marketing Committee (APMC) Acts, and only fourteen states and union territories are yet to reform their Acts. The Government has introduced a Bill in Parliament for repeal of the Agricultural Produce Cess Act, 1940 and the Produce Cess Act, 1966 to remove cess on exports of domestic agricultural produce to make the exports more competitive globally and, thereby, help secure better prices for agricultural produce by increasing demand. A Bill has been introduced in Parliament to drop raw cotton, cottonseed and cattle fodder from essential commodity category to ensure their free movement and protect the interests of farmers and consumers.

67. **Biotechnology:** A National Biotechnology Regulatory Authority is being set up as the nodal authority for release, import and post-release of genetically modified crops and seeds, while State Seed Testing Laboratories will be strengthened for effecting quality control.

68. **Horticulture:** The National Horticulture Mission has been launched in May 2005 to promote holistic development of horticulture with backward and forward linkages through technology driven cluster approach and area-based regionally differentiated strategies. Most states have formulated and obtained approval for annual action plans.

69. **Technology Mission on Cotton:** The Mission has begun yielding results in terms of increase in productivity and reduction in pesticide consumption. With an investment of Rs. 1,200 crore, development of 96 market yards and modernisation of 369 ginning and pressing factories have been completed, while completion of the remaining of total works approved for 185 market yards and 644 ginning and pressing factories is targeted by March 2007. This has helped in reduction of cotton imports.

70. **Animal husbandry:** The Government is formulating a National Livestock Policy to achieve qualitative improvement in livestock and livestock products. Recognising the need for focussing on upgrading cattle and buffaloes genetically and consolidating earlier achievements National Project for Cattle and Buffalo Breeding, the Government is finalising phase-II of the National Project for Cattle and Buffalo Breeding to strengthen the breeding network, conserve dwindling indigenous breeds, set up farmers' organisations and breeders' societies, and create a more effective extension network.

71. **Insurance:** With a view to cover the risks involved in agricultural operations, the scope and coverage of the National Agricultural Insurance Scheme has been expanded. The Insurance Regulatory Development Authority (IRDA) has published draft regulations for micro-insurance and NGOs, SHGs, cooperatives and micro-finance institutions will be invited to become micro-insurance agents. The Government will support the IRDA in promoting micro-insurance. The Government has approved a new Centrally sponsored scheme on livestock insurance in around a hundred districts to encourage persons rearing cattle to insure their cross-bred and high yielding cattle and buffaloes. The Government is providing 50% subsidy on insurance premium.

72. **Fisheries:** In order to realise the immense potential for fish production in our country, the Government is setting up a National Fisheries Development Board.

73. **Extension:** Under the Scheme for Support to State Extension Programmes for Extension Reforms launched in 2005 to provide need-based support to State Governments for undertaking large scale agricultural extension reforms covering 252 districts, state level HRD institutions have been identified, Agricultural Technology Management Agencies have been constituted in the districts, State Extension Work Plans have been approved, and public-private partnership initiatives are being pilot tested.

74. **Research:** Budget allocation for agricultural research has been enhanced from Rs. 775 crore in 2003-04 to Rs. 1,150 crore in 2005-06. A National Fund for basic and Strategic Research in Agriculture has been approved with an outlay of Rs. 50 crore. A project costing Rs. 199 crore has been approved to strengthen the infrastructure in State Agricultural Universities and ICAR institutes. A National Agricultural Innovation Project has been initiated with an outlay of Rs. 1,190 crore for research on markets, poverty and productivity. Establishment of Krishi Vigyan Kendras in all 578 rural districts is expected by 2007. A project on application of microorganisms in agriculture and allied sectors has been approved.

75. **Storage and marketing:** In October 2004, the Government launched revised Grameen Bhandaran Yojana scheme with wide eligibility for accessing capital subsidy to construct rural godowns. A new scheme, linked with reform of APMC Acts, has been launched in 2005 to provide capital subsidy for development of infrastructure for marketing, grading and standardisation.

76. **Education:** The Government has launched a scheme for strengthening and developing agricultural education with total assistance to the tune of Rs. 804 crore. Its main elements are development and strengthening of 34 state agricultural universities, five deemed universities and three Central universities, rural awareness work experience programme, a number of incentive schemes, establishment of Sher-e-Kashmir University of Agricultural Science and Technology at Jammu, etc. Special grant of Rs. 100 crore for the Punjab Agricultural University, an institution of excellence, has been announced. The Government proposes to launch the National Agricultural Innovation Project for research at the frontiers of agricultural science shortly.

77. **Cooperatives:** The Government will soon be introducing a Constitution amendment bill on cooperative societies in Parliament. The provisions contained in the bill are intended to make the management of cooperative societies accountable to members, restrict interference by the State, prevent misuse of powers by the management and bring about greater transparency in the functioning of cooperative societies as democratic societies.

78. **Fertilisers:** The Government is working out a National Fertiliser Policy to promote balanced application of all fertilisers as well as a policy on organic fertilisers in order to give focussed attention to sustainable use of fertilisers.

79. **Cane arrears:** A substantial portion of cane arrears for 2002-03 sugar season has been liquidated as a result of steps taken by the Government. State governments adopting a package - namely, Tamil Nadu, Maharashtra and Andhra Pradesh - were provided one-time assistance from the Centre, totalling Rs. 816 crore, in the form of permission to raise additional market borrowings, and coverage of interest costs beyond a ceiling rate of only 4% annually. Loans were extended to sugar factories at this low rate, with a long repayment period of 10 years and moratorium on repayment of five years.

- ❑ **One crore hectares of fresh irrigation by 2009** under Bharat Nirman
- ❑ Scheme launched for drip and sprinkler irrigation
- ❑ **National Rainfed Area Authority** being set up to look into all dimensions of managing water resources in rainfed areas
- ❑ **Rural Infrastructure Development Fund revived and enlarged**
- ❑ **Flow of credit to rural areas targeted to increase set to double in three years**
- ❑ **Requirement of margin / collateral for lower value short-term credit done away with**
- ❑ **Bill tabled for making warehouse receipts negotiable instruments for raising bank loans**
- ❑ **Short-term credit relief of Rs. 1,700 crore for 2005-06 season**
- ❑ **Cheaper credit @ 7% from 2006-07 season**
- ❑ **Lakhs of SHGs credit-linked on an unprecedented scale; bill being brought to provide a statutory frame for the micro-finance sector; NABARD to open separate line of credit for financing farm production and investment activities through SHGs**
- ❑ **Over 1½ crore new borrowers added in two years**
- ❑ **Over Rs. 15,000 crore farmer debt restructured**
- ❑ **Committee on Financial Inclusion to suggest plan for credit to every cultivator household**
- ❑ **Rs. 13,596 crore package for reviving short-term rural cooperative structure**
- ❑ **Unified market created under VAT**
- ❑ All but 14 states/UTs persuaded to **reform Agriculture Produce Marketing Committee Acts**
- ❑ **Cess on export of agri-produce being removed**
- ❑ **National Biotechnology Regulatory Authority being set up for GM crops and seeds**
- ❑ National Livestock Policy being framed for qualitative improvement in livestock / products
- ❑ National Fisheries Development Board being set up
- ❑ Infrastructure being strengthened in State Agricultural Universities and ICAR institutes
- ❑ **Krishi Vigyan Kendras in all rural districts by 2007**
- ❑ National Agricultural Innovation Project initiated for agricultural science research
- ❑ Constitution amendment bill being brought for improving functioning of cooperative societies
- ❑ **National Horticulture Mission launched**
- ❑ Policies on the anvil for balanced fertiliser use and using organic fertilisers for sustainability
- ❑ Schemes launched for extension, agriculture education, storage, marketing infrastructure, **livestock insurance**
- ❑ Old cane arrears largely cleared



XII. DISASTER MANAGEMENT

80. *Assistance for long-term rehabilitation and reconstruction:* Normally, the expenditure on long-term rehabilitation and reconstruction of damaged infrastructure is required to be met by state governments from their Plan resources. However, keeping in view the magnitude of the situation and requirement of funds, the Government of India has provided necessary financial assistance for long-term rehabilitation and reconstruction as well.

81. *Tsunami relief, rehabilitation and reconstruction:* The Government approved the Rajiv Gandhi Rehabilitation Package for Tsunami Affected Areas of Rs. 3,644 crore to provide assistance to states and union territories for immediate relief and response, revival of fisheries and the agriculture sector, construction of temporary shelters, repair / renovation of infrastructure, and special relief for orphans, unmarried girls, widows and disabled persons. After the completion of the phase of rescue and immediate relief, The Government approved a long-term Tsunami Reconstruction Programme, with an outlay of Rs. 9,870 crore spread over four years, including an amount of Rs. 1,607 crore earlier earmarked for states and union territories under the Rajiv Gandhi Package. This provides for reconstruction in various sectors such as livelihoods, ports and jetties, roads and bridges, power, water and sewerage, social infrastructure and welfare, environmental and coastal protection, tourism, etc. Separately, a Tsunami Early Warning System is also being created.

82. *Relief, rehabilitation and reconstruction for floods:* 'On account' release of an amount of Rs. 3,151 crore was made for immediate relief and rescue operations in 2005 to states severely affected by floods, without waiting for detailed assessment of requirements; an amount of Rs. 2,671 crore was released during 2005-06 as Central share from the Calamity Relief Fund, while Rs. 2,771 crore was released to flood affected states from the National Calamity Contingency Fund (NCCF) after following the laid down procedure. In addition, the Government of India provided Armed and Central Paramilitary Forces to assist in rescue and relief operations, essential medicines to prevent the outbreak of epidemics, additional stocks of essential commodities and petroleum products, and immediate repair and restoration of damaged infrastructure through the Ministries / Departments / agencies of Shipping, Road Transport and Highways, Telecommunications, Power, Drinking Water Supply, NHAI and BRO. Keeping in view the magnitude of the disaster, the Government decided to provide financial assistance for long-term rehabilitation and reconstruction and states have been asked to submit their detailed plans by 1st June 2006.

83. *Relief, rehabilitation and reconstruction for earthquake in J&K:* The Government of India gave assistance for provision of shelters for all the families affected by the earthquake prior to the onset of winter, and coordinated the dispatch of relief material by air, rail and road to the state government, which included supply of tents, tent material, blankets, mattresses, sleeping bags, woollens, medicine, sugar, drinking water and nutritional / high-energy supplements, etc. Various

agencies of the Government of India have adopted 23 villages for relief, rehabilitation and reconstruction activity. Total assistance of over Rs. 745 crore has been provided through the State Government and various agencies of the Government of India. Requirements of long-term reconstruction are being processed.

84. **Relief for droughts:** Rs. 935 crore of assistance from the NCCF and food grain worth over Rs. 3,200 crore were given to ten states for drought relief in 2004-05 and 2005-06.

85. **Policy initiatives:** The Disaster Management Act, 2005 has been legislated and a National Disaster Management Authority established.

