ANNEXURE

CENTRAL BUDGET, 1991-92

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Budget 1991-92

Speech of

Shri Manmohan Singh

Minister of Finance

24th July, 1991

PART A

Sir,

I rise to present the budget for 1991-92. As I rise, I am overpowered by a strange feeling of loneliness. I miss a handsome, smiling, face listening intently to the Budget Speech. Shri Rajiv Gandhi is no more. But his dream lives on; his dream of ushering India into the twenty-first century; his dream of a strong, united, technologically sophisticated but humane India. I dedicate this budget to his inspiring memory.

2. The new Government, which assumed office barely a month ago, inherited an economy in deep crisis. The balance of payments situation is precarious. International confidence in our economy was strong until November 1989 when our Party was in office. However, due to the combined impact of political instability witnessed thereafter, the accentuation of fiscal imbalances and the Gulf crisis, there was a great weakening of international confidence.There has been a sharp decline in capital inflows through commercial borrowing and non-resident deposits. As a result, despite large borrowings from the International Monetary Fund in July 1990 and January 1991, there was a sharp reduction in our foreign exchange reserves. We have been at the edge of a precipice since December 1990 and more so since April 1991. The foreign exchange crisis constitutes a serious threat to the sustainability of growth processes and orderly implementation of our development programmes. Due to the combination of unfavourable internal and external factors, the inflationary pressures on the price level have increased very substantially since mid-1990. The people of India have

to face double digit inflation which hurts most the poorer sections of our society. In sum, the crisis in the economy is both acute and deep. We have not experienced anything similar in the history of independent India.

3. The origins of the problem are directly traceable to large and persistent macro-economic imbalances and the low productivity of investment, in particular the poor rates of return on past investments. There has been an unsustainable increase in Government expenditure. Budgetary subsidies, with questionable social and economic impact, have been allowed to grow to an alarming extent. The tax system still has many loopholes. It lacks transparency so that it is not easy to assess the social and economic impact of various concessions built into its structure. The public sector has not been managed in a manner so as to generate large investible surpluses. The excessive and often indiscriminate protection provided to industry has weakened the incentive to develop a vibrant export sector. It has also accentuated disparities in income and wealth. It has worked to the disadvantage of the rural economy. The increasing difference between the income and expenditure of the Government has led to a widening of the gap between the income and expenditure of the economy as a whole. This is reflected in growing current account deficits in the balance of payments.

4. The crisis of the fiscal system is a cause for serious concern. The fiscal deficit of the Central Government, which measures the difference between revenue receipts and total expenditure, is estimated at more than 8 per cent of GDP in 1990-91, as compared with 6 per cent at the beginning of the 1980s and 4 per cent in the mid-1970s. This fiscal deficit had to be met by borrowing. As a result, internal public debt of the Central Government has accumulated to about 55 per cent of Gross Domestic Product (GDP). The burden of servicing this debt has now become onerous. Interest payments alone are about 4 per cent of GDP and constitute almost 20 per cent of the total expenditure of the Central Government. Without decisive action now, the situation will move beyond the possibility of corrective action.

5. The balance of payments situation is most difficult. The current account deficit, which was about 2 per cent of GDP for several years, is estimated to be more than 2.5 per cent of GDP in 1990-91. These

persistent deficits, which were inevitably financed by borrowings from abroad, have led to a continuous increase in external debt which, including non-resident Indian (NRI) deposits, is estimated at 23 per cent of GDP at the end of 1990-91. Consequently, the debt service burden is estimated at about 21 per cent of current account receipts in 1990-91. These strains were stretched to a breaking point on account of the Gulf crisis last year. The balance of payments has lurched from one liquidity crisis to another since December 1990. The current level of foreign exchange reserves, in the range of Rs.2500 crores, would suffice to finance imports for a mere fortnight.

6. The price situation, which is of immediate concern to the vast mass of our people, poses a serious problem as inflation has reached a double digit level. During the fiscal year ending 31st March 1991 the wholesale price index registered an increase of 12.1 per cent, while the consumer price index registered an increase of 13.6 per cent. The major worrisome feature of the inflation in 1990-91 was that it was concentrated in essential commodities. The prices of these commodities rose inspite of the three good monsoons in a row and hence the three successive bumper harvests. Inflation hurts everybody, more so the poorer segments of our population whose incomes are not indexed.

7. There is no time to lose. Neither the Government nor the economy can live beyond its means year after year. The room for manoeuvre, to live on borrowed money or time, does not exist any more. Any further postponement of macro-economic adjustment, long overdue, would mean that the balance of payments situation, now exceedingly difficult, would become unmanageable and inflation, already high, would exceed limits of tolerance. For improving the management of the economy, the starting point, and indeed the centre-piece of our strategy, should be a credible fiscal adjustment and macro-economic stabilisation during the current financial year, to be followed by continued fiscal consolidation thereafter. This process would, inevitably, need at least three years, if not longer, to complete. But there can be no adjustment without pain. The people must be prepared to make necessary sacrifices to preserve our economic independence and restore the health of our economy.

8. In the macro-management of the economy, over the medium-term, it should be our objective to progressively reduce the fiscal deficit of

the Central Government, to move towards a significant reduction of the revenue deficit, and to reduce the current account deficit in the balance of payments. It is only such prudent management that would enable us to curb the exponential growth in internal and external debt and limit the burden on debt servicing, for the Government and the country, to manageable levels. Indeed, we must make a conscious effort to reduce the internal debt of the Government and the external debt of the nation, so that we rely more and more on our own resources to finance the process of development. During the period of transition, it shall be our endeavour to minimise the burden of adjustment on the poor. We are committed to adjustment with a human face. It will also be our endeavour that the adjustment process does not adversely affect the underlying growth impulses in our economy. We do not have time to postpone adjustment and stabilisation. We must act fast and act boldly. If we do not introduce the needed correctives, the existing situation can only retard growth, induce recession and fuel inflation, which would hurt the economy further and impose a far greater burden on the poor.

9. Macro-economic stabilisation and fiscal adjustment alone cannot suffice. They must be supported by essential reforms in economic policy and economic management, as an integral part of the adjustment process, reforms which would help to eliminate waste and inefficiency and impart a new element of dynamism to growth processes in our economy. The thrust of the reform process would be to increase the efficiency and international competitiveness of industrial production, to utilise for this purpose foreign investment and foreign technology to a much greater degree than we have done in the past, to increase the productivity of investment, to ensure that India's financial sector is rapidly modernised, and to improve the performance of the public sector, so that the key sectors of our economy are enabled to attain an adequate technological and competitive edge in a fast changing global economy. I am confident that, after a successful implementation of stabilisation measures and the essential structural and policy reforms, our economy would return to a path of a high sustained growth with reasonable price stability and greater social equity.

10. Thanks to the efforts of Pandit Jawaharlal Nehru, Indira Gandhi and Rajiv Gandhi, we have developed a well diversified industrial structure. This constitutes a great asset as we begin to implement various structural reforms. However, barriers to entry and limits on

growth in the size of firms, have often led to a proliferation of licensing and an increase in the degree of monopoly. This has put shackles on segments of Indian industry and made them serve the interests of producers but not pay adequate attention to the interests of consumers. There has been inadequate emphasis on reduction of costs, upgradation of technology and improvement of quality standards. It is essential to increase the degree of competition between firms in the domestic market so that there are adequate incentives for raising productivity, improving efficiency and reducing costs. In the pursuit of this objective, we have announced important changes in industrial policy which will bring about a significant measure of deregulation in the domestic sector, consistent with our social objectives and the binding constraints on the balance of payments.

11. The policies for industrial development are intimately related to policies for trade. There can be no doubt that protection was essential in the initial phase of our industrial development, so that we could go through the learning period without disruption. The past four decades have witnessed import substitution which has not always been efficient and has some times been indiscriminate. The time has come to expose Indian industry to competition from abroad in a phased manner. As a first step in this direction, the Government has introduced changes in import-export policy, aimed at a reduction of import licensing, vigorous export promotion and optimal import compression. The exchange rate adjustments on 1st and 3rd July 1991 and the enlargement and liberalisation of the replenishment licence system constitute the two major initial steps in the direction of trade policy reform. They represent the beginning of a transition from a regime of quantitative restrictions to a price based mechanism.

12. After four decades of planning for industrialisation, we have now reached a stage of development where we should welcome, rather than fear, foreign investment. Our entrepreneurs are second to none. Our industry has come of age. Direct foreign investment would provide access to capital, technology and markets. It would expose our industrial sector to competition from abroad in a phased manner. Cost, efficiency, and quality would begin to receive the attention they deserve. We have, therefore, decided to liberalise the policy regime for direct foreign investment in the following manner. First, direct foreign investment in specified high priority industries, with a raised limit for foreign equity at 51

per cent, would be given prompt approval, if equity inflows are sufficient to finance the import of capital goods at the stage of investment and if dividends are balanced by export earnings over a period of time. Second, foreign equity upto 51 per cent would be allowed for trading companies primarily engaged in export activities. Third, a special board would be constituted to negotiate with a number of large international firms and approve direct foreign investment in selected areas; this would be a special regime to attract substantial investment that would provide access to high technology and to world markets.

13. For the founding fathers of our Republic, a public sector that would be vibrant, modern, competitive and capable of generating large surpluses was a vital element in the strategy of development. The public sector has made an important contribution to the diversification of our industrial economy. But there have been a number of shortcomings. In particular, the public sector has not been able to generate internal surpluses on a large enough scale. At this critical juncture, it has therefore become necessary to take effective measures so as to make the public sector an engine of growth rather than an absorber of national savings without adequate return. This has been widely accepted, but thought and action in this regard are still far apart. To bridge this gap, the portfolio of public sector investments would be reviewed so as to concentrate the future operations of the public sector in areas that are strategic for the nation, require high technology for the economy, and are essential for the infrastructure. In order to raise resources, encourage wider public participation and promote greater accountability, upto 20 per cent of government equity in selected public sector undertakings would be offered to mutual funds and investment institutions in the public sector, as also to workers in these firms. Public enterprises which are chronically sick and which cannot be turned around, will be referred to the Board for Industrial and Financial Reconstruction (BIFR), or to a similar high-powered body to be set up, for the formulation of revival or rehabilitation schemes; a social security mechanism will be created to fully protect the interests of the workers likely to be affected by the rehabilitation packages of the BIFR. Autonomy in management, and corresponding accountability, would be provided through a system of memorandums of understanding between the Government and public sector enterprises.

14. Our banking system and financial institutions are at the very core

of the financial infrastructure in the economy. The widening and deepening of our financial system have helped the spread of institutional finance over a vast area and have contributed significantly to the augmentation of our savings rate, particularly financial savings. This has been a most commendable achievement, but our financial system has developed certain rigidities and some weaknesses which we must address now. The objective of reform in the financial sector would be to preserve its basic role as an essential adjunct to economic growth and competitive efficiency, while improving the health of its institutions. In this task, it is essential to ensure capital adequacy, introduce prudential norms and improve profitability of our commercial banks and financial institutions. There are no magic solutions. These are complex issues which need careful consideration. Therefore, I propose to appoint a high level committee to consider all relevant aspects of structure, organisation, functions and procedures of the financial system. This committee would advise the Government on appropriate measures that would be needed to enhance the viability and health of our financial sector so that it can better serve the needs of the economy without any sacrifice of the canons and principles of a sound financial system.

15. Interest rates are a crucial dimension of the financial sector. In the formative stages of the development of credit markets, administrative *intervention* in interest rates is both necessary and desirable. At the present stage of our development, however, we can begin to relax the degree of intervention and impart a greater flexibility to the structure of interest rates. The Reserve Bank of India has already taken an important step in this direction, by stipulating a floor rate of interest and providing freedom to commercial banks to charge interest rates above the floor level based on their perceptions of risk. The Government proposes to extend a similar freedom to term-lending financial institutions, where the minimum interest rate would be 15 per cent, and these institutions would be free to charge an interest rate in accordance with their perception of the creditworthiness of borrowers. With the exception of tax free bonds for the public sector, it is also proposed to remove all restrictions on interest rates for debentures, both convertible and non-convertible, floated in the capital market. The interest rate on such debt instruments will hereafter be governed by market forces, and the credit rating of such debt instruments will become an integral part of the capital market process. In consultation with the Reserve Bank of India, the Government would continue to watch the structure of interest rates. Recently, interest

rates payable on bank deposits have been increased. I now propose to do a similar thing with regard to interest rates payable under the small savings schemes. Our ultimate objective is to achieve a significant reduction both in the nominal and the real interest rates. This would be possible if the rate of inflation is reduced significantly over the next three years.

16. While presenting the budget for 1987-88, our former Prime Minister the late Shri Rajiv Gandhi had assured this House that for a healthy growth of capital markets, for protecting the rights of investors and for preventing trading malpractices the Government would set up a separate Board for the regulation and orderly functioning of the Stock Exchanges and the securities industry. Although the Board was set up, legislation to give the Board adequate powers was unfortunately not enacted. This shall now be done forthwith and full statutory powers will be given to the Securities and Exchange Board of India for administering the relevant provisions of the Securities Contracts (Regulation) Act and the Companies Act. Transferring these powers from the Controller of Capital Issues and the Government to an independent body would enable it to effectively regulate, promote and monitor the working of the Stock Exchanges in the country. A comprehensive package of reforms relating to trading on the Stock Exchanges, including a system of national clearing and settlement and setting up of a central depository, is also under active consideration.

17. In regard to Mutual Funds, some progress towards evolving a competitive structure has been made in the last few years with encourgaging results. For many investors, mutual funds are a more suitable investment vehicle than direct ownership of shares. The Government is already giving tax incentives for equity-linked savings schemes offered through mutual funds. The Government has now decided to further promote the development of mutual funds by throwing the field open to the private sector and joint sector mutual funds. In order to safeguard the interests of the investing public, ~~and to encourage~~ a healthy growth of the capital markets, a comprehensive set of guidelines is being evolved for the operation of all mutual funds. Consideration will also be given to enactment of legislation for this purpose.

18. A comprehensive review of policies and procedures bearing on Non-resident Indian investments shall be carried out and further relaxations made in order to remove all procedural difficulties and

impediments to the setting up of industrial and other ventures by Non-resident Indians. New sectors shall be made available to NRIs for investment on a non-repatriation basis, including housing, infrastructure and real estate development. For example, at present, NRIs of foreign nationality are required to obtain specific permission under section 31 of the Foreign Exchange Regulation Act (FERA) to acquire residential property. It is now proposed to provide general exemption from this provision to such persons. However, rental income and proceeds from the sale of such housing will be non-repatriable. For facilitating interaction with the Central Government, to serve as a focal point for NRIs, Government proposes to establish a Chief Commissioner for Non-resident Indians. I would urge State Governments, also, to establish an office of a Commissioner for Non-Resident Indians.

19. I believe that the time has come to evolve a more transparent institutional mechanism for fixing tariffs and domestic prices in sectors where there might still be need for protecting Indian industry against foreign competition and for the determination of administered prices, particularly in the area of public utilities. For this purpose, we propose to restructure the Bureau of Industrial Costs and Prices and to transform it into a Tariff Commission.

20. As we enter the last decade of the twentieth century, India stands at the cross-roads. The decisions we take and do not take, at this juncture, will determine the shape of things to come for quite some time. It should come as no surprise, therefore, that an intense debate rages throughout the country as to the path we should adopt. In a democratic society it could not be otherwise. What can we learn from this debate? The most important thing that comes out clearly is that we cannot realise our goal of establishing a just society, if we abandon the planning process. But India's future development depends crucially on how well the planning process is adapted to the needs of a fast changing situation. I believe that without an intelligent and systematic coordinated resource use in some major sectors of our economy, development will be lopsided. It will violate deeply cherished values of equity and it will keep India well below its social, intellectual and moral potential. But our planning processes must be sensitive to the needs of a dynamic economy. Over centralisation and excessive bureaucratisation of economic processes have proved to be counter productive. We need to expand the scope and the area for the operation of market forces. A

reformed price system can be a superior instrument of resource allocation than quantitative controls. But markets can only serve those who are part of the market system. A vast number of people in our country live on the edges of a subsistence economy. We need credible programmes of direct government intervention focussing on the needs of these people. We have the responsibility to provide them with quality social services such as education, health, safe drinking water and roads. In the same way, the development of capital and technology intensive sectors, characterised by long gestation periods, such as transport and communications and energy will need to be planned with much greater care than ever before. The control of land and water degradation, which threatens the livelihood of millions of poor people in this country, will also require effective Government leadership and action.

21. The challenge that we are facing is without precedent. In its initial stages, the Industrial Revolution in the western world concentrated on the creation of wealth, unmindful of the social misery and inequity which characterised this process. The democratisation of the polity came much later. The socialist experiment in charting a new path for accelerated industrial transformation of an underdeveloped economy and polity did achieve considerable success in developing technological and military capabilities, accumulation of capital for rapid industrial growth and human resources development, in countries such as the USSR. But recent developments have shown that this approach too suffered from major weaknesses, particularly in its allocative efficiency, in the management of technical change, control of environmental degradation and in harnessing the vast latent energy and talents of individuals. In India, we launched an experiment under the leadership of Pandit Jawaharlal Nehru, an experiment which sought to unite the strengths and merits of different approaches to accelerated development of our backward economy. We have achieved considerable success in the field of development, modernisation and greater social equity. However, we are yet far from realising our full potential in all these areas. We have to accomplish the unfinished task, while remaining steadfast in our allegiance to the values of a democratic system.

22. At the same time, we must restore to the creation of wealth its proper place in the development process. For, without it, we cannot remove the stigma of abject poverty, ignorance and disease. But we

cannot accept social misery and inequity as unavoidable in the process of creation of wealth. The basic challenge of our times is to ensure that wealth creation is not only tempered by equity and justice but is harnessed to the goal of removal of poverty and development for all.

23. For the creation of wealth, we must encourage accumulation of capital. This will inevitably mean a regime of austerity. We have also to remove the stumbling blocks from the path of those who are creating wealth. At the same time, we have to develop a new attitude towards wealth. In the ultimate analysis, all wealth is a social product. Those who create it and own it, have to hold it as a trust and use it in the interest of the society, and particularly of those who are under-privileged and without means. Years ago, Gandhiji expounded the philosophy of trusteeship. This philosophy should be our guiding star. The austerity that Gandhiji practised and preached is a necessary condition for accelerated economic development in the framework of a democratic polity. The trusteeship that he prescribed for the owners of wealth captured the idea of social responsibility.

24. In highlighting the significance of reform, my purpose is not to give a fillip to mindless and heartless consumerism we have borrowed from the affluent societies of the West. My objection to the consumerist phenomenon is two-fold. First, we cannot afford it. In a society where we lack drinking water, education, health, shelter and other basic necessities, it would be tragic if our productive resources were to be devoted largely to the satisfaction of the needs of a small minority. The country's needs for water, for drinking and for irrigation, rural roads, good urban infrastructure, and massive investments in primary education and basic health services for the poor are so great as to effectively preclude encouragement to consumerist behaviour imitative of advanced industrial societies. Our approach to development has to combine efficiency with austerity. Austerity not in the sense of negation of life or a dry, arid creed that casts a baleful eye on joy and laughter. To my mind, austerity is a way of holding our society together in pursuit of the noble goal of banishing poverty, hunger and disease from this ancient land of ours.

25. Let me now turn to fiscal adjustment during the current financial year. The beginning of any attempt to correct the fiscal imbalance in the economy must be directed at a reduction in expenditure and an increase in income of the Government, so as to reduce the fiscal deficit. In the

medium-term, however, our fiscal regime would be sustainable only if revenue receipts not only meet revenue expenditure but also provide a sufficient surplus to finance capital expenditure that does not yield direct economic returns as such, as in defence or in social sectors. Even this would not suffice if investment expenditures in the budget do not earn an adequate return. The elimination of structural imbalances in our fiscal system would require a reduction both in the fiscal deficit and in the revenue deficit as a proportion of GDP. The Union Budget for 1991-92 is an essential first step in this direction.

26. It must be recognised that the necessary reduction in the fiscal deficit, during 1991-92, is a stupendous task. The interim budget presented to Parliament in March 1991 estimated the fiscal deficit at Rs.38475 crores. But this estimate was based on assumptions about certain decisions that have not been implemented. The postponement of the regular budget has made a formidable task even more difficult because almost four months of the financial year have now elapsed without any effort at fiscal correction. Indeed, past trends in revenue and expenditure suggest that, without any corrective action on our part, the fiscal deficit during 1991-92 could well reach a level of more than Rs.52000 crores. The difference between the two sets of figures provides the real measure of the fiscal correction needed during the current financial year.

27. According to provisional data available, the more narrowly defined budget deficit, as measured by borrowing through short term Treasury bills, for 1990-91 at Rs.11430 crores was significantly higher than the revised estimate of Rs.10722 crores, largely due to a substantial revenue shortfall, particularly in corporation tax revenues. This highlights the handicap with which we begin. Let me now present the scenario for 1991-92.

28. The increasing levels of non-plan expenditure, financed through borrowing, have led to an exponential increase in interest payments by the Government. The revised estimates for interest payments during 1990-91, at Rs.21850 crores, accounted for as much as 38 per cent of the net revenue receipts of the Central Government. Interest payments during 1991-92, estimated at Rs.27450 crores, constitute 42 per cent of the net revenue receipts of the Central Government at existing rates of taxation. If the present trends continue without any correction, then interest payments could well account for

more than 50 per cent of the net revenue receipts of the Central Government by 1994-95. These magnitudes and proportions only serve to highlight the gravity of the situation and the acute need for a *substantial* adjustment in non-plan expenditure over the next three years.

29. The revised estimate for total non-plan expenditure in 1990-91 was Rs.76761 crores. In the normal course, even with the strictest scrutiny but in the absence of specific measures for reducing expenditure, this non-plan expenditure would have increased to a level of Rs.89000 crores in 1991-92. Any attempt at fiscal correction during the current financial year can be meaningful only if non-plan expenditure is reduced by at least 10 per cent from the level it would otherwise reach.

30. The single largest component of non-plan expenditure is interest payments. Even if there is a drastic reduction in Government borrowing during this year, interest payments would still be in the range of Rs.35000 crores in the next financial year. The exponential increase in interest payments can be brought under some measure of control, by 1994-95, only through a strict discipline on government borrowing for a period of three years.

31. The second largest component of non-plan expenditure is the allocation for the defence sector, where the provision in the revised estimates for 1990-91 was Rs.15750 crores. No attempt at containing non-plan expenditure can succeed if defence is to be excluded. At the same time, it is absolutely essential to ensure that a quest for economy in expenditure does not in any way compromise national security. We must, therefore, seek to limit expenditure without diluting the efficiency and effectiveness of our defence services. Keeping in view all these considerations, it has been decided to provide an outlay of Rs.16350 crores for defence in the current year.

32. Honourable Members are aware that export subsidies have been abolished with effect from 3 July 1991. The export sector is being adequately compensated through the adjustments in the exchange rate and the expansion of the Replenishment Licensing System which were implemented at the beginning of July. Consequently, it is now necessary to provide only Rs.1224 crores for export subsidies in the budget estimates for 1991-92, as compared with the earlier estimated

requirement of Rs.4200 crores, yielding a saving of as much as Rs.3000 crores during the remainder of this year.

33. In so far as fertiliser subsidies are concerned, with effect from this evening, low analysis fertilisers such as calcium ammonium nitrate, ammonium chloride, ammonium sulphate and sulphate of potash will be free from price and movement controls. There will be an increase of 40 per cent, on an average, in the price of all other fertilisers. In addition, in respect of single super phosphate, there shall also be a ceiling on the subsidy per tonne payable to producers so as to move towards total deregulation in the next few years; this should act as an incentive for all high cost units to reduce costs and improve efficiency. The necessary notifications in this regard are being issued separately, today, by the Ministry of Agriculture.

34. The economic rationale for an increase in the price of fertilisers is so obvious that it does not need to be stated. Nevertheless, I would like to draw the attention of the House to the fact that there has been no increase in fertiliser prices since July 1981. In these ten years, there has been a continuous increase in the procurement prices of paddy and wheat, as also in the market prices of other crops, received by the agricultural sector. Farmers will be compensated for the proposed increase in the price of fertilisers through suitable increases in procurement prices.

35. We would continue to ensure that 50 per cent of the plan resources are invested in the agricultural and rural sector. The provision for the continuing schemes for assistance to small and marginal farmers for dug wells and shallow tubewells would be doubled. The ceilings on assistance in difficult areas, where the water-table is very low, would be removed. Similarly, the provision for assistance for fresh water and brackish water aqua-culture and for oilseeds and pulses production would be substantially stepped up. New schemes are being drawn up to popularise small tractors and matching implements, drip and sprinkler irrigation in areas where water is scarce, and quality seeds in low yield areas. Another new scheme that would be implemented from this kharif season is for providing assistance to State Governments, cooperative societies, and farmers' groups to provide blanket plant protection cover on payment of a small fee in large identified areas under cotton or pulses. It would also be possible to demonstrate the advantages of integrated

pest management in these areas. In order to safeguard any possible loss in production because of increase in fertiliser prices, and any decline in consumption, the credit structure would be strengthened to ensure adequate availability of credit particularly to the small and marginal farmers. Simultaneously, soil testing laboratories and farm advisory services all over the country would be strengthened to ensure efficient use of fertilisers and popularise the use of bio-fertilisers. We would also identify a few irrigation projects that can be completed in this very year and ensure that these are provided the necessary funds. The other new initiatives, also, would not be starved of funds. As far as possible our emphasis will be on provision of quality services to our farmers and not on hand outs and subsidies.

36. The sugar subsidy which is costing the exchequer about Rs.350 crores per annum is indeed an aberration, which crept into the system from January 1990, when the increase in the levy price paid to producers was not matched by a simultaneous increase in the issue price for consumers in the public distribution system. Small quantities of sugar are made available, mostly in metropolitan and urban areas, under the public distribution system at Rs.5.25 per kg. whereas the price that most people pay in the market is around Rs.10 per kg. Government has decided that this subsidy should be abolished forthwith. Consequently, the issue price of sugar under the public distribution system will be increased by 85 paise per kg. to Rs.6.10 per kg. with effect from this evening. At the same time, the public distribution system is being strengthened to serve more effectively the weaker sections of our population, particularly the rural poor, having special regard to their basic needs for foodgrains such as rice and wheat. The provision for food subsidies in the current year is being stepped up to Rs.2600 crores, as compared with only Rs.1800 crores provided in the interim budget and Rs.2450 crores provided in the revised estimates for 1990-91.

37. As a result of the exchange rate adjustments, at the beginning of July 1991, there would be an increase in the rupee value of the import bill for crude oil and petroleum products. It is, therefore, necessary to raise the prices of petroleum products for domestic consumers. This would also help to restrain the growth in consumption of petroleum products. The price of motor spirit, domestic LPG and aviation turbine fuel for domestic use would be raised by 20 per cent. The prices of other petroleum products, excluding diesel and kerosene for non-industrial

use,would be raised by 10 per cent. The price of kerosene, for non-industrial use, would be reduced by 10 per cent which means a 50 per cent roll-back in relation to the increase in the price that came into effect on 15 October 1990. Even in a most difficult financial situation, this is being done to protect the poor for whom kerosene is an essential source of light and fuel. While there will be no increase in the price of diesel, I would endeavour to protect the interests of the farmers who use diesel. For this purpose, I shall hold discussions with State Governments. The proposed increases in the prices of petroleum products will come into effect from this evening, and the necessary notification in this regard is being separately issued by the Ministry of Petroleum and Natural Gas.

38. For non-plan expenditure, excluding interest payments, defence, and major subsidies, the total provision in the budget estimates for 1991-92 is Rs. 28,073 crores, reflecting a reduction of Rs. 1538 crores compared with the provision in the revised estimates for 1990-91. If we take into account the fact that no separate provision has been made for the payment of additional instalments of dearness allowance by Ministries and Departments in the current year, the total reduction in such other non-plan expenditure will exceed Rs. 2000 crores. In recent years, it has been the usual practice to issue instructions to Ministries that such additional requirements should be accommodated within the approved budget estimates. This has invariably resulted in some programmes on the plan side being deprived of adequate resources. It is my intention to effect maximum possible economies in the non-plan administrative expenditure. Therefore, all Ministries have been requested to prioritise their activities so that those which figure at the bottom of the list can be abridged, while those which have outlived their utility can be abandoned altogether. This exercise has already been initiated by all Ministries and is expected to be completed by the end of August 1991. With this approach, the proposed reduction in other non-plan expenditure, which I am promising to the House, would be brought about in a more meaningful manner without leading to a reduction in the provision for plan programmes.

39. There is one large component of non-plan expenditure that is a burden on the exchequer. I refer to the Government's obligation under the Rural Debt Relief Scheme. Unfortunately, there was a gross under-estimation of the total fiscal liability under this scheme which was introduced last year. In addition to the sum of Rs. 1500 crores provided in

the revised estimates for last year, we have to provide Rs. 1500 crores in the current year. But this is not all. We may need a similar provision in the next year.

40. As a result of the major adjustments in the sphere of expenditure, which I have outlined in my speech, the budget estimate for total non-plan expenditure in 1991-92 stands at Rs. 79,697 crores. It is simply not possible to reduce interest payments in the short term. The provision for non-plan expenditure, excluding interest payments, in the current year represents a reduction of 4.9 per cent compared with the provisions in the revised estimates for 1990-91, and a reduction of almost 15 per cent in relation to what we would have had to provide this year, but for the specific correctives that are being introduced. We have, thus, more than fulfilled our commitment to reduce non-plan expenditure by 10 per cent, which was stated in our Party's election manifesto.

41. The election manifesto of the Congress Party identifies areas for special emphasis in our strategy of development. These include a substantial augmentation of employment programmes, the construction of dwelling units for the weaker sections of our society, an expansion of the programme for irrigation wells and so on. This would need a change in, and some reorientation of, plan priorities, with a shift towards investment in rural areas and expenditure on programmes designed for the benefit of the poor. Our strategy would, of course, be reflected in the Eighth Five Year Plan, which would now commence on 1 April 1992. It shall be our endeavour to finalise the Eighth Plan document by the end of this calendar year, so that the annual plans for 1992-93, as well as the budgets of the Centre and the States for that year, reflect the changed priorities.

42. As the Vote on Account had earlier been taken only to cover the expenditure in the first four months, this budget has had to be presented before the end of July, 1991. We have, thus, not had the time to re-orient the Annual Plan for 1991-92 to reflect fully our various concerns. Moreover, this year's annual plan has had to be situated in the context of the massive fiscal correction that we have to put through. In fact, it was first felt that it would be necessary to effect a substantial reduction in budget support for the Central Plan and Central Plan assistance for the States. I am, however, happy to inform the House that with the substantial cuts proposed in non-plan expenditure, it is now possible to

protect the flow of Central Plan assistance to States and Union Territories at the level of Rs. 14710 crores, as reflected in the interim budget for 1991-92. The Central plan outlay would, however, show a modest increase at Rs. 42969 crores with a budget support of Rs. 19015 crores.

43. I am aware that in basic infrastructure areas such as power, coal, communications and petroleum, we will have to set our sights much higher. In the present situation, characterised by an acute shortage of foreign exchange, it is, in particular, imperative to augment substantially the domestic production of coal, crude oil, natural gas and electrical energy. Efforts will also have to be made on a crash basis for promoting utmost economy in use of energy through more efficient technologies in industry, agriculture, transport and domestic sectors. The transmission and distribution line losses would also have to be brought down drastically from the present high level of 22 per cent. We shall address ourselves to all these tasks once we are through with taking stock of the situation. It is my earnest hope that, by then, thanks to the fiscal corrections now being put through, the resources position would improve, giving us the necessary flexibility. For the present, it has been my endeavour to maintain essential investment through appropriate support for the Central Plan despite binding constraints on the exchequer.

44. In preparing this budget, I have sought to ensure that the burden of fiscal adjustment does not fall on State Governments. It is my belief that the Central Government must set an example by introducing fiscal correctives, and it is my hope that the State Governments would move in this direction as soon as possible. In particular, I would urge them to ensure prompt payment of dues owed by the State Electricity Boards to the National Thermal Power Corporation, Coal India and the Indian Railways. We cannot allow State level enterprises to become an instrument of unplanned and unauthorised transfer of resources from the Centre to the States. That is neither fair nor equitable. This practice must, therefore, stop forthwith. Simultaneously, State Governments must take effective steps to improve their fiscal performance and streamline the working of their public enterprises. They should not expect me to reward fiscal laxity by permitting them to have recourse to unauthorised overdrafts from the Reserve Bank of India. I want them to be an active partner in the accomplishment of the difficult task of restoring the fiscal health of the country.

45. The process of macro-economic adjustment, which is being initiated with this budget, would take at least three years to complete. This adjustment must have a human face. Therefore, during the period of transition, we shall do everything that is possible to minimise the burden of adjustment on the poor. To some extent, the poor would be protected as the rate of inflation comes down. We shall make determined efforts to control inflation and the price rise. The fiscal strategy of this budget will make a major contribution in this regard. In addition, it will be our endeavour to provide protection to the poor in the form of enhanced outlays in the social sectors. Employment creation and poverty eradication in rural India will continue to receive the highest priority. At the same time, Government is committed to the uplift of the weakest and the most vulnerable sections of our society.

46. The plan outlay for the Ministry of Rural Development is being stepped up from Rs. 3115 crores last year to Rs. 3508 crores this year. Within this, the outlay for employment programmes alone is Rs.2100 crores. The various employment oriented programmes should make it possible to provide nearly 900 million man-days of employment. If, this year, we are not aiming at the target of 1000 million man-days mentioned in our manifesto it is because the season when there is maximum need for such employment is already over. The Eighth Plan now under formulation will spell out a comprehensive strategy and programmes to achieve the long term employment objectives, and targets such as those relating to the construction of irrigation wells, urban night shelters and Sulabh Shauchalayas, dwelling units for poor backward classes, scheduled castes and scheduled tribes in the villages, mentioned in our Party's election manifesto.

47. The provision for the rural water supply scheme is being stepped up to Rs.758 crores, so as to make it possible to set aside Rs. 250 crores for ensuring complete coverage of 'no-source problem villages' by the end of 1992-93. The earlier expectation was that these villages would be covered only by the end of the Eighth Plan period. The late Shri Rajiv Gandhi had attached great priority to this programme and had set up a Technology Mission for this purpose. The programme, which is now being named after Shri Rajiv Gandhi, will be accelerated. We will ensure that resource constraints do not stand in the way of achieving the target.

48. It is a matter of deep concern that we have still not been able to put an end to the dehumanising practice of manual removal of night-soil. The allocation for this programme has in the past been less than adequate. It has now been decided not only to accelerate the programme for the conversion of dry-latrines but also to step up the allocation for the rehabilitation and retraining of scavengers. Towards this end, the allocation for the programme has been increased by Rs. 25 crores and more funds, to the extent necessary, would be provided during the course of the year. Inclusive of the increased provision for this programme, the total outlay for the programmes of the Ministry of Welfare, which is concerned with the welfare of scheduled castes, scheduled tribes and other weaker sections of our society, is being stepped up from Rs. 364 crores in 1990-91 to Rs. 479 crores in 1991-92. The outlay for the Department of Women and Child Development, dealing with perhaps the two most disadvantaged segments of our population among the poor, is being enhanced from Rs. 330 crores last year to Rs. 400 crores this year. For Health and Family Welfare, I am providing a plan outlay of Rs. 1051 crores in 1991-92 as compared with Rs. 950 crores in 1990-91.

49. The allocation of resources for investment in social sectors is of utmost importance for the development of human resources. In this context, there is no need for me to emphasise the importance of education, in particular, elementary education. Our efforts to restructure and revitalise the economy can succeed only if we invest in our people. Particular attention has to be paid to the provision of quality education to children belonging to the scheduled castes, the scheduled tribes and other economically and socially backward classes. Children who belong to the category of first generation learners need special care and attention. If the equality of opportunity is to acquire its true significance, quality education must not remain the exclusive privilege of the children of the rich. The Government is committed to ensure that, whatever be our constraints, the programmes of education will not be allowed to suffer for want of financial support. Every effort will be made to ensure that the constitutional directive of providing free and compulsory education upto the age of 14 years becomes a reality before we enter the twenty first century. In the sphere of higher education and technical education, more resources are needed for modernisation and diversification, but, at the same time, an effort must be made to secure optimum results from the existing investments in these institutions. The requirements of education

are vast and we shall have to seek innovative ways of finding resources. Budget support provided by the Central Government and the State Governments are an important source, but cannot continue to remain the only source. I am raising the allocation for education from Rs.865 crores in 1990-91 to Rs.977 crores in 1991-92. This allocation is not commensurate with my deep commitment to education and the priority that is attached by the Government to the education sector. I would have liked to do more but we must learn to live with the constraints on the exchequer.

50. We have the third largest number of scientists and technologists in the world. Yet, technology development in our country has not been commensurate either with this number or the investments that we have been making in the science and technology sectors in our successive Five Year Plans. This gap would have to be bridged through a suitable reorientation of the Science and Technology Policy and the way paved for relating science and technology more intimately to the requirements of our development, as well as for better upgradation, absorption, adaptation and assimilation of new technologies. This task has become imperative as we prepare ourselves to be an internationally competitive economy.

51. Government has also decided on five new initiatives. The first of these is the establishment of a Corporation for the welfare of the backward classes, a task that the Congress manifesto has included for completion within the first 100 days. The details of the structure and duties of this Corporation are being finalised by the Ministry of Welfare and will be announced before the end of this session.