- ❑ **Financial assistance for long-term rehabilitation and reconstruction as well**
- ❑ **Comprehensive assistance provided for relief, rehabilitation and reconstruction for tsunami-affected persons; over Rs. 11,000 crore sanctioned**
- ❑ **Over Rs. 5,000 crore of assistance given to states for flood relief, assistance also being given for reconstruction**
- ❑ **Comprehensive assistance given for relief and rehabilitation after earthquake in J&K**
- ❑ **Over Rs. 4,000 crore of assistance given to states for drought relief**
- ❑ **Disaster Management Act enacted and National Disaster Management Authority set up**



XIII. WATER MANAGEMENT

86. **People's Water Conservation Mission:** A People's Water Conservation Mission will be launched soon by orienting panchayat level funds, conservatively estimated as several thousand crore Rupees annually, to take water conservation to scale.

87. **Initiatives in dry-land farming:** A National Rain-fed Area Authority is being established to look into all dimensions of managing water resources in rain-fed areas.

88. **Repair, renovation and restoration of water bodies:** A National Project for Repair, Renovation and Restoration of Water Bodies used by farmers, especially in dry land, remote and tribal areas, has been launched in 2005-06 to augment the storage capacity of water bodies and restore their lost or wasted irrigation potential, beginning with a pilot project covering 23 districts in 13 states. 20,000 water bodies with a command area of 1.47 million hectares have been identified for being taken up in the first phase in 2006-07. The estimated cost is Rs. 4,481 crore.

89. **Watershed development:** DPAP and IWDP, the two programmes for watershed development, have been brought under a common guideline.

90. **Rooftop rainwater harvesting:** States have been asked to direct municipal bodies to make rainwater-harvesting part of design approvals by local bodies. Ten states have done work on rainwater harvesting and / or taken steps to amend municipal or building laws.

91. **Flood management:** This is in the purview of states. Nevertheless, the Centre is assisting them. The recommendations of a Task Force on short and long term measures for addressing problems associated with floods have been circulated to state governments concerned. The jurisdiction of Farakka Barrage has been extended for speedy implementation of anti-erosion works and other measures are at various stages of approval and implementation. Efforts are being made to create consent among participating states for a proposed North East Water Resources Authority.

92. **Inter-linking of rivers:** Agreement for the first inter-linking of rivers project for Ken and Betwa rivers has been signed between Madhya Pradesh and Uttar Pradesh. Work has also begun on elements of the interlinking of peninsular rivers, beginning with two such links.

- People's Water Conservation Mission to be launched soon**
- National project for repair, renovation and restoration of water bodies being scaled up**
- National Rain-fed Area Authority being established**
- States being assisted for flood management
- North East Water Resources Authority:** efforts on for consent among participating states
- Agreement for first project for inter-linking of rivers signed**



XIV. CONSERVATION OF ENVIRONMENT AND WILDLIFE

93. **Policy initiatives:** A new environment policy will be adopted soon. A National Biodiversity Policy and Action Plan will also be adopted soon thereafter for ensuring protection of biodiversity through appropriate policy safeguards and interventions.

94. **Conservation of wildlife:** The Government has activated the National Board of Wildlife and put in place a Tiger Task Force for improving the management of Project Tiger. Based on the recommendations of the Task Force, a National Wildlife Crime Control Bureau is being set up and a proposal to set up a National Tiger Conservation Authority has been placed before Parliament.

95. **Clean Development Mechanism:** India has taken a lead in Clean Development Mechanism and a large number of private sector projects have been fielded. Action has also been taken to encourage public sector organisations to develop projects under the Mechanism. Institutional capacity of the five state level organisations is being built for developing Project Design Documents. Regular consultations with industry have been institutionalised through constitution of a Consultative Group.

96. **Review of procedures and notifications:** The Coastal Regulation Zones Notification has also been comprehensively reviewed to build in safeguards for coastal areas. The approach is to move from a regulatory framework to a management framework based on scientific principles to cover education, social mobilisation and equitable development, besides regulation. The Environment Impact Assessments Notification, 1994 is under review to balance concerns of development and conservation. There has been a re-engineering in the process of environment clearance to reduce time limits. Exhaustive instructions have been issued on Good Practices in Environmental Regulation. With the objective of streamlining all regulatory processes under the Ministry of Environment and Forests, Operational Guidelines have been issued. These Good Practices and Operational Guidelines seek to make the process time-bound through norms for scheduling consideration of cases and fixed dates for conduct of meetings of cases and fixed dates for conduct of meetings of the regulator, eliminated unnecessary delay, and enable participation by applicants through personal presentation of the case.

97. **Conservation through people's action:** In order to promote conservation through people's action, Government is developing a National Action Plan. Multi-stakeholder partnerships involving local communities, land owning agencies and State Forest Departments, universalising Joint Forestry Management by covering all 1.7 lakh forest-fringe villages during the Tenth and Eleventh Five Year Plan periods, and rationalising restrictions on felling and transit of timber raised on non-forest lands are envisaged.

98. *Reclamation and rehabilitation of area under mining*: Amendments have been made in the law on mining to provide for a scheme of final and progressive closure of mines for reclamation and rehabilitation of area under mining, after abandonment.

- ❑ **New Environment Policy and National Biodiversity Policy and Action Plan** soon
- ❑ **National Wildlife Crime Control Bureau** being set up
- ❑ **National Tiger Conservation Authority** proposal placed before Parliament
- ❑ Large number of projects fielded under Clean Development Mechanism
- ❑ Coastal Regulation Zones Notification reviewed
- ❑ Environment Impact Assessments Notification, 1994 being reviewed
- ❑ Process of environment clearance re-engineered to reduce time limits
- ❑ National Action Plan for conservation through people's action being drawn up
- ❑ Law amended to provide for reclamation and rehabilitation of mine area, after abandonment



XV. GOVERNANCE, REFORMS AND STRENGTHENING CIVIL SOCIETY

99. **Administrative Reforms:** Second Administrative Reforms Commission has been set up to undertake a comprehensive review of government machinery at all levels and has begun its work. New arrangements have been put in place for improving accountability and competency of IAS officers. These include the new system of Performance Appraisal Reports, promotions, mandatory mid-career training, mandatory mid-career screening and scrutiny by an Eminent Persons Group. The Government will be bringing a legislation regarding the Public Services, providing to lay down public service standards, values, code and ethics, protection to whistle blowers, provisions for performance management, etc. In order to engage the best talent, the field for appointments to the Boards of Central PSEs, including public sector banks and insurance companies, will be widened. Institutional reforms have been carried out in many Ministries / Departments in terms of decentralisation, simplification, transparency, accountability and e-governance.

100. **Right to Information Act:** To ensure that citizens are empowered to know how Government functions, the Government brought forward a historic legislation to increase transparency in the functioning of Government at all levels. The Act has wide reach, covering the Central and State Governments, Panchayati Raj institutions, local bodies, as well as recipients of Government grants. It has given citizens access to information with minimum exemptions, which too may be overridden if the benefits from the release of information outweigh the harm caused by disclosure of information. Even security agencies are subject to disclosure now in cases of allegations of corruption or violation of human rights. It has also imposed obligations on Government agencies to disclose information on their own, thus reducing the cost of access. An independent appeal mechanism in the form of Central and State Information Commissioners, coupled with extensive disclosure obligations and stringent penalties, have given teeth to the right and have made it a powerful instrument for good governance.

101. **E-Governance:** A National e-Governance Plan has been prepared. This has 26 Mission Mode Projects, some of which are nearing completion. Under the 'MCA-21' Mission Mode Project launched by the Prime Minister in March 2006, easy and secure online access has been provided to various services offered by the Ministry of Company Affairs, including electronic filing of documents and public access to corporate information. Under another Mission Mode Project, facility for online submission of applications has been introduced at a number of our diplomatic Missions, all 30 Passport Offices have been computerised and all routine work related to issue of machine-readable passports is being done electronically. Facilities to ascertain PAN, download printed challans with names and addresses and PAN/TAN, verify tax payment and tax deducted at source have been created on Internet. Scheme for electronic filing of income tax returns has been notified and registration of e-intermediaries and e-filing of returns has started. Facility for e-filing of grievances

relating to income tax will be launched soon. India Portal, a single point of Internet access to information and services from all Government Departments is also expected to be functional by December 2007. A State-Wide Area Networks (SWAN) will be created in all states by 2007. SWAN proposals from 22 states and union territories had been sanctioned by March 2006, with a total investment of Rs. 1,428 crore. A national data bank and state level data Centres are also expected to be in place by December 2007. To extend the benefits of information and communications technology to rural areas and provide outlets for delivery of public services, a scheme for setting up of village level Common Services Centres is being launched soon. The National Institute of Smart Governance has been set up to lead private sector competencies into the national e-governance effort. A scheme for computerising 13,348 District and Subordinate Courts has been separately launched under the overall directions of a Committee chaired by the Chief Justice of India.

102. *Reform of the criminal justice system:* A series of steps has been taken for tuning up the machinery and processes, strengthening the prosecution machinery, streamlining and improving procedure - especially from the point of view of expediting trial court procedure, tackling the problem of under-trials, and matters connected with grant of bail. Specific reforms include prohibition of arrest of women after sunset and before sunrise; requiring police to give information about the arrest and whereabouts of arrested person to a person nominated by him; mandatory judicial inquiry in case of death, disappearance or rape of a person while in police custody; release of an under-trial on personal bond upon the period of detention exceeding half of the maximum period of imprisonment provided for the alleged offence; establishment of a Directorate of Prosecution; plea-bargaining by means of pre-trial negotiations between the defendant and the prosecution; and, providing for punishment for threatening a witness. Fresh measures to address concerns relating to hostile witnesses, protection of witnesses and compensation to victims are being considered.

103. *Judicial reforms:* The Government will be pursuing a number of measures for judicial reforms, with a view to reducing the number of cases pending in courts and the time taken for deciding cases, decriminalising petty offences, strengthening accountability mechanism, and introduction of a Local Courts Bill for putting in place a system of local courts (*gram nyayalayas*) to secure civil and criminal justice at the grassroots level for speedy justice.

104. *Lok Pal Bill:* a Group of Ministers is deliberating upon the draft bill.

105. *Electoral reforms:* The Government has requested the Election Commission of India to recommend, in consultation with recognised political parties, quantities and the scheme of distribution of various items of assistance to be provided to recognised political parties and their candidates in kind, by way of partial funding of election expenditure with a view to building consensus on the issue among recognised political parties. The Commission is taking further steps in consultation with political parties. The Commission too has submitted a list of proposals and formal proposals in respect of actionable points are being finalised.

106. *Curbing black money:* The levy of banking cash transaction tax, restrictions to prevent bogus gifts from unrelated persons, providing for tax deduction/collection at source in certain additional areas, making punishable with imprisonment and fine making of false entries and issuing of false vouchers etc. with intent of facilitating tax evasion, and making filing of certain returns mandatory are expected to work against generation of black money.

107. **Autonomy to PSEs:** 762 guidelines relating to Central Public Sector Enterprises have been withdrawn, and a number of other guidelines have been modified or merged to simplify their administration. Government has given greater managerial and commercial autonomy to successful Central Public Sector Enterprises. The powers of Navratna and Miniratna PSEs in regard to investment in subsidiaries and joint ventures, and for delegation of powers relating to human resource management, have been enhanced; the Government has delegated to Navratna and Miniratna PSEs powers for mergers and acquisitions and has relaxed the conditions relating to Government guarantee for retaining Navratna and Miniratna status; powers to incur capital expenditure have been enhanced for Miniratna and other profit-making PSEs; and, a mechanism has been created for expeditiously including/deleting Central PSEs from Navratna category.

108. **Banks:** Instructions have been issued to all public sector banks for managerial autonomy. In keeping with the liberalised environment in banking and the need to simultaneously ensure adequate safeguards, a bill for effecting a number of amendments to the Banking Regulation Act, 1949 has been introduced in Parliament for empowering the RBI to appropriately regulate and supervise the banking sector in line with international best practices. RRBs that adopt a new governance standard and abide by the prudential regulations will qualify for receiving funds from the Government for their restructuring. Notifications under the RRB Act, 1976 have been issued to facilitate consolidation of RRB and some mergers have been approved. A package of estimated Rs. 13,596 crore to revive short-term rural cooperative structure is being implemented for financial restructuring by bringing Primary Agricultural Cooperative Societies, District Central Cooperative Banks and State Cooperative Banks to an acceptable level of financial health through cleansing of their balance sheets and strengthening of their capital bases. The extent and scope of the Banking Ombudsman Scheme has been widened since January 2006 to cover all banks, including RRBs and Scheduled Primary Cooperative Banks and provide for online submission of complaints.

109. **Land administration:** Several steps have been taken for clear record of land titles. The Law Commission has been requested to formulate a model law for comprehensive land legislation for states. The scheme for computerisation of land records now covers most districts across the country. The allocation for computerisation of land records has been more than doubled. The Government is formulating measures to modernise the system of land survey.

- ❑ Administrative Reforms Commission set up
- ❑ **Set of HR initiatives**, including more objective systems of performance appraisal through PARs and EPGs, accelerated empanelment / promotions, mandatory mid-career training, mandatory mid-career screening, a statute on public services, opening up the field for appointments to Boards of Central PSEs and public sector banks / insurance companies, etc.
- ❑ **Institutional reforms have been carried out in many Ministries / Departments in terms of decentralisation, simplification, transparency, accountability and e-governance**
- ❑ Civil society empowered through the **Right to Information Act**
- ❑ **National e-Governance Plan** being implemented: National Institute of Smart Governance and projects on company affairs, passports and visas, income tax rolled out; State Wide Area Networks, National Portal, National Databank, State Data Centres, Citizen Service Centres, etc. expected by 2007
- ❑ **Computerisation of over 13,000 courts taken up**
- ❑ **Measures referred to the Election Commission for initiating action on partial funding in kind by the State of election expenditure of recognised political parties and their candidates**
- ❑ **Criminal justice system reforms:** plea-bargain introduced, arrest of women at night barred, rights upon arrest codified, under-trial prisoners given relief, DNA test mandated in rape cases, judicial inquiry mandated for death / disappearance / rape in police custody, prosecution strengthened, bail abuse checked, threat to witness made punishable; measures being considered to address issues relating to hostile witnesses, witness protection and compensation to victims
- ❑ **Judicial reforms will be initiated** to reduce cases pending and time taken for decision, decriminalising petty offences, strengthening accountability, and introducing **local courts**
- ❑ Number of measures adopted for curbing black money
- ❑ **Greater autonomy given to Central PSEs and public sector banks**
- ❑ **RRBs and rural cooperatives structure being revived and consolidated**
- ❑ Banking ombudsman scheme made wider: online submission of complaints provided for
- ❑ Model land law being framed, land administration being modernised



XVI. PANCHAYATI RAJ

110. **Setting the agenda:** The Ministry of Panchayati Raj concluded seven Round Table Conferences with the State Panchayati Raj Ministers on eighteen identified dimensions of Panchayati Raj and a set of 150 recommendations concerning every aspect of Panchayati Raj have been arrived at. The Ministry has drawn up an annual calendar, which includes activity mapping in all states, restructuring Centrally sponsored schemes, etc. In follow up, a Group of Ministers has been constituted for strengthening the Panchayati Raj Institutions and its terms of reference also include implementing the recommendations pertaining to financial devolution.

111. **Backward Regions Grants Fund:** A Backward Regions Grants Fund, with annual allocation of Rs. 3,750 crore for identified backward districts, would be implemented through Panchayats. In order to promote district-level planning and district-level budgeting through local government institutions, preparation of District Plans is being envisaged as a pre-condition for availing of funds under the Backward Regions Grant Fund.

112. **Central role under the National Rural Employment Guarantee Act:** Panchayats have been given a central role in implementation and monitoring of the Rural Employment Guarantee Scheme. At least half the work is to be done by Gram Panchayats, using funds placed with them.

113. **Transfer of schemes to Panchayats:** Steps have been initiated for transfer of schemes to Panchayats in the Eleventh Five Year Plan.

114. **Natural resources:** The Government has initiated consultation with state governments for formulating a comprehensive programme for afforesting through Panchayats and establishing Panchayat-level community forests. States have been requested to amend their rules for conformity with PESA and issue guidelines for involving Gram Sabhas / Panchayats in mining. Most states having Scheduled Areas have done this.

- ❑ **States consulted on all aspects** and implementation being followed up with them
- ❑ **Backward Regions Grants Funds to be implemented through Panchayats**
- ❑ **Key role to Panchayats in Rural Employment Guarantee Scheme**
- ❑ Steps initiated for **transfer of schemes to Panchayats in the Eleventh Five Year Plan**
- ❑ Comprehensive programme for **establishing Panchayat-level community forests** on the anvil



XVII. URBAN RENEWAL

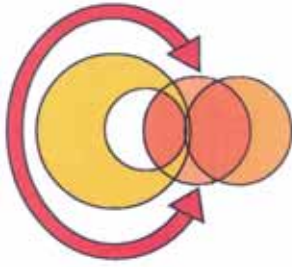
115. *Jawaharlal Nehru National Urban Renewal Mission:* The Jawaharlal Nehru National Urban Renewal Mission has been launched in December 2005, covering cities with million plus population, all state capitals and some cities considered important from religious, historical or tourist angle. It is the largest initiative since independence for urban development. It seeks to enable their comprehensive development in the areas of urban infrastructure and basic services to the urban poor, linking new investment to governance reform. It gives focused attention to integrated development of infrastructure and services, with special emphasis on provision of basic services to the poor, including housing, water supply, sanitation, slum improvement, community toilets/bath, etc., so that spatial development goes hand in hand with improvement in the quality of life of ordinary people. It is envisaged that the Central Government, state governments and urban local bodies will make combined investment of over one lakh crore Rupees under this programme over the next seven years.

116. Within three months of the launch of the Jawaharlal Nehru National Urban Renewal Mission, eight out of 63 cities covered under the Mission had submitted detailed project reports and had given their commitment for initiating city level reforms, like slum improvement programmes, resources mobilisation initiatives, rationalisation and reduction of stamp duty, public disclosure, community participation, etc. Several other cities are in the process of preparing project proposals and city development plans. 24 projects worth Rs. 864 crore have been sanctioned for eight cities.

117. *National Urban Transport Policy:* The Government has adopted the National Urban Transport Policy, 2006 to achieve the objective of improving mobility in urban India with safe, affordable, quick, comfortable, reliable and sustainable access for city residents to jobs, education, recreation and other such amenities. It seeks to place people, rather than vehicles, at the centre stage of urban transport planning. It suggests setting up of Unified Metropolitan Transport Authorities in cities having million plus populations and seeks to offer Central Government's financial support to all the state capitals and other cities with a million plus population for setting up mass transport systems. It offers support on priority basis to investments in cycle tracks and pedestrian paths under the Jawaharlal Nehru National Urban Renewal Mission. Specific schemes to implement the policy are being formulated and will be launched soon, followed by pilot projects in a sample set of cities.

118. *Urban Metros:* The successful implementation of the Delhi Metro project has generated demands for improved urban transport in many other cities. Investment approval has been accorded for the Bangalore Metro Project with a target completion date of 2011. Plans for a Mumbai Metro are in the final stages of consideration.

- ❑ **Jawaharlal Nehru National Urban Renewal Mission** launched to develop infrastructure and services, provide basic services to the poor and reform governance
- ❑ Investment of over one lakh crore Rupees over the next seven years
- ❑ 24 projects worth Rs. 864 crore already sanctioned for eight cities
- ❑ People-centric **National Urban Transport Policy** adopted: schemes to be implemented soon
- ❑ **Delhi Metro Project** successfully implemented; **Bangalore Metro** to be completed by 2011 and Plans for **Mumbai Metro** in final stage of consideration.



XVIII. CENTRE-STATE TIES

119. *Collective deliberations:* In order to collectively deliberate upon and arrive at common understanding and strategies concerning critical issues requiring coordinated action by the Centre and States, discussions with Chief Ministers have been held frequently in various forums like the National Development Council, the Inter-State Council, the National Integration Council, Conferences on Internal Security and Law and Order, etc. A meeting of the reconstituted Inter-State Council has been held and the Council's Secretariat has taken several new initiatives. The meeting of the National Development Council has been held and a committee has been constituted under the Union Finance Minister in follow up to examine extending of debt relief for loans given to states from the National Small Savings Fund.

120. *Commission on Centre-State Relations:* The setting up of the Commission has been notified.

121. *Alleviating debt burden of states:* The following measures have been taken for this:

- (i) Permission has been given to refinance loans from institutions with cheaper loans in the form of additional market borrowings/new institutional loans.
- (ii) Refinancing of NABARD loans carrying interest of 10.5% or more with additional market borrowings has been allowed.
- (iii) Option has been given for additional market borrowings at 6.0% to 6.5% interest for financing loan component of Normal Central Assistance in place of Central Government loans carrying 9% interest.
- (iv) It has been agreed to transfer external assistance loans to states on back-to-back basis to provide benefit of longer maturity and lower rate of interest.
- (vi) A scheme of debt relief has been introduced for rescheduling all Central loans contracted till 31.3.04 and outstanding as on 31.3.05 into fresh loans for 20 years carrying 7.5% interest from the year a state enacts the fiscal responsibility legislation.
- (vii) Based on the recommendations of the Twelfth Finance Commission (TFC), debt write-off is being linked to reduction in revenue deficit by a state.
- (viii) The Planning Commission had commissioned the NIPFP to carry out a study on State finances and the report will be laid before the full Planning Commission.

122. *Enhanced Central transfers:* As a result of the new scheme of tax devolution under the accepted recommendations of the Eleventh Finance Commission, the share of states has risen sharply by 20% from Rs. 78,595 crore in 2004-05 to Rs. 94,402 crore and the transfers for 2006-07 are estimated as Rs. 1,13,448 crore, a further increase of 20%. Central grants-in-aid have more than doubled from Rs. 12,081 crore in 2004-05 to Rs. 25,154 crore in 2005-06.

123. *Enhanced share in mineral royalty:* The Government raised upwards the rates of mineral royalty payable to state governments in February 2005. This was expected to result in an annual increase of 11.16% (Rs. 96.39 crore) in mineral royalty receipts to states. The revision of royalty for coal and lignite is in process.

124. *Transfer and rationalisation of Centrally Sponsored Schemes:* The Planning Commission has carried out an exercise to rationalise Centrally Sponsored Schemes and identify schemes for retention, transfer to states, dropping, merging and transfer to Central sector. These would be submitted soon to the NDC for a decision. A larger exercise to restructure the schemes around the Millennium Development Goals has been initiated.