52. Government will establish a National Renewal Fund, with a substantial corpus. The main objective of this fund will be to ensure that the cost of technical change and modernisation of the productive apparatus does not devolve on the workers. This fund will provide a social safety net which will protect the workers from the adverse consequences of the technological transformation. I visualise that this fund will grow in size and State governments will also contribute to its corpus in due course. The fund will not merely provide ameliorative measures for the workers affected in the course of technical change but, more importantly, provide retraining to them, so that they are in a position to remain active productive partners in the process of modernisation.

53. The third programme relates to the care of children of families affected by communal riots. These riots are a blot on the fair name of our Republic. Our Government is deeply committed to the protection and advancement of all religious and cultural minorities. Effective steps will be taken to prevent recurrence of communal violence. At present there are arrangements to provide compensation of varying amounts to the riot affected families. But experience shows that such compensation does not always protect the interests of children of the riot affected families. These children then grow up into disgruntled and disorganised adulthood. They become an easy prey to the propaganda of anti-social elements and the obscurantist, fundamentalist forces of reaction. To protect the interests of such children, look after their welfare and in particular their education, the Government proposes to set up a National Foundation for Communal Harmony as an autonomous non-government organisation. The Central Government will make a significant contribution to this Foundation in 1991-92. I invite State Governments as well as industry and trade to make liberal contributions for this noble cause.

54. The fourth programme is to promote national integration through a scheme for enabling the youth of each part of the country to go in large numbers and work for short periods in other parts of the country, giving them an opportunity to mingle with people of different regions and languages. A similar step in this direction has already been taken in the Navodaya Vidyalaya Programme. This will now be strengthened and extended on a national basis.

55. The fifth programme relates to promotion of South-South cooperation. We as a nation are committed to close cooperation and sharing our development experience, knowledge and expertise with non-aligned and other developing countries. There is immense scope for Indian scientists, technicians, engineers, teachers, social workers and farmers to contribute to the development process in the third world. Our experience in various fields can be of great relevance and assistance to many developing countries particularly in Asia and Africa. It is our hope to arrange for participation of at least 500 volunteers in different nation building tasks in selected developing countries, in the coming year. The details of the programmes will be worked out and announced before the end of the session.

56. The House will also be pleased to learn that in acceptance of a recommendation of the South Commission presided over by Dr. Julius K. Nyerere, the former President of Tanzania, we propose to set up a National Committee under the chairmanship of the Prime Minister for mobilising public opinion in support of South-South cooperation and for advising our Government for devising concrete action programmes in this regard. This committee will consist of representatives of Government, trade and industry, trade unions and members of learned professions.

57. The Rajiv Gandhi Foundation has been established to perpetuate the memory of the great leader and to promote the ideals and objectives for which he lived and laid down his life. This Foundation, among other things, will lay particular emphasis on research and action programmes relating to the application of science and technology for development, propagation of literacy, the protection of the environment, the promotion of communal harmony and national integration, the uplift of the under-privileged, women and handicapped persons, administrative reforms and India's role in the global economy. As a homage to the late Shri Rajiv Gandhi and in support of the laudable objectives of the Foundation, Government has decided to contribute Rs.100 crores to the Foundation at the rate of Rs.20 crores per annum for a period of five years beginning from the current year.

58. Pending determination of the exact amounts that will be necessary for each of these new initiatives, a lump sum provision of Rs.250 crores has been included in the plan outlay of the Ministry of Finance.

59. The budget provision for total expenditure in 1991-92 is Rs.113422 crores, of which Rs.79697 crores is non-plan expenditure and Rs.33725 crores is plan expenditure.

60. In the sphere of revenue receipts, at the existing rates of taxation, gross tax revenues are estimated at Rs.66218 crores during the current financial year, compared to Rs.58916 crores in the revised estimates of last year. The payment to States of their share of taxes is placed at Rs.15643 crores in 1991-92 as against Rs.14535 crores in the revised estimates for 1990-91. Thus, the net revenue receipts of the Centre, including non-tax revenue, are estimated to increase from Rs.57381 crores in 1990-91 to Rs.65524 crores in 1991-92.

61. In the sphere of capital receipts, market borrowings are placed at Rs.7500 crores this year, which is lower than Rs.8000 crores last year; this is part of a conscious effort to reduce the borrowing of the Central Government which would, in keeping with the past trends, have gone up by about 10 per cent. The net collections on account of small savings are estimated at Rs.8000 crores, which are at the same level as the revised estimates for last year. In addition, the Government has decided to disinvest upto 20 per cent of its equity in selected public sector undertakings in favour of mutual funds and investment institutions in the public sector, which is expected to yield Rs.2500 crores to the exchequer during the current financial year. This disinvestment would broad-base the equity, improve the management and enhance the availability of resources in these enterprises.

62. The net receipts on account of external assistance, excluding grants, are placed at Rs.3510 crores compared to Rs.3984 crores in the revised estimates of 1990-91. While the increase in the loan repayment and interest payment liabilities, as a consequece of the recent exchange rate adjustments, is fully reflected in the budget estimates, the likely increase in the rupee value of external assistance following the exchange rate adjustments is still under assessment. To the extent that these receipts increase, there will also be a corresponding increase in expenditure when the assistance is passed on to the concerned projects or schemes for which such assistance is received. These changes, which will thus be budget deficit neutral, will be incorporated at the stage of revised estimates.

63. Taking into account other changes in receipts and expenditure, total receipts at the existing rates of taxation are estimated at Rs.103698 crores, while total expenditure is estimated at Rs.113422 crores. Therefore, without additional resource mobilisation, the budget deficit is estimated at Rs.9724 crores, the revenue deficit at Rs.15859 crores, and the fiscal deficit at Rs.39732 crores.

Budget 1991-92

Speech of

Shri Manmohan Singh
Minister of Finance

24th July, 1991

PART B

64. Honourable Members would have observed that expenditure adjustment constitutes the core of the proposed fiscal correction during the current financial year. But the process of fiscal adjustment cannot be complete without revenue measures to increase the income of the Government. I now seek the indulgence of the House to present the reliefs, the incentives and the levies in the sphere of direct taxes.

65. The revenue from direct taxes, both as a proportion of GDP and as a percentage of total tax revenues, has registered a steady decline over time. This trend has to be reversed, so as to restore equity in, and balance to our fiscal system. Resources for development must be raised from those who have the capacity to pay. For this purpose, we must place greater emphasis on direct taxes. This calls for increased rates wherever necessary and a better tax compliance. At the same time, rationalisation of the system, which reduces the maximum marginal rate of tax, simplifies the procedures, reduces the plethora of concessions, and brings the average rates of income-tax at various levels of income to more appropriate levels, is necessary. The time available before presenting the budget was simply not enough to formulate basic structural changes. Yet, I have made a conscious effort to move one step forward in this direction.

66. Nobody can deny the existence of large scale tax evasion, both

in terms of income and in terms of wealth. Unless I find substantial improvement in tax compliance in the next few months, Government will have no choice but to take strong measures to make the tax evader pay a sufficiently high price for such delinquency. Before coming down heavily on tax evaders, I would like to give them a last opportunity to come clean. The black money so mobilised will be utilised for the achievement of social objectives such as slum clearance and low cost housing for the rural poor.

67. I propose to institute a scheme, under which any person would be allowed to make a deposit with the National Housing Bank on or before close of business on 30th November, 1991. Thereupon, forty per cent of such deposit would be deducted and set apart as a special levy, which would form the corpus of a fund in the National Housing Bank. This fund will be utilised for financing slum clearance and low cost housing for the poor, in accordance with guidelines and priorities laid down by the Government. The depositor would be allowed to draw the balance amount in one or more instalments through account payee cheques for any stated purpose of his choice. There will be no lock-in period for this deposit. Persons making such deposits will not be required to disclose the source of funds from which the deposits are made. In other words, the monies deposited would be provided complete immunity from enquiry and investigation. The provisions of Direct Tax Laws would, however, apply to the net deposits after deduction of the special levy, from the date of the deposit. The levy itself would not be an allowable deduction in the computation of income of the person concerned. Necessary legislation in this regard will be introduced shortly, in this session of Parliament. The details of the scheme and its date of commencement will also be announced soon.

68. The Income-tax Act contains a provision under which tax payers can avail of the facility of waiver of penalty and interest on the amount disclosed once in a life-time. To those who have already availed of this facility, I propose to give just one more opportunity to disclose their unaccounted incomes. The Finance Bill contains a proposal for making suitable amendments to section 273A of the Income-tax Act for this purpose.

69. The Settlement Commission was set up to provide an opportunity to assessees to declare their undisclosed income and wealth. Under the existing procedures, the Commissioner of Income Tax can, on certain grounds, object to admission of an application by the Settlement Commission. This results in unnecessary delay. This provision is, therefore, being deleted. The Settlement Commission will, however, continue to call for and take into account the Commissioner's report, provided it is furnished within a period of six months.

70. Our election manifesto has promised that we will promote reinvestment of profits, by suitable tax exemptions, in areas where there is crying need for massive investment such as low and middle income group housing, highways, roads and bridges, non-conventional energy, school buildings and supply of drinking water. I, therefore, propose to make a provision in the Income-tax Act to provide deduction, in computing taxable profits of a taxpayer carrying on a business or profession, of the entire amount paid for financing projects or schemes promoting social and economic welfare. To ensure optimum use of scarce resources, I propose to set up a National Committee of eminent persons to identify areas requiring support and for recommending specific projects and schemes. A similar deduction will be allowed also in the case of taxpayers not carrying on any business or profession.

71. As a token of my commitment to education and research and in recognition of the significant role they have to play in our development process, I propose to extend certain tax concessions that will help in the funding of social science research and provide some incentive to authors and publishers.

72. At present, only taxpayers carrying on a business or profession get deduction for sums paid to any approved university, college or other institutions for research in social sciences related to the class of business carried on by them. I consider that there is a case for providing more tax incentives for social science research. I, therefore, propose to allow the same 100 per cent deduction in respect of sums paid for research in these areas whether related to business or not. I also propose to allow this deduction to taxpayers not carrying on any business or profession.

73. The role of books, particularly in the context of our National Literacy Mission as well as the National Education Policy cannot be overemphasized. To encourage publication of better and less expensive books and to give a fillip to the publishing industry, I propose to revive, with effect from the current accounting period, the deduction of twenty per cent of profits from publication of books for a period of 5 years. To encourage the publication of quality text books in various Indian languages I also propose to revive the 25 per cent deduction from professional income of authors of text books in Indian languages. This will also be available for a period of five years, beginning with the current income-earning period.

74. Offshore country funds are emerging as important channels for attracting foreign institutional investment particularly from non resident Indians. India made a beginning in this direction in 1989. Of late, however, there are signs of diminishing interest of foreign institutional investors in off-shore India country funds. The comparative national tax structure is one of the key factors affecting the direction of international financial flow. I, therefore, propose to substantially reduce the rate of tax on dividend income received by the off-shore funds from the units of UTI or other mutual funds and on long-term capital gains from such units. On dividend income the proposed rate of tax will be 10 percent as against the existing rate of 25 percent. On long-term capital gains, I propose to have the same rate of 10 percent as against the effective rate of about 45 percent at present.

75. In the light of our deep emotional involvement with the struggle of the Black majority in South Africa and as a further affirmation of our commitment to South-South cooperation, I propose that donations to the AFRICA FUND be entitled to 100 per cent deduction under section 80G of the Income-tax Act.

76. The Government is committed to the welfare of our unfortunate handicapped citizens. In an effort to mitigate in some small measure their hardship, I propose to increase the deduction available under Section 80 U of the Income-tax Act in respect of totally blind or physically handicapped persons, from fifteen thousand rupees to twenty thousand

rupees. The benefit of this tax concession is also proposed to be extended to partially blind persons.

77. Promotion of housing activity ranks high in Government's socio-economic priorities. Towards this objecive, I propose to extend the benefit of tax rebate under section 88 of the Income-tax Act also to contractual schemes floated by public housing corporations like HUDCO and State Housing Boards along the lines of the Home Loan Account Scheme of the National Housing Bank. Further, the tax rebate under section 88 will also be available in relation to instalments/ repayment of loans towards cost of land and also in cases where the house was purchased or constructed before 1st April, 1987.

78. Our software industry has made considerable progress in recent years. However, there is still a vast unexploited potential for growth. It is time we make all-out efforts to capture the overseas software market. With this objective, I propose to extend the tax concession under section 80HHC of the Income-tax Act to export of software. With this concession, the exports of this industry should register rapid growth.

79. I also propose to extend the concession under section 80HHC to the export of processed minerals.

80. I consider that scientific, technical and professional skills, knowledge and experience possessed by our professionals in various fields like architecture, accounting etc. have an increasing capacity to earn foreign exchange for the country. Many of them carry on their professions as individuals or partnership firms. To enable them to benefit from the tax concession available under section 80-O, I propose to extend, to the non-corporate assessees, the concession presently available only to the corporate sector.

81. In order to encourage development of tourist infrastructure in regions where such facilities are almost non-existent today, I propose to exempt from Expenditure Tax for a period of ten years expenditure incurred in new approved hotels set up in hilly and other remote areas. I also propose to allow to such hotels a deduction of 50 per cent from their

profits instead of the normal 30 per cent under section 80-I, subject to certain conditions.

82. As a token of my appreciation of the role of a healthy capital market in the development of our economy, I propose to raise the basic deduction of Rs 10,000 now available under section 48 of the Income-tax Act in respect of long-term capital gains to Rs 15,000.

83. As indicated earlier, I wish to take some positive steps to reverse the trend of decline in the proportion of direct tax revenues to total revenues. I therefore propose to raise additional resources this year through a greater reliance on direct taxes. I now turn to my proposals for ensuring better tax compliance and moblising revenues through the imposition of additional taxes.

84. To enable the Government to identify income earners, most of whom would not otherwise declare their income or would not declare their full income, I propose to extend the scheme of tax deduction at source to cover new areas of payments in the nature of commissions, interest paid by banks on time deposits and withdrawals from the National Savings Scheme. To minimise the inconvenience for small depositors, tax will be deducted at source only in respect of payments in excess of Rs.2500 per year. Those receiving payments in excess of the limit but not having taxable income will have the facility of collecting payment with no tax deduction by filing a declaration in the prescribed manner.

85. The present provision for offsetting short-term capital losses against income leads to tax avoidance. I, therefore, propose that any loss on transfer of a capital asset will be set off only against gain from transfer of another capital asset. This is only logical. It should also stop the practice of buying short-term capital losses being resorted to by some unscrupulous tax payers.

86. Over the years, those with an instinct for gambling have increasingly patronised the races. I propose to withdraw the income-tax exemption of Rs.5000 in respect of earnings from races, including horse races. I am sure that persons who place bets will now also have the

added pleasure of sharing their earnings from races with the Government.

87. Professor Kaldor once observed that no civilised society should have a maximum marginal rate of income tax higher than 45 per cent. We are firmly committed to a tax system which is simple, credible, yet progressive, in which people realise that honesty is the best policy. I expect to make a beginning in this direction as soon as we can overcome the present fiscal difficulties. I am confident that this process can be completed before the end of the five year term of our Government. Tax payers can help to accelerate the process of tax reform if all of them resolve to pay their income-tax dues fully and promptly. In the midst of a fiscal crisis however, such a change is not feasible. We must wait for better times. The best I can do under the circumstances, is what I propose to do this year : keep the personal income-tax rate structure including the surcharge unchanged. That I have not added to the burden of the taxpayer is, in itself, a relief.

88. I have received several representations that wealth-tax rates need to be rationalised. I see considerable merit in these representations. However, taking into account the needs of revenue and also for want of time, I propose to make no change in the rates of wealth-tax.

89. For the purposes of levy of wealth-tax, the rules of valuation of assets aim at capturing their market value, or near about, as on the valuation date. I find that a distortion has crept into these rules. When an individual holds any asset in his name its valuation is at the market value. However, if a group of persons holds its assets through an investment company the taxable value of these assets gets reduced considerably because it is based on the book value and not on the market value. I, therefore, propose to remove this anomaly by providing that in valuing unquoted shares of an investment company, the break-up value of the share will be determined after revaluing the assets of the company at their market value.

90. I feel disappointed that the phenomenal growth in the output, value added and profits of the corporate sector, in recent years, has not been appropriately reflected in corporate tax collections. The experience of the preceding financial year, in particular, is a matter of

serious concern. I am, therefore, raising the corporate tax rate for widely held companies, from 40 to 45 per cent. A corresponding increase of 5 percentage points from 45 to 50 per cent is being made in the corporate tax rate for closely held companies. I also propose to continue the existing surcharge of 15 per cent.

91. The traditional distinction in corporate tax rates between trading companies and industrial companies has outlived its utility. I therefore propose to remove this distinction.

92. I recognise that in the medium term the rates and structure of corporate taxation have to be consistent with the needs of an economy aiming to become internationally competitive. I shall attend to this task as soon as we have overcome the present fiscal crisis.

93. In our economy, labour is abundant and capital is scarce. These economic realities have to be reflected in our fiscal policy. Yet, over the years, the Indian economy has witnessed a disturbing shift towards greater capital intensity in production. This has led to distortion and avoidable hardship in cases where labour is replaced, or employment potential reduced, by resort to capital intensive methods of production, even in cases where such a shift is not justified on other economic and technical considerations. Fiscal incentives have been conducive to such a shift. While there can be no compromise with the imperatives of technological upgradation and continuous modernisation, the tendency towards excessive capital intensity in our industry must be checked.

94. The rates for depreciation prescribed in 1987, in relation to plant and machinery, are far too generous and provide much more than is needed to compensate for wear and tear. These rates of depreciation do not reflect the true economic life of business assets. An asset would be almost fully written off in six years at the present rate of 33.33 per cent applicable to the bulk of plant and machinery. I think an eight year period would be more reasonable taking into account the pace of technological change in India, the true economic life of the business assets, and the need to discourage tax induced replacement of assets. Therefore, I propose to reduce the general rate of depreciation for machinery and

plant from 33.33 per cent to 25 per cent. I also propose to reduce the rate of depreciation for aeroplanes, motor buses, motor taxis and some other equipments from 50 per cent to 40 per cent, which would mean almost complete recoupment of cost in six, instead of five years. However, to encourage use of energy saving devices and renewable energy devices, I propose to continue to provide 100 per cent depreciation on such items of plant and machinery as also some others. Further, I also propose to restrict the rates of depreciation to 50 per cent of the normal rates of depreciation in cases where the asset is used for less than 6 months in a year.

95. Tax support to special institutions may be necessary in their nascent stage. However, it should not be extended in perpetuity. Such institutions must strive to become self-reliant. The Industrial Development Bank of India (IDBI) has been enjoying complete tax exemption in respect of its income since its inception, unlike other public financial institutions. I propose to withdraw this tax exemption, which is no longer necessary.

96. In 1987, the Government had introduced a tax on ostentatious expenditure. It is in the form of a tax of 20 per cent of expenditure incurred in hotels where the room rent exceeds Rs.400 per day. I propose to extend the coverage of this tax to the expenditure incurred in restaurants providing superior facilities like air-conditioning. This tax will be levied at the rate of 15 per cent of such expenditure.

97. In view of the binding fiscal constraints and the need to mobilise resources, I propose to revive the interest-tax which was first introduced in 1974 and withdrawn in 1978, re-introduced in a modified form in 1980 and finally withdrawn in 1985. I am enlarging, slightly, the coverage of this tax. The new tax will be levied on the gross amount of interest received by all banks, financial institutions and non-banking financial companies in the corporate sector on loans and advances made in India. These institutions would reimburse themselves by making necessary adjustments in the interest rates charged from borrowers. The proposed tax is expected to raise the cost of borrowing and yield revenue to the Government. It should, therefore, have both monetary and fiscal impact.

98. The proposed tax will be levied at the rate of 3 per cent of the gross amount of interest earned by banks, financial institutions and financial companies on loans and advances made in India. Interest received on transactions between the various credit institutions will be exempted from the proposed tax. The proposed tax will operate prospectively and interest accruing before 1st October, 1991 will not be taxed. The proposed tax will be allowed as a deduction in computing taxable income under the Income-tax Act.

99. I do not propose to take up the time of the House with other minor changes in the Direct Tax Laws.

100. My proposals on direct taxes are estimated to yield a net revenue gain of Rs.2139 crores. Of this amount, Rs.97 crores will accrue to the States.

101. Honourable Members of the House are aware that the balance of payments situation is exceedingly difficult. In order to attract larger inflows of foreign exchange, I propose to introduce two schemes.

102. Under the first scheme, I propose that remittances in foreign exchange can be made to any person in India. Even if the remittance is received as a gift by the donee in India, it would not be subjected to gift tax. The source of funds out of which the remittances are made would not be subject to scrutiny under the Direct Tax Laws and Exchange Control Regulations. In other words, I propose to provide immunity for such remittances under these laws. The provisions of Direct Tax Laws will apply in the normal manner to the rupee proceeds of these remittances.The scheme will come into immediate effect and will be open until close of business on 30th November, 1991. The details of the scheme will be announced by the Reserve Bank of India. I also propose to introduce the necessary legislation in this regard as early as possible before this House.

103. Under the second scheme, the State Bank of India would issue India Development Bonds to be denominated in US dollars. These bonds will be available for purchase by non-resident Indians and their overseas corporate bodies. There will be no ceiling for investment in

these bonds which will have a maturity period of five years. The bonds will be fully transferable among non-resident Indians. Interest from the bonds will be exempt from income tax. The bond itself would also be exempt from wealth tax until maturity. For the non-resident holder, the face value of the bond and the interest thereon would be repatriable with exchange rate protection. The bonds can also be gifted to residents, who would be provided with amnesty and immunity, as in the first scheme for inward remittances. Such amnesty and immunity will be available only to the first resident donee. The gift would be exempt from gift tax. The resident donee bond-holder would also be entitled to exchange rate protection, and the same exemption from income tax and wealth tax, until maturity, but the proceeds will be paid only in rupees in India and would not be remittable abroad. The bonds will be available for sale at all important branches of the State Bank of India abroad until close of business on 30th November, 1991. The details of the scheme will be announced by the Reserve Bank of India. I would also bring before this House the necessary legislation at the earliest.

104. In formulating my proposals on indirect taxes, I have kept in mind the wider context. In keeping with the promises made in the election manifesto of our party, we have also to ensure that prices of essential commodities and goods used by the common man are kept well under check. Conspicuous consumption must be curbed and the burden of taxation should be borne by the more affluent sections of the society. In the light of these imperatives, I have attempted to structure the proposals for customs and excise levies in a manner that indigenous industries are encouraged, and, at the same time, imports of items required for export production are not thwarted. In the long term, if revenues are buoyant and tax compliance improves, I expect to bring down the rates of customs and excise levies. Even now, some moderation in import duties is being attempted and a more broad based effort may be attempted to streamline the structure and reduce the rates in the next budget. I have also tried to ensure that the proposed changes improve competitiveness of the industrial sector, particularly the export oriented industries.

105. It is my intention to rationalise and simplify the procedures, rules and regulations pertaining to indirect taxes, so that the delays in the

system are eliminated, and the interface between the tax collector and the tax payer is reduced to the minimum. Given the paucity of time, it has not been possible to undertake such an exercise in this budget, but we should be able to formulate concrete measures soon as a part of structural reforms in the tax system.

106. Recent years have witnessed an excessive reliance on indirect taxes for additional resource mobilisation. This escalates costs, fuels inflation and is regressive in its impact. Therefore, I have not relied on indirect taxes as the major source of resource mobilisation. Indeed, the overall impact of my proposals for customs and excise levies is revenue negative in so far as the Central Government is concerned.

107. In the sphere of customs duties, over time, the objective of protection for infant industries and the need to raise revenues have led to a situation where import duties prescribed for certain items are inordinately high and, in several cases, more than 300 percent. As a measure of reform, I propose to reduce the *ad valorem* rate of basic plus auxiliary duties of customs to a maximum of 150 per cent where it is more than that at present, thereby eliminating the tariff peaks above 150 per cent. The only exceptions that would remain hereafter are imported alcoholic beverages and passenger baggage. The revenue loss on this account would be Rs.132 crores in a full year.

108. In view of the deterioration in the fiscal situation last year, auxiliary duty of customs was increased across-the-board, with effect from 15th December, 1990, so as to mobilise additional resources. The increase was not quite rational and was asymmetric in its incidence. In some cases, the auxiliary duty went up by 20 percentage points - from 5 per cent to 25 per cent and from 30 per cent to 50 per cent, while in some others, by just 5 percentage points i. e., from 45 per cent to 50 per cent. This steep and uneven increase imposed a very high burden of duties on certain items, and also led to distortions in the overall rate structure. In order to remove the anomalies which had been created and rationalise rates of duties, I propose to give a duty relief of 10 percentage points to almost every item which suffered an increase of 20 percentage points. Moreover, on certain items, which are important from the point of view of environmental protection, export promotion, saving of foreign exchange

and so on, I propose to roll back the rates to levels prevailing before 15th December, 1990. These items include waste paper, wood in the rough, jigat used in the manufacture of Agarbattis, ethylene, machinery for fuel injection equipment and certain items of machinery for printing and the newspaper industry. These proposals will result in a revenue loss of Rs.472 crores in a full year.

109. The prevailing rates of import duty on capital goods for general projects and machinery are, in general, high. While I cannot make a substantial reduction at this stage because of the revenue implications, which are considerable, I propose to reduce the level of duties from 85 per cent to 80 per cent. In tandem, the rate of duty on their components is also being reduced by 5 percentage points from the existing levels of 65 or 70 percent. This proposal would mean a revenue loss of Rs. 167 crores in a full year.

110. A technology upgradation scheme was launched in 1987 by the late Shri Rajiv Gandhi. Under this scheme, fiscal relief was provided on import of capital equipment for the manufacture of power generation equipment, paper machinery, textile machinery and many others to promote domestic production of such machinery. The scheme has been instrumental in bringing about considerable improvement in the quality of machines produced in India. In order to give a further thrust to the scheme, I propose to expand the list of machinery items which will now attract a concessional duty of 50 per cent. The revenue loss on this account is estimated at Rs. 5 crores in a full year.

111. We have recently taken several innovative steps to give an impetus to our exports. I would now like to outline some fiscal measures which will give a further boost to the export effort.

112. At present 100 per cent export oriented undertakings or units in a free trade zone are allowed to divert a certain proportion of their production to the domestic market. However, the present stipulation, that excise duty payable must be equal to the import duty, has proved to be a deterrent. These units have to be fostered if they are to compete effectively in the international market; for this purpose they should not be prevented from creating a niche in the domestic market. Accordingly, I

propose to reduce the excise duty on the goods, permitted to be sold in the domestic market under the scheme, to a level which would be equivalent to half the import duty leviable on such goods subject, inter alia, to the condition that the duty would not be less than the excise duty levied on similar items produced in the domestic tariff area.

113. To promote the growth of the marine products industry, fiscal relief has been given by way of customs duty concession on specified machinery items required by this industry. I propose to extend the duty concession to a few more items of such machinery. Out of my concern for the welfare of our fishermen, I also propose to fully exempt from excise duty specified yarns which are generally used for making fish-nets.

114. In order to encourage the growth of the finished leather industry and also as a measure of export promotion, I propose to reduce the basic and auxiliary duties of customs on polyurethane film and foil, as well as polyols from 150 per cent to 40 per cent. The duty on isocyanates is being reduced from 120 per cent to 40 per cent. The import duty on two important leather preservatives, namely TCMTB and PCMC, is being reduced from over 150 per cent to 50 per cent. These preservatives will replace certain other chemicals which are suspected to have carcinogenic effects. I also propose to extend the concessional duty, available at present to specified capital goods required by the leather industry to a few more items of such machinery.

115. Synthetic cubic zirconium, which is the closest imitation of natural diamonds, has the potential to provide job opportunities for a large number of artisans. The jewellery made therefrom also has a significant export potential. In order to encourage indigenous manufacture of cubic zirconium, I propose to reduce the import duty on the raw materials viz. zirconium oxide and yttrium oxide to the level of 40 per cent from the present level of over 150 per cent.

116. Our Government attaches the highest priority to agriculture. One of the promises made in our election manifesto is to provide a massive thrust to food processing and other agro-based industries, in an endeavour to increase the income of farmers, create employment opportunities, diversify the rural economy and foster rural

industrialisation. As an important step in this direction, I propose to exempt agro-based products such as sauces, ketchup, butter, cheese, skimmed milk powder, vegetable oils, jams, jellies and juices, canned fruits and dried vegetables, certain soya products, starches and preparations of meat and fish from excise duties altogether. I am doing so to promote the diversification of our agricultural economy, to increase the farmers' share of the consumer's income spent on processed agricultural products, to promote rural industrialisation based on agricultural produce and to encourage the adoption of modern post-harvest technologies. The measures I have proposed, I expect, will also lead to some reduction in consumer prices of such products, providing relief to the harassed consumers in a period of rising prices. The revenue loss will be Rs.84 crores but I am convinced that the overall gain to the economy will more than offset the loss to the exchequer.

117. As a relief to the agro-based jute industry, which has been beset with chronic problems, I propose to reduce the excise duty on products which contain a minimum of 35 per cent of jute fibre from Rs.660 to Rs.330 per metric ton.

118. At present a number of specified bulk pesticides and pesticide intermediates enjoy concessional import and excise duties. I propose to extend the duty concession to a few more bulk pesticides and pesticide intermediates. The proposals involve a revenue loss of about Rs.11 crores in a full year.

119. There is a money credit scheme in vogue to encourage the use of minor oils for the manufacture of soaps. I propose to increase the money credit of Rs.640 per metric ton that is currently available in respect of rice bran oil used in the manufacture of soap to Rs. 1000 per metric ton. In addition, I propose to include some more non-conventional oils and solvent extracted oils in the scheme. This would also help in generating more employment for our tribal women. These proposals involve a revenue sacrifice of about Rs 10 crores in a full year.

120. The MODVAT scheme was introduced in 1986 to minimise the cascading effect of indirect taxes. The scheme has been well received by the industry, and there have been persistent demands for its extension

to other areas. I propose to reintroduce the scheme in respect of aerated waters, and also to extend it to cover man-made fibres and filament yarns in respect of their inputs. While extending the scheme to fibres and yarns, I do not propose to raise the duty on those fibres and yarns on which the duty was increased as recently as December, 1990. On other fibres and yarns, the duty rates have been adjusted with a view to retaining the collection of excise duties at the earlier level. But duties on polypropylene monofilament and multifilament yarns are being increased to raise additional revenue. In respect of aerated waters also, I do not propose any increase in duty. The proposals involve a revenue loss of about Rs.230 crores in a full year. I expect that the benefit would be passed on to the consumers in the form of reduced prices.

121. I propose to rationalise the existing excise duty rates on polyester blended yarns. As an anti-evasion measure, I also propose to charge additional excise duty on cotton fabrics containing 40 per cent or less of polyester at the same rates as applicable to cotton fabrics containing more than 40 per cent of polyester. The proposals involve a revenue gain of about Rs. 23 crores in a full year.

122. In our effort to make essential drugs available to the people at affordable prices, I propose to fully exempt five specified anti-epileptic formulations from excise duty. At present, some drug intermediates and bulk drugs carry a concessional rate of import duty. I wish to extend the concession to a few more drug intermediates and bulk drugs, and grant concessions in excise duties to a few more drug intermediates.

123. In keeping with our commitment to give special priority to cottage, khadi and village industries, I propose to give some excise duty concessions to this sector. At present, footwear of value not exceeding Rs.100 per pair manufactured in rural areas by registered co-operative societies, women's societies or by institutions recognised by KVIC, are fully exempted. I propose to raise the value limit of exemption to Rs. 150 per pair. Further, I propose to extend to synthetic detergents the benefit of full exemption from excise duty that is presently available to specified products when manufactured in rural areas by registered co-operative societies, women's societies, institutions recognised by KVIC etc.

124. I would now like to outline some of the steps that I propose for the protection of our environment and for ecological security. In view of our dwindling forest cover, we must conserve our scarce resources. Therefore, as I have stated earlier, the import duty on waste paper and wood in the rough is proposed to be rolled back to the rates that were prevailing before 15th December, 1990. I also propose to fully exempt from excise duty aluminium doors, windows and their frames so as to encourage the use of aluminium in the place of wood in construction activities. Fly ash is a pollutant. It can, however, be put to productive use in the manufacture of bricks and other construction materials. In order to encourage such use, I propose to fully exempt from excise duty various building components containing more than 25 per cent of fly ash or phosphogypsum. I also propose to exempt phosphogypsum which is one of the bye-products of the fertilizer industry from excise duty to encourage its use by farmers.

125. Few would disagree that I am one of the most harassed Finance Ministers in recent times. To perform the onerous task before me, I need support from the Press. As a gesture of goodwill, I propose to exempt standard newsprint from import duty which is, at present, Rs. 450 per metric ton. I have already proposed to bring down the rates of import duty on certain specified machinery and equipment required by the printing and newspaper industry to the levels that were obtaining before 15th December, 1990. The monetary limit of duty free import of photographic goods by accredited cameramen of the Press is being raised from the present level of Rs. 30,000 to Rs. 60,000. These proposals involve a revenue loss of over Rs. 9 crores in a full year.

126. Ever since my appointment as Finance Minister, I have had to spend long hours in office. This has quite naturally made my wife very unhappy. The House will agree that it is not good for the health of our economy if the Finance Minister of the country has strained relations with his own finance minister at home. I propose that the total exemption from payment of excise duty currently available to utensils made of aluminium, copper and stainless steel be extended to certain other household items particularly tiffin boxes.

127. The same consideration has induced me to propose a reduction

in the excise duty on specified tableware produced by semi-automatic process from the present level of 20 per cent to 15 per cent. Mindful of the need for peace at home and also taking into account the labour intensive nature of the manufacture of glassware by the mouth blown process, I propose to reduce the excise duty on such glassware to 15 per cent uniformly. Some people may not applaud my action. But I am sure most housewives harassed by the ever rising price level will appreciate my action.

128. In keeping with the commitment in our election manifesto, I shall make every effort to ensure that indirect taxes do not unduly add to the prices of essential commodities. Of the items listed in the manifesto, at present, there is no excise duty on salt, cycles, newsprint, post cards, inland letters and envelopes, and certain varieties of stoves. Cotton sarees and dhoties attract only additional excise duty in lieu of sales tax which accrues wholly to the State Governments. I have earlier proposed to fully exempt edible oils from excise duty. Electric bulbs of upto 60 watts, are already exempt from excise duty. I now propose to fully exempt electric bulbs, of higher wattage, which presently attract a duty of Re. 1 per bulb, from the payment of excise duty. Energy efficient chulhas, too, would be exempted from excise duty. I also propose to reduce the excise duty on two wheelers of engine capacity exceeding 50 cc but not exceeding 75 cc from 20 per cent to 15 per cent.

129. I recognise that the tax reliefs I have given, by themselves, constitute only a small step towards the realisation of the objective mentioned in our manifesto in regard to prices of essential commodities. In pursuit of this objective, I propose to invite the representatives of industry and trade to sit together with our Government to work out modalities as to how best we can contribute to the realisation of the price objectives listed in our election manifesto, for the benefit of the common man.

130. In order to promote tourism which is an important means of earning foreign exchange, I propose to reduce the import duty on adventure sports equipment from rates ranging from about 100 to 300 percent to 40 per cent.

131. In keeping with the recent exchange rate adjustments of the rupee, I propose to raise the baggage allowances including duty free limits for bonafide gifts suitably; for instance the general duty free allowance for personal baggage is being raised from Rs. 2000 to Rs. 2400.

132. Let me now turn to the major proposals for additional revenue mobilisation.

133. At present special excise duty is being levied at the rate of 5 per cent of the basic excise duty. I propose to raise it to 10 per cent. Since the increase is only a percentage of the basic excise duty, the impact of the additional levy would be minimal on prices. For instance, in respect of any article on which the basic excise duty is say, 20 percent, the increase would be only 1 percent of the value. Tea, coffee, sugar, kerosene, matches, and vanaspati, being items of mass consumption, would remain exempt from special excise duty. In addition, I am ensuring that the increase in special excise duty will not apply to diesel and two wheelers. The proposal involves a revenue gain of Rs. 1010 crores in a full year, a substantial portion of which will accrue to the States.

134. One of the promises made in our election manifesto is to evolve policies and measures to curb conspicuous consumption. In pursuance of this, I propose to increase the excise duty rates on refrigerators, air-conditioners including compressors, motor cars, audio and video cassette tapes, video cassettes, picture tubes, colour television sets, VCRs and VCPs.

135. I propose to increase the excise duty on refrigerators by amounts varying from Rs.200 to Rs.800 depending upon the capacity, and in the case of air-conditioners, by amounts varying from Rs.2000 to Rs.30000. I also propose to raise the excise duty on compressors for air conditioners of a capacity not exceeding 7.5 metric ton by Rs. 1800. The expected additional revenue from these proposals is about Rs.91 crores in a full year.

136. Motor cars at present attract excise duty at the rate of 50 per cent. I propose to increase the excise duty to 60 per cent. The duty on taxis at

30 per cent will, however, remain unchanged. The proposal will yield an additional revenue of Rs.150 crores per year.

137. I propose to increase the excise duty on audio cassette tapes from Rs 3 to Rs 5 per sq. metre and on video cassette tapes from Rs 10.50 to Rs 15 per sq. metre. The estimated revenue gain from the proposal will be Rs.29 crores in a full year.