- ❑ Discussions with Chief Ministers have been held frequently
- ❑ **Commission on Centre-State Relations** notified
- ❑ Inter-State Council and National Development Council activated
- ❑ **Several major steps taken to alleviate debt of states and improve their finances**
- ❑ **Rationalisation of Central Sector Schemes soon, followed by restructuring around MDGs**



XIX. THE NORTH EAST

125. **Securing peace:** The numbers of incidents of civilians and security personnel killed and persons kidnapped in the northeast have registered a significant decline in 2004 and 2005 compared to the preceding years. The Government has appealed to militant groups to give up violence and to come forward for talks without conditions. NSCN(I/M), NSCN(K), UPDS, DHD, NLFT(NB), NLFT(KMK), ANVC and NDFB have entered into agreements for suspension of operations. Talks are also being held with all these outfits, except NSCN(K). Possibility of talks with the ULFA is being explored through talks with the People's Consultative Group of Assam. All these talks have progressed in a constructive manner and have contributed to relieving the sense of alienation among some of our people. An agreement has been signed between BNLF and the Government of Mizoram for the return of the Bru/Reang tribe to the state. Elections to the Bodo Territorial Council have been held and the Ministry of Development of North Eastern Region has sanctioned development projects worth Rs. 225 crore for the area and assistance of Rs. 100 crore annually is being released since the year 2004-05 to the Council. Diplomatic initiatives have been taken with Bangladesh, Myanmar and Bhutan for tackling insurgent outfit operations. Special focus is being given to completing the border fencing along the Indo-Bangladesh border with a target of completing fencing in areas not posing bilateral or terrain related difficulties by 2007. The Government is revising the scheme for surrender and rehabilitation of militants in the northeast. 20% of vacancies of constables in Border Guarding Forces have been allotted to areas affected by militancy including the northeast, in order to create employment opportunities and wean youth away from the path of violence. The SRE reimbursement facility has also been extended to Meghalaya and Arunachal Pradesh in addition to the states of Assam, Manipur, Nagaland and Tripura. Special Central Assistance is being provided for modernisation of state police forces and, under the revised Scheme, seven states in the northeast have been made eligible for 100% Central funding from 2005-06, thus raising the level of Central funds to the these states.

126. **Roads:** The Government has approved a Special Accelerated Road Development Programme for the North-East (SARDP-NE). It envisages improvement of about 7,639 km of National Highways, State Roads and General Staff roads, involving a total of 83 roads, bridgeworks etc. This will ensure connectivity with National Highways to 34 hitherto unconnected district headquarters at a total estimated cost of Rs. 12,123 crore. Phase A of the project, involving work on 1,310 km of roads at an estimated cost of Rs. 4,618 crore, has been approved and works are scheduled to be completed by 2009. Preparation of Detailed Project Reports for the improvement of the balance roads in Phase B of the project is targeted for completion by December 2007, while the works are targeted for completion within seven years.

127. **Railways:** Kumarghat-Agartala and Jiribam-Tupul (Imphal Road) new railway lines and gauge conversion of Lumding-Silchar lines have been taken up at a total estimated cost of Rs. 3,450 crore to provide broad gauge connectivity for Silchar and the state capitals of Tripura and Manipur and the state of Nagaland. The Government has decided to set up a special purpose vehicle for taking the construction of rail-cum-road bridge at Bogibeel in Assam and Rangia - Murkongselek gauge conversion project to realise full benefits for this additional bridge across the Brahmaputra, which would result in greater integration of the North-Eastern Region with the rest of India. The total estimated cost of the works involved is Rs. 2,339 crore.

128. **Power:** The NTPC will start a 500 MW thermal power plant at Salakati in Assam by 2009, involving an investment of Rs. 3,000 crore. To provide coal linkage to the plant, the North East coal fields under the Coal India Limited will upgrade production of coal at Margherita in Assam from 1.1 million tonnes at present to 3.13 million tonnes by 2013, through estimated investment of Rs. 3,000 crore. The Prime Minister has laid the foundation of a 750 MW gas based thermal power plant in Tripura in September 2005, with estimated private sector investment of around Rs. 3,900 crore. The Kameng hydroelectric project of 600 MW has been approved with an estimated cost of Rs. 2,497 crore. Following the vacation of a stay order by the Supreme Court, work on the 2,000 MW Subansiri Lower hydroelectric project, having an approved cost of Rs. 6,285 crore, has been resumed in October 2004 and completion is expected by 2010-11. The Rajiv Gandhi Grameen Vidyutikaran Yojana, launched as one of the prongs of Bharat Nirman, will reach electricity to the remaining villages by 2009. The Assam Gas Cracker Project has been approved with a project cost of Rs. 5,460 crore and project implementation period of five years. The qualifying minimum generation capacity for getting mega power project status and consequent customs duty exemption has been halved for projects located in the northeast.

129. **Industrial promotion:** A new industrial policy for the North East will be announced shortly.

130. **The North-East Council (NEC) and the Non-lapsable Central Pool of Resources (NLCPR) for the North-East Region:** The NEC has been revamped and strengthened. Procedures for approvals and release of funds from the NEC / NLCPR are being reviewed to make them faster.

131. **Health:** All states in the northeast have been covered as special focus states under the National Rural Health Mission. A northeast health package is also being developed.

132. **Education:** The Ministry of HRD has earmarked funds for the northeast separately since 2004-05. Provision has been made for additional Central assistance by way of 100% grant for helping state governments in the North East meet 15% of the requirement of funds out of a total requirement of 25% as state share of SSA, as a one-time special dispensation for 2005-06 and 2006-07. The conversion of Manipur University into a Central university, the decision to bring legislation for converting Rajiv Gandhi University in Arunachal Pradesh and Tripura University into Central universities, and to establish a new Central University in Sikkim are expected to ensure accelerated development of the existing Universities and minimise imbalance in educational facilities in the northeast by ensuring a Central university in each state in the region. An IIM is being set up in the northeast. A Central Institute of Technology is being established in Kokrajhar and a National Institute of Technology will be established in Tripura. In order to address problems faced by students and working women from the northeast while living in the national capital, a 500-seat girls' hostel in the Delhi University and a 500-seat hostel for working women have been approved.

133. *Urban renewal*: Cities and towns in the northeast are being provided up to 90% Central grants for projects under the Jawaharlal Nehru National Urban Renewal Mission.

- ❑ **Extensive efforts to secure peace have borne fruit**
- ❑ Militant outfits engaged in dialogue
- ❑ **Bru problem settled**
- ❑ **Completion of border fencing along Indo-Bangladesh border by 2007**
- ❑ **More assistance given to states for security, police modernisation, surrender package**
- ❑ **Special Accelerated Road Development Programme to improve 7,639 km of roads, ensuring connectivity with NH to 34 district HQs at a cost of Rs. 12,123 crore; 1,310 km under Phase A to be completed by 2009; Phase B completion in seven years after DPRs ready**
- ❑ Kumarghat-Agartala and Jiribam-Tupul lines and Luming-Silchar gauge conversion taken up for **improving rail links to Silchar, Tripura, Manipur and Nagaland**
- ❑ **Bogibeel rail-cum-road bridge, Rangia - Murkongselek gauge conversion being taken up**
- ❑ **500 MW plant at Salakati in Assam by NTPC, with investment of Rs. 3,000 crore and coal linkage by CIL from Margherita with investment of Rs. 3,000 crore; work started on private sector 750 MW gas based plant in Tripura with investment of nearly Rs. 3,900 crore; 600 MW Kameng project approved; 2,000 MW Lower Subansiri project resumed; 100% rural electrification taken up; Assam Gas Cracker project approval in final stages**
- ❑ **New Northeast Industrial Policy soon**
- ❑ **NEC revitalised; NEC and NLCPR sanctioning procedures to be made speedy**
- ❑ **Northeast covered as special focus under NRHM; northeast package being readied**
- ❑ **Manipur University upgraded as Central university; decision to bring legislation to convert Rajiv Gandhi University in Arunachal Pradesh and Tripura University into Central universities and establish a new Central university in Sikkim; IIM to be set up; NIT to be set up in Tripura and Central Institute of Technology at Kokrajhar; MHRD earmarking funds for the north-east; 500-seat hostels for students and working women in Delhi**



XX. JAMMU AND KASHMIR

134. **Peace process:** There has been appreciable improvement in the law and order situation. The numbers of incidents of violence, civilians killed and persons kidnapped have registered significant decline. Government is engaged in talks, including at the highest level, with a large number of political groups in both regions. These talks have progressed in a constructive manner and have contributed to relieving the sense of alienation among some of our people. The process of dialogue has been taken forward through the Round Table Conference on J&K. Many detainees have been released. Srinagar-Muzaffarabad bus service has been launched and five points were opened across the LoC for earthquake relief.

135. **Reconstruction Plan:** The Reconstruction Plan for Jammu and Kashmir was announced by the Prime Minister in November 2004 and was expanded by his announcements made during his visit to Ladakh region in June 2005. The Reconstruction Plan involves an investment of approximately Rs. 24,000 crore and includes 67 projects/ schemes aimed at meeting the need to strengthen the infrastructure and catering to other development needs, while balancing the development of the three regions of Jammu and Kashmir.

136. **Expansion of economic infrastructure:** Uri-II 240 MW power project and rural electrification projects for two districts have been approved. Commissioning of Dulhasti 390 MW project is expected in 2006. 353 micro-hydroelectric projects have been completed. Baglihar 450 MW project is being provided Rs. 630 crore Additional Central Assistance for completion by 2007, and completion of Sewa-II 120 MW project is also expected in 2007. Srinagar-Kargil-Leh road has been declared a National Highway. Uri-LoC road has been made functional and Srinagar-Muzaffarabad bus service has been running regularly on it since April 2005. Work on other roads has been approved and is in progress. Srinagar Airport has been declared as an international airport and completion of physical improvements at an estimated cost of Rs. 78 crore is expected in 2006. The frequency of flights between Kargil and Srinagar has been increased. Substantial amounts as untied grants-in-aid respectively have been released to the Ladakh Autonomous Hill Development Councils for Leh and Kargil, which are taking up a number of infrastructure projects with these grants.

137. **Expansion in provision of basic services:** 14 new colleges and nine new Industrial Training Institutes have become operational. Total Literacy Campaign for the remaining districts of the state has been approved. 19 ICDS projects and 6,817 *anganwadi* centres have been sanctioned to ensure one centre in each habitation as per population norms. The State has been covered as a special focus state under the National Rural Health Mission. ADB infrastructure project covering water supply, drainage and sewerage in Srinagar and Jammu has been approved and preliminary works have commenced, with the Centre also providing counterpart funding for state's share.