138. As regards colour television sets, I propose to increase the excise duty by Rs.500 and Rs.750 per set, depending on the screen sizes. I propose to raise the excise duty on colour picture tubes as well. I am exempting all black and white television sets from excise duty and shifting the burden to picture tubes. I also propose to increase excise duty on VHS type VCRs and VCPs by Rs.400 per set and Rs. 250 per set, respectively, and on other types of VCRs and VCPs, from 25 per cent to 30 per cent. The revenue gain on this account is Rs. 66 crores in a full year.

139. Every Finance Minister has to do his bit to curb smoking, which is injurious to health. I must also fall in line and add to the tax on cigarettes. In respect of non-filter cigarettes, I propose to raise the duties by Rs.10 to Rs.25 per thousand cigarettes depending upon the length. In respect of filter cigarettes, the increase will be between Rs.35 and Rs.125 per thousand cigarettes. However, filter cigarettes exceeding 85 mm will attract the ceiling rate prescribed in the excise tariff. This will give us additional revenue to the extent of Rs. 300 crores in a full year.

140. The excise duty on hand-made branded biris is Rs 3.75 per thousand. Although the duties on cigarettes have been increased almost every year, excise duties on biris have remained unchanged since 1986. I feel that biri smokers should not be denied the opportunity of increasing their share of contribution to the national exchequer. I accordingly propose to increase the duty on hand-made branded biris, other than paper rolled biris to Rs 4.50 per thousand. Paper rolled biris will attract a duty of Rs.10 per thousand. The present exemption on other hand made biris would, however, continue. The expected additional revenue is Rs.33 crores in a full year.

141. Pan masala not containing tobacco attracts a specific rate of

excise duty. I propose to raise the excise duty on the same by Rs.5 and Rs.10 per kg. depending on its value. This involves a revenue gain of Rs.4 crores in a full year.

142. The excise duty on sugar, which is levied on a specific basis, has remained unchanged since 1983, with the result that the *ad-valorem* incidence has come down as the price of sugar has increased considerably over this period. In *ad valorem* terms, the present incidence of excise duty on levy sugar is more than the incidence on free sale sugar. In order to correct the situation, I propose to increase the excise duty on free sale sugar from the present level of Rs.50 to Rs.71 per quintal. This would mean an additional tax burden of 21 paise per kilogram of free sale sugar which costs about Rs 10 per kg in the market place. This proposal is expected to yield an additional revenue of Rs.122 crores in a full year. I would like to make it clear that I am not proposing any increase in excise duty on levy sugar which is sold through the public distribution system.

143. I propose to exclude khandsari sugar from the list of items chargeable to additional excise duty. The State Governments will be free to levy sales tax on khandsari sugar, if they so desire.

144. Molasses which is a bye-product of the sugar industry is presently subject to excise duty at the rate of Rs.120 per metric ton. A substantial portion of molasses is used in the manufacture of liquor. In the circumstances, it can bear a higher rate of duty. Accordingly, I propose to increase the excise duty on molasses to Rs.150 per metric ton. The estimated revenue gain from the proposal is Rs.13 crores in a year.

145. The details of the revenue implications of the measures announced are given in the Explanatory Memorandum to the Finance Bill.

146. I have also proposed certain amendments in the Finance Bill seeking to effect changes in the Customs Act, and excise and customs tariffs. These include certain consequential amendments to the customs tariff based on the amendments to the Harmonised Commodity Description and Coding System which has been adopted by our country

in terms of the International Convention on the Harmonised System. The amendments are merely enabling provisions and do not have significant revenue implications. Besides, there are proposals for amendment of some of the existing notifications. In order to save the time of the House, I do not propose to recount them.

147. The increases in excise duties will lead to a revenue gain of Rs.1799.00 crores while the reliefs will amount to Rs. 358.06 crores in a full year. The net revenue gain from excise duties is thus Rs.1440.94 crores in a full year, of which the States will get Rs.750.04 crores leaving the balance of Rs.690.90 crores for the Centre. The proposals in regard to changes in the customs duties imply a revenue loss of Rs.822.52 crores and a revenue gain of Rs.78.00 crores in a full year. The net impact of the proposals relating to customs duties is a loss of Rs.744.52 crores in a full year. Thus, as compared with the additional net revenue of Rs.696.42 crores from customs and excise duties, the States would gain Rs.750.04 crores, while the Centre would lose Rs. 53.62 crores in a full year.

148. Copies of notifications giving effect to the changes in customs and excise duties effective from 25th July, 1991, will be laid on the Table of the House in due course.

149. The proposals I have made in regard to direct taxes will yield Rs.2139 crores of which Rs. 97 crores will accrue to the States and Rs.2042 crores to the Centre. My proposals in regard to customs duties will involve a net revenue loss of Rs. 510 crores in the current year while those relating to Union excise duties are estimated to yield a net additional revenue of Rs. 988 crores in the remaining part of the current year of which Rs. 515 crores will be the share of States and Rs. 473 crores will be retained by the Centre. Taking both direct and indirect taxes into account, the net gain to the Centre in the current year is estimated at Rs. 2005 crores and with this, the budgetary deficit of the Centre for the current year is estimated at Rs. 7719 crores, the revenue deficit at Rs. 13854 crores and the fiscal deficit at Rs. 37727 crores.

150. Sir, I have now nearly come to the end of my labour. Before I conclude, let me end on a personal note. Years ago, in a letter which Jawaharlal Nehru wrote to the young Indira Gandhi, he advised her that

in dealing with the affairs of the State one should be full of sentiment but never be sentimental. But the House will forgive me if on an occasion like this *I cannot avoid* being somewhat sentimental.

151. I was born in a poor family in a chronically drought prone village which is now part of Pakistan. University scholarships and grants made it possible for me to go to college in India as well as in England. This country has honoured me by appointing me to some of the most important public offices of our sovereign Republic. This is a debt which I can never be able to fully repay. The best I can do is to pledge myself to serve our country with utmost sincerity and dedication. This I promise to the House. A Finance Minister has to be hard headed. This I shall endeavour to be. I shall be firm when it comes to defending the interests of this nation. But I promise that in dealing with the people of India I shall be soft hearted. I shall not in any way renege on our nation's firm and irrevocable commitment to the pursuit of equity and social justice. I shall never forget that ultimately all economic processes are meant to serve the interests of our people. It is only through a commitment to social justice and the pursuit of excellence that we can mobilise the collective will of our people for development, to give it a high moral purpose and to keep alive the spirit of national solidarity. The massive social and economic reforms needed to remove the scourge of poverty, ignorance and disease can succeed only if backed by a spirit of high idealism, self sacrifice and dedication.

152. The grave economic crisis now facing our country requires determined action on the part of Government. We are fully prepared for that role. Our party will provide an effective Government to our country. Our people are our masters. We see the role of our Government as one of empowering our people to realize their full potential. This budget constitutes a vital component of a comprehensive vision, a well thought out strategy and an effective action programme designed to get India moving once again.

153. Sir, I do not minimise the difficulties that lie ahead on the long and arduous journey on which we have embarked. But as Victor Hugo once said, "no power on earth can stop an idea whose time has come." I suggest to this august House that the emergence of India as a major

economic power in the world happens to be one such idea. Let the whole world hear it loud and clear. India is now wide awake. We shall prevail. We shall overcome.

154. With these words, I commend the budget to this august House.

Budget of the Central Government for 1991-92
(as laid before Parliament)

भारत सरकार
GOVERNMENT OF INDIA

सत्यमेव जयते

केन्द्रीय सरकार

का

1991-92

का

वार्षिक वित्तीय विवरण

ANNUAL FINANCIAL STATEMENT

OF THE

CENTRAL GOVERNMENT

FOR

1991-92

(जैसा संसद में प्रस्तुत किया गया)

(As laid before Parliament)

नई दिल्ली, 24 जुलाई, 1991
New Delhi, the 24th July, 1991

मनमोहन सिंह
वित्त मंत्री
Manmohan Singh
Minister of Finance

विषय सूची
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(करोड़ रुपए)(In crores of Rupees)

		मुख्य शीर्ष Major Head	वास्तविक Accounts 1989-90	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92
क. कर राजस्व	**A. TAX REVENUE**					
(क) आय और व्यय पर कर	***(a) Taxes on Income and Expenditure:***		***5889.96***	***7522.69***	***7864.52***	***9061.09***
निगम-कर	Corporation Tax	0020	4728.92	6089.00	6350.00	6704.00
निगम कर के अतिरिक्त आय पर कर	Taxes on Income other than Corporation Tax	0021	1082.01	1361.69	1439.52	1587.09
ब्याज कर	Interest Tax	0024	3.94	0.00	0.00	535.00
आय और व्यय पर अन्य कर	Other Taxes on Income and Expenditure	0028	75.09	72.00	75.00	235.00
(ख) सम्पत्ति और पूंजी लेन-देनों पर कर	***(b) Taxes on Property and Capital Transactions:***		***190.84***	***187.50***	***195.50***	***266.30***
सम्पदा शुल्क	Estate Duty	0031	4.27	3.50	3.50	2.30
धन पर कर	Taxes on Wealth	0032	178.51	175.00	190.00	255.00
दान-कर	Gift Tax	0033	8.06	9.00	2.00	9.00
(ग) वस्तुओं और सेवाओं पर कर	***(c) Taxes on Commodities and Services:***		***40658.79***	***46625.15***	***45561.50***	***53066.22***
सीमा शुल्क	Customs	0037	18036.13	21460.38	20800.00	25899.41
संघ उत्पाद शुल्क*	Union Excise Duties*	0038	22406.30	24951.96	24500.00	26887.81
वस्तुओं और सेवाओं पर अन्य कर और शुल्क	Other Taxes and Duties on Commodities and Services	0045	216.36	212.81	261.50	279.00
(घ) संघ राज्य क्षेत्रों का कर	***(d) Taxes of Union territories***		***974.51***	***1205.85***	***1174.01***	***1361.43***
जोड़ - कर राजस्व	**TOTAL-TAX REVENUE**		**47714.10**	**55541.19**	**54795.53**	**63755.04**
ख. कर-भिन्न राजस्व	**B. NON-TAX REVENUE**					
(क) राजकोषीय सेवाएं	***(a) Fiscal Services***		***840.84***	***565.22***	***667.83***	***1117.63***
करेंसी, सिक्का-निर्माण और टकसाल	Currency, Coinage and Mint	0046	266.13	251.50	273.24	295.59
अन्य राजकोषीय सेवाएं	Other Fiscal Services	0047	574.71	313.72	394.59	822.04
(ख) ब्याज प्राप्तियां, लाभांश और लाभ	***(b) Interest Receipts, Dividends and Profits:***		***9180.70***	***10239.98***	***10352.29***	***11975.94***
ब्याज प्राप्तियां	*Interest Receipts*	*0049*	*8465.98*	*9519.09*	*9572.74*	*11008.82*
राज्यों और संघ राज्य क्षेत्रों की सरकारों से ब्याज	Interest from State and Union Territory Governments		4424.24	5593.00	5592.53	6808.22
रेलवे से ब्याज	Interest from Railways		782.61	932.00	927.00	1037.00
दूरसंचार से ब्याज	Interest from Telecommunications		180.37	198.00	203.62	224.67
अन्य ब्याज प्राप्तियां	Other Interest Receipts		3078.76	2796.09	2849.59	2938.93
लाभांश और लाभ	Dividends and Profits	0050	714.72	720.89	779.55	967.12
(ग) अन्य कर-भिन्न राजस्व	***(c) Other Non-Tax Revenue:***					
(i) सामान्य सेवाएं	*(i) General Services:*		*1460.90*	*1608.49*	*1692.61*	*1859.08*
लोक सेवा आयोग	Public Service Commission	0051	3.32	3.25	3.65	3.65
पुलिस	Police	0055	160.34	146.08	161.06	168.07
पूर्ति और निपटान	Supplies and Disposals	0057	30.38	31.65	30.02	12.40
लेखन सामग्री और मुद्रण	Stationery and Printing	0058	18.35	29.00	29.53	27.82

* वर्ष 1991-92 के बजट अनुमानों में 514.37 करोड़ रुपए की राशि शामिल नहीं है, जो कि बजट-प्रस्तावों में राज्यों के हिस्से की राशि है।

* Excludes Rs. 514.37 crores in Budget Estimate 1991-92 being the share of States out of the Budget proposals.

टिप्पणी:- 'वास्तविक 1989-90' कालम के अंतर्गत दिखाए गए आंकड़े अनन्तिम हैं।

Note: The figures shown under the column 'Accounts 1989-90' are provisional.

विवरण 1 - भारत की समेकित निधि - राजस्व खाता - प्राप्तियां

STATEMENT I - CONSOLIDATED FUND OF INDIA - REVENUE ACCOUNT-RECEIPTS

(करोड़ रुपए)(In crores of Rupees)

		मुख्य शीर्ष Major Head	वास्तविक Accounts 1989-90	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92
लोक निर्माण कार्य	Public Works	0059	21.16	27.80	28.80	31.16
अन्य प्रशासनिक सेवाएं	Other Administrative Services	0070	77.39	77.66	82.40	84.00
पेंशनें और अन्य सेवा - निवृत्ति लाभों के संबंध में अंशदान और वसूलियां	Contributions and Recoveries towards Pension & Other Retirement benefits	0071	50.75	33.66	36.73	39.91
विविध सामान्य सेवाएं	Miscellaneous General Services	0075	737.27	852.08	883.18	1035.41
रक्षा सेवाएं	*Defence Services*		*361.94*	*407.31*	*437.24*	*456.66*
थल-सेना	Army	0076	215.84	215.31	236.84	226.10
नौ-सेना	Navy	0077	20.75	24.00	24.00	24.00
वायु-सेना	Air Force	0078	59.63	61.00	67.00	66.00
आयुध कारखानें	Ordnance Factories	0079	65.72	107.00	109.40	140.56
(ii) सामाजिक सेवाएं :	*(ii) Social Services:*		*301.13*	*308.02*	*330.68*	*337.46*
शिक्षा, खेल,कला और संस्कृति	Education, Sports, Art and Culture	0202	3.34	12.44	10.35	12.51
चिकित्सा और लोक स्वास्थ्य	Medical & Public Health	0210	11.02	9.74	10.08	10.30
परिवार कल्याण	Family Welfare	0211	4.74	11.20	9.50	10.50
आवास	Housing	0216	13.95	22.61	18.02	18.21
शहरी विकास	Urban Development	0217	0.00	0.01	0.01	0.01
सूचना और प्रचार	Information and Publicity	0220	18.22	19.38	18.34	19.51
प्रसारण	Broadcasting	0221	244.17	230.00	262.00	264.00
श्रम और रोजगार	Labour and Employment	0230	0.70	0.75	0.77	0.77
सामाजिक सुरक्षा और कल्याण	Social Security and Welfare	0235	4.83	1.89	1.61	1.65
अन्य सामाजिक सेवाएं	Other Social Services	0250	0.16	0.00	0.00	0.00
(iii) आर्थिक सेवाएं	*(iii) Economic Services:*		*17840.66*	*18574.09*	*18118.04*	*20195.46*
कृषि कार्य	Crop Husbandry	0401	2.09	0.68	6.32	3.01
पशु पालन	Animal Husbandry	0403	2.70	2.70	3.05	2.90
डेरी विकास	Dairy Development	0404	80.91	88.85	88.85	93.29
मीन उद्योग	Fisheries	0405	9.24	0.86	0.87	1.10
वानिकी और वन्य जीवन	Forestry & Wild Life	0406	2.27	2.70	2.70	2.70
खाद्य भंडारण और भांडागारण	Food Storage and Warehousing	0408	2.76	2.07	4.73	3.18
अन्य कृषि कार्यक्रम	Other Agricultural Programmes	0435	3.14	2.92	3.01	3.51
वृहद और मध्यम सिंचाई	Major & Medium Irrigation	0701	3.90	5.10	3.65	5.10
लघु सिंचाई	Minor Irrigation	0702	0.41	0.42	0.42	0.45
विद्युत	Power	0801	154.90	239.12	165.44	517.00
पेट्रोलियम	Petroleum	0802	2689.93	522.91	513.35	522.13
ऊर्जा के गैर-पारम्परिक स्रोत	Non-Conventional Sources of Energy	0810	0.16	0.13	0.03	0.01
ग्रामोद्योग और लघु उद्योग	Village and Small Industries	0851	4.07	3.81	5.31	5.34
उद्योग	Industries	0852	107.79	197.15	120.35	204.76
अलौह धातु खनन तथा धातुकर्म उद्योग	Non-Ferrous Mining & Metallurgical Industries	0853	5.57	1.13	1.08	0.93
अन्य उद्योग	Other Industries	0875	31.29	30.00	40.00	40.00
पत्तन और दीपस्तम्भ	Ports and Lighthouses	1051	23.18	24.10	24.38	24.50
नौवहन	Shipping	1052	1.03	0.99	1.05	1.06
नागर विमानन	Civil Aviation	1053	1.10	0.65	0.65	0.65
सड़कें और पुल	Roads and Bridges	1054	25.59	30.00	30.00	30.00

विवरण 1 - भारत की समेकित निधि - राजस्व खाता - प्राप्तियां

STATEMENT I - CONSOLIDATED FUND OF INDIA - REVENUE ACCOUNT-RECEIPTS

(करोड़ रुपए)(In crores of Rupees)

		मुख्य शीर्ष Major Head	वास्तविक Accounts 1989-90	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92
अन्य संचार सेवाएं	Other Communication Services	1275	4.13	4.76	5.15	4.90
परमाणु ऊर्जा अनुसंधान	Atomic Energy Research	1401	5.80	5.89	6.51	6.67
अन्य वैज्ञानिक अनुसंधान	Other Scientific Research	1425	11.34	9.94	10.05	10.31
पर्यटन	Tourism	1452	0.16	0.00	0.00	0.00
विदेश व्यापार और निर्यात संवर्धन	Foreign Trade and Export Promotion	1453	40.87	30.97	184.21	37.12
नागरिक पूर्ति	Civil Supplies	1456	0.01	0.00	0.00	0.00
अन्य सामान्य आर्थिक सेवाएं	Other General Economic Services	1475	41.32	43.63	44.53	47.12
रेलवे बजट के अनुसार रेलवे का राजस्व	Railway Revenue as per Railway Budget		11041.27	12408.04	12382.35	13702.72
डाक प्राप्तियां	Postal Receipts	1201	702.59	972.00	900.00	960.00
दूरसंचार प्राप्तियां	Telecommunication Receipts	1225	2841.14	3942.57	3570.00	3965.00
ग. सहायता—अनुदान और अंशदान	**C. GRANTS-IN-AID AND CONTRIBUTIONS**		**754.18**	**807.73**	**822.06**	**868.14**
विदेशी अनुदान सहायता	External Grant Assistance	1605	664.87	684.57	732.29	714.28
सहायता सामग्री और उपस्कर	Aid Materials and Equipment	1606	89.31	123.16	89.77	153.86
संघ राज्य क्षेत्रों का कर-भिन्न राजस्व	***Non-Tax Revenue of Union territories***		***131.02***	***123.95***	***137.81***	***140.51***
जोड़-कर-भिन्न राजस्व	**TOTAL- NON-TAX REVENUE**		**30509.43**	**32227.48**	**32121.32**	**36494.22**
जोड़-राजस्व प्राप्तियां	***TOTAL-REVENUE RECEIPTS***		***78223.53***	***87768.67***	***86916.85***	***100249.26***
अग्रेनीत (देखिए पृष्ठ 7)	Carried over (see page 7)					
प्राप्तियों से अधिक भुगतान (राजस्व घाटा)	Excess of Disbursements over Receipts (Revenue Deficit)		11912.23	13031.36	17584.78	13853.98
जोड़	**TOTAL:**		**90135.76**	**100800.03**	**104501.63**	**114103.24**

विवरण 1 - भारत की समेकित निधि - राजस्व खाता - भुगतान

STATEMENT I - CONSOLIDATED FUND OF INDIA - REVENUE ACCOUNT - DISBURSEMENTS

(करोड़ रुपए)(In crores of Rupees)

		मुख्य शीर्ष Major Head	वास्तविक Accounts 1989-90	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92
क. सामान्य सेवाएं	A. GENERAL SERVICES		34911.23	38939.97	41605.37	46980.31
(क) राज्य के अंग	*(a) Organs of State*		*460.82*	*363.97*	*364.39*	*515.84*
संसद	Parliament	2011	22.37	26.19	28.55	29.59
राष्ट्रपति, उप-राष्ट्रपति आदि	President, Vice President, etc.	2012	3.05	2.84	3.58	3.42
मंत्रिपरिषद	Council of Ministers	2013	14.60	13.63	13.61	12.01
न्याय का प्रशासन	Administration of Justice	2014	12.40	14.20	14.81	15.70
चुनाव	Elections	2015	182.83	64.14	59.51	200.00
लेखा परीक्षा	Audit	2016	225.57	242.97	244.33	255.12
(ख) राजकोषीय सेवाएं	*(b) Fiscal Services*		*1111.49*	*1133.17*	*1202.07*	*1473.08*
(i) कर संग्रह	*(i) Tax Collection*		*493.93*	*574.36*	*582.34*	*659.99*
आय और व्यय पर करों का संग्रह	Collection of Taxes on Income and Expenditure	2020	190.83	203.62	213.49	229.07
सम्पदा शुल्क, धन कर और दान कर का संग्रह	Collection of Estate Duty, Taxes on Wealth and Gift Tax	2031	19.57	22.17	23.29	25.00
सीमा-शुल्क	Customs	2037	149.32	170.63	181.68	212.32
संघ उत्पाद-शुल्क	Union Excise Duties	2038	133.93	177.65	163.59	190.25
वस्तुओं और सेवाओं पर अन्य कर और शुल्क	Other Taxes and Duties on Commodities and Services	2045	0.28	0.29	0.29	3.35
(ii) अन्य राजकोषीय सेवाएं	*(ii) Other Fiscal Services*		*617.56*	*558.81*	*619.73*	*813.09*
करेंसी, सिक्का-निर्माण और टकसाल	Currency, Coinage and Mint	2046	190.27	231.83	250.63	272.11
अन्य राजकोषीय सेवाएं	Other Fiscal Services	2047	427.29	326.98	369.10	540.98
(ग) ब्याज संदाय और ऋण परिशोधन	*(c) Interest Payment and Servicing of Debt*		*17735.01*	*20850.00*	*21850.00*	*27450.00*
ब्याज संदाय	Interest Payments	2049	17735.01	20850.00	21850.00	27450.00
(घ) प्रशासनिक सेवाएं	*(d) Administrative Services*		*2071.24*	*2349.91*	*2717.47*	*2687.08*
लोक सेवा आयोग	Public Service Commission	2051	15.46	17.52	19.67	19.89
सचिवालय-सामान्य सेवाएं	Secretariat-General Services	2052	207.30	255.56	237.42	268.90
पुलिस	Police	2055	1297.94	1393.97	1580.61	1757.57
पूर्ति और निपटान	Supplies and Disposals	2057	18.15	18.32	18.20	17.85
लेखन सामग्री और मुद्रण	Stationery and Printing	2058	62.15	50.67	44.47	56.62
लोक निर्माण कार्य	Public Works	2059	88.56	97.11	90.81	107.05
वैदेशिक कार्य	External Affairs	2061	266.69	283.57	595.67	308.37
अन्य प्रशासनिक सेवाएं	Other Administrative Services	2070	114.99	233.19	130.62	150.83
(ङ) पेंशनें और विविध सामान्य सेवाएं	*(e) Pensions and Miscellaneous General Services*		*2976.32*	*2887.50*	*4021.76*	*3258.87*
पेंशनें और अन्य सेवानिवृत्ति लाभ	Pensions and other Retirement Benefits	2071	2219.28	1997.35	2167.25	2298.24
विविध सामान्य सेवाएं	Miscellaneous General Services	2075	757.04	890.15	1854.51	960.63
(च) रक्षा सेवाएं	*(f) Defence Services*		*10556.35*	*11355.42*	*11449.68*	*11595.44*
रक्षा सेवाएं - थल सेना	Defence Services-Army	2076	7605.08	8125.46	8201.84	8305.23
रक्षा सेवाएं - नौ सेना	Defence Services-Navy	2077	836.14	901.00	850.00	916.06
रक्षा सेवाएं - वायु सेना	Defence Services-Air Force	2078	1938.81	2078.76	2139.74	2120.96
रक्षा सेवाएं- आयुध कारखानें	Defence Services-Ordinance Factories	2079	176.32	250.20	258.10	253.19
ख. सामाजिक सेवाएं	B. SOCIAL SERVICES		2740.47	3310.77	3246.03	3739.74
सामान्य शिक्षा	General Education	2202	712.60	816.28	842.31	904.24
तकनीकी शिक्षा	Technical Education	2203	257.14	300.74	303.25	333.63
खेलकूद और युवा सेवाएं	Sports and Youth Services	2204	81.11	78.68	72.26	87.13
कला और संस्कृति	Art and Culture	2205	90.23	113.47	103.83	125.23
चिकित्सा और लोक स्वास्थ्य	Medical and Public Health	2210	281.76	346.65	338.13	391.70
परिवार कल्याण	Family Welfare	2211	66.08	64.90	78.82	85.57
जलपूर्ति और सफाई	Water Supply and Sanitation	2215	77.66	145.25	128.17	118.78
आवास	Housing	2216	69.61	89.88	80.46	97.97
शहरी विकास	Urban Development	2217	5.11	7.48	7.18	11.87
सूचना और प्रचार	Information and Publicity	2220	69.39	84.63	83.60	92.72

विवरण 1 - भारत की समेकित निधि - राजस्व खाता - भुगतान

STATEMENT I - CONSOLIDATED FUND OF INDIA - REVENUE ACCOUNT - DISBURSEMENTS

(करोड़ रुपए)(In crores of Rupees)

		मुख्य शीर्ष Major Head	वास्तविक Accounts 1989-90	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92
प्रसारण	Broadcasting	2221	495.36	555.12	551.08	655.10
अनुसूचित जातियों, अनुसूचित जनजातियों और अन्य पिछड़े वर्गों का कल्याण	Welfare of Scheduled Castes, Scheduled Tribes and other Backward classes	2225	6.95	18.45	19.59	29.48
श्रम तथा रोजगार	Labour & Employment	2230	264.12	312.03	285.61	352.97
सामाजिक सुरक्षा और कल्याण	Social Security and Welfare	2235	235.96	345.89	320.61	419.32
पोषाहार	Nutrition	2236	2.14	3.51	3.08	3.82
अन्य सामाजिक सेवाएं	Other Social Services	2250	1.45	1.50	1.50	1.57
सचिवालय-सामाजिक सेवाएं	Secretariat-Social Services	2251	23.80	26.31	26.55	28.64
ग. आर्थिक सेवाएं	**C. ECONOMIC SERVICES**		**32973.33**	**35413.33**	**34488.44**	**35355.16**
(क) कृषि तथा संबद्ध क्रियाकलाप	***(a) Agriculture and Allied Activities***		***4101.03***	***4868.96***	***5657.54***	***6226.98***
कृषि कार्य	Crop Husbandry	2401	905.75	827.47	901.01	1243.61
भूमि तथा जल संरक्षण	Soil and Water Conservation	2402	4.70	7.09	5.84	9.98
पशु पालन	Animal Husbandry	2403	11.11	12.80	14.29	14.22
डेरी विकास	Dairy Development	2404	151.45	145.02	101.43	134.16
मीन उद्योग	Fisheries	2405	16.07	24.31	20.84	27.84
वानिकी तथा वन्य जीवन	Forestry and Wild Life	2406	29.99	52.14	44.53	58.60
बागान	Plantations	2407	49.70	57.00	57.98	69.42
खाद्य भंडारण तथा भाण्डागारण	Food, Storage and Warehousing	2408	2634.70	2366.52	2614.30	2741.89
कृषि अनुसंधान तथा शिक्षा	Agricultural Research and Education	2415	252.28	325.70	318.56	363.53
कृषि वित्तीय संस्थाएं	Agricultural Financial Institutions	2416	21.49	19.49	52.49	34.83
सहकारिता	Co-operation	2425	17.36	23.49	18.39	19.65
अन्य कृषि कार्यक्रम	Other Agricultural Programmes	2435	6.43	1007.93	1507.88	1509.25
(ख) ग्रामीण विकास	***(b) Rural Development***		***2470.48***	***2510.02***	***399.93***	***415.26***
ग्रामीण विकास के विशेष कार्यक्रम	Special Programmes for Rural Development	2501	348.96	377.21	356.66	355.57
ग्रामीण रोजगार	Rural Employment	2505	2099.91	2100.16	13.11	13.82
भूमि सुधार	Land Reforms	2506	0.17	2.21	2.21	8.71
अन्य ग्रामीण विकास कार्यक्रम	Other Rural Development Programmes	2515	21.44	30.44	27.95	37.16
(ग) विशेष क्षेत्र कार्यक्रम	***(c) Special Areas Programmes***		***7.33***	***15.07***	***13.55***	***15.97***
उत्तर-पूर्वी क्षेत्र	North Eastern Areas	2552	7.33	15.07	13.55	15.97
(घ) सिंचाई और बाढ़ नियंत्रण	***(d) Irrigation and Flood Control***		***81.37***	***101.79***	***92.26***	***164.24***
वृहद और मध्यम सिंचाई	Major and Medium Irrigation	2701	31.41	41.67	37.19	55.07
लघु सिंचाई	Minor Irrigation	2702	29.88	34.56	32.62	57.58
कमान क्षेत्र विकास	Command Areas Development	2705	0.17	0.20	0.18	2.20
बाढ़ नियंत्रण और जल निकासी	Flood Control and drainage	2711	19.91	25.36	22.27	49.39
(ङ) ऊर्जा	***(e) Energy***		***851.48***	***916.87***	***933.71***	***1119.62***
विद्युत	Power	2801	565.99	618.87	652.99	796.29
पेट्रोलियम	Petroleum	2802	111.87	100.00	89.81	100.00
कोयला और लिग्नाइट	Coal and Lignite	2803	116.23	129.02	127.27	135.30
ऊर्जा के गैर-पारम्परिक स्रोत	Non-Conventional Sources of Energy	2810	57.39	68.98	63.64	88.03
(च) उद्योग और खनिज	***(f) Industry and Minerals***		***5676.07***	***4685.34***	***5232.01***	***4525.38***
ग्रामोद्योग और लघु उद्योग	Village and Small Industries	2851	312.48	404.40	388.99	483.96
उद्योग	Industries	2852	5077.09	4024.23	4386.61	3760.34
अलौह धातु खनन तथा धातुकर्म उद्योग	Non-ferrous Mining and Metallurgical Industries	2853	126.18	133.52	135.90	123.99
अन्य उद्योग	Other Industries	2875	36.04	37.99	33.33	36.99
उद्योगों और खनिजों पर अन्य परिव्यय	Other outlays on Industries and Minerals	2885	124.28	85.20	287.18	120.10

विवरण 1 - भारत की समेकित निधि - राजस्व खाता - भुगतान

STATEMENT I - CONSOLIDATED FUND OF INDIA - REVENUE ACCOUNT - DISBURSEMENTS

(करोड़ रुपए)(In crores of Rupees)

		मुख्य शीर्ष Major Head	वास्तविक Accounts 1989-90	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92
(छ) परिवहन	*(g) Transport*		*12329.69*	*13069.64*	*13003.51*	*14408.51*
रेलवे बजट के अनुसार व्यय	Expenditure as per Railway Budget		11041.27	12408.04	12382.35	13702.72
पत्तन तथा दीपस्तंभ	Ports & Light Houses	3051	65.76	67.30	59.39	63.20
नौवहन	Shipping	3052	33.63	42.85	42.06	50.64
नागर विमानन	Civil Aviation	3053	22.36	26.74	24.25	23.59
सड़कें और पुल	Roads and Bridges	3054	195.52	210.19	194.65	228.78
सड़क परिवहन	Road Transport	3055	611.77	3.90	3.70	1.75
अन्तर्देशीय जल परिवहन	Inland Water Transport	3056	115.70	20.00	8.89	13.97
अन्य परिवहन सेवाएं	Other Transport Services	3075	243.68	290.62	288.22	323.86
(ज) संचार	*(h) Communications*		*3839.94*	*5028.41*	*4647.73*	*5247.63*
डाक सेवाएं	Postal Services	3201	965.58	1065.40	1059.38	1215.10
दूरसंचार	Telecommunications		2841.15	3942.57	3570.00	3965.00
दूरसंचार सेवाएं	Telecommunication Services	3225	1602.74	2070.00	1935.50	2253.33
सामान्य राजस्व को लाभांश	Dividends to General revenues	3230	180.37	198.00	203.62	224.67
दूरसंचार अधिशेष से विनियोग	Appropriations from Telecommunication Surplus	3231	1058.04	1674.57	1430.88	1487.00
उपग्रह प्रणाली	Satellite Systems	3252	2.78	13.27	8.73	56.96
अन्य संचार सेवाएं	Other Communication Services	3275	30.43	7.17	9.62	10.57
(झ) विज्ञान, प्रौद्योगिकी और पर्यावरण	*(i) Science Technology and Environment*		*1039.86*	*1218.45*	*1135.22*	*1324.17*
परमाणु ऊर्जा अनुसंधान	Atomic Energy Research	3401	199.99	241.64	230.84	261.34
अन्तरिक्ष अनुसंधान	Space Research	3402	290.24	324.73	300.05	343.02
समुद्र विज्ञान अनुसंधान	Oceanographic Research	3403	28.09	35.82	33.80	38.61
अन्य वैज्ञानिक अनुसंधान	Other Scientific Research	3425	417.83	488.07	458.69	543.87
पारिस्थितिकी तथा पर्यावरण	Ecology and Environment	3435	103.71	128.19	111.84	137.33
(ञ) सामान्य आर्थिक सेवाएं	*(j) General Economic Services*		*2576.08*	*2998.78*	*3372.98*	*1907.40*
सचिवालय-आर्थिक सेवाएं	Secretariat-Economic Services	3451	105.17	125.57	125.30	135.78
पर्यटन	Tourism	3452	48.78	60.34	55.95	63.84
विदेश व्यापार और निर्यात संवर्धन	Foreign Trade and Export Promotion	3453	2119.01	2401.74	2810.97	1355.51
जनगणना, सर्वेक्षण तथा सांख्यिकी	Census, Surveys and Statistics	3454	71.05	198.37	182.83	190.36
मौसम विज्ञान	Meteorology	3455	38.24	43.83	41.40	44.28
नागरिक पूर्ति	Civil Supplies	3456	16.63	10.98	10.98	16.47
अन्तर्राष्ट्रीय वित्तीय संस्थाएं	International Financial Institutions	3466	0.24	0.25	0.28	0.35
अन्य सामान्य आर्थिक सेवाएं	Other General Economic Services	3475	176.96	157.70	145.27	100.81
घ. सहायता—अनुदान और अंशदान	**D-GRANTS-IN-AID AND CONTRIBUTIONS**		**18146.10**	**21808.41**	**23816.57**	**26591.16**
राज्य सरकारों को सहायता-अनुदान	Grants in aid to State Governments	3601	8643.80	11308.93	13067.34	15106.63
संघ राज्य क्षेत्रों की सरकारों को सहायता अनुदान	Grants in aid to Union Territory Governments	3602	69.47	114.35	105.40	121.07
संघ उत्पाद शुल्कों के राज्यों के हिस्से की अदायगी	Payment of States' share of Union Excise Duties	3603	9310.11	10188.37	10414.43	11175.47
अन्य देशों के साथ तकनीकी व आर्थिक सहयोग	Technical and Economic Cooperation with other countries	3605	120.46	190.16	222.80	181.39
सहायता सामग्री तथा उपस्कर	Aid Materials and Equipment	3606	2.26	6.60	6.60	6.60
संघ राज्य क्षेत्रों का भुगतान	Disbursements of Union territories		1364.63	1327.55	1345.22	1436.87
जोड़ - राजस्व भुगतान	*TOTAL- REVENUE DISBURSEMENTS*		*90135.76*	*100800.03*	*104501.63*	*114103.24*
भुगतान से अधिक राजस्व (अधिशेष)	Excess of Revenue over Disbursements (Surplus)		...	...	...	...
जोड़	TOTAL:		90135.76	100800.03	104501.63	114103.24

विवरण 1 - भारत की समेकित निधि - पूंजी खाता - प्राप्तियां
STATEMENT I - CONSOLIDATED FUND OF INDIA-CAPITAL ACCOUNT-RECEIPTS

(करोड़ रुपए)(In crores of Rupees)

		मुख्य शीर्ष Major Head	वास्तविक Accounts 1989-90	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92
क. लोक ऋण	***A. PUBLIC DEBT***					
केन्द्रीय सरकार का आन्तरिक ऋण	Internal Debt of Central Goverment	6001				
बाजार उधार	Market Loans		8043.71	8988.00	8988.00	8918.00
91 दिवसीय राजकोषीय हुंडियां	91 Days Treasury Bills		107195.43	122205.85	89358.00	82718.78
अन्य	Others		3520.30	2342.60	4500.32	7491.37
जोड़-केन्द्रीय सरकार का आन्तरिक ऋण	***Total-Internal Debt of Central Goverment***		***118759.44***	***133536.45***	***102846.32***	***99128.15***
विदेशी ऋण	External Debt	6002	4443.22	5384.66	5669.15	6543.80
जोड़-लोक ऋण	**TOTAL-PUBLIC DEBT**		**123202.66**	**138921.11**	**108515.47**	**105671.95**
ख. उधारों और अग्रिमों की वसूलियां	***B. RECOVERIES OF LOANS AND ADVANCES***					
राज्य सरकारें	State Governments		3349.21	3937.29	4795.85	4152.74
संघ राज्य क्षेत्रों की सरकारें	Union Territory Governments		6.77	10.00	18.58	17.40
विदेशी सरकारें	Foreign Governments		88.86	372.25	787.62	1202.92
अन्य उधार और अग्रिम	Other Loans and Advances		2015.11	1365.65	1492.99	1405.29
जोड़-उधारों और अग्रिमों की वसूलियां	**TOTAL- RECOVERIES OF LOANS AND ADVANCES**		**5459.95**	**5685.19**	**7095.04**	**6778.35**
ग. अन्य प्राप्तियां	***C. OTHER RECEIPTS***		***0.48***	***0.00***	***0.00***	***2500.00***
जोड़-पूंजी खाते की प्राप्तियां	***TOTAL CAPITAL ACCOUNT RECEIPTS***		***128663.09***	***144606.30***	***115610.51***	***114950.30***
राजस्व प्राप्तियां *(पृष्ठ 3 से आगे लाया गया)*	*REVENUE RECEIPTS (brought forward from page 3)*		*78223.53*	*87768.67*	*86916.85*	*100249.26*
जोड़-भारत की समेकित निधि - प्राप्तियां	***TOTAL-CONSOLIDATED FUND OF INDIA RECEIPTS***		***206886.62***	***232374.97***	***202527.36***	***215199.56***

विवरण I - भारत की समेकित निधि - पूंजी खाता - भुगतान
STATEMENT I - CONSOLIDATED FUND OF INDIA - CAPITAL ACCOUNT - DISBURSEMENTS

(करोड़ रुपए)(In crores of Rupees)

		मुख्य शीर्ष Major Head	वास्तविक Accounts 1989-90	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92
क. सामान्य सेवाओं का पूंजी खाता	**A. CAPITAL ACCOUNT OF GENERAL SERVICES**		**4526.85**	**5304.07**	**5203.94**	**5743.87**
करेंसी, सिक्का निर्माण और टकसाल	Currency, Coinage and Mint	4046	18.72	103.53	49.09	96.25
अन्य राजकोषीय सेवाएं	Other Fiscal Services	4047	122.86	165.78	147.49	156.18
लेखन सामग्री और मुद्रण	Sationery and Printing	4058	4.26	4.10	4.90	3.80
लोक निर्माण कार्य	Public Works	4059	150.72	193.51	230.94	239.18
अन्य प्रशासनिक सेवाएं	Other Administrative Services	4070	2.33	2.26	1.26	3.94
विविध सामान्य सेवाएं	Miscellaneous General Services	4075	6.19	33.00	32.70	33.30
रक्षा सेवाएं	Defence Services	4076	4221.77	4801.89	4737.56	5211.22
ख. सामाजिक सेवाओं का पूंजी खाता	**B. CAPITAL ACCOUNT OF SOCIAL SERVICES**		**321.00**	**388.96**	**301.31**	**405.56**
शिक्षा, खेल,कला और संस्कृति	Education, Sports, Art and Culture	4202	7.53	35.78	26.67	10.89
चिकित्सा और लोक स्वास्थ्य	Medical and Public Health	4210	19.62	5.99	5.01	4.29
परिवार कल्याण	Family Welfare	4211	0.13	0.08	0.15	0.15
जल पूर्ति तथा सफाई	Water Supply and Sanitation	4215	1.50	2.00	2.00	5.00
आवास	Housing	4216	97.76	135.09	121.97	166.51
शहरी विकास	Urban Development	4217	10.61	12.00	12.00	18.50
सूचना और प्रचार	Information and Publicity	4220	3.26	5.35	4.41	4.20
प्रसारण	Broadcasting	4221	174.25	183.54	118.22	168.14
अनुसूचित जातियों, अनुसूचित जनजातियों और अन्य पिछड़े वर्गों का कल्याण	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	4225	3.00	8.00	8.00	18.00
सामाजिक सुरक्षा और कल्याण	Social Security and Walfare	4235	1.21	1.13	0.54	1.05
अन्य सामाजिक सेवाएं	Other Social Services	4250	2.13	0.00	2.34	8.83
ग. आर्थिक सेवाओं का पूंजी खाता	**C. CAPITAL ACCOUNT OF ECONOMIC SERVICES**		**8364.55**	**8177.49**	**8097.22**	**10416.37**
(क) कृषि और सम्बद्ध क्रियाकलापों का पूंजी खाता	***(a) Capital Account of Agriculture and allied activities***		***45.46***	***65.09***	***53.59***	***75.04***
कृषि कार्य	Crop Husbandry	4401	8.34	12.44	8.67	12.07
भूमि तथा जल संरक्षण	Soil and Water Conservation	4402	0.90	0.80	0.72	0.95
पशुपालन	Animal Husbandry	4403	1.87	4.14	3.04	3.15
डेरी विकास	Dairy Development	4404	1.21	2.10	1.57	2.24
मीन उद्योग	Fisheries	4405	0.41	4.81	1.09	5.74
वानिकी और वन्य जीवन	Forestry and Wild Life	4406	2.33	2.61	3.08	5.61
खाद्य, भंडारण और भांडागारण	Food, Storage and Warehousing	4408	24.36	32.73	30.27	34.05
कृषि वित्तीय संस्थाओं में निवेश	Investment in Agricultural Financial Institutions	4416	6.00	5.25	4.95	11.00
सहकारिता	Co-operation	4425	0.04	0.21	0.20	0.23
(ख) ग्रामीण विकास का पूंजी खाता	***(b) Capital Account of Rural Development***		***0.00***	***0.30***	***0.27***	***0.50***
अन्य ग्रामीण विकास कार्यक्रम	Other Rural Development Programmes	4515	0.00	0.30	0.27	0.50
(ग) विशेष क्षेत्र कार्यक्रमों का पूंजी खाता	***(c) Capital Account of Special Areas Programmes***		***88.36***	***118.88***	***120.89***	***113.94***
उत्तर-पूर्वी क्षेत्र	North Eastern Areas	4552	88.36	118.88	120.89	113.94
(घ) सिंचाई और बाढ़ नियंत्रण का पूंजी खाता	***(d) Capital account of Irrigation and Flood Control***		***8.09***	***4.20***	***4.85***	***4.73***
वृहद और मध्यम सिंचाई	Major and Medium Irrigation	4701	7.80	2.00	3.05	4.23
लघु सिंचाई	Minor Irrigation	4702	0.01	0.20	0.20	0.50
बाढ़ नियंत्रण	Flood Control	4711	0.28	2.00	1.60	0.00
(ङ) ऊर्जा का पूंजी खाता	***(e) Capital Account of Energy***		***2607.44***	***3055.64***	***2936.65***	***2366.92***
विद्युत परियोजनाएं	Power Projects	4801	2003.65	2503.39	2400.06	2002.59
पेट्रोलियम	Petroleum	4802	10.74	0.00	-0.17	0.00
कोयला और लिग्नाइट	Coal and Lignite	4803	589.75	547.00	532.00	360.00
उर्जा के गैर-पारम्परिक स्रोत	Non-Conventional Sources of Energy	4810	3.30	5.25	4.76	4.33

विवरण I- भारत की समेकित निधि - पूंजी खाता - भुगतान
STATEMENT I - CONSOLIDATED FUND OF INDIA - CAPITAL ACCOUNT - DISBURSEMENTS

(करोड़ रुपए)(In crores of Rupees)

		मुख्य शीर्ष Major Head	वास्तविक Accounts 1989-90	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92
(च) उद्योग और खनिज का पूंजी खाता	***(f) Capital Account of Industry and Minerals***		***1152.06***	***971.13***	***853.94***	***866.74***
ग्रामोद्योग और लघु उद्योग	Village and Small Industries	4851	10.13	14.29	14.29	27.48
लोहा और इस्पात उद्योग	Iron & Steel Industries	4852	55.55	9.65	10.10	16.30
अलौह धातु खनन और धातुकर्म उद्योग	Non-ferrous Mining & Metallurgical Industries	4853	181.61	40.90	102.28	18.45
सीमेंट और धातु-भिन्न खनिज उद्योग	Cement and Non-metallic Mineral Industries	4854	37.25	32.00	28.80	15.00
उर्वरक उद्योग	Fertilizer Industries	4855	102.77	3.37	26.37	2.00
रसायन और औषध उद्योग	Chemical and Pharmaceutical Industries	4857	11.52	0.00	0.00	4.00
इंजीनियरी उद्योग	Engineering Industries	4858	156.34	122.06	59.16	64.60
दूरसंचार और इलेक्ट्रानिकी उद्योग	Telecommunication and Electronic Industries	4859	33.86	26.70	30.97	39.95
उपभोक्ता उद्योग	Consumer Industries	4860	97.43	127.10	108.83	95.98
परमाणु ऊर्जा उद्योग	Atomic Energy Industries	4861	328.09	481.20	365.52	411.73
अन्य उद्योग	Other Industries	4875	1.46	3.10	2.29	4.24
उद्योग और खनिज पर अन्य पूंजीगत परिव्यय	Industries and Minerals	4885	136.05	110.76	105.33	167.01
(छ) परिवहन का पूंजी खाता	***(g) Capital Account of Transport***		***2392.15***	***2278.28***	***2372.69***	***2399.22***
रेलवे	Railways	5002	1773.36	1694.00	1587.00	1694.00
पत्तन तथा दीपस्तंभ	Ports & Light Houses	5051	5.21	15.00	9.40	9.98
नौवहन	Shipping	5052	89.43	2.45	193.63	6.50
नागर विमानन	Civil Aviation	5053	8.60	3.71	3.47	16.80
सड़कें और पुल	Roads and Bridges	5054	486.65	532.90	554.81	641.84
अन्तर्देशीय जल परिवहन	Inland Water Transport	5056	15.00	17.62	13.10	17.50
अन्य परिवहन सेवाएं	Other Transport Services	5075	13.90	12.60	11.28	12.60
(ज) संचार का पूंजी खाता	***(h) Capital Account of Communications***		***222.40***	***85.45***	***111.87***	***83.09***
डाक सेवाएं	Postal Services	5201	28.55	47.60	35.62	56.90
दूरसंचार सेवाएं	Telecommunication Services	5225	259.46	25.43	60.00	14.00
उपग्रह प्रणाली	Satellite system	5252	-65.61	12.42	16.25	12.19
(झ) विज्ञान, प्रौद्योगिकी तथा पर्यावरण का पूंजी खाता	***(i) Capital Account of Science, Technology and Environment***		***131.63***	***166.19***	***142.82***	***190.40***
परमाणु ऊर्जा अनुसंधान	Atomic Energy Research	5401	47.91	61.39	55.87	71.83
अन्तरिक्ष अनुसंधान	Space Research	5402	58.93	83.15	65.03	95.83
समुद्र वैज्ञानिक अनुसंधान	Oceanographic Research	5403	2.71	6.80	5.26	6.88
अन्य वैज्ञानिक और पर्यावरणात्मक अनुसंधान	Other Scientific and Environmental Research	5425	22.08	14.85	16.66	15.86
(ञ) सामान्य आर्थिक सेवाओं का पूंजी खाता	***(j) Capital Account of General Economic Services***		***1716.96***	***1432.33***	***1499.65***	***4315.79***
पर्यटन	Tourism	5452	15.35	20.82	18.64	25.30
विदेश व्यापार और निर्यात संवर्धन	Foreign Trade and Export Promotion	5453	9.88	14.65	11.65	13.57
मौसम विज्ञान	Meteorology	5455	14.85	21.75	17.70	25.85
सामान्य वित्तीय और व्यापारिक संस्थाओं में निवेश	Investments in General Financial and Trading Institutions	5465	739.37	722.65	755.86	718.00
अन्तर्राष्ट्रीय वित्तीय संस्थाओं में निवेश	Investments in International Financial Institutions	5466	916.00	637.65	680.74	3514.85
अन्य सामान्य आर्थिक सेवाएं	Other General Economic Services	5475	21.51	14.81	15.06	18.22
संघ राज्य क्षेत्रों के भुगतान	Disbursements of Union Territories		187.39	295.03	269.33	380.90
जोड़ - राजस्व खाते के बाहर का पूंजी व्यय	***TOTAL-CAPITAL EXPENDITURE OUTSIDE THE REVENUE ACCOUNT***		***13399.79***	***14165.55***	***13871.80***	***16946.70***

विवरण I - भारत की समेकित निधि - पूंजी खाता - भुगतान
STATEMENT I - CONSOLIDATED FUND OF INDIA - CAPITAL ACCOUNT - DISBURSEMENTS

(करोड़ रुपए)(In crores of Rupees)

		मुख्य शीर्ष Major Head	वास्तविक Accounts 1989-90	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92
लोक ऋण	**PUBLIC DEBT**					
केन्द्रीय सरकार का आन्तरिक ऋण	Internal Debt of Central Goverment	6001				
बाजार उधार	Market Loans		639.49	987.72	987.72	1418.18
91 दिवसीय राजकोष हुंडियां	91 Days Treasury Bills		96284.11	115000.00	80000.00	75000.00
अन्य	Others		3140.98	1831.93	3699.60	4478.48
जोड़-केन्द्रीय सरकार का आन्तरिक ऋण	***Total-Internal Debt of Central Goverment***		***100064.58***	***117819.65***	***84687.32***	***80896.66***
विदेशी ऋण	External Debt	6002	1847.85	2050.94	2180.90	3252.32
जोड़-लोक ऋण	**TOTAL-PUBLIC DEBT**		101912.43	119870.59	86868.22	84148.98
उधार और अग्रिम	***LOANS AND ADVANCES***					
क. सामाजिक सेवाओं के लिए ऋण	**A. LOANS FOR SOCIAL SERVICES**		**21.20**	**34.28**	**27.09**	**48.38**
शिक्षा, खेल, कला और संस्कृति	Education, Sports, Art and Culture	6202	0.50	0.50	0.50	0.50
परिवार कल्याण	Family Welfare	6211	1.55	0.02	2.12	0.75
जल पूर्ति और सफाई	Water Supply and Sanitation	6215	0.00	2.00	0.00	0.00
आवास	Housing	6216	19.14	30.00	23.00	45.50
सूचना और प्रचार	Information and Publicity	6220	0.00	1.50	1.35	1.40
सामाजिक सुरक्षा और कल्याण	Social Security and Welfare	6235	0.01	0.06	0.02	0.03
अन्य सामाजिक सेवाएं	Other Social Services	6250	0.00	0.20	0.10	0.20
ख. आर्थिक सेवाओं के लिए ऋण	**B. LOANS FOR ECONOMIC SERVICES**		**4769.13**	**3434.53**	**3972.83**	**3338.50**
(क) कृषि और संबद्ध क्रियाकलापों के लिए उधार	***(a) Loans For Agriculture and allied activities***		***325.41***	***424.16***	***244.65***	***318.56***
कृषि कार्य	Crop Husbandry	6401	4.00	0.00	0.00	0.01
डेरी विकास	Dairy Development	6404	15.20	35.00	35.00	50.00
मीन उद्योग	Fisheries	6405	5.70	0.10	0.02	0.50
बागान	Plantations	6407	9.90	9.00	8.53	11.00
कृषि वित्तीय संस्थाएं	Agricultural Financial Institutions	6416	171.04	235.00	61.00	90.00
सहकारिता	Co-operation	6425	119.57	145.06	140.10	167.05
(ख) विशेष क्षेत्र कार्यक्रमों के लिए उधार	***(b) Loans for Special Area Programme***		***2.50***	***10.79***	***12.30***	***10.76***
उत्तर-पूर्वी क्षेत्र	North Eastern Areas	6552	0.95	2.79	3.50	0.76
वृहद और मध्यम सिंचाई	Major and Medium Irrigation	6701	0.00	6.00	7.00	8.00
कमान क्षेत्र विकास	Command Area Development	6705	1.55	2.00	1.80	2.00
(ग) ऊर्जा के लिए उधार	***(c) Loans for Energy***		***1611.16***	***973.97***	***935.41***	***869.48***
विद्युत परियोजनाएं	Power Projects	6801	708.16	474.37	462.87	400.82
पेट्रोलियम	Petroleum	6802	165.00	150.00	150.00	180.00
कोयला और लिग्नाइट	Coal and Lignite	6803	738.00	349.00	322.00	288.00
ऊर्जा के गैर-पारम्परिक स्रोत	Non-Conventional Sources of Energy	6810	0.00	0.60	0.54	0.66
(घ) उद्योग और खनिजों के लिए उधार	***(d) Loans for Industry & Minerals***		***2206.78***	***1577.55***	***2303.78***	***1825.00***
ग्रामोद्योग और लघु उद्योग	Village and Small Industries	6851	270.01	268.95	250.63	271.30
लोहा और इस्पात उद्योग	Iron and Steel Industies	6852	758.46	457.88	748.25	473.02
अलौह धातु खनन और धातुकर्म उद्योग	Non-ferrous Mining & Metallurgical Industries	6853	7.05	1.58	1.58	1.35
सीमेंट और धातु-भिन्न खनिज उद्योग	Cement and Non-metallic Mineral Industries	6854	0.00	40.00	36.00	35.00
उर्वरक उद्योग	Fertilizer Industries	6855	129.03	132.07	128.27	92.40
पेट्रो-रसायन उद्योग	Petro-Chemical Industries	6856	56.05	0.00	0.00	9.80
रसायन उद्योग	Chemicals Industries	6857	15.52	4.10	5.09	7.60
इंजीनियरी उद्योग	Engineering Industries	6858	237.04	167.40	202.43	189.83
दूरसंचार और इलेक्ट्रानिकी उद्योग	Telecommunication and Electronic Industries	6859	16.96	30.55	25.68	22.65
उपभोक्ता उद्योग	Consumer Industries	6860	370.01	212.18	195.48	160.66
परमाणु ऊर्जा उद्योग	Atomic Energy Industries	6861	1.42	0.00	0.00	0.00

विवरण I- भारत की समेकित निधि - पूंजी खाता -- भुगतान
STATEMENT I - CONSOLIDATED FUND OF INDIA - CAPITAL ACCOUNT - DISBURSEMENTS

(करोड़ रुपए)(In crores of Rupees)

		मुख्य शीर्ष Major Head	वास्तविक Accounts 1989-90	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92
अन्य उद्योग	Other Industries	6875	49.97	25.67	25.67	2.05
उद्योग और खनिज को अन्य ऋण	Other Industries and Minerals	6885	295.26	237.17	684.70	559.34
(ङ) परिवहन के लिए उधार	***(e) Loans for Transport***		***573.00***	***444.37***	***470.75***	***309.64***
रेलवे	Railways	7002	5.16	57.15	54.78	0.00
पत्तन और दीप स्तम्भ	Ports and Light Houses	7051	139.41	87.10	104.48	138.98
नौवहन	Shipping	7052	223.86	107.00	80.00	36.28
नागर विमानन	Civil Aviation	7053	7.40	1.30	1.30	11.03
सड़क परिवहन	Road Transport	7055	92.50	127.10	175.01	103.25
अन्तर्देशीय जल परिवहन	Inland Water Transport	7056	16.50	17.72	15.18	17.60
अन्य परिवहन सेवाएं	Other Transport Services	7075	88.17	47.00	40.00	2.50
(च) दूरसंचार के लिए उधार	***(f) Loans for Communications***		***45.46***	***0.00***	***0.00***	***0.00***
अन्य दूर संचार सेवाएं	Other Communication services	7275	45.46	0.00	0.00	0.00
(छ)विज्ञान, प्रौद्योगिकी तथा पर्यावरण के लिए उधार	***(g) Loans for Science, Technology and Environment***		***0.14***	***0.65***	***0.65***	***1.70***
अन्य वैज्ञानिक अनुसंधान	Other Scientific Research	7425	0.14	0.65	0.65	1.70
(ज) सामान्य आर्थिक सेवाओं के लिए उधार	***(h) Loans for General Economic Services***		***4.68***	***3.04***	***5.29***	***3.36***
पर्यटन	Tourism	7452	2.55	0.10	0.10	1.10
अन्य सामान्य आर्थिक सेवाएं	Other General Economic Services	7475	2.13	2.94	5.19	2.26
ग. अन्य उधार	**C. OTHER LOANS**		**12265.65**	**12664.21**	**15875.03**	**16483.81**
राज्य सरकारों को उधार और अग्रिम	Loans and Advances to State Governments	7601	11278.96	12004.11	14393.15	14993.06
संघ राज्य क्षेत्रों की सरकारों को उधार और अग्रिम	Loans and Advances to Union Territory Governments	7602	31.75	42.91	46.16	54.10
विदेशी सरकारों को अग्रिम	Advances to Foreign Governments	7605	776.40	404.34	1237.99	1213.99
सरकारी कर्मचारियों आदि को उधार	Loans to Government Servants etc.	7610	175.76	209.80	194.89	219.60
विविध उधार	Miscellaneous Loans	7615	2.78	3.05	2.84	3.06
संघ राज्य क्षेत्रों को उधार	Loans Of Union territories		313.89	358.71	343.97	443.86
जोड़-उधार और अग्रिम	**TOTAL-LOANS AND ADVANCES**		**17369.87**	**16491.73**	**20218.92**	**20314.55**
जोड़ - पूंजीगत व्यय	***TOTAL-CAPITAL EXPENDITURE***		***132682.09***	***150527.87***	***120958.94***	***121410.23***
जोड़ - भारत की समेकित निधि - भुगतान	**TOTAL-CONSOLIDATED FUND OF INDIA-DISBURSEMENTS**		**222817.85**	**251327.90**	**225460.57**	**235513.47**

विवरण - I क - भारत की समेकित निधि पर "भारित" भुगतान

STATEMENT IA - DISBURSEMENTS "CHARGED" ON THE CONSOLIDATED FUND OF INDIA

(करोड़ रुपए) (In crores of Rupees)

		मुख्य शीर्ष Major Head	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92
संसद	Parliament	2011	0.16	0.17	0.16
राष्ट्रपति, उपराष्ट्रपति आदि	President, Vice President, etc.	2012	2.60	3.32	3.15
न्याय प्रशासन	Administration of Justice	2014	14.36	16.09	17.75
लेखा-परीक्षा	Audit	2016	4.78	5.09	5.47
आय और व्यय पर करों का संग्रह	Collection of Taxes on Income and Expenditure	2020	0.02	0.02	0.02
सीमा शुल्क	Customs	2037	0.01	0.26	0.26
केन्द्रीय उत्पाद शुल्क	Union Excise Duties	2038	0.13	0.43	0.55
करेंसी, सिक्का निर्माण और टकसाल	Currency, Coinage and Mint	2046	0.01	0.02	0.06
अन्य राजकोषीय सेवाएं	Other Fiscal Service	2047	0.05	0.07	0.11
ब्याज संदाय	Interest Payments	2049	20850.00	21850.00	27450.00
लोक सेवा आयोग	Public Service Commission	2051	12.02	13.33	13.33
सचिवालय-सामान्य सेवाएं	Secretariat-General Service	2052	0.04	0.05	0.05
पुलिस	Police	2055	0.38	0.69	0.65
पूर्ति और निपटान	Supplies and Disposals	2057	0.30	0.30	0.30
लेखन-सामग्री और मुद्रण	Stationery and Printing	2058	0.01	0.01	0.00
लोक निर्माण कार्य	Public Works	2059	4.00	2.33	0.23
विदेश कार्य	External Affairs	2061	0.01	0.01	0.01
अन्य प्रशासनिक सेवाएं	Other Administrative Services	2070	0.01	0.02	0.01
पेंशन और अन्य सेवानिवृत्ति लाभ	Pension and other Retirement Benefits	2071	3.06	3.23	3.52
विविध सामान्य सेवाएं	Miscellaneous General Services	2075	0.01	0.01	0.01
रक्षा सेवाएं-थल सेना	Defence Services-Army	2076	2.11	2.27	2.48
रक्षा सेवाएं-नौ सेना	Defence Services-Navy	2077	0.20	0.20	0.20
रक्षा सेवाएं-वायु सेना	Defence Services-Air Force	2078	0.13	0.13	0.19
आयुध कारखाने	Ordnance Factories	2079	1.30	1.30	1.30
सामान्य शिक्षा	General Education	2202	0.05	0.35	0.05
चिकित्सा तथा लोक स्वास्थ्य	Medical and Public Health	2210	0.03	0.03	0.03
आवास	Housing	2216	6.97	5.92	4.19
सूचना और प्रचार	Information and Publicity	2220	0.02	0.01	0.01
प्रसारण	Broadcasting	2221	0.02	0.02	0.02
श्रम और रोजगार	Labour and Employment	2230	0.01	0.02	0.01
सामाजिक सुरक्षा और कल्याण	Social Security and Welfare	2235	0.05	0.06	0.09
कृषि कार्य	Crop Husbandry	2401	0.01	0.03	0.03
खाद्य, भंडारण और भांडागारण	Food, Storage and Warehousing	2408	0.10	0.10	0.10
वृहद और मध्यम सिंचाई	Major and Medium Irrigation	2701	0.01	0.01	0.01
लघु सिंचाई	Minor Irrigation	2702	0.01	0.01	0.01
ग्रामोद्योग और लघु उद्योग	Village and Small Industries	2851	5.00	5.00	5.00
उद्योग	Industries	2852	1.19	1.26	26.12
अलौह धातु खनन और धातुकर्म उद्योग	Non ferrous Mining and Metallaurgical Industries	2853	0.05	0.05	0.05
सड़क परिवहन	Road Transport	3055	0.30	0.40	0.40
डाक सेवाएं	Postal Services	3201	0.01	0.01	0.01
दूरसंचार सेवाएं	Telecommunication Services	3225	0.30	0.30	0.20
परमाणु ऊर्जा अनुसंधान	Atomic Energy Research	3401	0.00	0.02	0.02
अंतरिक्ष अनुसंधान	Space Research	3402	0.01	0.01	0.01
जनगणना सर्वेक्षण और सांख्यिकी	Census Surveys and Statistics	3454	0.00	0.08	0.04
नागरिक पूर्ति	Civil Supplies	3456	0.01	0.04	0.04
राज्य सरकारों को सहायता अनुदान	Grants in aid to State Governments	3601	3577.08	3503.16	3584.29
संघ उत्पाद शुल्क में राज्यों के हिस्से की अदायगी	Payments of States' Share of Union Excise Duties	3603	10188.37	10414.43	11175.47
करेंसी, सिक्का निर्माण और टकसाल	Currency, Coinage and Mint	4046	0.02	0.02	0.02
लोक निर्माण कार्य	Public Works	4059	0.16	1.23	0.20
रक्षा सेवाएं	Defence Services	4076	6.35	6.35	6.45

विवरण - I क - भारत की समेकित निधि पर "भारित" भुगतान
STATEMENT IA - DISBURSEMENTS "CHARGED" ON THE CONSOLIDATED FUND OF INDIA

				(करोड़ रुपए) (In crores of Rupees)	
		मुख्य शीर्ष Major Head	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92
शिक्षा, खेलकूद, कला और संस्कृति	Education, Sports, Art and Culture	4202	0.50	0.59	0.00
चिकित्सा और लोक स्वास्थ्य	Medical and Public Health	4210	0.00	0.17	0.00
आवास	Housing	4216	2.17	2.90	4.27
शहरी विकास	Urban Development	4217	26.00	16.00	16.30
प्रसारण	Broadcasting	4221	0.10	0.16	0.20
सामाजिक सुरक्षा और कल्याण	Social Security and Welfare	4235	0.00	0.03	0.00
कृषि कार्य	Crop Husbandry	4401	0.06	0.06	0.06
पशु पालन	Animal Husbandry	4403	0.00	0.02	0.00
बाढ़ नियंत्रण परियोजनाएं	Flood Control Projects	4711	0.23	0.17	0.10
ग्रामोद्योग और लघु उद्योग	Village and Small Industries	4851	0.00	0.10	0.00
लोहा और इस्पात उद्योग	Iron & Steel Industries	4852	0.05	0.05	0.05
सड़कें और पुल	Roads and Bridges	5054	0.03	0.68	0.04
दूरसंचार सेवाएं	Telecommunication Services	5225	0.01	0.01	0.01
अंतरिक्ष अनुसंधान	Space Research	5402	0.02	0.02	0.02
केन्द्रीय सरकार का आन्तरिक ऋण	Internal Debt of Central Government	6001	117819.65	84687.32	80896.66
विदेशी ऋण	External Debt	6002	2050.94	2180.90	3252.32
राज्य सरकारों को उधार और अग्रिम	Loans and Advances to State Governments	7601	12004.11	14393.15	14993.06
कुल जोड़	**GRAND TOTAL**		**166585.70**	**137120.60**	**141465.77**

विवरण II - भारत की आकस्मिकता निधि - निवल
STATEMENT II - CONTINGENCY FUND OF INDIA - NET

					(करोड़ रुपए)(In crores of Rupees)	
		मुख्य शीर्ष Major Head	वास्तविक Accounts 1989-90	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92
आकस्मिकता निधि	CONTINGENCY FUND	8000	..	..	..	..

विवरण III - भारत का लोक खाता - प्राप्तियां
STATEMENT III - PUBLIC ACCOUNT OF INDIA -RECEIPTS

(करोड़ रुपए) (In crores of Rupees)

		लेखा Accounts 1989-90	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92
क. अल्प बचतें, भविष्य निधियां, आदि	***A. SMALL SAVINGS, PROVIDENT FUNDS ETC.***	***30870.51***	***28272.81***	***34120.14***	***32304.55***
(क) अल्प बचतें	*(a) Small Savings*	*16225.21*	*14400.00*	*17270.00*	*17720.00*
(ख) भविष्य निधियां	*(b) Provident Funds:*	*3508.28*	*3191.40*	*3830.00*	*4080.00*
(i) राज्य भविष्य निधियां	(i) State Provident Funds	2584.05	2541.40	2820.00	3000.00
(ii) लोक-भविष्य निधियां	(ii) Public Provident Funds	924.23	650.00	1010.00	1080.00
(ग) अन्य खाते	*(c) Other Accounts:*	*11137.02*	*10681.41*	*13020.14*	*10504.55*
(i) डाक बीमा और जीवन वार्षिकी निधि	(i) Postal Insurance and Life Annuity Fund.	147.99	170.64	181.32	218.29
(ii) अन्य मदें	(ii) Other Items	10989.03	10510.77	12838.82	10286.26
ख. प्रारक्षित निधियां	***B. RESERVE FUNDS***	***4306.64***	***5356.58***	***5032.45***	***5297.37***
(क) सब्याज प्रारक्षित निधियां	*(a) Reserve Funds bearing Interest*	*3878.80*	*5026.01*	*4714.81*	*5021.03*
(i) रेलवे निधियां	(i) Railway Funds	2758.52	3256.83	3215.77	3456.23
(ii) दूर संचार निधियां	(ii) Telecommunication Funds	1093.86	1714.86	1471.79	1532.90
(iii) अन्य प्रारक्षित निधियां	(iii) Other Reserve Funds	26.42	54.32	27.25	31.90
(ख) निर्ब्याज प्रारक्षित निधियां	*(b) Reserve Funds not bearing interest*	*427.84*	*330.57*	*317.64*	*276.34*
(i) केन्द्रीय सड़क निधि	(i) Central Road Fund	9.81	9.06	9.80	9.80
(ii) राष्ट्रीय राजपथ स्थायी पुल शुल्क निधि	(ii) National Highways Permanent Bridges Fee Fund	12.00	11.25	12.00	12.00
(iii) खान कल्याण निधियां	(iii) Mines Welfare Funds	9.02	11.93	0.00	0.00
(iv) चीनी विकास निधि	(iv) Sugar Development Fund	155.19	141.35	141.35	111.05
(v) रेलवे सुरक्षा निर्माण कार्य निधि	(v) Railway Safety Works Fund	3.21	3.21	3.08	3.08
(vi) अन्य प्रारक्षित निधियां	(vi) Other Reserve Funds	238.61	153.77	151.41	140.41
ग. जमाराशियां और अग्रिम	***C. DEPOSITS AND ADVANCES***	***21821.47***	***12812.07***	***14989.67***	***15307.72***
(क) सब्याज जमाराशियां	*(a) Deposits bearing interest:*	*3227.06*	*2866.34*	*3176.75*	*3178.91*
(i) राष्ट्रीय रक्षा कोष	(i) National Defence Fund	4.92	4.97	5.02	5.25
(ii) परिवार पेंशन एवं जीवन बीमा निधि, आदि	(ii) Family Pension-cum-Life Assurance Fund, etc.	719.96	939.65	996.93	1123.40
(iii) अन्य जमाराशियां	(iii) Other Deposits	2502.18	1921.72	2174.80	2050.26
(ख) निर्ब्याज जमाराशियां	*(b) Deposits not bearing Interest:*	*13520.08*	*9945.73*	*11812.92*	*12128.81*
(i) सिविल जमाराशियां	(i) Civil Deposits	8386.96	7409.11	7945.75	8138.94
(ii) स्थानीय निधियों की जमाराशियां	(ii) Deposits of Local Funds	10.06	10.00	15.00	14.00
(iii) अन्य जमाराशियां	(iii) Other Deposits	5123.06	2526.62	3852.17	3975.87
(ग) अग्रिम	*(c) Advances*	*5074.33*	*0.00*	*0.00*	*0.00*
घ. उचंत और विविध	***D. SUSPENSE AND MISCELLANEOUS:***	***111.63***	***0.00***	***0.00***	***0.00***
उचंत खाते (निवल)	Suspense Accounts (Net)		0.00	0.00	0.00
चैक और बिल (निवल)	Cheques and Bills (Net)		0.00	0.00	0.00
विभागीय शेष (निवल)	Departmental Balances (Net)	109.74	0.00	0.00	0.00
रोकड़ शेष निवेश	Cash Balance Investment		0.00	0.00	0.00
अन्य	Others	1.89	0.00	0.00	0.00
ङ. प्रेषित रकमें	***E. REMITTANCES:***	***266.64***	***0.00***	***0.00***	***0.00***
(i) मनीआर्डर	(i) Money Orders	4.81	0.00	0.00	0.00
(ii) अन्य प्रेषित रकमें	(ii) Other Remittances	261.83	0.00	0.00	0.00
जोड़-लोक खाता प्राप्तियां	**TOTAL - PUBLIC ACCOUNT RECEIPTS**	**57376.89**	**46441.46**	**54142.26**	**52909.64**
कुल जोड़ - (I + II + III)	***GRAND TOTAL - (I + II + III)***	***264263.51***	***278816.43***	***256669.62***	***268109.20***
रोकड़ शेष	*CASH BALANCE*	*1145.93*	*50.18*	*1465.19*	*51.50*
जोड़	**TOTAL**	**265409.44**	**278866.61**	**258134.81**	**268160.70**

विवरण III - भारत का लोक खाता - भुगतान
STATEMENT III - PUBLIC ACCOUNT OF INDIA -DISBURSEMENTS

(करोड़ रुपए) (In crores of Rupees)

		वास्तविक Accounts 1989-90	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92
क. अल्प बचतें, भविष्य निधियां, आदि	***A. SMALL SAVINGS, PROVIDENT FUNDS ETC.***	***12335.00***	***12325.09***	***14904.80***	***14256.40***
(क) अल्प बचतें	*(a) Small Savings*	*8267.06*	*9400.00*	*9990.00*	*10510.00*
(ख) भविष्य निधियां	*(b) Provident Funds:*	*1775.90*	*1611.40*	*1930.00*	*2020.00*
(i) राज्य भविष्य निधियां	(i) State Provident Funds	1468.40	1411.40	1620.00	1700.00
(ii) लोक भविष्य निधियां	(ii) Public Provident Funds	307.50	200.00	310.00	320.00
(ग) अन्य खाते	*(c) Other Accounts:*	*2292.04*	*1313.69*	*2984.80*	*1726.40*
(i) डाक बीमा और जीवन वार्षिकी निधि	(i) Postal Insurance and Life Annuity Fund.	39.42	45.81	42.42	47.44
(ii) अन्य मदें	(ii) Other Items	2252.62	1267.88	2942.38	1678.96
ख. प्रारक्षित निधियां	***B. RESERVE FUNDS***	***3996.54***	***4967.41***	***4790.32***	***4990.11***
(क) सब्याज प्रारक्षित निधियां	*(a) Reserve Funds bearing Interest*	*3653.07*	*4657.40*	*4479.88*	*4652.73*
(i) रेलवे निधियां	(i) Railway Funds	2593.43	2982.83	3049.10	3165.83
(ii) दूरसंचार निधियां	(ii) Telecommunication Funds	1057.93	1674.57	1430.78	1486.90
(iii) अन्य प्रारक्षित निधियां	(iii) Other Reserve Funds	1.71	0.00	0.00	0.00
(ख) निर्ब्याज प्रारक्षित निधियां	*(b) Reserve Funds not bearing interest*	*343.47*	*310.01*	*310.44*	*337.38*
(i) केन्द्रीय सड़क निधि	(i) Central Road Fund	9.12	9.00	9.80	9.80
(ii) राष्ट्रीय राजपथ स्थायी पुल शुल्क निधि	(ii) National Highways Permanent Bridges Fee Fund	1.00	0.00	12.00	12.00
(iii) खान कल्याण निधियां	(iii) Mines Welfare Funds	6.22	0.00	0.84	6.04
(iv) चीनी विकास निधि	(iv) Sugar Development Fund	124.72	140.00	110.00	110.00
(v) रेलवे सुरक्षा निर्माण कार्य निधि	(v) Railway Safety Works Fund	0.68	2.25	4.25	6.25
(vi) अन्य प्रारक्षित निधियां	(vi) Other Reserve Funds	201.73	158.76	173.55	193.29
ग. जमाराशियां और अग्रिम	***C. DEPOSITS AND ADVANCES***	***23941.52***	***10196.13***	***12927.62***	***13349.41***
(क) सब्याज जमाराशियां	*(a) Deposits bearing interest:*	*2428.95*	*1795.58*	*1655.82*	*1690.54*
(i) राष्ट्रीय रक्षा कोष	(i) National Defence Fund	3.37	0.50	0.25	0.50
(ii) परिवार पेंशन एवं जीवन बीमा निधि, आदि	(ii) Family Pension-cum-Life Assurance Fund, etc.	0.00	89.65	103.43	111.80
(iii) अन्य जमाराशियां	(iii) Other Deposits	2425.58	1705.43	1552.14	1578.24
(ख) निर्ब्याज जमाराशियां	*(b) Deposits not bearing Interest:*	*16034.23*	*8400.55*	*11271.80*	*11658.87*
(i) सिविल जमाराशियां	(i) Civil Deposits	7990.88	7564.71	8223.45	8115.31
(ii) स्थानीय निधियों की जमाराशियां	(ii) Deposits of Local Funds	8.67	10.00	15.00	14.00
(iii) अन्य जमाराशियां	(iii) Other Deposits	8034.68	825.84	3033.35	3529.56
(ग) अग्रिम	*(c) Advances*	*5478.34*	*0.00*	*0.00*	*0.00*
घ. उचंत और विविध	***D. SUSPENSE AND MISCELLANEOUS:***	***203.24***	***0.00***	***0.00***	***0.00***
उचंत खाते (निवल)	Suspense Accounts (Net)	92.96	0.00	0.00	0.00
चैक और बिल (निवल)	Cheques and Bills (Net)	31.49	0.00	0.00	0.00
विभागीय शेष (निवल)	Departmental Balances (Net)	0.00	0.00	0.00	0.00
रोकड़ शेष निवेश	Cash Balance Investment	11.66	0.00	0.00	0.00
अन्य	Others	67.13	0.00	0.00	0.00
ङ. प्रेषित रकमें	***E. REMITTANCES:***	***650.10***	***0.00***	***0.00***	***0.00***
(i) मनीआर्डर	(i) Money Orders	11.90	0.00	0.00	0.00
(ii) अन्य प्रेषित रकमें	(ii) Other Remittances	638.20	0.00	0.00	0.00
जोड़-लोक खाता भुगतान	**TOTAL - PUBLIC ACCOUNT DISBURSEMENTS**	**41126.40**	**27488.63**	**32622.74**	**32595.92**
कुल जोड़ - (I+II+III)	***GRAND TOTAL - (I + II + III)***	***263944.25***	***278816.53***	***258083.31***	***268109.39***
रोकड़ शेष	*CASH BALANCE*	*1465.19*	*50.08*	*51.50*	*51.31*
जोड़	**TOTAL**	**265409.44**	**278866.61**	**258134.81**	**268160.70**