138. **Providing thrust to employment and income generation:** The Government of India has removed restrictions on recruitment by the State Government for filling up of relevant posts in education and health sectors. Against the envisaged 24,000 jobs, 15,000 jobs have been created. About 14,000 jobs have been created through sanction of ICDS projects and *anganwadi* centres and over 11,000 appointments have been made, while remaining appointments are under process. Five new India Reserve Battalions have been sanctioned affording employment to about 5,000 local youth over the next five years and recruitment from the state to these and Central paramilitary forces is under process. Subsidies, training provision and Central grant share under the Swarna Jayanti Shahari Rozgar Yojana have been substantially enhanced for the state. Several hundred students have been trained for the IT/BPO sector and over 129 trained students have been given placements in the private sector. 87 tourism industry personnel have been trained to build their capacities. One-year skill development courses have started for over a hundred students on food and beverage service, cooking, house keeping and front office operations. Following training, some trained persons have established agri-clinics. Project for conservation of Dal Lake has been approved, while those for Wular, Manser and Tsomoriri lakes are under preparation. Financial assistance has been approved for four Tourism Development Authorities, five tourism villages and four tourist circuits, among a total of 22 tourism projects taken up.

139. **Providing relief and/or rehabilitation to the dislocated and the families of victims of militancy:** Rehabilitation of 6,072 border migrant families of Akhnoor Tahsil has been approved at a cost of Rs. 59.18 crore and funds have been released. Enhanced outlay of Rs. 3 crore has been released to the Rehabilitation Council. Two-room dwelling units have been approved for all Kashmiri migrants living in camps and work has started.

140. **Programmes other than the Reconstruction Plan:** Udhampur-Srinagar-Baramulla railway line is being taken up and the Prime Minister inaugurated the Jammu-Udhampur section for passenger traffic in April 2005. Further, doubling of the Jammu Tawi - Jalandhar railway line is under progress. Prime Minister has laid the foundation stone for Nimo Bazgo and Chutak hydroelectric projects (89 MW) in June 2005 for meeting the power needs of the Ladakh region. Rohtang pass tunnel for opening alternative approach to Ladakh region from Himachal Pradesh sanctioned. The qualifying minimum generation capacity for getting mega power project status and consequent customs duty exemption has been halved for projects located in Jammu and Kashmir. Programmes being implemented for development of the handicrafts sector include the Technology Mission for Wool, development of *pashmina*, traditional handicraft development, integrated development package for carpet export, integrated development package for export promotion of handicrafts (other than carpet), strengthening of infrastructure support for promotion of handicrafts sector, revival of *kani jamawar* shawl, development of sericulture and silk industries and setting up of Weavers' Service Centre. For development of tourism, soft loans have been provided to houseboat owners to renovate their boats and make them functional, soft loans have been provided to hotels for renovating and refurbishing rooms, capital grant has been provided to *shikara* owners for repair and upgrading *shikaras*, and capital subsidy and soft loans have been provided to *pony*-providers to buy new ponies. Over 15,000 persons have been benefited under these schemes. The number of tourists has risen from 0.29 lakh in 2002 to over six lakh in 2005, the highest ever. Urban areas in the state are being provided up to 90% Central grants for projects under the Jawaharlal Nehru National Urban Renewal Mission. Establishment of Sher-e-Kashmir University of Agricultural Science and Technology has been provided for.

141. *Liberal Central assistance:* The Annual Plan for Jammu and Kashmir for the year 2005-06, finalised at Rs. 4,200 crore, shows an increase of Rs. 1,192 crore over the previous year's Plan of Rs. 3,008 crore and near doubling of the Annual Plan in three years. In addition, Rs. 1,300 crore grant is being provided to the state for meeting power gap related costs in 2006-07.

- ❑ **Dialogue process taken forward** through Round Table Conference on J&K; many detainees released; **appreciable drop in levels of violence; Srinagar-Muzaffarabad bus service launched** and five points opened across the LoC for earthquake relief
- ❑ Rs. 24,000 crore **Reconstruction Plan successfully launched and substantial progress made**
- ❑ **Udhampur rail line opened** and Srinagar line work on track
- ❑ **Record tourist arrivals**
- ❑ **Rs. 1,300 crore grant to meet power bill; near doubling of the Annual Plan in three years**
- ❑ All round assistance in **earthquake and snow relief and rehabilitation** effort



XXI. PROMOTION OF INDUSTRIAL GROWTH AND INVESTMENT

142. **Institutional support:** The National Manufacturing Competitiveness Council and the Investment Commission have been set up and have started functioning.

143. **Manufacturing Initiative:** The Government will be launching a Ten Year Manufacturing Initiative to make the manufacturing sector the prime driving force for employment and economic growth. A high level committee on manufacturing has been constituted under the chairpersonship of the Prime Minister for resolving issues that may arise in the implementation of the Manufacturing Initiative, achieving a sustained growth of 12% in manufacturing, creating a policy frame for manufacturing sector reforms, addressing macro-economic issues that impinge on growth and competitiveness of the manufacturing sector, reviewing implementation, guiding interventions such as investments in innovation and technology, skill-building, right market framework and regulatory environment, coordinating the cluster approach being followed by different Ministries, monitoring programme for improving firm level competitiveness, etc. Emphasis will be placed on labour-intensive sectors such as textiles and garments, leather and leather goods, food processing, IT hardware and electronics, and auto components.

144. **Regulatory environment:** In order to keep pace with changes, the Government will soon introduce a bill for enacting a new Companies Act. In order to ensure a suitable regulatory regime for competition, the Government has introduced a bill in Parliament to amend the Competition Commission Act so that issues that had prevented the Competition Commission of India from becoming fully operational on a sustainable basis get resolved. The Commission will function not only as a market regulator for preventing anti-competitive practices, but will also serve as an expert body having advisory and advocacy functions. A Bill has been introduced in Parliament to simplify and rationalise forms and registers prescribed in 16 labour enactments and to make provisions for submission of prescribed returns electronically. The interface of industry with regulatory bodies like the taxation authorities and registration authorities is being made transparent, simple and hassle-free through initiatives like the MCA-21 and income tax computerisation e-governance projects under the National e-Governance Plan. Large Taxpayers Units will be started for serving large taxpayers through a single window for payment of excise duty, income tax and corporate tax, beginning with the larger cities. A scheme for compounding of offences under the Central Excise Act and the Customs Act has been introduced to reduce litigation and encourage settlement of disputes.

145. **FII:** The following measures have been taken to encourage FII and to reduce the vulnerability of the financial system to the flow of speculative capital:

- (i) Making procedures for registration and operations simpler and quicker for FIIs

(ii) Raising investment ceiling for FIIs in debt funds to \$1.75 billion

(iii) Finance Minister announced in Budget speech that FIIs would be permitted to submit appropriate collateral, in cash or otherwise, as prescribed by SEBI, when trading in derivatives on the domestic market.

(iv) The report of an Expert Group on encouraging FII and reducing vulnerability of capital markets to the flow of speculative capital was published on the website and is being examined in light of comments received.

According to SEBI data, cumulative FII investment since in the twelve financial years from 1992-93 to 2003-04 was US\$ 25.75 billion, whereas additional investment in next two financial years alone was over US\$ 19 billion.

146. **FDI:** Procedure for FDI under the general permission route has been simplified. Extension of validity of foreign collaboration approvals has been relaxed. Press Note 18 has been de-notified. Increases in FDI limit from 40% to 49% in civil aviation and from 49% to 74% in telecom have been notified. 100% FDI has been allowed under the automatic route for development of townships, housing, built up infrastructure and construction development projects. Following decisions have been taken to rationalise policy and remove unnecessary hurdles and outdated restrictions:

(i) allowing FDI up to 100% on the automatic route for distillation and brewing of alcohol, and for manufacture of industrial explosives and hazardous chemicals; new airport projects; coal and lignite mining for captive consumption for eligible activities; processing and warehousing in the coffee and rubber industries; infrastructure related to marketing, natural gas or LNG pipelines, market study and formulation, and investment or financing in the petroleum sector; power trading; wholesale trading and sourcing for exports; and, exploration and mining of diamonds and precious stones; manufacturing activities earlier attracting locational restrictions;

(ii) allowing automatic transfer of shares from residents to non-residents in financial services and activities earlier attracting SEBI Takeover Code route;

(iii) dispensing with the condition of divestment of 26% foreign equity in favour of Indian partner / public in respect of B2B e-commerce sector;

(iv) indicating permissible activities in development of townships, housing, built-up infrastructure and construction development and aquaculture; and

(v) allowing FDI up to 51%, with prior approval, in 'single brand' product retailing.

147. **Micro, small and medium enterprises:** A bill has been introduced in Parliament for development of micro, small and medium enterprises will be pursued to strengthen this sector. The Finance Minister has announced a policy package for stepping up credit to small and medium enterprises in Parliament in August 2005.

148. **Upgrading industrial infrastructure:** The implementation of the Industrial Infrastructure Upgradation Scheme is being given top-level direction to make its implementation effective.

149. **Export-related industries:** The SEZ Act, 2005 has been legislated for creation of required infrastructure and appropriate framework for rapid development of export-oriented manufacturing and services. Setting up of a National Export Insurance Account has been approved. A revised

simplified scheme has done away with pre-verification of data for duty drawback to compensate for the customs and excise duties suffered on inputs used in the manufacture of export products. The new duty drawback schedule has been fully aligned with the HS nomenclature and has much wider scope of product coverage than the earlier schedule. Filing of twenty-one declarations required by exporters under duty drawback and other export promotion schemes earlier has been done away with.

150. **Telecom services:** In order to encourage investment by reducing barriers to entry and lowering the cost to consumers, the annual license fee and the entry fee for NLD and ILD licenses has been reduced substantially. To encourage expansion of broadband connectivity at a faster pace, the use of specified spectrum bands for Wi-Fi and Wi-Max systems has been de-licensed. Spectrum is being made available for roll out of 3G services. A Group of Ministers has been set up to look into vacation of spectrum by existing users like Defence and making it available for commercial use in a time-bound manner.

151. **IT services, IT enabled services and Entertainment:** A study has been commissioned to assess the impact of phasing out of the Software Technology Parks scheme in 2009 and the provisions concerning IT-specific SEZs under the SEZ Act on the sector. Based on the assessment, a course of action to address concerns relating to the growth of the sector, including SMEs in the sector, will be formulated. The high level Committee on Information, Communication and Entertainment (ICE) will soon be making suggestions, *inter alia*, for meeting the human resource needs of ICE, the strategy for going digital in a time-bound manner, and targeting opportunities like animation and gaming. Steps will be taken to strengthen the Indian entertainment industry so that it can achieve global scale and realise its potential.

152. **Electronics, IT hardware and telecom equipment manufacturing:** Building on the strengths of our IT and telecom services sectors, we now have an opportunity to leverage the growth of manufacturing of electronics, IT hardware and telecom equipment in India. The Government has constituted a Task Force for promotion of growth of electronics and IT hardware manufacturing. A policy for promoting the growth of electronics and IT hardware manufacturing industries in India, with a focus on attracting investments for setting up of semiconductor fabrication and other micro and nanotechnology manufacturing industries, is being finalised. For telecom equipment manufacturing, the Government has started the process through approval for setting up of manufacturing facilities in India by established telecom majors and we are aiming to double the level of value addition in high value telecom equipment every year over the next few years, starting from 2007.

153. **Petroleum, chemicals and petrochemicals:** In order to enable quick and coordinated decision-making and to provide an appropriate policy frame for the development of sector-specific investment regions of requisite scale and level of facilities, with the involvement of world class developers and investors, in the field of petroleum, chemicals and petrochemicals, who can attract investment up to US \$ 10 billion in each location, a high level Task Force has been constituted. A National Policy on Petrochemicals is under finalisation.

154. **Mining:** In order to attract private investment in the mining sector, a National Mineral Policy and amendments to the Mines and Minerals (Development and Regulation) Act, 1957 are being formulated. The Government is working to finalise a comprehensive mechanism for single window clearance of mining leases, permits and concessions.

155. **Food processing industries:** A five-year income tax holiday and other concessions have been provided for new industries set up to process, preserve and package fruits and vegetables. An integrated strategy for promotion of agri-business is being developed. The Government has introduced a bill in Parliament for enacting an integrated food law in order to have a single statute relating to food and to provide for systematic and scientific development of food processing industries. At present, thirteen different laws affect food and food processing industries. It envisages an overarching policy framework and provision of a single window to guide and regulate the food trade and industry. The Bill is contemporary, comprehensive and seeks to secure better consumer safety through Food Safety Management Systems based on self-compliance, coupled with legal responsibility for compliance. It seeks to set standards on the basis of science, in a transparent manner, and aims to meet dynamic requirements of Indian food trade and industry.

156. **Leather:** A set of measures for the leather sector is being followed up in a time-bound manner to enable this sector to continue to be competitive and grow.

157. **Textiles:** A major package, including tax relief, has been provided for the development of the textile industry and to prepare it to take on the challenge of global competition in the post Multi-Fibre Agreement (MFA) regime. Basic customs duty on various textile machinery and spare parts has been reduced, additional capital subsidy has been provided for processing, duties on specified textile machinery items, raw materials and spare parts has been brought down, knitwear and knitted fabric have been de-reserved, and excise on polyester filament yarn has been reduced. Total approvals of assistance from the Technology Upgradation Fund Scheme (TUFS) in last two years alone formed nearly half of the cumulative amount approved since the launch of the scheme seven years ago in April 1999 and have leveraged private investment of over Rs. 15,000 crore, while a similar investment is targeted for 2006-07. This is inducing high levels of industry investment and 100% recovery of bank loans is being reported. Under a new scheme for development of 25 Integrated Textile Parks by 2007-08 in public private partnership, a number of parks have been sanctioned and several more have been identified for development. Aided by these measures, India's exports have risen by around 25% during 2005-06, and India's share in global exports has also risen significantly.

158. **Handlooms:** In order to address the problems of weavers and to give a thrust to the sector, a comprehensive Handloom Policy is being formulated. Yarn depots are being established for uninterrupted supply of yarn to weavers. A scheme similar to TUFS will be introduced for the handloom sector to provide interest subsidy on term loans.

159. **Jute:** A comprehensive National Jute Policy has been announced in April 2005 to boost demand for jute and protect the interests of jute growers. Restructuring of the Jute Corporation of India has been undertaken. In Budget 2006-07, announcements have been made regarding launch of a Jute Technology Mission with an outlay of Rs. 355 crore for holistic development of the jute sector and establishment of a National Jute Board to effect synergy in activities of various organisations in jute sector. To ensure adequate demand, the level of compulsory packaging has been increased to 100% for sugar and food grains for the jute year 2005-06.

- ❑ **Ten Year Manufacturing Initiative**, with emphasis on labour-intensive sectors, to be launched soon to make manufacturing the driving force for employment and growth, with a **high level committee chaired by the Prime Minister overseeing the Initiative**
- ❑ NMCC and Investment Commission set up and active
- ❑ **Bill for a new Companies Act soon; Competition Commission to be made operational; law on labour returns being simplified; e-governance for hassle-free regulatory interfaces**
- ❑ **Record investment by FIIs**
- ❑ **FDI limits relaxed in telecom, civil aviation and construction; Press note 18 de-notified; number of other sectors placed on the automatic route for FDI**
- ❑ **Bill soon for developing micro-enterprises and SMEs; package for stepping up credit too**
- ❑ **SEZ Act for world-class infrastructure and appropriate regulatory frame for exports**
- ❑ National Export Insurance Account created
- ❑ Set of measures being finalised for manufacture of electronics and IT hardware; manufacture of telecom equipment; Information, Communication and Entertainment (ICE); setting up of large investment regions for petroleum, chemicals and petrochemicals industries
- ❑ **National Mineral Policy, amendments to the Mines and Minerals (D. & R.) Act, and single window for mining leases and approvals on anvil**
- ❑ **Fiscal incentives and integrated food law to help food processing industries**
- ❑ **Package of measures for support to textile industry in the post-MFA scenario**
- ❑ National Jute Mission being launched and National Jute Board being set up



XXII. ENERGY

160. **Energy Coordination Committee:** An Energy Coordination Committee chaired by the Prime Minister has been set up to enable a systematic and coordinated approach to policy formulation and decision-making in the area of energy planning and security, covering energy related issues across coal, power and petroleum and natural gas sectors.

161. **Power generation:** During the Tenth Plan period the total addition to power generation capacity is estimated at 34,000 MW, which is a record. 82 projects are under construction and, when completed in one to three years, will add 33,000 MW of capacity in the public sector and 6,500 MW of capacity in the private sector. Of these, about 15,000 MW will come on stream by March 2007. The Dabhol Power Project is being revived and has started generating power this year. The condition regarding buyer states having to offer their shares in Central financial transfers as payment security has been done away with, enabling Independent Power Projects to avail of customs duty exemption for mega power projects. Five ultra mega thermal power generation plants with generation capacities of over 4,000 MW each are being created through private enterprise, on competitive bidding basis. Two are at coal pitheads (in Chhattisgarh and Madhya Pradesh), while three based on imported coal are on the coast (in Gujarat, Karnataka and Maharashtra). The process is targeted for completion by the end of 2006. More such power projects will be taken up to bridge the demand-supply gap.

162. **Power transmission and distribution:** The Government has announced its intention to establish an Empowered Committee of Chief Ministers and Power Ministers: this will provide an enabling and empowered framework to carry out deep and durable reforms in transmission and distribution reforms.

163. **Coal:** 79 coal blocks not required by Coal India Ltd. by the end of the Eleventh Five Year Plan period are being de-reserved so that they may be developed to meet our energy requirements. The Government is committed to bring in transparency and improvements in the system for giving effect to captive mining of coal and steps are being initiated for this.

164. **Petroleum and natural gas:** Law has been enacted to create a regulator for petroleum and natural gas, promote competition, and provide for access to pipelines on non-discriminatory basis. ONGC Videsh Ltd. is making investments in oilfields abroad to secure crude oil reserves. Government is also working towards laying natural gas pipelines in the neighbourhood. To promote bio-fuels, it is proposed to launch a National Bio-diesel Programme in 2006-07.

165. **Nuclear energy:** The Government expects that India may gain access to international cooperation for enlargement of our civilian nuclear energy sector, based on reciprocal commitments between India and the United States.

- ❑ **Energy Coordination Committee chaired by the Prime Minister enabling policy formulation and decision-making for energy planning and security across sectors**
- ❑ **5 ultra mega thermal power plants of 4,000 MW each being set up with private initiative**
- ❑ **Dabhol Power Project starts generating power this year**
- ❑ **About 15,000 MW fresh capacity by next year and around 40,000 MW over next 3 years**
- ❑ **Empowered Committee of CMs & Power Ministers to be set up for T&D reforms**
- ❑ **79 coal blocks not required by CIL by Eleventh Plan end being de-reserved**
- ❑ **Steps being initiated for giving effect to captive mining of coal**
- ❑ **Law enacted to create a regulator for petroleum and natural gas, promote competition, and provide for access to pipelines on non-discriminatory basis**
- ❑ **Investments made in oilfields abroad to secure crude oil reserves**
- ❑ **Government working towards laying natural gas pipelines in the neighbourhood**
- ❑ **National Bio-diesel Programme to be launched in 2006-07**
- ❑ **India may gain access to international cooperation for enlarging civilian nuclear energy sector**



XXIII. INFRASTRUCTURE

166. *Committee on Infrastructure:* Initiatives for creating world-class infrastructure are being reviewed and guided by the Committee on Infrastructure, chaired by the Prime Minister. The committee is vigorously pursuing creation of a policy and regulatory environment that attracts long-term private investment in infrastructure.

167. *Roads:* An Action Plan for development of the National Highways network, involving a total investment of Rs. 1,75,000 crore over the next seven years has been finalised. The main elements of the programme, as envisaged, are four-laning of the Golden Quadrilateral (NHDP-I), North-South - East-West Corridors (NHDP-II), four-laning of 10,000 km (NHDP-III), two-laning of 20,000 km (NHDP-IV), six-laning of the Golden Quadrilateral (NHDP-V), development of 1,000 km of access-controlled expressways (NHDP-VI), and other highway projects like ring roads, bypasses, grade separators, service roads (NHDP-VII).

168. The NHDP is being implemented as a national priority. As against 1.86 km per day completed prior to May 2004 under the NHDP, the work is progressing at the rate of 4.48 km per day. The highest ever number and value of contracts were awarded in 2005. Over 90% of the work on the earlier NHDP Phase-I, including the Golden Quadrilateral, has been completed and substantial completion (96%) is expected by June 2006. The contracts for works under NHDP-II are at various stages of award / implementation and are completion is targeted by December 2008. 4,014 km of National Highways has been approved for four-laning under the NHDP-IIIA at a cost of Rs. 22,000 crore, and completion is targeted by 2009. Another 6,000 km of National Highways has been identified for four-laning under NHDP-IIIB, at a cost of Rs. 33,000 crore, and the detailed project reports are being worked out.

169. The plan outlay for roads has increased from Rs. 6,370 crore in 2003-04 BE to Rs. 13,180 crore in 2006-07 BE. To take up road infrastructure on a larger scale, additional resources have been mobilised by enhancing the cess on petrol and diesel by 50 paise. A new Model Concession Agreement has been approved to facilitate public-private partnership in roads.

170. *Airports:* The Government intends to create world-class airports in India. A comprehensive Civil Aviation Policy is on the anvil. The process of modernisation and expansion of the Delhi and Mumbai airports through public-private partnership has commenced. Greenfield International Airports at Bangalore and Hyderabad have been approved. Plans are being made for the modernisation and development of Kolkata and Chennai airports. A comprehensive plan for the planned development of 35 non-metro airports is under finalisation and these will be taken up in a phased manner. These measures are expected to bring a total investment of Rs. 40,000 crore for modernisation of airport infrastructure. Further, proposals for revamping the Airports Authority of India are being finalised and will include upgrading of ATC services.

171. **Ports:** World-class port infrastructure is critical to economic growth. It is essential to attract massive private investment for upgrading and modernising ports. The programme for allocation of berths at major Indian ports for construction through the public-private partnership route is being expanded. A Model Concession Agreement is being formulated for this purpose. The Action Plan approved by the government is expected to bring a total investment of Rs. 60,000 crore in port infrastructure. The International Container Trans-shipment Terminal at Cochin Port is being developed in PPP mode, with an estimated investment of Rs. 2,118 crore. A detailed study is being commissioned to identify a suitable location for a new deep draft port in West Bengal. A comprehensive National Maritime Development Policy is being formulated.