बिना विधान मंडल वाले संघ राज्य क्षेत्रों की प्राप्तियां और व्यय
RECEIPTS AND EXPENDITURE OF UNION TERRITORIES WITHOUT LEGISLATURE

(करोड़ रुपए) (Rs. in crores)

प्राप्तियां RECEIPTS	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92	व्यय EXPENDITURE	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92
दिल्ली DELHI							
कर राजस्व Tax Revenue	1116.76	1070.17	1250.23	राजस्व व्यय Revenue Expenditure	951.74	940.48	1004.06
कर भिन्न राजस्व Non Tax Revenue	27.69	30.48	30.56	पूंजी व्यय Capital Expenditure	161.21	137.54	177.57
				उधार और अग्रिम Loans and Advances	355.91	340.84	440.37
जोड़ Total	**1144.45**	**1100.65**	**1280.79**	**जोड़ Total**	**1468.86**	**1418.86**	**1622.00**
चंडीगढ़ CHANDIGARH							
कर राजस्व Tax Revenue	74.09	79.73	84.51	राजस्व व्यय Revenue Expenditure	124.06	137.58	134.94
कर भिन्न राजस्व Non Tax Revenue	49.91	55.05	56.01	पूंजी व्यय Capital Expenditure	28.77	23.67	30.08
				उधार और अग्रिम Loans and Advances	1.15	1.75	2.34
जोड़ Total	**124.00**	**134.78**	**140.52**	**जोड़ Total**	**153.98**	**163.00**	**167.36**
अंडमान और निकोबार द्वीपसमूह ANDAMAN AND NICOBAR ISLANDS							
कर राजस्व Tax Revenue	2.75	2.00	2.00	राजस्व व्यय Revenue Expenditure	123.90	138.71	148.44
कर भिन्न राजस्व Non Tax Revenue	24.07	25.19	25.19	पूंजी व्यय Capital Expenditure	81.99	84.09	137.80
				उधार और अग्रिम Loans and Advances	0.49	0.58	0.46
जोड़ Total	**26.82**	**27.19**	**27.19**	**जोड़ Total**	**206.38**	**223.38**	**286.70**
दादरा और नागर हवेली DADRA AND NAGAR HAVELI							
कर राजस्व Tax Revenue	0.96	1.20	1.21	राजस्व व्यय Revenue Expenditure	14.80	13.05	15.18
कर भिन्न राजस्व Non Tax Revenue	17.06	17.16	18.72	पूंजी व्यय Capital Expenditure	6.43	6.81	14.51
				उधार और अग्रिम Loans and Advances	0.48	0.45	0.47
जोड़ Total	**18.02**	**18.36**	**19.93**	**जोड़ Total**	**21.71**	**20.31**	**30.16**
लक्षद्वीप LAKSHADWEEP							
कर राजस्व Tax Revenue	0.06	0.09	0.08	राजस्व व्यय Revenue Expenditure	35.55	36.96	37.79
कर भिन्न राजस्व Non Tax Revenue	2.03	2.60	2.69	पूंजी व्यय Capital Expenditure	10.19	9.12	10.01
				उधार और अग्रिम Loans and Advances	0.52	0.18	0.13
जोड़ Total	**2.09**	**2.69**	**2.77**	**जोड़ Total**	**46.26**	**46.26**	**47.93**
दमन और दीव DAMAN AND DIU							
कर राजस्व Tax Revenue	11.23	20.82	23.40	राजस्व व्यय Revenue Expenditure	18.67	15.19	17.03
कर भिन्न राजस्व Non Tax Revenue	3.19	7.33	7.34	पूंजी व्यय Capital Expenditure	6.44	8.10	10.93
				उधार और अग्रिम Loans and Advances	0.16	0.17	0.09
जोड़ Total	**14.42**	**28.15**	**30.74**	**जोड़ Total**	**25.27**	**23.46**	**28.05**
सारांश SUMMARY							
कर राजस्व Tax Revenue	1205.85	1174.01	1361.43	राजस्व व्यय Revenue Expenditure	1268.72	1281.97	1357.44
कर भिन्न राजस्व Non Tax Revenue	123.95	137.81	140.51	पूंजी व्यय Capital Expenditure	295.03	269.33	380.90
				उधार और अग्रिम Loans and Advances	358.71	343.97	443.86
जोड़ Total	**1329.80**	**1311.82**	**1501.94**	**जोड़ Total**	**1922.46**	**1895.27**	**2182.20**

Budget at a Glance 1991-92

बजट का सार Budget at a Glance

(करोड़ रुपए) (In crores of Rupees)

	1989-90 वास्तविक Actuals	1990-91 बजट अनुमान Budget Estimates	1990-91 संशोधित अनुमान Revised Estimates	1991-92 बजट अनुमान Budget Estimates
राजस्व प्राप्तियां **1. Revenue Receipts**	**52296**	**57938**	**57381**	**67529**
कर राजस्व (केन्द्र को निवल) 2. *Tax Revenue (Net to Centre)*	*38349*	*45294*	*44318*	*52500*
कर-भिन्न राजस्व 3. *Non-Tax Revenue*	*13947*	*12644*	*13063*	*15029*
पूंजी प्राप्तियां **4. Capital Receipts**	**30020**	**34165**	**38564**	**38174**
ऋणों की वसूली 5. *Recoveries of Loans*	*4980*	*4576*	*6005*	*5666*
अन्य प्राप्तियां 6. *Other Receipts*	...	...	...	*2500*
उधार और अन्य देयताएं 7. *Borrowings and other liabilities*	*25040*	*29589*	*32559*	*30008*
कुल प्राप्तियां ***8. Total Receipts (1+4)***	***82316***	***92103***	***95945***	***105703***
आयोजना-भिन्न व्यय **9. Non-Plan Expenditure**	**65388**	**68843**	**76761**	**79697**
राजस्व खाते पर *10. On Revenue Account*	*52231*	*56671*	*60946*	*64315*
पूंजी खाते पर *11. On Capital Account*	*13157*	*12172*	*15815*	*15382*
आयोजना व्यय **12. Plan Expenditure**	**27520**	**30466**	**29956**	**33725**
राजस्व खाते पर *13. On Revenue Account*	*11979*	*14299*	*14020*	*17068*
पूंजी खाते पर *14. On Capital Account*	*15541*	*16167*	*15936*	*16657*
कुल व्यय ***15. Total Expenditure (9+12)***	***92908***	***99309***	***106717***	***113422***
राजस्व व्यय 16. Revenue Expenditure (10+13)	64210	70970	74966	81383
पूंजी व्यय 17. Capital Expenditure (11+14)	28698	28339	31751	32039
राजस्व घाटा ***18. Revenue Deficit (1–16)***	***11914*** *	***13032***	***17585***	***13854***
बजटीय घाटा ***19. Budgetary Deficit (8–15)***	***10592***	***7206***	***10772***	***7719***
राजकोषीय घाटा ***20. Fiscal Deficit [(1 + 5 + 6)-15 = 7 +19]*** **	***35632***	***36795***	***43331***	***37727***
भारतीय रिज़र्व बैंक द्वारा केन्द्रीय सरकार को दिए गए निवल ऋण में वृद्धि # *Increase in net RBI Credit to Central Government #*	*13813*	*7206*	*13000*	*7719 ##*

* सरकारी खाते से तेल समन्वय समिति के अधिशेष के 2300 करोड़ के अन्तरण शामिल हैं ।

** कृपया अन्त में व्याख्यात्मक टिप्पणी देखें ।

\# भारतीय रिज़र्व बैंक द्वारा केन्द्रीय सरकार को दिए गए ऋणों में हुई अन्य घट-बढ़ सहित ।

\#\# इसका अलग से अनुमान नहीं लगाया गया ।

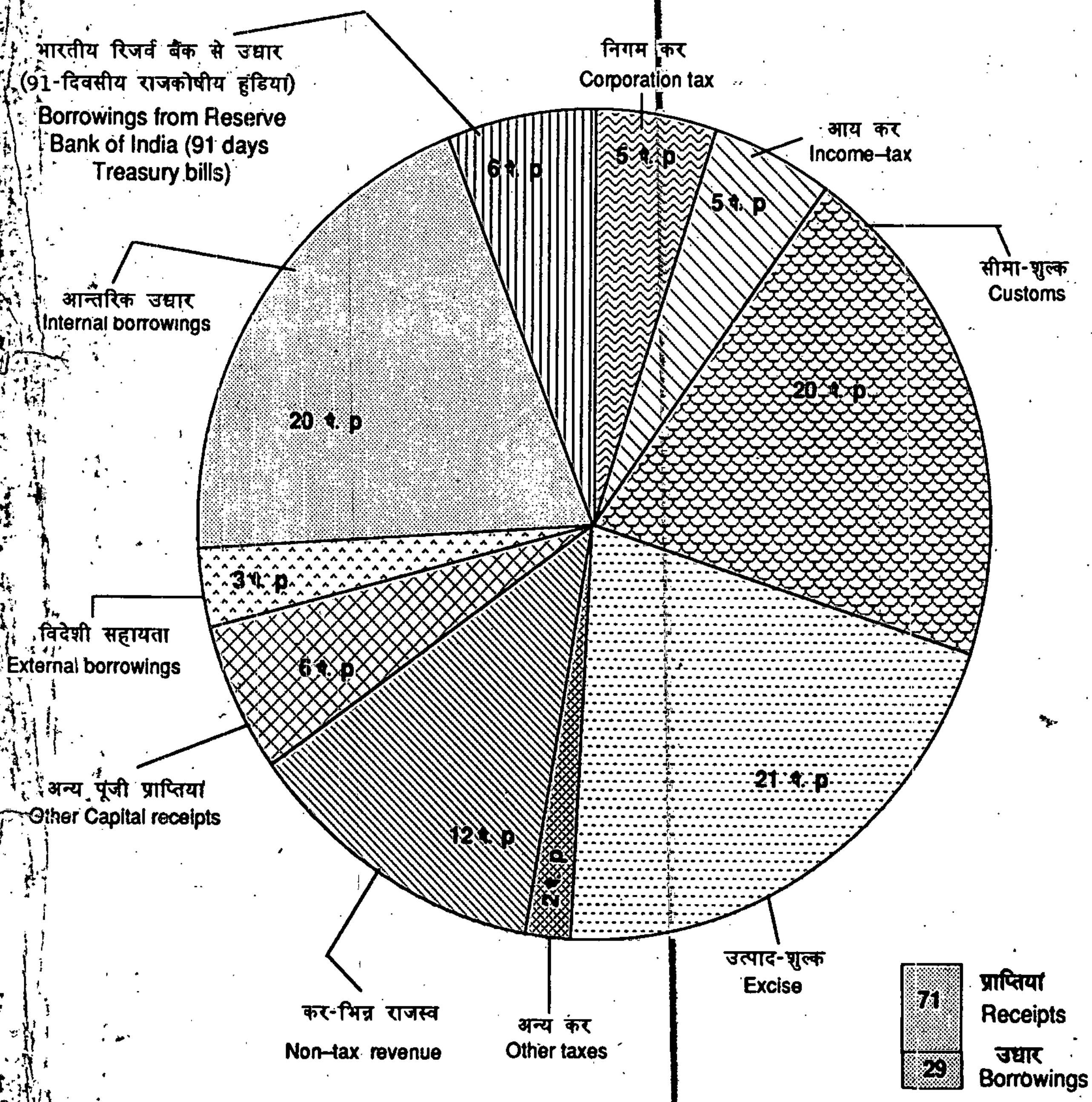
* *Includes transfer of Rs. 2300 crores of OCC deposits from Public Account.*

** *See Explanatory Note at the end.*

\# *Including other variations in Reserve Bank of India's credit to Central Government.*

\#\# *Not independently estimated.*

रुपया आता है
Rupee Comes From



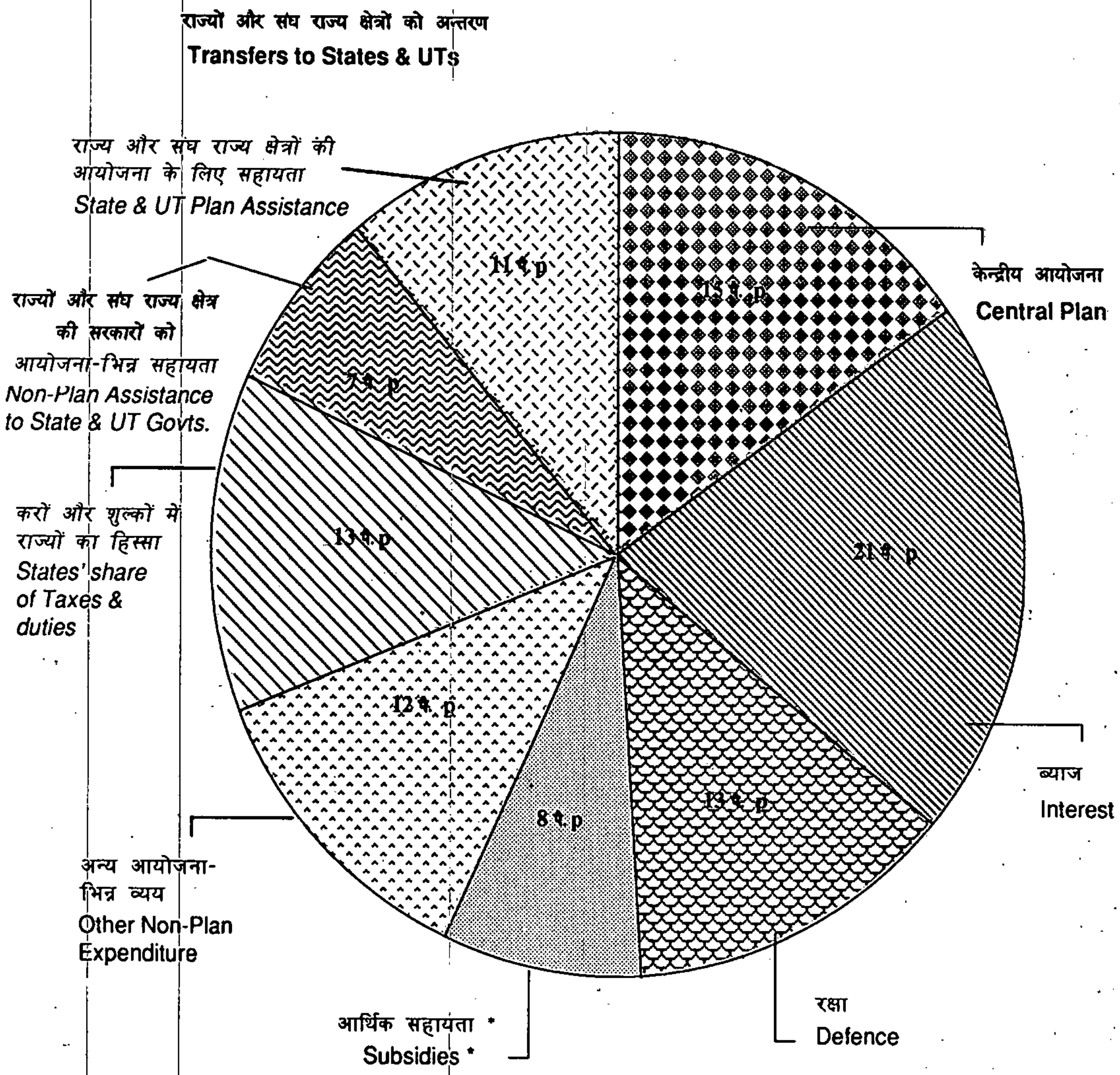
टिप्पणी :— *इसमें सरकारी उद्यमों की योजनाओं के वित्तपोषण के निमित्त उनके संसाधन शामिल नहीं है ।*

इस चार्ट में कुल प्राप्तियों में करों और शुल्कों में राज्यों और स्थानीय निकायों का हिस्सा शामिल है, जिन्हें पृष्ठ 1 पर सारणी में घटा दिया गया है ।

Notes:– *Exclusive of resources of public enterprises for their Plans.*

In this chart total receipts are inclusive of the share of States and local bodies of taxes and duties which have been netted in the table on page 1.

रुपया जाता है
Rupee Goes To



टिप्पणियां :— इसमें वह परिव्यय शामिल नहीं है जिसे सरकारी उद्यमों के संसाधनों से पूरा किया जाता है ।

इस चार्ट में कुल व्यय में करों और शुल्कों में राज्यों और स्थानीय निकायों का हिस्सा शामिल है, जिन्हें पृष्ठ 1 पर सारणी में प्राप्तियों में से घटा दिया गया है ।

* इसमें किसानों को दिया गया ऋण राहत शामिल है ।

Notes:— *Exclusive of Plan outlays met from resources of public enterprises.*

In this chart, total expenditure is inclusive of the share of States and local bodies of taxes and duties which have been netted against receipts in the table on page 1.

* *Includes debt relief to farmers.*

प्राप्तियां Receipts

(करोड़ रुपए) (In crores of Rupees)

		1990-91 बजट अनुमान Budget Estimates	1990-91 संशोधित अनुमान Revised Estimates	1991-92 बजट अनुमान* Budget Estimates*
राजस्व प्राप्तियां	***REVENUE RECEIPTS***			
1. कर राजस्व	**1. TAX REVENUE**			
सकल कर-राजस्व	**Gross Tax Revenue**	**59778**	**58916**	**68835**
निगम कर	Corporation Tax	6089	6350	6704
आय-कर	Income Tax	5426	5560	6152
ब्याज-कर	Interest Tax	...	...	535
व्यय कर	Expenditure Tax	72	75	235
धन-कर	Wealth Tax	175	190	255
दान-कर	Gift Tax	9	2	9
सीमा शुल्क	Customs	21460	20800	25900
संघ उत्पाद शुल्क	Union Excise Duties	25125	24500	27402
अन्य कर और शुल्क	Other Taxes and Duties	216	265	281
संघ राज्य क्षेत्रों के कर	Taxes of Union Territories	1206	1174	1362
घटाइए -राज्यों का हिस्सा	**Less States' Share**	**14426**	**14535**	**16255**
आय कर	Income Tax	4064	4121	4565
संघ उत्पाद शुल्क	Union Excise Duties	10362	10414	11690
घटाइए-स्थानीय निकायों को समनुदेशित संघ राज्य क्षेत्रों के कर	*Less-Assignment of UT taxes to Local Bodies*	*58*	*63*	*80*
निवल कर राजस्व	**Net Tax Revenue**	**45294**	**44318**	**52500**

* *बजट प्रस्तावों के प्रभाव सहित, जो नीचे दिया गया है ।*

* *Includes effect of Budget proposals as below:-*

		बजट प्रस्ताव Budget proposals	राज्यों का हिस्सा States' share	केन्द्र के लिए निवल Net for the Centre
निगम-कर	Corporation Tax	1304	–	1304
आय कर	Income Tax	125	97	28
ब्याज-कर	Interest Tax	535	...	535
व्यय-कर	Expenditure Tax	150	–	150
धन-कर	Wealth Tax	25	...	25
सीमा-शुल्क	Customs	-510	...	-510
संघ उत्पाद-शुल्क	Union Excise Duties	988	515	473
जोड़	**TOTAL**	**2617**	**612**	**2005**

प्राप्तियां Receipts

(करोड़ रुपए) *(In crores of Rupees)*

		1990-91 बजट अनुमान Budget Estimates	1990-91 संशोधित अनुमान Revised Estimates	1991-92 बजट अनुमान Budget Estimates
2. कर-भिन्न राजस्व	**2. NON-TAX REVENUE**			
ब्याज प्राप्तियां	Interest Receipts	9519	9573	11009
लाभांश और लाभ	Dividends and Profits	721	779	967
विदेशी अनुदान	External grants	807	822	868
अन्य कर-भिन्न राजस्व	Other Non-Tax Revenue	1473	1751	2045
संघ राज्य क्षेत्रों की प्राप्तियां	Receipts of Union territories	124	138	140
जोड़- कर-भिन्न राजस्व	**Total -Non-Tax Revenue**	**12644**	**13063**	**15029**
कुल राजस्व प्राप्तियां	***Total Revenue Receipts***	***57938***	***57381***	***67529***
3. पूंजी प्राप्तियां	**3. CAPITAL RECEIPTS**			
ऋणों की वसूलियां [1]	Recoveries of Loans [1]	4576	6005	5666
बाजार उधार	Market Borrowings	8000	8000	7500
विदेशी सहायता	External Assistance	3520	3984	3510
सार्वजनिक क्षेत्र के उद्यमों में इक्विटी धारिता का विनिवेश	Disinvestment of equity holding in public sector enterprises	...	...	2500
अल्प बचतें, लोक भविष्य निधि तथा सेवानिवृत्त होने वाले सरकारी सेवकों के लिए जमा योजना *	*Small Savings, PPF and Deposit Scheme for Retiring Government servants**	*5500*	*8000*	*8000*
राज्य भविष्य निधियां	State Provident Funds	1130	1200	1300
विशेष जमा	Special Deposits	7272	8004	7763
अन्य	Others	4167	3371	1935
जोड़- पूंजी प्राप्तियां	**Total- Capital Receipts**	**34165**	**38564**	**38174**
कुल प्राप्तियां [2]	***TOTAL RECEIPTS* [2]**	***92103***	***95945***	***105703***

1. राज्यों से अल्पावधिक उधारों और अग्रिमों तथा सरकारी सेवकों आदि को दिए गए उधारों की वसूलियों को छोड़कर	*1. excluding recoveries of short-term loans and advances from States and loans to Government servants, etc.*	*1109*	*1090*	*1112*
2. समान व्यय द्वारा प्रतिसन्तुलित प्राप्तियों को छोड़कर (ब्यौरा प्राप्ति बजट, 1991-92 के अनुबंध 12 में दिया गया है)	*2. excluding receipts offset by matching expenditure (Details in Annexure 12 to Receipts Budget, 1991-92)*			
* *घटाइए- राज्यों का हिस्सा*	* *Less - Share of States*	*- 4500*	*-6770*	*-6865*
केन्द्र को निवल	**Net to Centre**	**1000**	**1230**	**1135**

व्यय Expenditure

(करोड़ रुपए) (In crores of Rupees)

		1990-91 बजट अनुमान Budget Estimates	1990-91 संशोधित अनुमान Revised Estimates	1991-92 बजट अनुमान Budget Estimates
1. आयोजना-भिन्न व्यय	***1. NON-PLAN EXPENDITURE***			
क. राजस्व व्यय	**A. Revenue Expenditure**			
1. ब्याज संदाय	1. Interest Payments	20850	21850	27450
2. रक्षा राजस्व व्यय	2. Defence Revenue Expenditure	10948	11012	11139
3. मुख्य आर्थिक सहायता (खाद्य, उर्वरक और निर्यात संवर्धन)	3. Major Subsidies *(Food, Fertilisers and Export promotion)*	8516	9550	7824
4. ब्याज और अन्य आर्थिक सहायता	4. Interest and other Subsidies	1108	1071	1071
5. किसानों को ऋण राहत	5. Debt Relief to Farmers	1000	1500	1500
6. डाक का घाटा	6. Postal deficit	84	150	243
7. पुलिस	7. Police	1394	1581	1758
8. पेंशनें	8. Pensions	1997	2167	2298
9. राज्यों को दिए गए ऋणों को बट्टे खाते डालना	9. Write-off of loans to States	96	966	1
10. अन्य सामान्य सेवाएं *(राज्यों के अंग, कर संग्रह, विदेश कार्य आदि)*	10. Other General Services *(organs of state, tax collection, external affairs, etc.)*	2153	2472	2572
11. सामाजिक सेवाएं (शिक्षा, स्वास्थ्य, प्रसारण आदि)	11. Social Services *(education, health, broadcasting, etc.)*	1892	1855	2046
12. आर्थिक सेवाएं (कृषि, उद्योग, विद्युत, परिवहन, संचार, विज्ञान और प्रौद्योगिकी आदि)	12. Economic Services *(agriculture, industry, power, transport, communications, science and technology, etc.)*	2521	2641	2618
13. राज्यों और संघ राज्य क्षेत्र की सरकारों को अनुदान	13. Grants to State and U.T. Governments	2987	2930	2613
14. विधानमंडल रहित संघ राज्य क्षेत्रों का व्यय	14. Expenditure of Union Territories without Legislature	935	979	1001
15. विदेशी सरकारों को अनुदान	15. Grants to Foreign Governments.	190	222	181
जोड़- राजस्व व्यय	***Total-Revenue Expenditure***	***56671***	***60946***	***64315***
ख- पूंजी व्यय	**B. Capital Expenditure**			
1. रक्षा पूंजी	1. Defence Capital	4802	4738	5211
2. अन्य आयोजना-भिन्न पूंजी परिव्यय	2. Other Non-Plan Capital Outlay	1182	1227	1176
3. सरकारी उद्यमों को ऋण	3. Loans to Public Enterprises	969	1070	632
4. राज्यों और संघ राज्य क्षेत्रों की सरकारों को उधार	4. Loans to State and U.T. Governments	4556	7355	6934
5. विदेशी सरकारों को उधार	5. Loans to Foreign Governments	404	1238	1214
6. अन्य आयोजना-भिन्न उधार	6. Other Non-Plan Loans	272	213	231
7. विधानमंडल रहित संघ राज्य क्षेत्रों का व्यय	7. Expenditure of Union territories without Legislature	(-)13	(-)26	(-)16
जोड़-पूंजी व्यय	***Total - Capital Expenditure***	***12172***	***15815***	***15382***
जोड़-आयोजना-भिन्न व्यय	**TOTAL-NON-PLAN EXPENDITURE**	**68843**	**76761**	**79697**
रक्षा व्यय (राजस्व और पूंजी)	***Defence Expenditure (Revenue and Capital)***	***15750***	***15750***	***16350***

व्यय Expenditure

(करोड़ रुपए) (In crores of Rupees)

		1990-91 बजट अनुमान Budget Estimates	1990-91 संशोधित अनुमान Revised Estimates	1991-92 बजट अनुमान Budget Estimates
2. आयोजना व्यय	***2. PLAN EXPENDITURE***			
क. राजस्व व्यय	**A. Revenue Expenditure**			
1. केन्द्रीय आयोजना	1. Central Plan	8917	8737	10620
2. राज्य और संघ राज्य क्षेत्रों की आयोजनाओं के लिए केन्द्रीय सहायता	2. Central assistance for State & Union Territory Plans	5382	5283	6448
राज्य आयोजना	*State Plan*	*5010*	*4944*	*6046*
संघ राज्य क्षेत्र की आयोजना	*Union Territory Plan*	*372*	*339*	*402*
जोड़- राजस्व आयोजना व्यय	**Total-Revenue Plan Expenditure**	**14299**	**14020**	**17068**
ख- पूंजी व्यय	**B. Capital Expenditure**			
1. केन्द्रीय आयोजना*	1. Central Plan*	8701	8857	8395
2. राज्य और संघ राज्य क्षेत्रों की आयोजनाओं के लिए केन्द्रीय सहायता	2. Central assistance for State & Union Territory Plans	7466	7079	8262
राज्य आयोजना	*State Plan*	*6768*	*6410*	*7381*
संघ राज्य क्षेत्र की आयोजना	*Union Territory Plan*	*698*	*669*	*881*
जोड़ - पूंजी आयोजना व्यय	**Total-Capital Plan Expenditure**	**16167**	**15936**	**16657**
जोड़ - आयोजना व्यय	***Total - Plan Expenditure***	***30466***	***29956***	***33725***
जोड़ - केन्द्रीय आयोजना के लिए कुल बजट समर्थन	**Total Budget Support for Central Plan**	**17618**	**17594**	**19015**
राज्य और संघ राज्य क्षेत्र की आयोजनाओं के लिए कुल केन्द्रीय सहायता	**Total Central assistance for State & UT Plans**	**12848**	**12362**	**14710**
जोड़ - व्यय**	***Total - Expenditure*****	***99309***	***106717***	***113422***
** इसमें समान प्राप्तियों द्वारा प्रतिसंतुलित रेलवे का पूंजी व्यय शामिल है*	** Includes Railway capital expenditure matched by receipts*	*274*	*167*	...

*** समान प्राप्तियों द्वारा प्रतिसन्तुलित व्यय को छोड़कर (ब्यौरा प्राप्ति बजट, 1991-92 के अनुबंध 2 में दिया गया है)*

*** Excluding expenditure matched by receipts (Details in Annexure 2 to Expenditure Budget, 1991-92)*

केन्द्रीय आयोजना परिव्यय CENTRAL PLAN OUTLAY

		1990-91 Budget Estimates	1990-91 Revised Estimates	1991-92 Budget Estimates
बजट समर्थन	Budget Support	17618	17594	19015
सरकारी उद्यमों आदि के आन्तरिक और बजट बाह्य संसाधन	Internal and extra budgetary resources of public enterprises, etc.	21711	20459	23954
जोड़-केन्द्रीय आयोजना परिव्यय	**Total-Central Plan Outlay**	**39329**	**38053**	**42969**

केन्द्रीय आयोजना का क्षेत्र-वार परिव्यय
Central Plan Outlay by Sectors

(करोड़ रुपए) *(In crores of Rupees)*

		1990-91 बजट अनुमान Budget Estimates	1990-91 संशोधित अनुमान Revised Estimates	1991-92 बजट अनुमान Budget Estimates
कृषि	Agriculture	1584	1392	1858
ग्रामीण विकास	Rural Development	2664	2532	2702
सिंचाई और बाढ़-नियंत्रण	Irrigation and flood control	223	186	267
ऊर्जा	Energy	12280	12153	13514
उद्योग और खनिज	Industry and Minerals	7116	7113	7117
परिवहन	Transport	7415	6883	7537
संचार	Communications	3048	3038	3383
विज्ञान, प्रौद्योगिकी और पर्यावरण	Science, Technology and Environment	845	750	961
सामाजिक सेवाएं	Social Services	3758	3616	4957
अन्य	Others	396	390	673
जोड़	**TOTAL**	**39329**	**38053**	**42969**

केन्द्रीय आयोजना का मंत्रालय/विभाग-वार परिव्यय
Central Plan Outlay by Ministries/Departments

(करोड़ रुपए) (*In crores of Rupees*)

		1990-91 बजट अनुमान Budget Estimates	1990-91 संशोधित अनुमान Revised Estimates	1991-92 बजट अनुमान Budget Estimates
कृषि	Agriculture	780	787	1014
कृषि अनुसंधान और शिक्षा	Agricultural Research and Education	155	155	190
पशु पालन तथा डेयरी	Animal Husbandry and Dairying	125	86	158
रसायन और पेट्रो-रसायन	Chemicals and Petrochemicals	418	344	632
उर्वरक	Fertilizers	661	585	411
नागर विमानन	Civil Aviation	521	485	433
पर्यटन	Tourism	83	66	90
नागरिक पूर्ति तथा सार्वजनिक वितरण	Civil Supplies and Public Distribution	19	13	18
कोयला	Coal	2926	2863	3000
वाणिज्य	Commerce	81	65	101
पूर्ति	Supply	4	3	4
सचार	Communications	3	3	6
डाक सेवाएं	Postal Services	60	48	72
दूरसंचार सेवाएं	Telecommunication Services	3107	3112	3387
पर्यावरण और वन	Environment and Forests	232	211	300
आर्थिक कार्य	Economic Affairs	674	1031	985
व्यय	Expenditure	3	2	255
खाद्य	Food	61	58	76
खाद्य संसाधन उद्योग	Food Processing Industries	32	31	43
स्वास्थ्य	Health	275	255	302
परिवार कल्याण	Family Welfare	675	785	749
गृह	Home Affairs	9	8	12
शिक्षा	Education	865	838	977
युवा कार्य और खेल	Youth Affairs and Sports	69	62	76
कला और संस्कृति	Art and Culture	67	52	74
महिला और बाल विकास	Women and Child Development	330	313	400
औद्योगिक विकास	Industrial Development	50	244	70

केन्द्रीय आयोजना का मंत्रालय/विभाग-वार परिव्यय
Central Plan Outlay by Ministries/Departments

(करोड़ रुपए) (In crores of Rupees)

		1990-91 बजट अनुमान Budget Estimates	1990-91 संशोधित अनुमान Revised Estimates	1991-92 बजट अनुमान Budget Estimates
भारी उद्योग	Heavy Industry	711	594	551
लघु उद्योग तथा कृषि और ग्रामीण उद्योग	Small Scale Industries and Agro and Rural Industries	332	307	360
सूचना और प्रसारण	Information and Broadcasting	424	332	489
श्रम	Labour	85	49	95
खान	Mines	652	613	470
कार्मिक, लोक शिकायत और पेंशन	Personnel, Public Grievances and Pensions	6	5	8
पेट्रोलियम और प्राकृतिक गैस	Petroleum and Natural Gas	4091	4272	5057
आयोजना	Planning	49	47	55
सांख्यिकी	Statistics	15	14	14
विद्युत	Power	4613	4112	4869
ऊर्जा के गैर-पारम्परिक स्रोत	Non-Conventional Sources of Energy	125	116	150
ग्रामीण विकास	Rural Development	3115	2961	3508
विज्ञान और प्रौद्योगिकी	Science and Technology	127	109	149
वैज्ञानिक और औद्योगिक अनुसंधान	Scientific and Industrial Research	104	97	119
जैव-प्रौद्योगिकी	Bio-technology	62	57	71
इस्पात	Steel	2735	2629	2935
जल-भूतल परिवहन	Surface Transport	1866	1482	1790
वस्त्रोद्योग	Textiles	293	273	315
शहरी विकास	Urban Development	272	258	600
जल संसाधन	Water Resources	232	194	275
कल्याण	Welfare	364	366	479
परमाणु ऊर्जा	Atomic Energy	1231	1279	905
इलेक्ट्रानिकी	Electronics	182	155	133
महासागर विकास	Ocean Development	35	31	37
अन्तरिक्ष	Space	323	280	375
रेलवे	Railways	5000	4916	5325
जोड़	**Total**	**39329**	**38053**	**42969**

केन्द्रीय आयोजना, 1991-92 की विशेषताएं
Highlights of Central Plan 1991-92

ग्रामीण विकास

- *त्वरित ग्रामीण जल पूर्ति कार्यक्रम (758 करोड़ रुपए)*
- वर्ष 1990-91 की तुलना में वर्ष 1991-92 में परिव्यय में 79 प्रतिशत की बढ़ोत्तरी ।

त्वरित ग्रामीण जल पूर्ति के लिए क्रैश कार्यक्रम आरंभ किया जाएगा ।' कोई भी स्रोत नहीं' समस्या वाले 1,61,722 गांवों में से

- 1,58,367 गांवों को मार्च, 1992 और शेष 3355 गांवों को 1992-93 तक शामिल कर लिया जाएगा । 4,30,44 अन्य गांवों को 1991-92 में शामिल किया जाएगा ।
- *ग्रामीण विद्युतीकरण*
- 5,79,132 गांवों में से 4,88,514 गांवों का मार्च 1992 तक विद्युतीकरण कर दिए जाने का अनुमान है । केवल 1991-92 में ही

7462 गांवों का विद्युतीकरण किया जाएगा ।

1991-92 में 310350 पम्पसेटों को विद्युतचालित किया जाएगा ।

- *एकीकृत ग्रामीण विकास कार्यक्रम (376 करोड़ रुपए)*
- 1991—92 में गरीबी रेखा से नीचे रहने वाले 22.54 लाख ग्रामीण परिवारों को सहायता प्रदान की जाएगी ।
- 50 प्रतिशत लाभार्थी अनुसूचित जाति/अनुसूचित जनजाति और
- 40 प्रतिशत महिलाएं होंगी ।

गरीबी-विरोधी कार्यक्रम :

ग्रामीण रोजगार (2,100 करोड़ रुपए):

- 1991-92 में जवाहर रोजगार योजना के अंतर्गत 8988.5 लाख रोजगार कार्य दिवसों का सृजन किया जाएगा ।
- परिव्यय का 20 प्रतिशत कुंओं के निर्माण और अनुसुचित जातियों, अनुसूचित जनजातियों तथा मुक्त बंधुआ मजदूरों के लिए भूमि विकास के लिए निर्धारित किए गया है ।

शहरी रोजगार (130 करोड़ रुपए, जिसमें से 113 करोड़ रुपए नेहरू रोजगार योजना के लिए है)

नेहरू रोजगार योजना के अधीन निम्नलिखित होंगे:

- 1991-92 में 1.45 लाख शहरी निर्धनों को स्व-रोजगार के अवसर प्रदान किए जाने की संभावना है ।
- 1991-92 में आवास और आश्रय-स्थल उन्नयन संबंधी योजना के श्रमिक संघटक के अंतर्गत 182.37 लाख कार्य-दिवस सृजित किए जाएंगे ।

मजदूरी रोजगार की योजना के अंतर्गत मजदूरी रोजगार के 80.94 लाख कार्य दिवसों का सृजन किया जाएगा ।

ऊर्जा:

कोयला और लिग्नाईट : (2520 करोड़ रुपए)

- 1990-91 में 2117.3 लाख मी. टन कोयले के वास्तविक उत्पादन की तुलना में 1991-92 में कोयले का उत्पादन लक्ष्य 2292 लाख मी. टन होगा ।

RURAL DEVELOPMENT:

- *Accelerated Rural Water Supply Programme (Rs. 758 crores)*
- 79% Step-up in outlay for 1991-92 over 1990-91.

A crash programme for accelerated rural water supply to be launched. Out of 1,61,722 'no source' problem villages,

- 1,58,367 will be covered by March, 1992 and the balance of 3355 in 1992-93. Besides,
- 43044 Other villages will be covered in 1991-92.
- *Rural Electrification*
- 4,88,514 Out of 5,79,132 villages are expected to be electrified by March, 1992. In 1991-92 alone
- 7462 villages are to be electrified.
- 310350 Pumpsets to be energised in 1991-92.
- *Integrated Rural Development Programme (Rs. 376 crores)*
- 22.54 Lakh rural families below poverty line to be assisted in 1991-92.
- 50% of the beneficiaries will be from S.Cs./S.Ts. and
- 40% From Women.

ANTI-POVERTY PROGRAMMES:

***Rural Employment** (Rs. 2100 crores):*

- 898.85 Million mandays of employment will be generated under Jawahar Rozgar Yojana in 1991-92
- 20% Of outlay earmarked for construction of wells and land development for Scheduled Castes, Scheduled Tribes and freed bonded labour.

***Urban Employment:** [Rs. 130 crores of which Rs.113 crores for Nehru Rojgar Yogana (NRY)]*

Under NRY

- 1.45 Lakh urban poor are likely to be provided self-employment opportunities in 1991-92.
- 182.37 Lakh mandays of work will be generated under labour component of the Scheme of Housing & Shelter Upgradation in 1991-92
- 80.94 Lakh mandays of wage employment will be generated under the scheme of wage employment.

ENERGY:

***Coal and Lignite:** (Rs. 2520 crores)*

- 229.2 Million tonnes will be the targeted production of coal in 1991-92 as against actual production of 211.73 million tonnes in 1990-91.

- 1990-91 में 117.6 लाख मी. टन लिग्नाइट के वास्तविक उत्पादन की तुलना में 1991-92 में इसके उत्पादन का लक्ष्य 123.2 लाख मी. टन होगा ।

विद्युत : (5927 करोड़ रुपए)

- 1990-91 में 2776.5 मेगावाट की वास्तविक क्षमता-वृद्धि की तुलना में 1991-92 में विद्युत उत्पादन की स्थापित क्षमता में 3810 मेगावाट की वृद्धि होने का अनुमान है ।

इस्पात (2935 करोड़ रुपए)

- भारतीय इस्पात प्राधिकरण लिमिटेड के एकीकृत इस्पात संयंत्रों द्वारा 1990-91 में किए गए 70.3 लाख मी. टन वास्तविक उत्पादन की तुलना में 1991-92 में 75.7 लाख मी. टन बिक्री योग्य इस्पात का उत्पादन करने की संभावना है ।

रेलवे (5325 करोड़ रुपए)

- 25120 वैगन, 2125 कोच, 297 लोकोमोटिव तथा 231 ई एम यू प्राप्त की जानी हैं ।
- 3325 किलोमीटर मार्ग का नवीनीकरण किया जाएगा।
- 314 किलोमीटर मार्ग में नई लाइनें बिछाई जानी है ।
- 675 रूट किलोमीटर मार्ग का विद्युतीकरण कार्य शुरू किया जाना है ।

दूर संचार (3203 करोड़ रुपए)

- 9.5 लाख टेलीफोन की अतिरिक्त स्विचिंग क्षमता सृजित की जानी है, जिसमें 7 लाख सीधी एक्सचेंज की लाइनें शामिल हैं।
- 39500 लाइनों की क्षमता वाले 15 ट्रंक स्वचालित एक्सचेंजों का निर्माण किया जाएगा ।

डाक (72 करोड़ रुपए)

- 1540 डाकघर खोले जाएंगे । (जिसमें से 1260 ग्रामीण क्षेत्रों में और 140 जनजातीय क्षेत्रों में होंगे) ।

सूचना और प्रसारण (489 करोड़ रुपए)

- 1991-92 में 27 नए एफ.एम. स्टेशन चालू किए जाएंगे।
- दूरदर्शन नेटवर्क के लिए तीन स्थानों में तीन उच्च शक्ति वाले ट्रांसमीटर स्थापित किए जाने का अनुमान है ।

परिवार कल्याण (749 करोड़ रुपए)

- इस शताब्दी के समाप्त होने तक जन्म दर को 21 प्रति हजार और मृत्यु दर को 9 प्रति हजार तक लाने की नीति के एक अंग के रूप में वर्ष 1991-92 में 60 लाख नसबंदी और 66 लाख आई.यू.डी. आपरेशन किए जाएंगे।

महिला और बाल विकास (400 करोड़ रुपए)

- 1990-91 की तुलना में 1991-92 में परिव्यय में 21 प्रतिशत की वृद्धि
- 1991-92 में 875 नई एकीकृत बाल विकास सेवा परियोजनाएं शुरू की जाएंगी ।

नए कार्यक्रम (250 करोड़ रुपए)

- इसमें प्रौद्योगिकीय परिवर्तन द्वारा प्रभावित कामगारों के लिए सुरक्षा प्रदान करने के लिए एक राष्ट्रीय नवीकरण निधि का सृजन और पिछड़े वर्गों के कल्याण के लिए एक निगम की स्थापना शामिल है ।

टिप्पणी : वर्ष 1991-92 के वास्तविक लक्ष्य अनन्तिम हैं ।

- 12.32 Million tonnes will be the targeted production of lignite in 1991-92 as against actual production of 11.76 million tonnes in 1990-91.

***POWER:** (Rs. 5927 crores)*

- 3810 MW of addition to installed capacity of power generation is expected in 1991-92 as against actual addition of 2776.5 MW to installed capacity in 1990-91.

***STEEL:** (Rs. 2935 crores)*

- Integrated steel plants of SAIL are expected to produce 7.57 million tonnes of saleable steel during 1991-92 as against actual production of 7.03 million tonnes in 1990-91.

***RAILWAYS:** (Rs. 5325 crores)*

- 25120 Wagons, 2125 coaches, 297 locomotives and 231 EMUs to be procured.
- 3325 Track kilometres to be renewed.
- 314 Kilometres of New Lines to be completed.
- Commissioning electrification of 675 route kilometres.

***TELECOMMUNICATIONS:** (Rs. 3203 crores)*

- 9.5 Lakh additional switching capacity of telephone lines (7 lakh direct exchange lines) to be created.
- 15 Trunk automatic exchanges with a capacity of 39500 lines to be created.

***POSTS :** (Rs. 72 crores)*

- 1540 Post Offices to be opened (out of which 1260 in rural areas and 140 in tribal areas).

***INFORMATION & BROADCASTING:** (Rs. 489 crores)*

- 27 New FM Stations to be completed in 1991-92.
- 3 High Power Transmitters for TV network are expected to be commissioned at three places.

***FAMILY WELFARE:** (Rs. 749 crores)*

- 6 Million sterilisations and 6.6 million IUD insertions to be performed in 1991-92 as a part of the strategy to bring down the birth rate to 21 per thousand and death rate to 9 per thousand by the turn of the century.

***WOMEN & CHILD DEVELOPMENT :** (Rs. 400 crores)*

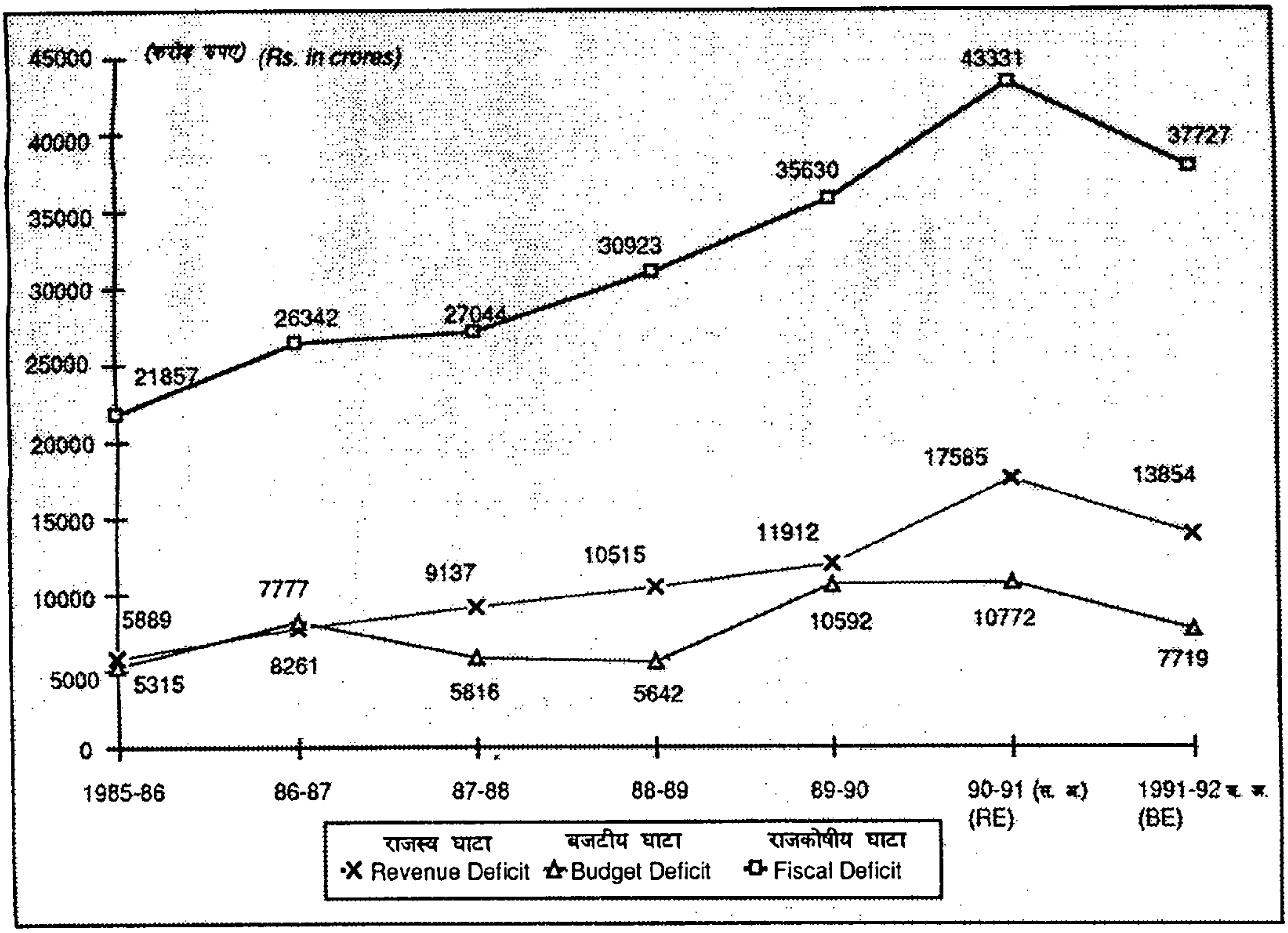
- 21% Step-up in outlay in 1991-92 over 1990-91.
- 875 New Integrated Child Development Services Projects to be taken up in 1991-92.

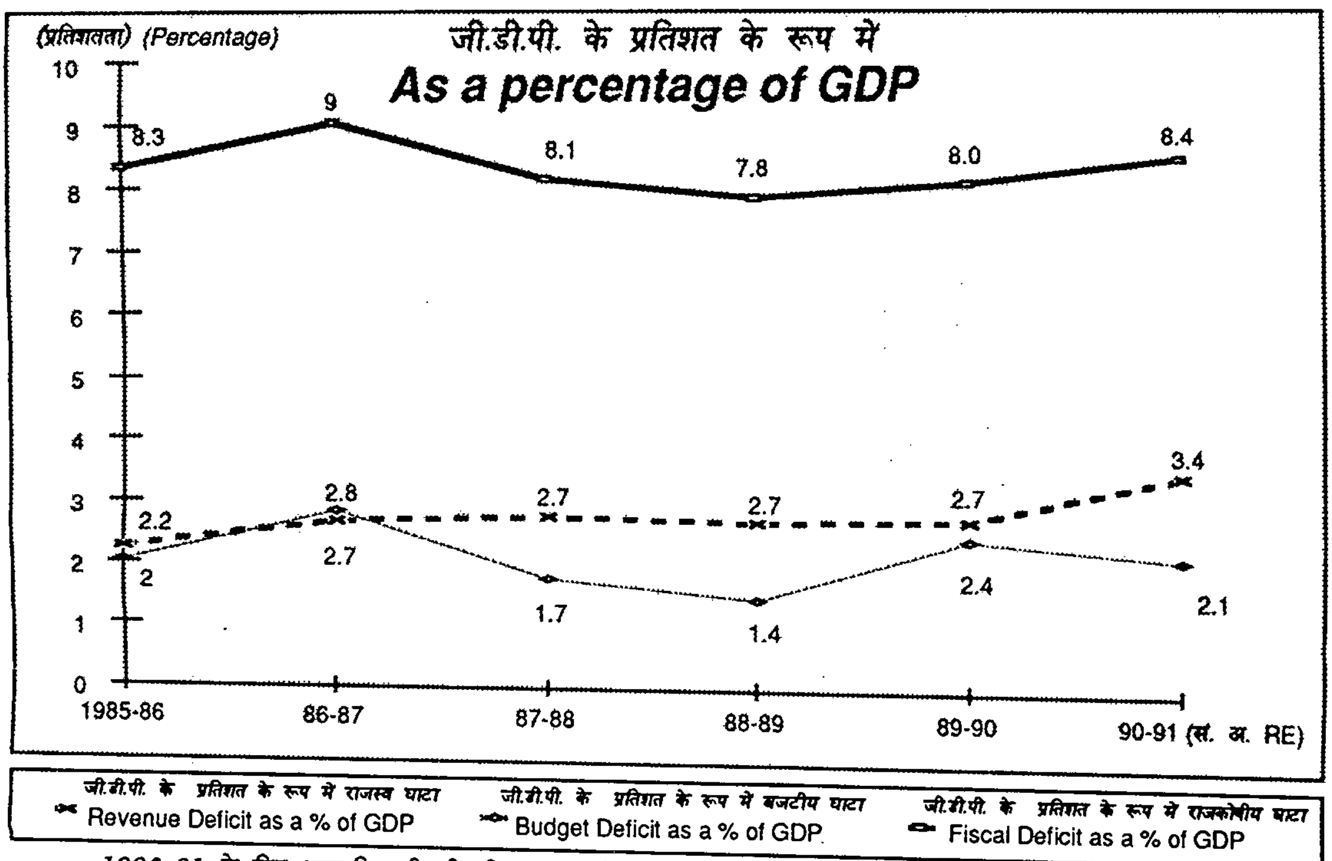
***NEW PROGRAMMES :** (RS. 250 crores)*

- Include creation of a National Renewal Fund to provide a safety net for workers affected by technological transformation and setting up of a corporation for the welfare of backward classes.

NOTE: *Physical targets for 1991-92 are provisional.*

घाटे की प्रवृत्तियां
DEFICIT TRENDS





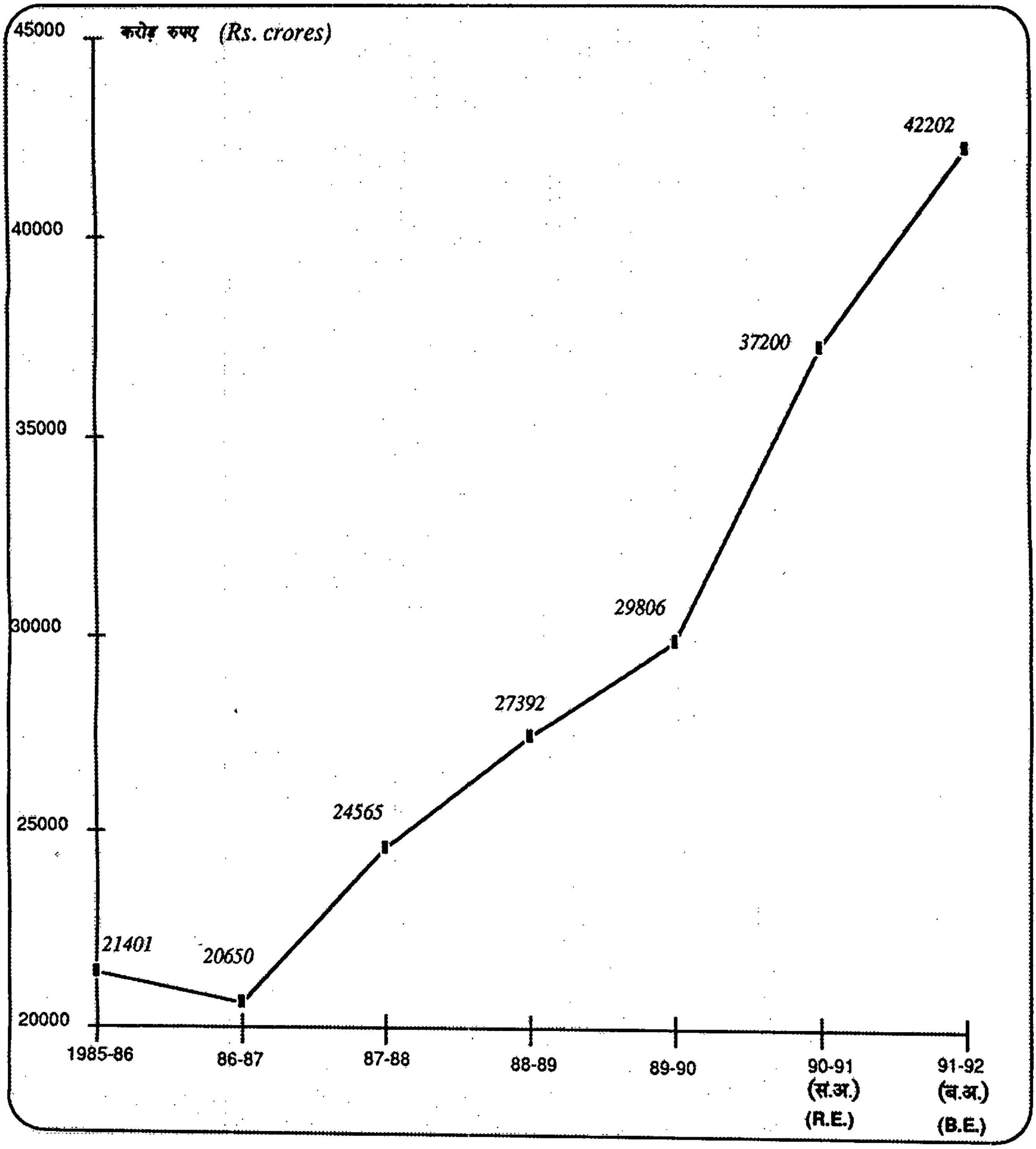
1990-91 के लिए अनुमानित जी. डी. पी. पर आधारित *For 1990-91 based on GDP as estimated*

राज्यों और संघ राज्य क्षेत्रों की सरकारों को अन्तरित साधन
Resources Transferred to State and U.T. Governments

(करोड़ रुपए) (*In crores of Rupees*)

		1990-91 बजट अनुमान Budget Estimates	1990-91 संशोधित अनुमान Revised Estimates	1991-92 बजट अनुमान Budget Estimates
1. करों और शुल्कों में राज्यों का हिस्सा	**States' share of taxes and duties**	**14426**	**14535**	**16255**
आय-कर	*Income Tax*	*4064*	*4121*	*4565*
संघ उत्पाद-शुल्क	*Union Excise Duties*	*10362*	*10414*	*11690*
2. अल्प बचत संग्रहों आदि का भाग	**Share of small savings etc. collections**	**4500**	**6770**	**6865**
3. आयोजना-भिन्न अनुदान और उधार	**Non-plan grants and loans**	**3308**	**3749**	**2903**
अनुदान #	*Grants #*	*3252*	*3164*	*2834*
*उधार**	*Loans**	*56*	*585*	*69*
4. राज्यों और संघ राज्य क्षेत्रों की आयोजनाओं के लिए केन्द्रीय सहायता **	**Central Assistance for State & UT Plans****	**11327**	**10909**	**12995**
अनुदान	*Grants*	*5032*	*4965*	*6074*
उधार	*Loans*	*6295*	*5944*	*6921*
5. केन्द्रीय और केन्द्र-प्रायोजित आयोजनागत योजनाओं के लिए सहायता	**Assistance for Central & Centrally sponsored Plan schemes**	**3325**	**5185**	**6502**
अनुदान	*Grants*	*3139*	*5044*	*6320*
उधार	*Loans*	*186*	*141*	*182*
6. जोड़-कुल अनुदान और उधार (2 +3+4+5)	**Total grants & loans (2 +3+4+5)**	**22460**	**26613**	**29265**
अनुदान	*Grants*	*11423*	*13173*	*15228*
उधार	*Loans*	*11037*	*13440*	*14037*
7. घटाइए-उधारों और अग्रिमों की वसूलियां *	***Less-Recovery of loans & advances ****	***2937***	***3816***	***3160***
8. राज्यों और संघ राज्य क्षेत्रों की सरकारों को अन्तरित निवल साधन (1+6-7)	**Net Resources transferred to State & Union territory Governments (1+6-7)**	**33949**	**37332**	**42360**
(जिसमें से राज्य सरकारें)	*(Of which, State Governments)*	*(33802)*	*(37200)*	*(42202)*
# इसमें सब्सिडी शामिल हैं।	# Inclusive of subsidies.			
* अल्पावधिक उधारों और अग्रिमों की वसूलियों को घटाकर	* *Net of recovery of short term loans and advances*	*1010*	*998*	*1010*
** इसके अलावा,	** *In addition, provisions for*			
ग्रामीण विद्युतीकरण निगम और उत्तर-पूर्वी परिषद के लिए की गई व्यवस्था	*Rural Electrification Corporation and North Eastern Council*	*520*	*511*	*518*
बिना विधानमंडल वाले संघ राज्य क्षेत्रों	*Union Territories without Legislature*	*1001*	*942*	*1197*
इस प्रकार, राज्य और संघ राज्य क्षेत्रों की आयोजनाओं के लिए कुल सहायता	***Thus, total assistance for State & UT Plans***	***12848***	***12362***	***14710***

वर्षों के दौरान राज्य सरकारों को अंतरित संसाधन
RESOURCES TRANSFERRED TO STATE GOVERNMENTS OVER THE YEARS



इन अन्तरणों में राज्यों को भारतीय रिजर्व बैंक के साथ उनके ओवरड्राफ्ट को बेबाक करने के लिए वर्ष 1985-86 में दिए गए 1628 करोड़ रुपए के ऋण शामिल है ।

Transfers include Rs. 1628 crores in 1985-86 of loans to States for clearance of their overdrafts with RBI

बजट का सार BUDGET AT A GLANCE

व्याख्यात्मक टिप्पणी Explanatory Note

इस पुस्तिका में बजट के अनुमानों को स्थूल समूहों में बांट कर दिखाया जाता है, ताकि बजट को आसानी से समझा जा सके । इस प्रयोजन के लिए प्राप्तियों और व्यय की कतिपय मदों का पुनः समूहीकरण किया गया है। उदाहरण के लिए वाणिज्यिक विभागों के व्यय को, उसमें से उनकी प्राप्तियां घटाकर दिखाया गया है, ताकि लेनदेनों की मात्रा में होने वाली वृद्धि से दोनों खातों के आंकड़ों के परिमाण में वृद्धि न हो पाए । इसी प्रकार, राज्यों को दिए गए ऐसे अल्पावधिक ऋणों और अग्रिमों को, जिनको उसी वर्ष के दौरान वसूल कर लिया गया हो, निवल मात्रा में प्रदर्शित किया गया है । कतिपय ऐसे लेनदेनों को, जिनके कारण नगद रकम की निकासी नहीं होती लेकिन जिनके बारे में समतुल्य प्राप्तियां हो जाती हैं जैसे कि अन्तर्राष्ट्रीय मुद्रा कोष को दिए जाने वाले अंशदान को सम्मिलित नहीं किया गया है, ताकि व्यय की वास्तविक मदों को ही प्रमुखता मिले ।

इस पुस्तिका में, राजस्व घाटे और समग्र बजटीय घाटे के साथ-साथ राजकोषीय घाटे को भी दर्शाया गया है । राजस्व घाटे में, राजस्व प्राप्तियों की तुलना में राजस्व व्यय की अधिकता का उल्लेख किया गया है । *बजटीय घाटे* में कुल प्राप्तियों (राजस्व और पूंजी दोनों ही) की तुलना में कुल व्यय की अधिकता को दर्शाया गया है । इस अंतर का वित्तपोषण 91 दिवसीय राजकोषीय हुंडियों को जारी करके रिजर्व बैंक से उधार लेकर और नकद बाकी शेष को निकासी करके किया जाता है । राजकोषीय घाटा राजस्व प्राप्तियों और कुछ पूंजीगत प्राप्तियों, जो कि उधार नहीं है और अंततः सरकार को प्राप्त होती हैं, ***तथा*** कुल व्यय, जिसमें से वापसी अदायगियों को घटा कर ऋणों को शामिल किया गया है, के बीच का अंतर है । राजकोषीय घाटे को दर्शाने के लिए पूंजीगत प्राप्तियों के अंतर्गत केवल केन्द्र के हिस्से के स्थान पर कुल लघु बचत संग्रह को भी सम्मिलित करना आवश्यक हो गया है । पूंजी व्यय से संबंधित भाग में, राज्य सरकारों को लघु बचत वसूलियों के बदले में दिये गये ऋणों को पूर्ण रूप में दर्शाया गया है और इन्हें प्राप्तियों में से नहीं घटाया गया है, जैसा कि वर्ष 1990-91 तक किया जाता रहा है । रेलवे के पूंजी व्यय के एक भाग को भी जिसे पहले प्राप्तियों में से घटा दिया जाता था, पूर्ण रूप से सम्मिलित किया गया है । इसलिए, वर्ष 1989-90 और 1990-91 के संबंध में पुस्तिका में दर्शाए गए आंकड़े पूंजी प्राप्तियों और पूंजी व्यय दोनों तरफ समनुरूप राशियों से अधिक होंगे । तथापि, इनसे राजस्व घाटे अथवा बजटीय घाटे पर कोई प्रभाव नहीं पड़ेगा।

The Budget estimates are presented in this document in broad aggregates to facilitate easy understanding. For this purpose certain items of receipts and expenditures have been regrouped. For example, the expenditures of commercial departments have been taken net of their receipts so that increase in the volume of transactions does not inflate the figures on both sides. Similarly, short term loans and advances given to the States and recovered during the same year have been netted. Certain transactions which do not involve cash outgo and are matched by receipts e.g. subscription to International Monetary Fund have been excluded so that focus is on real iterns of expenditure.

The document shows, apart from the revenue deficit and overall budgetary deficit, the fiscal deficit also. *Revenue deficit* refers to the excess of revenue expenditure over revenue receipts. *Budgetary deficit* refers to the excess of total expenditure (both revenue and capital) over total receipts (both revenue and capital). This gap is financed by borrowing from the Reserve Bank through the issue of 91 days Treasury Bills and draw down of cash balance. *Fiscal deficit* is the difference between the revenue receipts *plus* certain capital receipts which are not borrowings and accrue finally to the Government ***and*** the total expenditure including loans net of repayments. In order to depict the fiscal deficit, it has become necessary to include under Capital receipts the total small savings collections, instead of only the Centre's share. On the Capital expenditure side, loans to State Governments against small savings collections have been shown in full, instead of netting it against receipts as was done until 1990-91. A part of the capital expenditure of the Railways, previously netted against *receipts* has also been included in full. Hence, the figures shown in this document for 1989-90 and 1990-91 will be higher by identical amounts on both Capital receipts and Capital expenditure sides. These, however, do not affect the Revenue deficit or Budgetary deficit.

ECONOMIC SURVEY

1990-91

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
(ECONOMIC DIVISION)

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4

Economic Survey for 1990-91

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STATISTICAL TABLES

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Note: The interest rates (given in Table 8.6, row III : Other financial instruments) shown for March 31, 1991 are also the existing rates.

S/73--Finance/91

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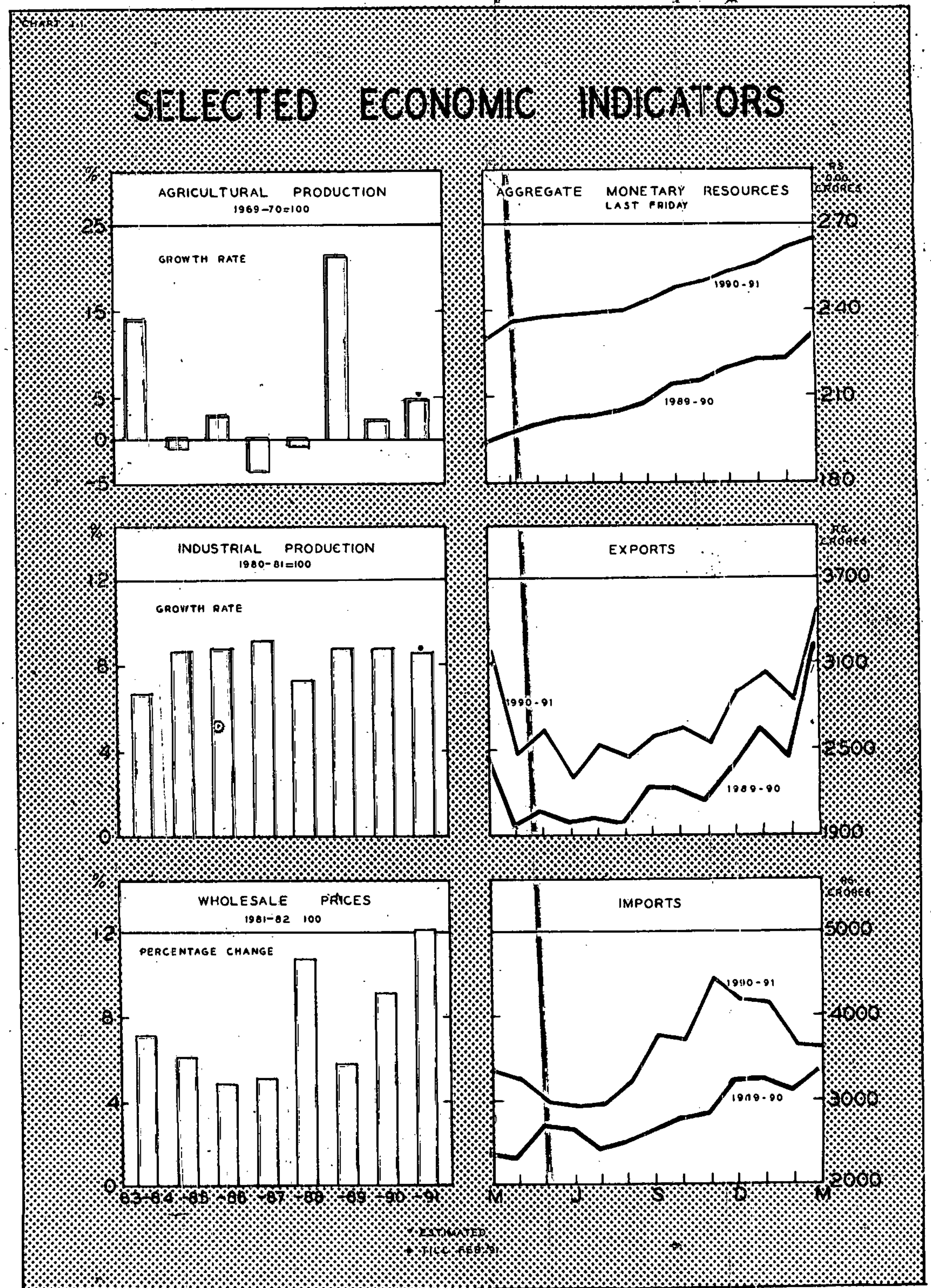


CHART 3.1
SELECTED ECONOMIC INDICATORS
AGRICULTURAL PRODUCTION
1969-70=100
GROWTH RATE
%
25
15
5
0
-5
AGGREGATE MONETARY RESOURCES
LAST FRIDAY
RS '000 CRORES
270
240
210
180
1990-91
1989-90
INDUSTRIAL PRODUCTION
1980-81=100
GROWTH RATE
%
12
8
4
0
EXPORTS
RS. CRORES
3700
3100
2500
1900
1990-91
1989-90
WHOLESALE PRICES
1981-82 100
PERCENTAGE CHANGE
%
12
8
4
0
83-84 -85 -86 -87 -88 -89 -90 -91
IMPORTS
RS. CRORES
5000
4000
3000
2000
1990-91
1989-90
M J S D M
* ESTIMATED
+ TILL FEB-91

CHAPTER 1

THE ECONOMIC SITUATION IN 1990-91

1.1 The Indian economy had to face many uncertainties in 1990-91. The effects of the political situation at home, and the persistent fiscal imbalances were accentuated by the Gulf crisis which intensified strains on an already weak balance of payments position. It is a measure of the inherent strength of our economy that it withstood the effects of these shocks rather well. It is also a measure of solid gains registered by our economy during the last forty years since independence. Agricultural output and industrial production continued to grow though their sustainability came under serious doubt. It is estimated that the growth of Gross Domestic Product (GDP) in real terms during 1990-91 will be about 5 per cent. However, due to the combined impact of internal and external factors, consumers have been faced with double digit inflation and the economy is faced with a serious balance of payments crisis. On the domestic front, particular significance is attached to medium-term large and persistent fiscal imbalances which have strained the balance of payments situation and accentuated inflationary pressures in the economy. These factors have been sharply exacerbated by the third oil shock and the related dislocations caused by the crisis and the war in the Gulf during 1990-91.

TABLE 1·1

Selected Economic Indicators

(Percentage Change over Previous year)

Economic Indicators	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90 (P)	1990-91 (P)
Gross National Product(1)	5.6	—4.9	7.3	5.8	2.6	7.9	3.8	4.1	3.6	4.2	10.6	5.2	5.0*
Agricultural Production	3.8	—15.2	15.6	5.6	—3.8	13.7	—1.2	2.5	—3.7	—0.8	21.0	1.7	4.5*
Foodgrains Production	4.4	—16.8	18.1	2.9	—2.9	17.7	—4.5	3.4	—4.7	—2.1	21.0	0.4	3.9*
Industrial Production(2)	7.6	—1.7	4.0	9.3	3.2	6.7	8.6	8.7	9.1	7.3	8.7	8.6	8.4
Electricity generated	12.1	2.0	5.9	10.2	6.7	7.6	11.9	8.6	10.2	7.6	9.5	10.8	7.1
Wholesale Price Index(3)	4.5	21.4	16.7	2.4	7.2	7.2	6.0	4.8	5.1	10.7	5.7	9.1	12.1
Monetary Resources(M3)	21.9	17.7	18.1	12.5	16.1	18.1	18.9	15.9	18.6	15.9	17.8	19.4	15.1(4)
Imports at current prices	13.1	34.2	37.3	8.4	5.0	10.8	8.2	14.7	2.2	10.7	26.9	25.4	21.9
Exports at current prices	5.9	12.1	4.6	16.3	12.8	11.0	20.2	—7.2	14.3	25.9	29.1	36.8	17.5
Foreign Exchange Reserves (Rupees Crores)(5)	5821	5934	5544	4024	4782	5972	7243	7820	8151	7687	7040	6251	11416
Foreign Currency Reserves (Rupees Crores)	5220	5164	4822	3355	4265	5498	6817	7384	7645	7287	6605	5787	4388

*Anticipated, (P) Provisional

1. Growth rates are based on new series at 1980-81 prices.
2. Growth rates are based on old Index of Industrial Production (Base 1970 = 100) upto 1980-81 and on the basis of new Index (Base 1980-81 = 100) thereafter.
3. Rate of inflation is based on old Index of Wholesale Prices (Base 1970-71 = 100) upto 1981-82 and on the basis of new Index (Base 1981-82 = 100) thereafter.
4. Between March 31, 1989 and March 23, 1990 for 1989-90 and between March 31, 1990 and March 22, 1991 for 1990-91.
5. Foreign exchange reserves include gold, SDR and foreign currency assets and relate to end period. Gold has been revalued closer to international market price effective October 17, 1990.