172. **Railways:** Due to the great strain on the Delhi-Mumbai and Delhi-Kolkata rail tracks, the Government has decided to build two connected dedicated multi-modal freight corridors on these high-density routes. The two corridors will have a total length of over 2,700 km. Investment is expected to exceed Rs. 21,000 crore. Work is expected to commence within a year. Keeping in view the increasing demand for movement of cargo through containers, it has been decided to open this sector to competition and private sector will be eligible for running container trains. A reform agenda is being pursued, modernisation plans developed and investments in modernisation accelerated.

173. **Telecommunications:** Projects for laying submarine optical fibre cables have been initiated by Central Telecom PSEs. The Broadband Policy announced in October 2004 provides incentives for creation and growth of infrastructure. Investments from USO Fund have been stepped up significantly and amendments to the law are being introduced to make these funds available for creation of infrastructure for rural mobile telecommunications as well.

174. **Catalytic schemes to promote infrastructure development:** The government is committed to supporting infrastructure projects that are financially unviable despite being economically viable by providing a viability gap grant. A scheme has been approved for viability gap grant to infrastructure projects. In order to supplement lending by banks and financial institutions, which are currently deficient in providing long-term debt, a Special Purpose Vehicle (SPV) is to give long-term loans to infrastructure projects, including those that become viable after receiving viability gap funding. The twin schemes for viability gap funding and long-term debt to infrastructure projects will address critical gaps in private sector financing of infrastructure and ensure that infrastructure projects rendered unviable due to long gestation periods are not neglected due to unavailability of long-term debt. Through this package, the government aims at leveraging scarce budgetary resources for attracting a large pool of private capital. The projects may relate to roads and bridges, railways, seaports, airports, inland waterways and other transportation, power, urban transport, water supply, sewage, solid waste management and other infrastructure in urban areas, gas pipelines, infrastructure in SEZs, international convention centres and other tourism infrastructure. The SPV, India Infrastructure Finance Bank Ltd. (IIFCL), incorporated in January 2006, has received a number of proposals and has accorded in principle approval to some projects. Final decision on the first set of projects is expected by March 2007.

175. **Special Economic Zones:** The Special Economic Zones Act, 2005 has been legislated to enable creation of world-class infrastructure through private participation and hassle-free regulatory regime in various areas including taxation, customs, labour, etc. in SEZs. Under the Act, the cost of development of infrastructure in SEZs has been reduced substantially by exempting all material

and services purchased by the SEZ developer from customs, excise duty, service tax and Central sales tax. Power plants can be set up within the SEZ for supply to SEZ approved units with duty exemptions on capital equipment as well as raw material to provide efficient, quality power at competitive prices.

176. **Other infrastructure initiatives:** Besides the above, a number of infrastructure related initiatives have been indicated in the sections on rural development, the northeast, Jammu and Kashmir and the Jawaharlal Nehru National Urban Renewal Mission.

- ❑ **Committee on Infrastructure under the Prime Minister steering infrastructure initiatives**
- ❑ **Action plan finalised for development of National Highways network, involving total investment of Rs. 1,75,000 crore over the next seven years**
- ❑ Plan outlay for roads has been more than doubled in just three years
- ❑ **World-class airports being created with estimated total investment of Rs. 40,000;** Civil Aviation Policy on the anvil; modernisation and expansion of Delhi and Mumbai airports begun; Greenfield airports approved at Bangalore and Hyderabad; modernisation of Kolkata, Chennai and regional airports under finalisation; revamp of Airports Authority of India being finalised
- ❑ **Action plan for world-class ports through PPP to bring investment of Rs. 60,000 crore**
- ❑ **Work on dedicated railway freight corridors along Mumbai-Delhi and Kolkata-Delhi routes with estimated investment of over Rs. 21,000 crore expected to commence in a year**
- ❑ **Private sector to be eligible for running container trains**
- ❑ Projects for laying submarine optical fibre cables initiated by Central Telecom PSEs
- ❑ Broadband Policy 2004 provides incentives for creation of infrastructure
- ❑ USO Fund investments stepped up sharply and to be used for rural mobile telecom too
- ❑ **IIFCL to give long-term loans to infrastructure projects, including those with viability gap funding, to address gaps in private sector financing of infrastructure**
- ❑ **SEZ Act gives major incentives for infrastructure creation**



XXIV. FOREIGN POLICY, OVERSEAS INDIANS AND BORDERS

177. **Foreign policy initiatives:** A detailed note on foreign policy initiatives is annexed.

178. **Overseas Indians:** The scheme for Overseas Citizenship of India has been extended to cover all overseas Indians who emigrated after January 26, 1950. Overseas Citizens have been granted parity with NRIs in respect of facilities in economic, financial and educational fields, with some exceptions. A bill has been introduced in Parliament to permit Indian citizens outside India who are absent in their ordinary place of residence to get themselves registered in the electoral rolls of the constituency of their ordinary place of residence.

179. **Border management:** The Government has engaged proactively with neighbours, improved border management and laid emphasis on development of infrastructure along our borders. The work of fencing of the Indo-Bangladesh border has been given greater focus and priority. Integrated check-posts are being planned along our borders with Bangladesh, Nepal and Pakistan. Important link roads on our side of the border are being identified for development. Srinagar-Muzaffarabad, Delhi-Lahore, Amritsar-Lahore and Amritsar-Nankana Sahib bus services and Khokrapar-Munnabao rail service across the Indo-Pak border / LoC have been made operational. Infrastructure at Wagah border is being upgraded. Setting up of an integrated check-post at Wagah / Attari is being taken up, along with widening of approach road and infrastructure for Attari railway station.

- ❑ **Overseas Citizenship scheme to cover all overseas Indians who emigrated after 26.1.50**
- ❑ **Bill introduced in Parliament for grant of voting rights to NRIs**
- ❑ **Integrated check-posts being planned along borders with Bangladesh, Nepal and Pakistan**
- ❑ Srinagar-Muzaffarabad, Delhi-Lahore, Amritsar-Lahore and Amritsar-Nankana Sahib bus services and Khokrapar-Munnabao rail services across Indo-Pak border / LoC made operational
- ❑ Infrastructure at Wagah / Attari being upgraded

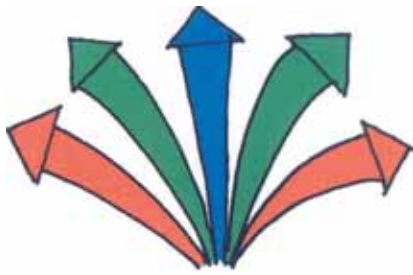


XXV. TRADE

180. **Trade promotion:** A Trade and Economic Relations Committee chaired by the Prime Minister has been set up for evolving the extent, scope and operational parameters of our economic relations with other countries in a coordinated and synchronised manner. The Committee has reviewed and guided free trade and regional trade agreements, comprehensive economic cooperation agreements WTO negotiations, bilateral trade and investment issues, etc.

181. **Trade facilitation:** In order to expedite cargo movement and avoid bottlenecks at ports, the requirement for producing bank guarantee for carriage of goods under transshipment by shipping lines and carriers of containerised cargo has been dispensed with. Movement of partially loaded containers has been allowed between container freight stations to offer flexibility and avoid bottlenecks at ports. Electronic Data Interchange has been substantially implemented for trade facilitation to enable online filing, data collection, etc. across ports, airports, container freight stations, Directorate General of Foreign Trade, CONCOR, banks, customs and excise offices, EICI, shipping and airline offices and agents, importers and exporters, railways etc. Facility for e-payment of duty will be launched soon. Project for automated clearance of courier consignments, in line with international standards and WCO guidelines, has been undertaken. Instructions have been issued to the effect that except for prohibited / contraband goods, seized goods should be released provisionally and export allowed upon execution of a bond.

- ❑ **Trade and Economic Relations Committee under the Prime Minister enabling decision-making on trade and investment issues**
- ❑ **Number of measures taken for trade facilitation**



XXVI. OTHER INITIATIVES

182. **Electricity Act:** Additional time has been given to states desiring more time for reorganising the State Electricity Boards. The Electricity (Amendment) Bill, 2005 has been introduced in Parliament, seeking, *inter alia*, to make the supply of electricity to all areas - including rural areas - the joint responsibility of the Central and the State Governments and doing away with the requirement for eliminating cross subsidies. The Government is also considering further amendments to the Bill.

183. **FM radio:** A new policy for private FM radio services was announced in July 2005 and licenses have been given for setting up of 243 FM radio channels in 29 cities, increasing coverage manifold from only 21 private FM radio stations licensed earlier in 12 cities.

184. **Commodity derivatives market:** Keeping in view changes that have taken place in the commodity futures market, and the growing demand for allowing trading in options and new generation of commodity derivatives so as to provide wider option for risk management, the Government has introduced in Parliament a Bill to structure and strengthen the Forward Markets Commission, broadly on the lines of the SEBI. The Bill provides for allowing trading in options, while simultaneously restructuring, strengthening and conferring more statutory powers on the Commission to enable it to regulate the commodity derivatives market effectively.

185. **Securities markets:** A major step has been taken for modernisation of stock exchanges with the SEBI notifying the Corporatisation and Demutualisation Schemes of 19 stock exchanges during 2005. It makes all stock exchanges 'for profit' entities, removes conflicts of interest by segregating ownership, trading rights and management. The SEBI is also in the process of setting up a National Institute of Securities Management for teaching and training intermediaries in securities markets, promoting research, and creating certification databases of market and professionals.

186. **Repeal of POTA:** It has been repealed, while ensuring adequate safeguards against terrorism.

187. **Welfare of serving and ex-servicemen:** A number of measures have been taken-

(i) The Department of Ex-servicemen's Welfare set up

(ii) The anomaly in respect of pension of personnel below officer rank who had retired before 1996 rectified and personnel retiring from the lower ranks to also get close to full pension despite short lengths of service, benefiting around Rs. 11.85 lakh pensioners at an estimated additional cost of Rs. 460 crore annually

(iii) Procedures for the next-of-kin benefits given to personnel dying in harness improved

(iv) Special drive to clear pension cases and Pension Adalats held to redress grievances

- (v) Prime Minister's Merit Scholarship Scheme being introduced from this year, for giving 5,000 scholarships every year to wards of armed forces personnel
- (vi) Availing of benefits under ECHS made easier and over 200 polyclinics set up
- (vii) Training of serving and ex-servicemen being expanded from this year
- (viii) Information on re-employment of in Government to be maintained and monitored
- (ix) Ministries advised to engage only ex-servicemen for outsourced security jobs

188. **Freedom fighters:** The Government has enhanced basic pension of freedom fighters and spouses of deceased freedom fighters by one thousand Rupees per month from Independence Day, 2005. It has also enhanced the monthly pension of unmarried and unemployed dependent daughters of deceased freedom fighters from Rs. 600 for the eldest daughter and Rs. 350 for younger daughters to Rs. 1,500 for each daughter.

189. **Senior citizens:** Senior Citizens Savings Scheme has been launched with attractive interest rate.

190. **Sethusamudram Shipping Channel:** Work on the project has commenced in July 2005 and is scheduled for completion by the end of 2009, at a cost of Rs. 2,427 crore. The project will lead to saving in navigational distance up to 424 nautical miles (785 Km) and will result in saving of time of around 30 hours. It will boost movement of cargo along the coast, enhance national security and lead to overall economic development of the region.

191. **Tamil as a classical language:** Tamil has been declared as a classical language and a scheme has been launched for providing scholarships.