1.2 In 1989-90, the terminal year of the Seventh Plan, Gross Domestic Product (GDP) increased by 5.2 per cent in real terms on top of a record growth of 10.4 per cent in 1988-89. The index of agricultural production increased by a modest 1.7 per cent as was expected following the record growth of 21 percent in the post-drought recovery phase of 1988-89, while the index of industrial production increased by 8.6 per cent, which was about the same as 8.7 per cent in 1988-89.

1.3 The underlying strength of Indian economy is revealed by the fact that many of the targets set for the Seventh Five Year Plan were exceeded, which was partly attributable to the performance of the economy in 1989-90. Thus, the average annual growth rate of GDP worked out to 5.6 per cent, as compared with the Plan target of 5 per cent. In agriculture, the average annual growth rate at 4.1 per cent exceeded the target of 4 per cent, despite a run of poor monsoons in the first three years of the Plan. The overall industrial production increased at an average rate of 8.5 per cent, narrowly missing the plan target of 8.7 per cent per annum. Among the major industrial subsectors, mining and quarrying (weight 11.5 per cent) and electricity generation (weight 11.4 per cent) registered a growth of 5.7 per cent and 9.4 per cent per annum, which fell short of the plan targets of 13 per cent and 12 per cent respectively. This was, however, compensated to some extent by an increase of 8.8 per cent per annum in manufacturing output (weight 77.1 per cent) which had a target of 8 per cent per annum.

1.4 Even though the output and the growth targets of Seventh Plan were exceeded, a signficant imbalance appeared in the pattern of financing of the Plan, with the contribution of resources from public sector savings falling far short of the target. The deterioration in the savings performance of the public sector, which has put the planning process under considerable strain, is an important factor underlying the persistent fiscal imbalances.

1.5 During 1990-91 the country has experienced an excellent monsoon for the third year in succession. Rainfall has been 6 per cent above normal and well distributed across space and over time. Consequently, the production of foodgrains is likely to reach another peak exceeding the target of 176.5 million tonnes and the growth of total agricultural production is expected to be around 4.5 per cent. Provisional data on the index of industrial production show na increase of 8.4 per cent during 1990-91 compared to 8.6 per cent during 1989-90. On the basis of these tentative estimates, real GDP growth in 1990-91 may be expected to be in the range of 5 per cent.

1.6 Thus, apart from the deceleration in growth or the actual decline in output of some infrastructure sectors, production performance has been quite satisfactory during 1990-91. Despite this, the price situation has turned out to be difficult. The annual rate of inflation in theWholesale Price Index (WPI), on a point to point basis works out at 12.1 per cent during 1990-91 as against 9.1 per cent during 1989-90. Measured in terms of the Consumer Price Index (CPI), the inflation rate is still higher at 13.6 per cent during 1990-91 as compared with only 6.6 per cent during 1989-90. Inflation hurts everybody, particularly the weaker sections of the population whose incomes are not indexed. This higher rate of inflation is also a cause for concern because the price increase has been large in the case of several essential commodities. Inflation control instruments deployed by the Government have included both physical measures directed at specific commodities as well as deflationary measures in the macro-economic policy stance.

1.7 The physical measures have been centred around effective management of the public distribution system, which has been considerably facilitated by a large domestic stock of foodgrains. Imports of essential commodities have also been undertaken wherever feasible. The procurement of rice during 1990-91 was 13 million tonnes as against 11.1 million tonnes during 1989-90. The procurement of wheat during 1990-91 at 11.1 million tonnes was also higher than that of 9 million tonnes during 1989-90. The stocks of foodgrains stood at 17.3 million tonnes at the end of March, 1991 compared with 11.7 million tonnes at the end of March, 1990.

1.8 Aggregate demand management has been aimed at strict monitoring of government expenditure, limiting the size of the fiscal deficit and reducing the growth of money supply. During 1990-91 the rate of growth of broad money supply (M3) until March 22, 1991 at 15.1 per cent was significantty lower than the money supply growth of 19.4 per cent recorded during the corresponding period of 1989-90. Experience has shown that money supply growth in India is strongly influenced by the behaviour of the budget deficit (the growth of Net Reserve Bank Credit to the Central Government has been the main source of increase in the reserve/base money in recent years) as well the behaviour of foreign exchange reserves. Money supply growth decelerated in 1990-91 despite a sharp deterioration in the fiscal sitation largely because of significant draw down of foreign exchange reserves.

1.9 It is however obvious that a firm control of growth of money supply requires that monetary policy should be closely coordinated with fiscal policy and measures to contain money supply growth have to be backed by associated measures to contain the fiscal deficit. It is with this end in view that the Government introduced a number of measures, in the spheres of both reveneue and expenditure in December, 1990 and a statement was made in Parliament that the fiscal deficit would be limited to 8.3 per cent of GDP in 1990-91 and reduced to about 6.5 per cent of GDP in 1991-92. Unfortunately, the measures adopted turned out to be inadequate and the year 1990-91 ended with a fiscal deficit estimated at 8.4 per cent of GDP. The postponement of regular budget in February 1991 greatly increased the magnitude of efforts now required to achieve the targets set for 1991-92.

1.10 In recent years, there has been a widening gap between the income and the expenditure of the Government which led to mounting fiscal deficits. Imbalances between aggregate demand and domestic output which can be induced, inter alia, by excessive deficit financing generate inflationary pressures and expectations. The fiscal deficits of the Government also spill over into current account deficits on the balance of payments, which must then be financed either by running down of foreign exchange reserves or through fresh external borrowings, each with their own attendant problems. Consequently, domestic fiscal adjustment is also expected to ease the pressures on the balance of payments which has been sharply accentuated by the third oil shock during 1990-91.

1.11 The impact of the Gulf crisis on the balance of payments situation is very adverse and serious. Largely as a consequence of the increase in the import bill for crude oil and petroleum products, imports in rupee terms have risen by 21.9 per cent as against an increase of 17.5 per cent in the case of exports in 1990-91. Hence, the trade deficit has widened significantly in 1990-91. Combined with the loss of exports to, and remittances from the West Asia, in particular Kuwait and Iraq, there has been a sharp deteioration in the balance of trade. In addition, both the Gulf crisis and domestic political developments affected confidence abroad in the Indian economy. It became more difficult to borrow in the international capital markets. Receipts under non-resident deposits also declerated. All these led to a sharp decline in foreign exchange reserves (excluding gold and SDRs), from a level of about Rs. 5,050 crores at the beginning of August, 1990 to Rs.4388 crores at the end of March, 1991. The decline in reserves would have been still larger if the Government did not resort to borrowing from IMF. The first recourse to the IMF was made during July-September, 1990 when India drew Rs. 1173 crores which constituted 22 per cent of India's Quota and could be drawrn upon without any conditions. This was followed by further recourse to the IMF in January, 1991 when Rs3334 crores were borrowed under the modified Compensatory and Contingency Financing Facility (CCFF) and the first credit tranche under a three month stand-by arrangement. Clearly, the real solution to the problem calls for urgent and effective measures to correct the structural imbalances which had led to the emergence of a chronic balance of payments deficit in the first place.

Gross National Product, Savings and Investment

1.12 The Quick Estimates of national income aggregates prepared by the Central Statistical Organisation indicate that Gross National Product at factor cost (constant prices) recorded an increase of 5.2 per cent in 1989-90 compared with a growth of 10.6 per cent in 1988-89. Agriculture and allied sectors recorded a growth rate of 2.7 per cent in 1989-90 compared with 15 per cent in 1988-89; industry and construction achieved a growth rate of 6.7 per cent in 1989-90 compared with 8.1 per cent in 1988-89; banking and real estate recorded a growth of 5.8 per cent compared with 8.7 per cent a year ago and transport, storage and communications recorded a growth of 6.7 per cent in 1989-90 compared with 9 per cent in 1988-89, while the growth rate in the public administration, defence and other services remained unchanged at 6.1 per cent during 1988-89 and 1989-90.

1.13 There has been an encouraging trend in the rate of overall domestic savings which showed an improvement during the Seventh Plan period. The ratio of gross domestic savings to GDP, at current market prices, which declined continuously from 21.6 per cent in 1979-80 to 18.2 percent in 1984-85 improved to 21.1 per cent in 1988-89 and further to 21.7 per cent in 1989-90. With this, the average gross domestic savings during the Seventh Plan works out to 20.2 per cent compared with 19.6 per cent achieved during the Sixth Plan. While the savings from thepublic sector declined continuously from 4.5 per cent of GDP in 1981-82 to 1.7 per cent in 1989-90 and that of the private corporate sector fluctuated around 1.5 percent during the Sixth Plan and 2 per cent of GDP during the Seventh Plan, the savings of the household sector recorded an appreciable increase from 13.7 per cent of GDP in 1984-85 to 17.8 per cent in 1989-90. On the other hand, the ratio of aggregate gross domestic investment to GDP improved by 4.5 percentage points from 19.6 per cent in 1984-85 to 24.1 per cent in 1989-90 with an average rate of 22.6 per cent of GDP during the Seventh Plan compared with an average rate of 21.1 per cent of the GDP during the Sixth Plan. The gap between domestic investment and domestic saving had to be financed by an inflow of foreign capital to the extent of 2.4 per cent of GDP during the Seventh Plan compared with 1.4 per cent of GDP during the Sixth Plan. This gap might have increased sharply in 1990-91 because of a deceleration in export growth and inward flow of remittancees.

Agricultural Production

1.14 Indian agriculture has shown some degree of resilience in recent years. Even during the severe drought year of 1987-88 the decline in agricultural production was only 0.8 per cent although foodgrains output declined by 2.1 per cent. Agricultural production increased by 21 per cent in 1988-89 and by 1.7 per cent in 1989-90. The average annual growth in agricultural production during the Seventh Plan works out at 4.1 per cent compared with 6 per cent during the Sixth Plan. However, the wide variations in yields between crops and across regions remain a matter of concern.

1.15 The year 1990-91 experienced the third successive good monsoon as a result of which 32 out of 35 meteorological sub-divisions received excess or normal rainfall. It is expected that agricultural production may rise by more than 4.5 per cent in 1990-91 over the bumper crop achieved during 1989-90. Foodgrains production in 1990-91 is likely to cross the record production of 170.6 million tonnes achieved in 1989-90 and may rise even above the target of 176.5 million tonnes.

1.16 Rice production in 1990-91 was targeted at 73.7 million tonnes. With the monsoon arriving in time and its coverage being normal, the total kharif crop production was reported to be satisfactory and the total rice production during 1990-91 may exceed the target. The target for wheat at 54.5 million tonnes and that for pulses at 15 million tonnes are also likely to be achieved. Various development programmes of the Government to raise production of rice, wheat and pulses viz. Special Rice Production Programme (SRPP) for the Eastern region, Special Foodgrains Production Programme (SFPP) for major foodgrains producing States and the Centrally Sponsored National Pulses Development Project continued to be in operation in 1990-91. In the absence of other sources of protein, the intake of pulses for a balanced diet has assumed greater significance. But it is distressing to note that the production of pulses has remained almost static during the past two decades, while the per capita availability of pulses has declined from 70 grams per day in 1956 to about 37 grams per day in 1990.

1.17 With the help of support measures undertaken by the Government and the efforts made by Technology Mission on Oilseeds (established in May, 1986), oilseeds production increased to a record level of 18 million tonnes in 1988-89. But, the production declined to 16.8 million tonnes in 1989-90 due to adverse weather conditions in Saurashtra and some other parts of the country.

A production target of 18 million tonnes of oil-seeds was fixed for 1990-91 (10 million tonnes of kharif oilseeds and 8 million tonnes of rabi oilseeds). The kharif groundnut production was *adversely* affected by the failure of rains at the time of sowing in the Saurashtra regon. However, the loss in kharif oilseeds is expected to be offset by an increase in the output of rabi oilseeds. The supply of edible oils has generally lagged behind the demand and the gap has to be bridged by imports. The imports of edible oils during the oil year 1989-90 (November-October) aggregated 6.1 lakh tonnes valued at Rs.328 crores as against 18.2 lakh tonnes valued at Rs. 1,061 crores in 1987-88. The foreign exchange crisis of 1990-91, however, led to a significant reduction in imports with inevitable adverse effects on prices.

1.18 Due to larger acreage and production of sugarcane, sugar production increased to a record level of 109.9 lakh tonnes in the sugar year 1989-90 (October-September) compared with 87.4 lakh tonnes in 1988-89. Considering the estimated size of the cane crop, sugar production during 1990-91 may be above 115 lakh tonnes. Production of cotton reached a record level of114 lakh bales in 1989-90 against the target of 100 lakh bales, bat was adversely affected by excessive rains during 1990-91. Even then the size of the crop in 1990-91 is expected to be about 102 lakh bales. Production of tea is estimated to have increased to 719 million kgs. during 1990-91 compared with 703 million kgs. recorded in 1989-90.

1.19 Consequent upon the expansion of area under irrigation and greater use of HYV seeds, consumption of fertilisers in the country increased from 8.8 million tonnes of nutrients (NPK) in 1987-88 to 11.1 million tonnes in 1988-89 and further to 11.7 million tonnes in 1989-90. In 1990-91, following the third good monsoon in succession, fertiliser consumption is anticipated to increase to 12.7 million tonnes. Given this increase in consumption as also production of fertilisers, the fertiliser retention price and subsidy scheme introduced on November 1, 1977 combined with the fact that there has been virtually no increase in prices of fertiliser for cultivators since July, 1981, has led to a steady increase in the subsidy on fertilisers from Rs.375 crores in 1981-82 to as much as Rs.4,592 crores in 1989-90. The revised estimate for the subsidy on fertilisers during 1990-91 is Rs.4,388 crores as against the budget estimate of Rs.4,000 crores.

1.20 The Government also continued its policy of providing adequate and timely credit at subsidised rates to the farmers through institutional agencies like co-operatives, commercial banks and Regional Rural Banks to support agricultural and allied activities. The total quantum of agricultural loans increased substantially from Rs.6,793 crores in 1985-86 to Rs.13,022 crores in 1989-90 and the target for 1990-91 was fixed at Rs.13,240crores.

1.21 The Central Budget for 1990-91 introduced a debt relief scheme under which outstanding loans upto Rs.10,000 for the non-wilful defaulters engaged in agriculture and other allied activities were waived by the Government. The debt relief scheme underwent several changes in the course of the financial year 1990-91 since its announcement in the Budget for 1990-91. There changes in the scheme, in effect, increased Governments' financial liability and led to a much greater fiscal burden on the excheqner than originally provided in the Budget. The Interim Budget for 1991-92 presented to the Parliament on March 4,1991 estimated the burden at Rs. 1500 crores for 1990-91 (RE) compared with the Budget Estimate of Rs. 1000 crores. The Budget had also proposed Rs. 1500 crores under the debt relief scheme to the farmers for the year 1991-92. Given the scale of debt relief scheme, it could affect both the profitability and credibility of the Indian banking system. Unwittingly, it could also affect the farmers' incentive towards prompt repayment of bank debts in the future. The scheme contributed significantly to the deterioration in the fiscal situation in 1990-91. It also puts a constraint on supply of credit for productive purposes and in turn, may affect the rural credit delivery system.

1.22 A Comprehensive Crop Insurance Scheme has been in operation since April, 1985 to provide a measure of financial support to the farmers in the event of crop failure due to natural calamities. Coverage of the Scheme has been continuously expandig since its inception.

1.23 In 1989-90, for a more effective implementation of wage employment programmes, a new employment generation programme known as the Jawahar Rozgar Yojna (JRY) was introduced and merged with the existing National Rural Employment Programme (NREP) and Rural Labour Employment Guarantee Programme (RLEGP). An Employment Guarantee Scheme for the drought prone areas and areas with actue problems of rural unemployment was introduced in the budget for 1990-91.

Industry and Infrastructure

1.24 There was a mild deceleration in the growth of industrial production in 1989-90 mainly on account of a slow down in manufacturing and mining. The index of industrial production increased by 8.6 per cent during the year compared with 8.7 per cent in 1988-89. While growth accelerated in the electricity sector from 9.5 per cent in 1988-89 to 10.8 per cent in 1989-90, the rate of growth of manufacturing declined marginally from 8.7 per cent to 8.6 per cent and that of mining and quarrying declined from 7.9 per cent to 6.3 per cent.

1.25 Among the seventeen major industry groups in the manufacturing sector, growth accelerated in six industry groups viz, beverages and tobacco, paper and paper products, electrical machinery and appliances, metal products, cotton textiles and leather and leather products, during 1989-90. Two industry groups viz., jute products and basic metal and alloy products recorded negative growth, while the remaining eight industry groups recorded some deceleration.

1.26 Taking into account non-too favourable macro economic environment, the growth of industrial production in 1990-91 was encouraging. Despite the Gulf crisis and several restrictions on imports of POL and raw materials, the general index of industrial production recorded a growth of 8.4 per cent in 1990-91 compared with a growth of 8.6 per cent in 1989-90. The manufacturing sector (which accounts for more than three-fourths of the total weight in the index) performed better by recording a growth of 9.2 pet cent in 1990-91 compared with 8.6 per cent in 1989-90. In large measure this was due to the combined impact of various promotional measures undertaken during the Seventh Plan period. However, there was a deceleration in the growth of the mining and quarrying sector from 6.3 per cent to 3.5 per cent and that of electricity sector from 10.8 per cent in 1989-90 to 8.6 per cent in 1990-91.

1.27 An analysis of industrial growth by the use-based classification indicates that during the first eleven months of 1990-91, all the groups except basic industries and consumer non-durables recorded accelerated growth : consumer durables from 1.2 per cent to 13.5 per cent, capital goods from 15.8 to 23.6 per cent and intermediate goods from 2.8 per cent to 6 per cent. Growth of basic industries declined from 5 per cent to 3.9 per cent and that of consumer non-durables from 5.6 per cent to 5.1 per cent.

1.28 The performance of the infrastructure sector during 1990-91 was not encouraging. Electricity generation, production of crude oil and refinery throughput showed evidence either of deceleration or actual decline. However, the railways maintained the same growth rate in terms of the revenue earning goods traffic despite loss of freight traffic due to civil disturbances, shortage of diesel and natural calamities. Production of coal and cargo handled at the major ports showed higher growth rates in 1990-1991 compared with 1989-90. Within the power sector, the performance of both the thermal and nuclear sectors was poor while hydro electricity generation exceeded the targets. The average plant load factor in the thermal sector at 53.8 per cent during 1990-91 was lower compared with 56.5 per cent during 1989-90.

1.29 The production of crude oil declined by 3.1 per cent during 1990-91 mainly due to the agitation in Assam. Even refinery production in terms of crude throughput declined by 0.3 per cent during 1990-91 compared to an increase of 6.9 per cent during 1989-90. The decline in the production of crude oil is a cause for serious concern in the context of the current balance of payments situation. Petroleum products play an important role in the supply of energy to different sectors of the economy. As per the latest information available, non-commercial energy (fuel wood, agricultural and animal waste, wind and solar power) constitutes about 40 per cent of our energy supply while commercial energy constitutes the rest. Within the commercial energy sector hydro-electric power constitutes only 3 per cent, nuclear power supplies only 1 per cent, coal and lignite supplies 56 per cent and oil and natural gas about 40 per cent.

1.30 As regards the end use of petroleum products, the household sector consumes about 20 per cent of petroleum products mainly as a fuel for domestic cooking and lighting. The transport sector consumes about 48 per cent of petroleum products as fuel for vehicles, tractors, airlines, shipping and defence. The industrial sector consumes about 32 per cent of petroleum products as feedstocks or fuel for fertilizers, petrochemicals, agricultural pump-sets, thermal power plants, road construction and a variety of industrial applications.

1.31 India depends on imports of oil to a large extent to meet its domestic consumption of petroleum products, presently estimated at about 54 million tonnes. The cost of POL imports in 1990-91 which was projected at Rs. 6400 crores in April 1990 is now estimated around Rs. 10,800 crores due to the sharp increase in international prices of oil caused by the crisis in the West Asia.

1.32 Some developments at home, like agitations in Assam, have accentuated our difficulties in oil supplies. The shortfall in domestic production of crude oil during 1990-91 is estimated at 2.4 million tonnes. Any bottleneck in the supply of oil could have a substantial effect on industrial output, costs of production and transport facilities. Although there is some scope for inter-fuel substitution and conservation of petroleum, the possibilities in this regard are limited in the short run. The area where the need for conservation and efficiency in use is the most urgent is the oil sector. There is an urgent need to check the growth in demand for petroleum products through a package of price and non-price measures.

Human Resources

1.33 The development and utilisation of human resources play a vital role in improving the quality of life, reducing poverty and ensuring social justice. Economic development is a complex phenomenon which calls not only for higher growth of GDP but also for an improvement in living conditions whether health, education, employment shelter, food or nutrition. Growth in GDP, therefore, has to be sustained by complementary measures of human capital formation and social welfare. This is also necessary so as to arrive at a more complete assessment of economic progress.

1.34 Economic growth with social justice has always been the basic objective of planning in India. There has been a special emphasis on anti-poverty programmes, particularly in the Sixth and the Seventh Plan. Development efforts, particularly in the areas of health, education and provision of basic amenities such as housing and water supply, supplemented by special programmes for disadvantaged and vulnerable groups like women and children, economically and socially backward classes and the handicapped, have led to a significant reduction in the proportion of population below the poverty line. The poverty ratio, as estimated by the Planning Commission on the basis of quinquennial Consumer Expenditure Surveys conducted by the National Sample Survey Organisation, declined from 54.1 per cent in 1972-73 to 33.4 per cent in 1987-88 in the rural sector and from 41.2 per cent to 20.1 per cent in the urban sector resulting in an overall decline from 51.5 per cent to 29.9 per cent during the same period.

1.35 During the past four decades, considerable progress has been made in the social sectors although actual achievements have lagged behind expectations in many spheres. In the sphere of education, gross enrolment of students in the primary schools increased from 43.1 per cent in 1950-51 to 99.6 per cent in 1989-90 and the overall literacy rate which was a mere 18.3 per cent in 1951 improved to 52.1 per cent in 1991. However, universal elementary education still remains an elusive goal as drop-out rates and sex disparity ratios continue to be significant. In the field of higher education, the number of universities has increased from 25 in 1950 to 172 in 1990 and the number of colleges from about 700 to 7000 over the same period. But a proliferation in the number of educational institutes has not been accompanied by a commensurate improvement in standards and infrasturctural facilities. In many streams, formal education is devoid of works-needs of the society and vocationalisation of education is limited, thus causing unemployment among the educated.

1.36 There has been significant progress in the sphere of health. The expectation of life at birth has increased from 32 years in 1950-51 to 59 years today. The death rate showed a remarkable decline from 27 per thousand of population in 1951 to 10.2 per thousand in 1989 as a consequence of the control of communicable diseases accompanied by the provision of safe drinking water and better sanitation facilities. The birth rates, however, have not declined *pari passu* with death rates so that rate of population growth remains high. The infant mortality rate has also declined considerably from 162 per thousand live birth in 1951 to 129 in 1971 and further to 91 by 1989. There has been considerable expansion of the health infrastructure in both rural and urban areas. Despite impressive quantitative growth, the quality of services and the conditions in the primary health centres are poor and need immediate attention. A major lacuna in the health and family welfare services has been the very limited integration with other health related services like supply of drinking water, housing facilities, sanitation and so on.

1.37 In other sectors such as housing, water-supply, sanitation, urban transport and family welfare, both the quantity and the quality of services are inadequate as judged by the needs of society. The vastness of India and the large size of its population impose special demands on the social infrastructure. As the majority of people lack the ability to pay for the services, Government has to play a greater role in providing social services at subsidised rates, at least to the weaker sections of the community. However, efficiency and quality should not be sacrificed for the sake of expansion. Environmental considerations, regional development, participation by private and voluntary organisations in the development of social sectors also need special attention.

Prices and Price Management

1.38 The price situation remained under pressure throughout the year 1990-91 despite a satisfactory monsoon and a bumper crop for the third year in succession. The annual rate of inflation in terms of the Wholesale Price Index (WPI) at 12.1 per cent in 1990-91 was higher than the rate of inflation at 9.1 per cent in 1989-90. The increase in the Consumer Price Index (CPI) for Industrial Workers was much higher at 13.6 per cent during 1990-91 compared with 6.6 per cent during 1989-90. The major concern about inflation during 1990-91 was that it seemed to be concentrated in essential commodities such as foodgrains, vegetables, pulses and edible oils. The WPI for food articles increased by 18.9 per cent during 1990-91 compared with a rise of only 2.1 per cent during 1989-90. However, the prices of manufactured products remained somewhat subdued and the rate of inflation for the manufactured products during 1990-91 was 8.9 per cent compared with 11.1 per cent during 1989-90.

1.39 The build up of inflationary pressures in recent years is due to (a) fiscal imbalances resulting in a higher increase in money supply, liquidity overhang and thus effective demand, (b) supply and demand imbalances in sensitive commodities mainly due to shortfall in domestic production and inability of the Government to import desired quantities because of persistent pressure on the balance of payments and (c) the consequent inflationary expectations.

1.40 Apart from the underlying inflationary pressures arising from macro-economic imbalances the substantial increase in the prices of essential commodities during 1990-91 may be attributed to the following specific factors :

(a) The increase in prices of cereals, particularly rice and wheat, was attributable to the substantial increase in procurement prices and the consequent rise in issue prices which set the trend for open market prices.

(b) The continued increase in the prices of pulses was caused by the persistent excess demand against the situation of near stagnation in domestic production in the last two decades.

(c) The sharp increase in prices of edible oils was mainly due to shortfalls in the domestic production for two successive years and the inability of Government to import larger quantities on account of the foreign exchange constraint.

(d) There was no obvious specific explanation for the increase in prices of other food articles, particularly fruits and vegetables. It is possible that the increase in transportation cost attributable to the increase in prices of petroleum products in March and October 1990 may have been an important factor. Disruption in transport during August-October 1990 on account of the law and order situation might have accentuated the problem.

(e) The Gulf surcharge of 25 per cent on domestic prices of petroleum products imposed with effect from 15th October, 1990 had an overall impact of 1.5 per cent on the WPI.

(f) The increase in transportation costs and transport bottlenecks created by the oil crisis combined with law and order problems may account for the fact that the seasonal decline in prices of essential commodities which begins from mid-September every year was not observed during 1990-91.

(g) It has also been our experience that international oil shocks, inevitably associated with increases in world prices and domestic prices of petroleum products, generally lead to higher rate of inflation compared with the trend rate of inflation. There were two previous oil shocks in 1973 and 1979 and the consequent average rate of inflation was significantly higher than that in preceding or succeeding years as evident from table below :

TABLE 1.2

Average annual rate of increase in WPI

Period	(In Percentage)
1971-72 & 1972-73	7.6
1973-74 & 1974-75	20.0
1975-76 to 1978-79	2.0
1979-80 & 1980-81	19.0
1981-82 to 1989-90	6.5
1990-91	12.1

1.41 In order to contain the inflationary pressures Government took a number of steps. The RBI tightened selective credit controls and took certain measures to mop-up excess liquidity. The Statutory Liquidity Ratio (SLR) was increased from 38 to 38.5 per cent on all deposits of commercial banks. On the supply side, Government maintained the supply of foodgrains and other essential commodities through the public distribution system. Import of edible oils and pulses, to the extent feasible, were used to supplement domestic supplies of these essential commodities.

1.42 The uptrend in prices manifest in the recent years still persists in 1991-92. The annual rate of inflation on a point to point basis on June 29, 1991 was 10.2 per cent compared with 9.4 per cent on the corresponding date last year. However, the cummulative increase in the prices in terms of WPI during the first 13 weeks of the financial year 1991-92 at 2.4 per cent was significantly lower than the increase of 4.1 per cent during the corresponding period last year.

Fiscal and Monetary Policy

1.43 Macro-economic imbalances characterised by high fiscal deficits and a growing revenue deficit have continued to remain a major source of concern for the Government during the past few years. These concerns have been compounded by the impact of the Gulf crisis during 1990-91. Aggregate resources of the Central Government including internal and extra budgetary resources of Central Public Enterprises were estimated to increase by 15.0 per cent in 1990-91. Aggregate disbursements, on the other hand, were estimated to increase by 9.4 per cent in 1990-91, thereby indicating some reduction in the relative size of the gap between income and expenditure of the Central Government. This also applies to the combined Budget Estimates (BE) of the Centre, States and Union Territories for 1990-91, which estimated a deficit of Rs. 8,999 crores compared with the Revised Estimates (RE) of Rs. 12,149 crores in 1989-90. Aggregate receipts were estimated to increase by 13.4 per cent while aggregate expenditure was expected to increase by 10.4 per cent.

1.44 The Annual Plan for 1990-91 provided for a total outlay of Rs. 64,717 crores for the Centre, States and Union Territories implying an increase of 12.4 per cent over that in the terminal year of the Seventh Plan. The allocation for the Central Plan was Rs. 39,329 crores.

1.45 The Budget for 1990-91 laid stress on containment of the budget deficit through strict monitoring of Government expenditure and revenues. The Budget provided for a deficit of Rs. 7,206 crores amounting to about 1.4 per cent of GDP as against the deficit of Rs. 10,592 crores amounting to 2.4 per cent of GDP in 1989-90. A commitment was also made in the Budget to make a periodic review of the actual developments in the budgetary situation and to keep Parliament and the people informed. The review for the period April-July 1990, presented to the Parliament, revealed a budget deficit of Rs. 9,926 crores at the end of July, 1990 compared with a deficit of Rs. 11,390 crores at the end of July 1989. However, the analysis anticipated the difficulties in keeping the deficit at the estimated level because of the impact of the Gulf crisis on the fiscal situation. The OCC surplus budgeted at Rs. 1400 crores, would not be realised, and the cost of repatriation of Indian citizens from Kuwait would have to be met. The second review made for the period April-November 1990 and presented to Parliament on January 11, 1991 indicated a deficit of Rs. 13,000 crores at the end of November 1990 compared with a deficit of Rs. 13,082 crores at the end of November 1989. The trend in the budget deficit represented a disquietening picture of shortfalls in revenue while expenditure continued to be incurred as budgetted. The same trends continued until the end of the year, and the Interim Budget for 1991-92 presented on March 4, 1991 estimated the year end budget deficit at Rs. 10,772 crores (RE). The increase in deficits is due to additional loans to the States, higher interest payments, inadequate provision for the rural debt relief, higher burden on account of fertiliser and food subsidies and shortfalls in revenues.

1.46 The Budget deficit, as conventionally reported, is only a partial measure of the fiscal imbalance. It is the difference betwtween all receipts and expenditure (both current and capital) of the Government and does not indicate the Government's draft on domestic savings or its dependence on borrowed funds. A more complete measure, used in most countries, is the gross fiscal deficit which is the difference between Government expenditure and net lending on the one hand and current revenue and grants on the other. As far as money supply is concerned, what matters is the monetised deficit, that is Government borrowings against the issue of treasury bills or dated securities picked up by the Reserve Bank of India which result in the creation of reserve money in the economy. While the budget deficit is the sum total of net addition to the treasury bills issued by the Government and draw-down from its cash balance held with the Reserve Bank of India, the monetised deficit is the sum total of the net increase in the holdings of treasury bills by the Reserve Bank of India and its contribution to the market borrowings of the Government. The larged eficits of recent years have been met by borrowings which, in turn, have contributed to the burgeoning stock of Central Government debt and the consequent interest payments as also repayment obligations.

1.47 Another disturbing development is the steady decline of the share of capital formation in Central Government expenditure. The Economic and Functional Classification of the Budget, which reclassifies expenditures into those which directly generate a demand for goods and services by the Government and those that are transfers to other spending organisations and sectors, shows that there has been a steady decline in the proportion of expenditure on capital formation from over 40 per cent in the mid-1980s to 32.7 per cent in 1990-91 (BE). On the other hand, transfer payments from the Central Government to the States, Union Territories and other sectors of the economy have increased sharply from 30.7 per cent in 1980-81 to 42.7 per cent in 1990-91 (BE). Among transfer payments, the highest increase has been on account of interest payments; the proportion of expenditure on interest payments increased from 10 per cent in 1980-81 to 18.9 per cent in 1990-91 (BE). The

The External Sector

1.53 India's balance of payments situation remained under considerable pressure throughout the Seventh Plan period, despite a buoyant trend in exports. Exports in rupee terms increased by 25.9 per cent in 1987-88, 29.1 per cent in 1988-89 and 36.8 per cent in 1989-90. On the other hand, imports recorded an increase of 10.7 per cent in 1987-88, 26.9 per cent in 1988-89 and 25.4 per cent in 1989-90. The Gulf crisis imposed an additional burden during 1990-91 in the form of a higher POL import bill, a decline in exports, and also a possible decline in the inflows of remittances from the West Asia. In terms of rupees, exports registered a growth of 17.5 per cent in 1990-91, while imports recorded a relatively higher growth at 21.9 per cent. Consequently, the trade deficit increased by 38 per cent from Rs. 7,735 crores during 1989-90 to Rs. 10,644 crores during 1990-91. Net invisibles are also estimated to have dcelined during the year due to a likely fall in the net private transfers on account of the Gulf crisis, a relatively slow growth of tourist traffic and a steady increase in interest payments on past borrowings. In the capital account, net aid disbursements in 1990-91 were higher than that during the previous years. Available information on other items of capital account also confirms the severe strain on the balance of payments.

1.54 The crux of the balance of payments problem during the recent years has been the large and persistent trade deficit and the declining capacity of invisibles to finance this deficit. Net invisibles as a percentage to GDP declined from an average of 2.2 per cent during the Sixth Plan to 1 per cent during the Seventh Plan, while the trade deficit as a percentage of GDP declined only marginally from an average of 3.4 per cent to 3.2 per cent over the same period. Consequently, the current account deficit which needs to be financed through capital receipts, increased from an average of 1.3 per cent of GDP in the Sixth Plan to 2.2 per cent of GDP during the Seventh Plan.

1.55 During 1990-91 our import bill on oil at Rs. 10,820 crores was 72 per cent higher than that of Rs. 6,273 crores during 1989-90. There was loss in exports to West Asia, particularly Kuwait and Iraq. There was also a shortfall in the remittances from West Asia because of the crisis and the war in the Gulf. Thus, the balance of payments situation was under great strain throughout the year. Thus despite sizeable borrowings from the IMF in July-September 1990 and January 1991, the level of foreign exchange reserves (excluding Gold and SDR) which was about Rs. 5,050 crores at the beginning of August 1990 dropped to Rs. 4,388 crores by the end of March 1991, and further to Rs. 2,386 crores by the end of June 1991.

1.56 To meet the balance of payments problems caused by the Gulf crisis the Government initiated a number of steps. First, measures were taken to reduce the rate of growth of domestic consumption of petroleum products for containing imports of POL. Second, a set of measures were taken to cut Government expenditure, particularly its import and foreign exchange component. Third, restrictions were put on the imports of components, spares and raw materials, particularly in electronics and automobiles. Thirtyfour items of capital goods and thirteen items of raw materials were shifted from OGL list to the licencing category, and the residual category of imports under OGL comprising unlisted items in the import policy was shifted to the limited permissible list. Fourth, measures were initiated to generate additional exports. Fifth, efforts were made to accelerate the utilisation of the authorised but undisbursed external assistance. Sixth, the possibilities of obtaining credits from oil-exporting countries and further deposits from non-resident Indians were also explored. Finally, efforts were made to obtain additional finance from bilateral donors and multilateral institutions.

1.57 To meet the balance of payments difficulties India used its reserve tranche at the IMF during July-September 1990 and obtained SDR 487.26 million (Rs. 1173 crores). India along with other oil importing developing countries had pressed the IMF to modify the Compensatory and Contingency Financing Facility by including oil import element in it. This modification was approved by the IMF Board in mid-November 1990. The IMF Board also approved on 18th January, 1991 the use of financial resources by the Government of India, share of consumption expenditure has fluctuated in the range of 21 to 24 per cent during the 1980's.

1.48 The Seventh Plan had projected targets for selected fiscal indicators for the terminal year 1989-90 compared with those in the base year 1984-85. These targets were annualised in the Long Term Fiscal Policy (LTFP) announced by the Government in December 1985. A comparison of actual performance with these targets shows the following :—

(a) Performance of tax revenues has been better than the targets in all the years of Plan except the terminal year. Within tax revenues, however, the performance of direct taxes lagged behind the targets.

(b) Non-tax revenues have also performed better exceeding the targets in al the years.

(c) Non-Plan revenue expenditure, particularly, defence, interest payments and subsidies on food and fertilizer remained substantially above the targets.