192. **Desalination plants:** The first desalination plant along the Coromandel Coast had been announced for Chennai in the 2004-05 budget with a capacity of 300 million litres per day and a cost of Rs. 1,000 crore. The Government of Tamil Nadu has informed that the modalities are being worked out. More such proposals are under examination or preparation.

- ❑ **Bill tabled to make electrification Centre's responsibility as well, and removing requirement for eliminating cross-subsidies on power tariffs; states given time for unbundling SEBs**
- ❑ **FM radio coverage increased manifold through licenses given under new policy for 243 channels in 29 cities, from only 21 private FM radio stations licensed earlier in 12 cities**
- ❑ **Bill introduced to develop and regulate options and commodity derivatives market**
- ❑ **Corporatisation and Demutualisation Schemes of 19 stock exchanges notified**
- ❑ **POTA repealed**
- ❑ **A number of measures taken for welfare of serving and ex-servicemen**
- ❑ **Benefits under scheme of pension for freedom fighters enhanced**
- ❑ **Senior Citizens Savings Scheme launched with attractive interest rate**
- ❑ **Tamil declared a classical language**
- ❑ **First desalination plant announced for Chennai**

ANNEXURE

FOREIGN POLICY INITIATIVES

The past two years have been eventful for India's emerging role and status in the comity of nations. India's foreign policy has adapted to the rapidly changing global environment, while at the same time, correlating with the remarkable changes taking place within India itself. India's engagement with the rest of the world community has grown notably, as it has become ever more important to ensure a peaceful and supportive international environment conducive to India's development goals.

2. Corresponding to the country's economic growth and technological development, India has enlarged trade and investment relations with developed countries and expanded economic and technical cooperation with fellow developing countries. India actively sought to engage with regional economic groupings such as ASEAN, Mekong - Ganga Cooperation, BIMSTEC, IBSA, G-15 and IOC-ARC. The Prime Minister led the Indian delegation to the Fourth India - ASEAN summit held in Kuala Lumpur in December 2005, where it was agreed that negotiations on the India - ASEAN FTA would be completed by June 2006. India's engagement with the Non-Aligned Movement, in the United Nations and elsewhere has continued.

3. India has assiduously pressed for the reform of the United Nations, and the expansion of the UN Security Council to make its structure and decision-making process reflect contemporary geopolitical reality. We cooperated actively through the G-4 with Brazil, Germany and Japan to press the case for reform of the United Nations including, in particular, the Security Council.

4. A notable feature of India's foreign policy has been the progress achieved in developing strategic partnerships with the major powers of the world. India has entered into strategic partnerships with the United States, Russia, Japan and the European Union, and is pursuing strategic cooperation with China, thus enlarging India's policy choices and development options. Through the IBSA forum, India has had a productive engagement with two leading emerging economies, Brazil and South Africa.

5. India has accorded the highest priority to closer political, economic and other ties with its neighbours. At the Dhaka SAARC Summit in November 2005, India's offer to set up a SAARC Centre for Disaster Management was accepted and India endorsed a South Asian Economic Union by the year 2020. A meaningful milestone has been achieved with SAFTA (South Asian Free Trade Agreement) coming into force from January 1, 2006.

6. India's relations with Bhutan, Sri Lanka and Maldives have been reinforced through sustained political dialogue, economic and commercial exchanges, high-level exchanges, and close rapport between the political leadership. The King of Bhutan was the chief guest at Republic Day celebrations in 2005 and His Majesty visited India in August 2005. The President of Sri Lanka, Shri Mahinda Rajapakse, who assumed office in November 2005 visited India in December 2005. India's engagement with Nepal has been sustained with a view to strengthening constitutional forces, re-establishing political stability and encouraging social and economic regeneration. India's bilateral interaction with Bangladesh has been wide-ranging and purposeful. At the same time, the spurt in violence and extremism, as also the continued operation of forces inimical to India from Bangladeshi soil are sources of worry. The visit of the Prime Minister of Bangladesh in 2006 took our bilateral interactions further.

7. India's relations with Myanmar have progressed substantially. The visit of our President to Myanmar in March 2006 contributed to further strengthening bilateral ties.

8. India has pursued a policy of constructive engagement to establish peaceful, friendly and cooperative relations with Pakistan. The dialogue process with Pakistan is based on the commitment given by the President of Pakistan on 6 January 2004 not to permit any territory under the control of Pakistan to be used to support terrorism. The composite dialogue spanning all important aspects and issue of bilateral relations has achieved significant progress and has resulted in the signing of two important agreements - one on pre-notification on flight testing of ballistic missiles and the other, an MoU for establishment of a communication link between the Coast Guard of India and the Maritime Security Agency of Pakistan. The visit of President Musharraf to India in April 2005, the meeting between the Prime Minister and President Musharraf in New York in September 2005 imparted the necessary impetus to the ongoing bilateral dialogue. The commitment to ensure a peaceful settlement of all pending issues was reaffirmed through a Joint Statement after the meeting between the Prime Minister and President Musharraf in New York in September 2005.

9. Following the earthquake on October 8, 2005, India's prompt delivery of relief assistance, pledge of US\$ 25 million and opening of five points on the LoC for movement of people and relief material were an unmistakable expression of India's goodwill. For its part, Pakistan released 435 Indian prisoners including 371 fishermen in pursuance of an agreement reached in August 2005. The Srinagar-Muzaffarabad bus service started in April 2005, while the Amritsar-Lahore and Amritsar-Nankana Sahib bus services and the Khokrapar-Munnabao rail service have started this year. However, the caveat remains, that bilateral relations can thrive only in an atmosphere free from violence and terrorism.

10. With Afghanistan joining the SAARC, this regional forum would acquire a fuller regional identity. The Prime Minister's visit to Afghanistan in August 2005 consolidated the bilateral relationship. India's contribution of US\$ 550 million for projects in the areas of infrastructure, institutional and human resource development is an expression of our abiding partnership with Afghanistan.

11. With China, we are pursuing a strategic and cooperative partnership. The Agreement on the Political Parameters and Guiding Principles signed in April 2005, during the visit of the Chinese Premier, signified a substantive upgrading of our bilateral dialogue on the boundary question. Both countries have taken a forward-looking approach. Our bilateral trade has expanded substantially.

12. India's ties with Japan are growing in substance and strategic significance, and are particularly relevant to addressing India's infrastructure challenges. The global partnership with Japan was substantially enhanced with the visit to India of Prime Minister Junichiro Koizumi in April 2005. The Eightfold Initiative in bilateral cooperation and the agreement on closer collaboration to secure peace, stability and prosperity in Asia are bound to bring the two countries together in more intensive engagement.

13. India's Look East Policy, partnership with ASEAN and our active engagement with BIMSTEC are part of an irreversible process of integration of our economy with that of South East Asia. The Fourth India-ASEAN Summit in Kuala Lumpur in December 2005 and the Prime Minister's participation in the East Asia Summit have signified India's growing role and integration with the evolving global economy. The Comprehensive Economic Cooperation Agreement signed with Singapore and similar model being developed with Thailand, and Joint Study Group set up for

conclusion of FTA with Malaysia and Indonesia, signal closer inter-linkages with this region. The President of Indonesia, and the Prime Ministers of Fiji, Singapore and Thailand visited India. The Prime Minister visited Indonesia to attend the Asian-African Summit and the golden jubilee commemoration of the Bandung Conference. The President's visit to Philippines and Singapore in February underscored the importance of this region.

14. We have devoted considerable energies to building upon the traditional and historical bonds with the Gulf, West Asian and North African region, which is of crucial importance to India. We value our partnership with the Central Asian nations who, together with the Gulf and West Asia, have an essential and vital contribution to make to our energy security. It was symbolic of India's growing engagement with the region that India attended for the first time the Arab League Summit at Algiers in March 2005 as an observer. In a historic development, the King of Saudi Arabia was the Chief Guest at our Republic Day 2006 celebrations. India has welcomed the democratic process under way in Iraq, which should enable the Iraqi people to take full sovereign control of their nation's destiny. India has been supportive of the efforts of the international community in finding a just and durable solution to the problems faced by the Palestinian people, so that they may achieve a State of their own. At the same time, India has attached high importance to strengthening its friendly relations with Israel.

15. The transformation of India-US relationship has been one of the more significant developments in India's diplomatic outreach. The Prime Minister's visit to the US in July 2005, the Joint Statement of July 18, the Science and Technology Framework Agreement of October 2005, the new Framework of Defence Relationship of June 2005, and the India-US Energy Dialogue initiated in May 2005, have the potential to fundamentally re-define India-US relationship. The decision of the two Governments to work to achieve full civil nuclear energy cooperation is proof of a relationship of trust and goodwill. Major initiatives are under way to encourage expansion of investment, trade and technology transfers, accelerate cooperation in agriculture, health and human resource development, and expanding cooperation on key global challenges.

16. The Prime Minister's visit to Russia in December 2005 was intended to bring about a comprehensive re-engagement in the strategic partnership between the two countries. Both countries were able to set out a practical and achievable agenda for action to cover bilateral trade, investment, cooperation in high technology areas, defence and energy security.

17. India's relations with the European Union were upgraded to a strategic partnership at the Fifth India-EU Summit in 2004. The New Delhi Summit of September 2005, under the Presidency of UK adopted a Joint Action Plan to strengthen political dialogue, enhancement of economic policy dialogue and cooperation to promote trade and investment. Separately, India has established strategic partnerships individually with UK, France and Germany. The Prime Minister's visit to France in September 2005 and the French President's State visit to India in February 2006 mark significant milestones in this relationship.

18. India has intensified its engagement and expanded its trade and investment with the nations of Latin America and the Caribbean (LAC). The relations with Brazil have been deepened in the context of mutual recognition as strategic partners, bilaterally, trilaterally (IBSA) and multilaterally (G-4 and G-20). India received the visits of the Presidents and Foreign Ministers of several Latin American nations. For the first time, we had India-SICA (eight Caribbean nations) and India-Caricom

(14 Caribbean Community nations) Ministerial-level interactions in 2005. Our exports to the LAC region rose to three billion dollars in 2005, up from two billion dollars in 2004.

19. We have made special efforts to revive our traditional ties with the nations of the African continent. The Pan-African E-Network Project, for which an MoU has been signed between India and the African Union, is designed to bridge the digital divide in Africa. It will use Indian expertise in areas like IT, education and healthcare to deliver affordable distance education and medical services in remote locations. It will also put in place a network offering secure video conferencing and VoIP facilities to African Heads of States and Governments. India has extended concessionary lines of credit to the tune of over a billion dollars to a number of countries in Africa, for projects ranging from road and rail transport, to agricultural machinery, and food processing. The New Partnership for African Development (NEPAD), and the TEAM-9 initiative, a techno-economic cooperation venture between India and nine countries of West Africa, have given much needed impetus to deepen India's engagement with the countries South of Sahara. India has provided steadfast support to peacekeeping missions in different parts of Africa. Currently, Indian personnel are serving in UN missions in Burundi, Cote d'Ivoire, Democratic Republic of Congo, Ethiopia and Eritrea, Sierra Leone and the Sudan. The ITEC and the SCAA Programmes, which have been extremely popular in Africa, are currently providing training to over one thousand officials in India.