(d) In financing the plan, the shares of domestic borrowing and the budget deficit far exceeded the targets.

(e) The contribution of Public Enterprises fell short of the targets by significant margins.

(f) Central Plan assistance to the States and Union Territories taken together remained well above the targets in all the years of the Plan.

1.49 It would follow from the above observations that the growing imbalance in the fiscal system stems partly from a shortfall in overall resource mobilisation but largely from excessive growth of Government expenditure, which had to be financed by larger than planned borrowings and deficits.

1.50 Unanticipated deficits, financed through excessive seignorage, obviously lead to undue monetary expansion. But the large and originally unplanned draw-down of external reserves in 1990-91 led to some slow down in the money supply growth as is evident from the following table :

TABLE 1.3

Growth of Selected Monetary Variables

(In per cent)

Variable	1989-90 (March 31 to March 23)	1990-91 (March 31 to March 22)
1. M3 (Aggregate Monetary resources)	19.4	15.1
2. Currency with the Public	21.5	15.2
3. Demand Deposits with banks	23.3	11.2
4. Time Deposits with banks	17.9	15.0
5. Net Bank Credit to the Govt.	20.9	18.0
6. Net RBI credit to the Central Govt.	24.6	20.1
7. Bank credit to the Commercial Sector	16.4	12.0

1.51 During 1990-91, the RBI made some changes in credit policy, essentially aimed at regulating the growth in money supply and credit in such a manner so as to meet the genuine credit needs fully and, at the same time, to moderate the liquidity growth in the system. The statutory liquidity ratio was increased from 38 to 38.5 per cent on net demand and time liabilities of the the scheduled commercial banks. Appropriate use has also been made of selective credit controls in respect of bank advances against stocks of price-sensitive essential commodities in the light of price-output trends in the market. The interest rates on bank advances were rationalised by replacing purpose and area specific rates by rates linked to the size of loans, except for concessional credits to exports and certain priority sectors.

1.52 During 1991-92 until May 31, 1991 the growth of money supply has shown some acceleration as indicated in the table below :—

TABLE 1.4

Growth in Money Supply & Selected Monetary Variables

(In per cent)

Variables	March end to June 1, 1990	March end to May 31, 1991
1. M3	3.5	3.9
2. Currency with public	7.3	8.5
3. Demand deposits	2.2	3.8
4. Time Deposits	2.4	2.8
5. Net Bank credit to Govt.	7.4	7.7
6. Net RBI credit to Central Govt.	8.7	9.0
7. Bank credit to Commercial sector	1.6	2.1

totalling SDR 1268.83 million, equivalent of about US $ 1786 million or Rs. 3153 crores. Of this, SDR 716.9 million, the equivalent of about US $ 1,009 million or Rs. 1,781 crores, was provided under the modified CCFF. The remaining SDR 552.93 million, equivalent of US $ 777 *million* or Rs. 1372 crores were made available under first credit tranche under a three-month stand-by arrangement. Thus, the entire amount of SDR 1268.83 million (about Rs. 3153 crores) was made available to India for immediate drawal and has been received.

1.58 The drawal from the IMF provided immediate relief, but the balance of payments continued to be under severe strain. During March-July 1991 the Reserve Bank of India announced various measures to further moderate import growth and protect foreign exchange reserves. These included a raising of the cash margins/ deposit requirements for imports other than capital goods, import of capital goods only through lines of credit available with financial institutions, restructuring of interest rates on post-shipment export credits to facilitate the realisation of export earnings, imposing an incremental CRR at the rate of 10 per cent over the existing CRR of 15 per cent and the imposition of an interest surcharge on bank credits for imports.

1.59 In order to improve the international competitiveness of our exports and restrain demand for imports, the Reserve Bank of India adjusted downwards the value of rupee by 8.7 to 9.7 per cent in relation to four major currencies (Pound Sterling, US Dollar, Deutsche Mark and Japanese Yen) on July 1, 1991 and further by 10 to 11 per cent in relation to five major currencies (Sterling, Dollar, DM, Yen and French Franc) resulting in overall appreciation of these currencies in relation to rupee by 21 to 23.1 per cent. In a bid to curb imports and reduce aggregate demand in the economy the RBI also announced a package of monetary measures on July 3, 1991 by raising the bank rate from 10 per cent to 11 per cent alongwith an increase in the scheduled commercial banks' deposit rates, lending rates and the RBI refinance rates from July 4, 1991. The Government also announced major structural reforms in the area of trade policy on July 4, 1991. These include a uniform REP rate (to be called EXIM Scrip and to be freely tradeable) of 30 per cent of the FOB value of exports, abolition of all supplementary licences except in the case of the Small Scale Sectors and for producers of life-saving drugs/equipment, suspension of Cash Compensatory Support (CCS), abolition of additional licences granted to export houses and increase of REP rate for advance licence exports from 10 per cent of net foreign exchange (NFE) to 20 per cent of NFE. Under the new policy, REP would be the principal instrument for export-related imports, and the items now listed in the Limited Permissible List (Appendix 3A and 3B), OGL items imported by PMP Units (Appendix 6), all capital goods (Appendix 4), machinery and spares (Appendix 9) and unlisted OGL will henceforth be imported only through the REP route.

1.60 The management of the difficult balance of payments situation during the short-term has been a crucial task for the Government. The difficulties for the external sector of the economy are likely to persist for some time. In order to manage the blance of payments situation, it would be essential to step up the growth in the volume and value of exports, to economise as much as possible on POL imports, to continue with prudence in the sphere of non-oil imports and to exercise restraint in canalised imports. Special attention would need to be paid to an acceleration in the utilisation of committed but undisbursed external assistance. It is expected that the planned fiscal adjustment would also help to ease the pressures on the balance of payments.

Outlook

1.61 The Indian economy is passing through a very difficult stage due to continued pressures on balance of payments, large budget deficits and double digit inflation. These problems have persisted over the past few years. The situation had been aggravated by the Gulf crisis as well as the uncertain domestic political situation during 1990-91. Due to the shortage of foreign exchange, Government had to impose certain restrictions on imports of capital goods, raw materials and components to the industry. There were also constraints on transport and other infrastructural facilities due to a shortage of petroleum products during 1990-91.

1.62 The current economic situation is indeed very difficult. Effective measures are needed to correct fiscal imbalances and to contain the balance of payments deficit within manageable limits. The short term correctives have to be viewed in a medium term setting. Credible structural reforms designed to improve the efficiency and productivity of resource use are an inescapable necessity, if the unavoidable fiscal adjustment is not to lead to stagflation but becomes an occasion to impart a new element of dynamism to the growth process. One should not underestimate the enormity of the task. But the people of India have shown more than once in the past that faced with a crisis their response can fully match the requirements of the situation.

CHAPTER 2

AGRICULTURAL PRODUCTION

The performance of Indian agriculture, which has shown resilience in recent years, remains dependent on monsoon. The influence of monsoon, however, has been moderated by the initiation of various development programmes. Thus, even during the severe drought of 1987-88, the decline in agricultural production was only 0.8 per cent when compared with 1986-87, although foodgrains output declined by 2.1 per cent. The favourable weather conditions, together with the adoption of thrust programmes during the post-drought year, brought about significant increases in agricultural production. It increased by as much as 21.0 per cent in 1988-89 and by 1.7 per cent in 1989-90. Foodgrains production increased to 169.9 million tonnes in 1988-89 and further to 170.6 million tonnes in 1989-90. In 1990-91, with an exceptionally good monsoon and continuance of various development programmes, fixation of more remunerative farm prices, increased allocation of investible resources and water management, the production of foodgrains is likely to hit another peak and may even surpass the targetted level of 176.5 million tonnes. The production of other crops like oilseeds, sugarcane, jute and mesta has also recorded increases of varying proportions.

2.2 The commendable achievement in agricultural production is largely attributed to the policies, strategies and programmes adopted by the Government as also the intensive efforts of the agricultural scientists and the dynamic response of the farmers. The average annual growth in agricultural production during the Seventh Plan period was 4.1 per cent as against the plan target of 4 per cent. However, average annual growth in agricultural production during the Seventh Plan was lower than the average annual growth (with base 1979-80) achieved during the Sixth Plan when it was about 6 per cent.

Monsoon

2.3 The year 1990 was the third successive year which experienced a good monsoon. Some of the special features of 1990 monsoon were : (1) over 95 per cent of the Indian landmass received normal to excess rainfall; (2) rainfall was very well distributed over time and space; (3) there were no major floods and there was no meteorological sub-division in the "scanty rain" category; (4) apart from a more or less timely onset, it maintained a sustained tempo throughout the four months spell; and (5) in north-west India, monsoon rains commenced about two weeks earlier than usual and the monsoon started withdrawing about two weeks later than the normal dates, resulting in a welcome prolongation of the rainy season in the traditionally rain-deficient areas. This facilitated the execution of various agricultural operations with enthusiasm. However, the delayed monsoon in the Saurashtra region of Gujarat affected the groundnut sowings. The rainfall situation during the decade, meteorological sub-divisions-wise is given in Table 2.1.

TABLE 2.1

Monsoon Rainfall
(June—September)

Year	Number of Meteorological Sub-divisions			Per cent of districts having normal to excess rainfall
	Excess/ Normal	Deficient/ Scanty	Total	
1981 . .	28	7	35	69
1982 . .	24	11	35	48
1983 . .	32	3	35	85
1984 . .	25	10	35	64
1985 . .	26	9	35	65
1986 . .	21	14	35	52
1987 . .	14	21	35	43
1988 . .	32	3	35	88
1989 . .	29	6	35	72
1990 . .	32	3	35	84

2.4 In totality, the monsoon this year ranks as the third best during the past decade (after 1983 and 1988 monsoons), the precipitation being 106 per cent of the normal. The data set out in Table 2.2 indicates the comparative performance of the total rainfall over the country as a whole in 1990.

TABLE 2.2

Performance of Monsoon

Year	As per cent to normal rainfall
1981	100
1982	85
1983	113
1984	96
1985	93
1986	87
1987	81
1988	119
1989	101
1990	106

2.5 The regional distribution of rainfall as reflected in the All-India Cumulative Rainfall Index for the entire season constructed by using the average area (for triennium 1980-81 to 1982-83) sown under kharif rice in each meteorological zone as weights, indicates that rainfall recorded this year was 102.3 per cent of normal. Except East and South zones, the rainfall was much better in other zones when compared with a year ago. Unlike last year when southern zone had recorded the highest, it recorded the lowest rainfall this year. The details are given in Table 2.3 :

TABLE 2.3

Regional Rainfall Indices

(June to September)

Year	All India	Zones				
		West	North	East	South	Central
1979	77.0	85.2	52.1	84.4	94.8	69.0
1982	89.4	83.5	94.9	87.8	88.8	93.1
1986	85.3	78.4	88.9	83.7	89.9	86.5
1987	88.7	75.6	62.5	103.6	75.5	77.4
1988	109.6	121.2	116.5	107.6	123.9	90.3
1989	98.7	96.6	90.9	101.3	114.6	82.2
1990	102.3	113.9	112.0	98.0	93.2	112 4

2.6 The areas which received excess, normal and deficient rainfall were :

Rainfall	Meteorological Sub-divisions
(A) Excess	(1) Arunachal Pradesh ; (2) Haryana, Chandigarh and Delhi; (3) Punjab; (4) West Rajasthan; (5) West Madhya Pradesh; (6) Gujarat; (7) Vidarbha; and (8) Telangana.
(B) Normal	(1) Assam and Meghalaya; (2) Nagaland, Manipur, Mizoram and Tripura; (3) Sub-Himalayan West Bengal and Sikkim; (4) Gangetic West Bengal; (5) Orissa; (6) Bihar Plateau; (7) Bihar Plains; (8) East Uttar Pradesh; (9) Plains of West Uttar Pradesh; (10) Hills of West Uttar Pradesh; (11) Himachal Pradesh; (12) Jammu & Kashmir; (13) East Rajasthan; (14) East Madhya Pradesh; (15) Saurashtra, Kutch and Diu; (16) Konkan & Goa; (17) Madhya Maharashtra; (18) Marathwada; (19) Coastal Andhra Pradesh; (20) Rayalaseema; (21) Tamil Nadu and Pondicherry; (22) Coastal Karnataka; (23) North Interior Karnataka; and (24) South Interior Karnataka.
(C) Deficient	(1) Andaman and Nicobar Islands; (2) Kerala; and (3) Lakshadweep.
(D) Scanty	NIL.

Reservoir Situation

2.7 The excellent behaviour of the monsoon and the widespread showers during the fag-end of the monsoon boosted the water levels in tanks and reservoirs. The total live storage in 47 important reservoirs monitored by Central Water Commission till the end of September, 1990 was higher by 18 per cent at 93.4 TMC against 79.4 TMC during the corresponding period of 1989. The water storage in 1990 year was nearly 88 percent of the designed utilisable storage as against 75 per cent recorded during 1989. In fact, the water level in 1990 was more than the average of last six years live storage of 74.2 TMC.

Production Performance

2.8 In the terminal year of the Seventh Plan, the tempo of higher production built up in the preceding year continued as the production of foodgrains increased to an all time record of 170.6 million tonnes and was marginally higher than the production of 169.9 million tonnes achieved in 1988-89. Thus, the average annual foodgrains production during the Seventh Plan period was about 155 million tonnes as against the average of 138 million tonnes achieved during the Sixth Plan.

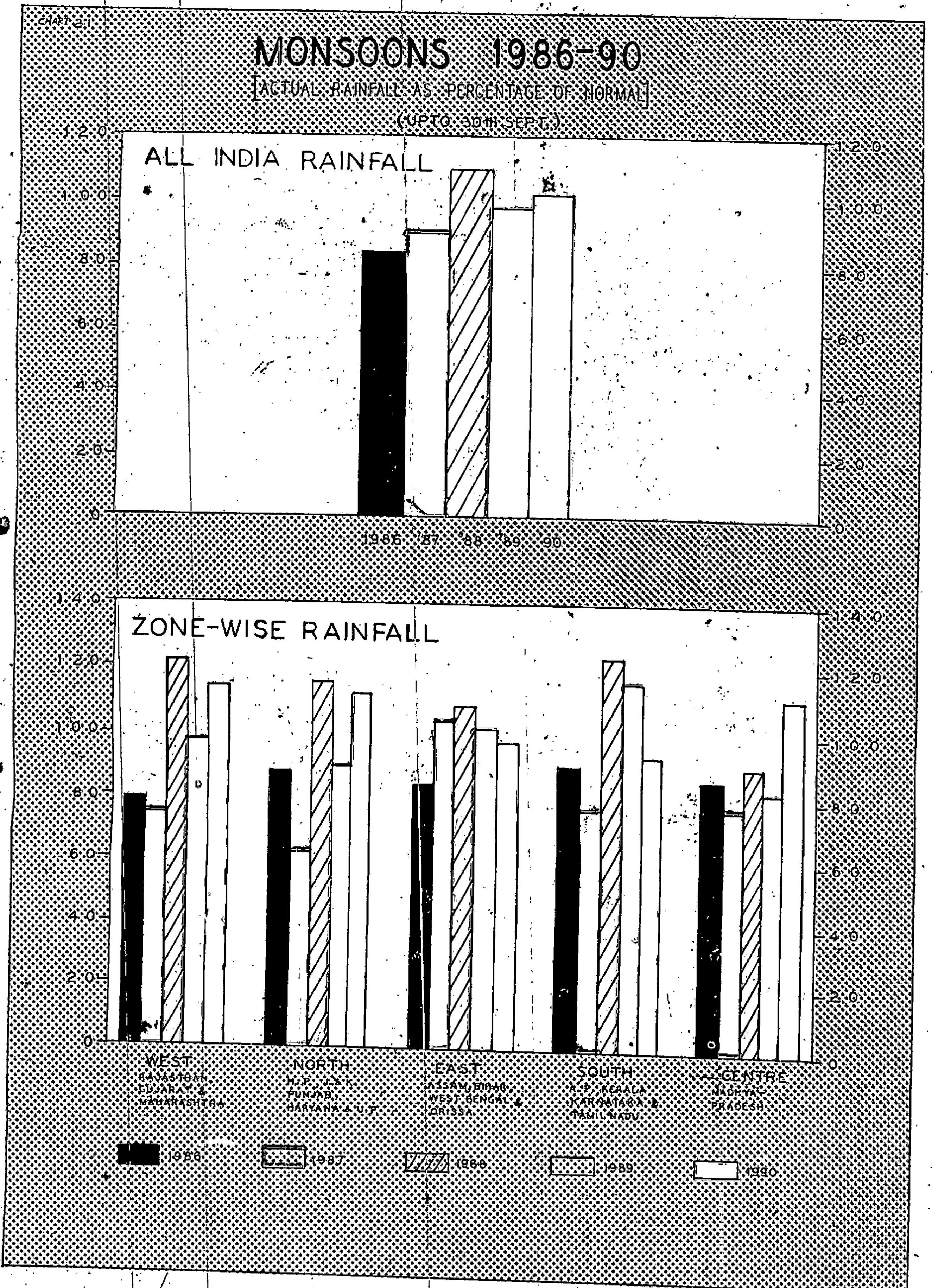


CHART 2.1
MONSOONS 1986-90
[ACTUAL RAINFALL AS PERCENTAGE OF NORMAL]
(UPTO 30th SEPT.)
ALL INDIA RAINFALL
1986 '87 '88 '89 '90
ZONE-WISE RAINFALL
WEST
RAJASTHAN GUJARAT & MAHARASHTRA
NORTH
H.P., J.& K. PUNJAB, HARYANA & U.P.
EAST
ASSAM, BIHAR WEST BENGAL & ORISSA
SOUTH
A.P., KERALA KARNATAKA & TAMIL NADU
CENTRE
MADHYA PRADESH
1986
1987
1988
1989
1990

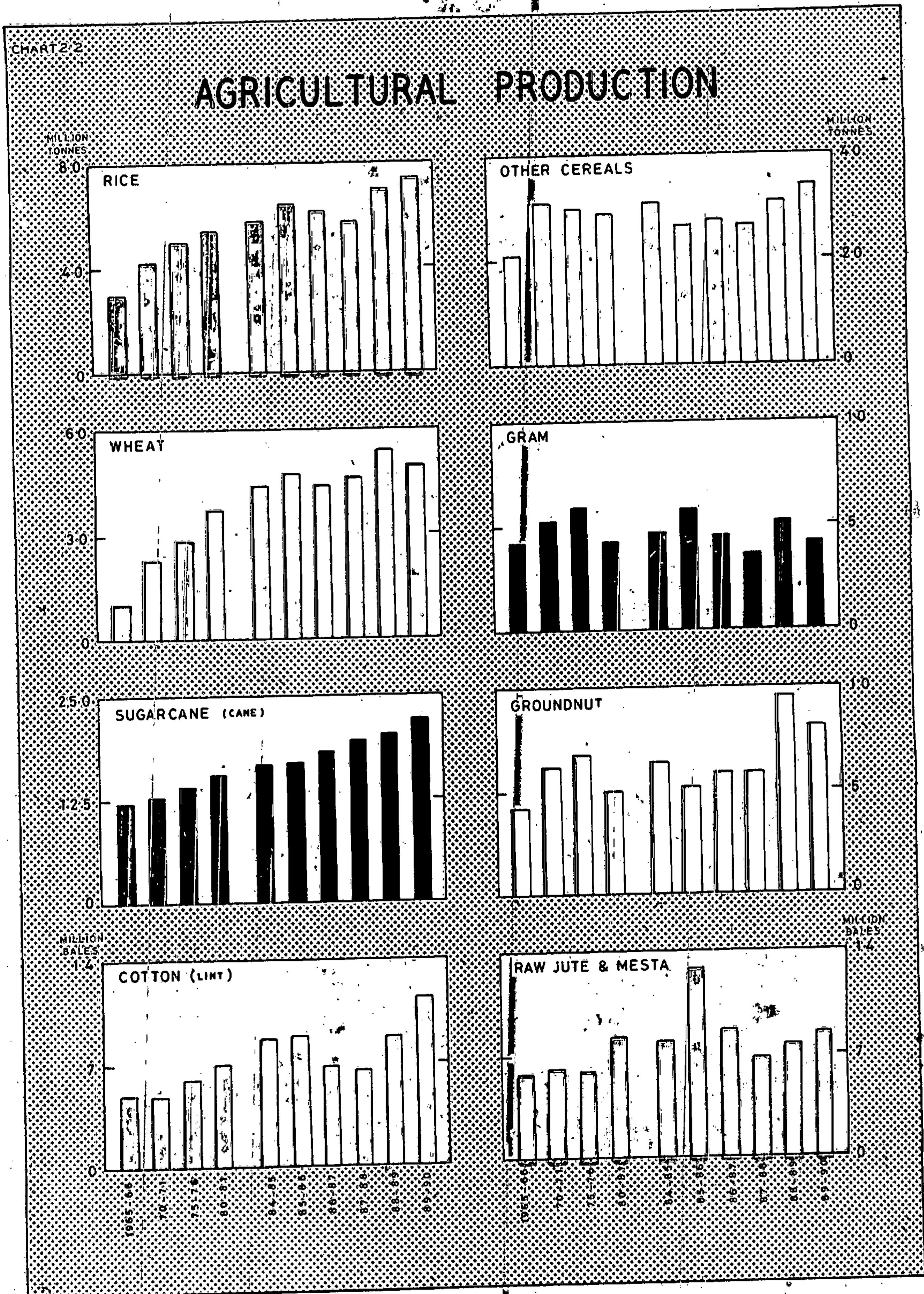


CHART 2.2
AGRICULTURAL PRODUCTION
MILLION TONNES
RICE
OTHER CEREALS
WHEAT
GRAM
SUGARCANE (CANE)
GROUNDNUT
MILLION BALES
COTTON (LINT)
RAW JUTE & MESTA
1965-66
70-71
75-76
80-81
84-85
85-86
86-87
87-88
88-89
89-90

2.9 The trends in foodgrains output in recent years have exhibited some significant qualitative changes. Following the Special Rice Production Programme together with other programmes, the contribution of rice to the increase in output has *been much higher* than the contribution of wheat. The share of rabi output in total foodgrains output has steadily increased, although in 1988-89 and 1989-90 its share went down. On the whole, the share of rabi crops in total foodgrains, which averaged 42 per cent in the Sixth Plan, increased to an average of 43.7 per cent in Seventh Plan. The share of coarse cereals and pulses has gone down in the total basket of foodgrains (Table 2.4).

TABLE 2.4

Agricultural Production

(Million Tonnes/Bales*)

Crop	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-(P) 90
Rice	53.8 (2.1)	42.3 (—21.4)	53.6 (26.7)	53.2 (—0.7)	47.1 (—11.5)	60.1 (27.6)	58.4 (—3.0)	63.8 (9.4)	60.6 (—5.0)	56.8 (—6.1)	70.5 (23.9)	74.1 (5.0)
Wheat	35.5 (11.6)	31.8 (—10.4)	36.3 (14.1)	37.4 (3.0)	42.8 (14.4)	45.5 (6.3)	44.1 (—3.1)	47.1 (6.6)	44.3 (—5.7)	46.2 (4.3)	54.1 (17.1)	49.7 (—8.1)
Pulses	12.2 (1.7)	8.6 (—29.5)	10.6 (23.2)	11.5 (8.5)	11.9 (3.5)	12.9 (8.4)	12.0 (—7.0)	13.4 (11.7)	11.7 (—12.7)	11.0 (—6.0)	13.8 (25.5)	12.6 (—8.7)
Coarsegrains	30.4 (1.3)	27.0 (—11.2)	29.0 (7.4)	31.1 (7.2)	27.8 (—10.6)	33.9 (21.9)	31.2 (—8.0)	26.2 (—16.0)	26.8 (2.3)	26.4 (—1.5)	31.5 (19.3)	34.3 (8.9)
Kharif Foodgrains	78.1 (0.5)	63.2 (—19.1)	77.7 (22.8)	79.4 (2.3)	69.9 (—12.0)	89.2 (27.6)	84.5 (—5.3)	85.2 (0.8)	80.2 (—5.9)	74.6 (—7.0)	95.6 (29.5)	100.9 (4.5)
Rabi Foodgrains	53.8 (10.5)	46.5 (—13.8)	51.9 (11.9)	53.9 (3.9)	59.6 (10.6)	63.2 (5.9)	61.0 (—3.3)	65.2 (6.9)	63.2 (—3.1)	65.8 (4.1)	74.3 (12.9)	69.7 (—6.2)
All Foodgrains	131.9 (4.4)	109.7 (—16.8)	129.6 (18.1)	133.3 (2.9)	129.5 (—2.9)	152.4 (17.7)	145.5 (—4.5)	150.4 (3.4)	143.4 (—4.7)	140.4 (—2.1)	169.9 (21.0)	170.6 (0.4)
Groundnut	6.2 (1.6)	5.8 (—6.4)	5.0 (—13.8)	7.2 (44.0)	5.3 (—26.4)	7.1 (34.0)	6.4 (—9.9)	5.1 (—20.3)	5.9 (15.7)	5.8 (—1.7)	9.7 (67.2)	8.1 (—16.5)
Rapeseed & Mustard	1.9 (18.7)	1.4 (—26.3)	2.3 (64.3)	2.4 (4.3)	2.2 (—8.3)	2.6 (18.2)	3.1 (19.2)	2.7 (—12.9)	2.6 (—3.7)	3.5 (30.8)	4.4 (29.4)	4.1 (—6.8)
Oilseeds@	10.1 (4.1)	8.7 (—13.9)	9.4 (8.0)	12.1 (28.7)	10.0 (—17.4)	12.7 (27.0)	13.0 (2.4)	10.8 (—16.9)	11.3 (4.6)	12.7 (11.5)	18.0 (42.9)	16.8 (—6.7)
Sugarcane	151.7 (—14.3)	128.8 (—15.1)	154.2 (19.7)	186.4 (20.9)	189.5 (1.7)	174.1 (—8.1)	170.3 (—2.2)	170.7 (0.2)	186.1 (9.1)	196.7 (5.7)	203.0 (3.2)	222.6 (9.7)
Cotton (Lint)*	8.0 (11.1)	7.6 (—5.0)	7.0 (—7.9)	7.9 (12.9)	7.5 (—5.1)	6.4 (—14.7)	8.5 (32.8)	8.7 (2.4)	6.9 (—20.7)	6.4 (—7.2)	8.7 (35.9)	11.4 (31.0)
Jute & Mesta*	8.3 (15.3)	8.0 (—3.6)	8.2 (2.5)	8.4 (2.4)	7.2 (—14.3)	7.7 (6.9)	7.8 (1.3)	12.6 (61.5)	8.7 (—31.7)	6.8 (—20.9)	7.9 (16.2)	8.4 (6.3)

*170 kgs. each for cotton and 180 Kgs. each for jute and mesta. P : Provisional

@Nine major oilseeds including groundnut, castorseed, sesamum, rapeseed and mustard, linseed, safflower, nigerseed, sunflower and soyabean.

Figures in brackets are per cent increase or decrease over the year.

2.10 The performance of foodgrains production during the Seventh Plan was constrained by unfavourable weather conditions in the first two years and severe drought that occurred in 1987-88. As a result, the targets of foodgrains production could not be achieved in the first three years of the Seventh Plan. However, with a considerable thrust of various development programmes and the Special Foodgrains Production Programme (SFPP) launched in 1988-89, there was a remarkable recovery in foodgrains production as also in other crops and output reached their respective peak levels. The average annual increase in foodgrains production during the Seventh Plan was 3.6 per cent as against the targetted level of 3.7 per cent. The average annual increase in the production of other crops was 7.1 per cent in oilseeds, 5.6 per cent in sugarcane, 6.3 per cent in jute and mesta and 8.3 per cent in cotton (Table 2.5).

TABLE 2.5

Targets and Achievements of Agricultural Production during Seventh Plan

(Million Tonnes/Bales)

Crop	1985-86		1986-87		1987-88		1988-89		1989-90		1990-91	
	Target	Achievement	Target	Achievement	Target	Achievement	Target	Achievement	Target	Achievement	Target	Likely Achievement
1. Rice	63.5	63.8	65.0	60.6	64—65	56.9	68.0	70.5	72.5	74.1	73.7	75.0
2. Wheat	49.2	47.1	49.0	44.3	50—51	46.2	52.3	54.1	54.0	49.7	54.5	54.6
3. Coarse Cereals	33.0	26.2	32.0	26.8	32—32.5	26.4	33.0	31.5	33.8	34.3	33.3	33.4
4. Pulses	13.5	13.4	14.0	11.7	14—14.5	11.0	13.3	13.8	14.7	12.6	15.0	14.2
5. Total Foodgrains	159.2	150.4	160.0	143.4	160—163	140.4	166.6	169.9	175.0	170.6	176.5	177.2
6. Sugarcane	191.0	170.7	185-190	186.1	180-185	196.7	195.0	203.0	212.0	222.6	220.0	233·4
7. Oilseeds	13.6	10.8	14.8	11.3	14—15	12.7	15.7	18.0	16—17	16.8	18.0	19.2
8. Cotton*	8.5—8.6	8.7	8.8	6.9	8.8	6.4	9.8	8.7	10.0	11.4	11.5	10.2
9. Jute & Mesta@	8.7	12.6	8.5	8.7	8.6	6.8	9.2	7.9	9.5	8.4	9.0	9.0

*Bale of 170 kgs.
@Bale of 180 kgs.

2.11 With favourable monsoon conditions and the continuance of the various thrust programmes, foodgrains production in 1990-91 may be slightly higher than the targetted level; the foodgrains production in 1990-91 is expected to be about 177 million tonnes.

2.12 There has been deceleration in the rate of growth in agriculture during the Seventh Plan compared with the rate achieved during the Sixth Plan. The average annual rate of increase in foodgrains production was 3.6 per cent during the Seventh Plan as compared with 6.3 per cent recorded during the Sixth Plan (with base 1979-80). The average annual growth rate of kharif foodgrains declined from 7.1 per cent during the Sixth Plan to 4.3 per cent during the Seventh Plan and that of rabi foodgrains declined from 5.7 per cent to 2.9 per cent over the same period. The slower growth in foodgrains output is mainly attributable to deceleration in the growth of yield per hectare from 5.8 per cent per annum in the Sixth Plan to 3.4 per cent per annum in the Seventh Plan. In the case of coarse cereals, it is worth noting that there has been a negative growth rate in its acreage during both the plan periods. The average annual growth rate of coarse cereals production declined from 3.6 per cent in the Sixth Plan to 2.6 per cent during the Seventh Plan and that of pulses declined significantly from 7.4 per cent to 2.1 per cent over the same period. Among the non-foodgrains crops, oilseeds and sugarcane also recorded a lower growth in the Seventh Plan compared with the growth achieved in the Sixth Plan mainly on account of lower growth in productivity. It was only in the case of cotton, jute and mesta that the growth in output during the Seventh Plan was higher than in the Sixth Plan. The trends described in this paragraph are outlined in Table 2.6.

TABLE 2.6

Annual Average Growth Rates

(per cent)

Crops	Sixth Plan			Seventh Plan		
	Area	Production	Yield	Area	Production	Yield
1. Foodgrains	0.3	6.3	5.8	0.1	3.6	3.4
2. Kharif Foodgrains	0.2	7.1	6.4	0.2	4.3	3.8
3. Rabi Foodgrains	0.5	5.7	5.2	(—)0.1	2.9	3.0
4. Coarse Cereals	(—)1.0	3.6	4.4	(—)0.7	2.6	3.4
5. Rice	1.0	7.8	6.4	0.6	5.4	4.6
6. Wheat	1.3	6.9	5.5	(—)0.1	2.8	2.8
7. Jowar	(—)0.8	0.2	0.8	(—)1.2	4.5	5.4
8. Bajra	0.4	12.1	10.3	2.4	15.5	7.3
9. Maize	0.3	9.2	8.6	0.3	5.3	4.3
10. Pulses	0.5	7.4	6.8	0.6	2.1	1.0
11. Gram	0.2	7.2	8.0	(—)0.3	1.8	0.6
12. Arhar	3.1	8.8	5.3	2.6	1.5	(—)1 2
13. Oilseeds	2.3	9.6	6.5	4.0	7.1	2 6
14. Groundnut	0.2	5.8	4.5	4.4	8.5	2.6
15. Rapeseed & Mustard	3.3	18.6	14.1	5.1	7.6	2.1
16. Cotton	(—)1.9	3.5	5.6	0.2	8.3	7.5
17. Jute & Mesta	(—)1.1	(—)0.1	1.4	(—)2.3	6.3	6.8
18. Sugarcane	2.9	6.4	3.4	3.0	5.6	2.6

2.13 The State-wise production performance during the Seventh Plan was significant in Bihar, Haryana, Orissa, Punjab, Tamil Nadu, Uttar Pradesh anp West Bengal where the average foodgrains output increased by more than 15 per cent over the average for the Sixth Plan. In fact, it was as high as 34 per cent in West Bengal, 24 per cent in Haryana, 23 per cent in Punjab, 21 per cent in Bihar and 18 per cent in Uttar Pradesh. However, average production declined in Gujarat, Kerala and Rajasthan.

2.14 Crop production was affected in many states because of adverse weather conditions during the second and third years of the Plan. The year 1988-89 and 1989-90 brought about a sharp recovery in almost all the states. The average annual growth in foodgrains production in different states during the Seventh Plan works out to be as high as 6.8 per cent in West Bengal followed by 4.8 per cent in Haryana, 4.6 per cent in Punjab, 4.3 per cent in Tamil Nadu, 4.2 per cent in Bihar, 3.6 per cent in Uttar Pradesh nad 3.1 per cent in Orissa. There was, however, a decline in production in the states of Gujarat, Kerala and Rajasthan.

Rice

2.15 Rice is the most important cereal crop grown over an area of about 42 million hectares with an irrigation coverage of only 43 per cent. A large area is rainfed and most fluctuations in food production in the country are primarily due to variability in production of rice. The production of rice had declined in 1986-87 and 1987-88 due to drought conditions to 60.6 million tonnes and 56.9 million tonnes respectively. With the good monsoons of 1988-89 and 1989-90, the country has been able to step up its production considerably over the last two years with a peak production of 74 million tonnes achieved in 1989-90. The increase in production in 1989-90 was due to an increase both in acreage (1.1 per cent) and in yield per hectare (4.0 per cent). The increase of 3.6 million tonnes (5 per cent) in 1989-90 over 1988-89 was largely contributed by major rice producing states of Assam (3.6 lakh tonnes), Haryana (2.6 lakh tonnes), Orissa (9.9 lakh tonnes), Punjab (17.7 lakh tonnes), Tamil Nadu (6.4 lakh tonnes) and West Bengal (3.6 lakh tonnes). The increase in rice production and productivity can be attributed, inter alia, to the effective implementation of the Special Foodgrains Production Programme for rice which covered 14 major States and the Special Rice Production Programme in Eastern States.

2.16 Considering the trend in rice production, its output in 1990-91 has been targetted at 73.7 million tonnes (Kharif Rice 65.7 million tonnes and Rabi Rice 8.0 million tonnes). With the excellent monsoon, over both space and time, recorded in 1990, the overall kharif crop condition in the major rice growing States was reported to be satisfactory. Owing to satisfactory monsoon in rabi rice areas, it is expected enough water will be available in canal commands as well as in tank irrigated areas for rabi rice cultivation. During 1990-91, the SFPP-Rice programme was proposed to be expanded. The programme implementation, inter alia, included the developmental programmes for increasing the basmati rice production for export promotion in 19 identified districts in Uttar Pradesh, Punjab and Haryana. Taking all these factors into account, it is expected that the rice production during 1990-91 may reach the level of 75 million tonnes.

Wheat

2.17 Wheat has played a very important role in stabilising the foodgrains production in the country over the past few years. It recorded an all time high level of production of 54.1 million tonnes in 1988-89 which was higher than the target of 52.3 million tonnes. However, in 1989-90 it declined to 49.7 million tonnes due to pre-mature rise in temperature in January-February 1990 and consequent early flowering of the plant. The production, except in Punjab, suffered in most of the major wheat producing states, particularly in unirrigated areas of Uttar Pradesh, Madhya Pradesh, Rajasthan, Gujarat, Bihar and Haryana. Apart from decline in productivity, there was shrinkage of area to the extent of 2.7 per cent over 1988-89, although the acreage has generally been registering a rising trend reaching the level of 24 million hectares in 1988-89.

2.18 The target of wheat production for 1990-91 has been fixed at 54.5 million tonnes. Since the soil moisture conditions are favourable and the water storage conditions are satisfactory, the area under the crop in 1990-91 is likely to be about 24 million hectares. The main thrust of the strategy for increasing wheat production has been through improvement in productivity by cultivation of identified high-yielding varieties with a recommended package of practices. These, inter alia, include expansion of the area wherever possible; provision of high quality seeds of new high-yielding varieties at reasonable rates; use of optimum and balanced doses of fertilisers; efficient water management to provide irrigation at critical stages of crop growth; weed control at the proper time; and to ensure adequate supply of power and diesel to run tubewells and pump sets at the time of sowing and irrigation at appropriate timings. Along with these, the SFPP for wheat which has been launched from 1988-89 in 71 identified districts is proposed to be increased to 100 identified districts. As a result of these measures and favourable weather, the production of wheat in 1990-91 may register a substantial increase and is expected to be higher than that of 54.1 million tonnes, the peak production level achieved in 1988-89 and may be around the targetted level of 54.5 million tonnes.

Coarsegrains

2.19 The development of coarse cereals has assumed a greater importance since it directly benefits the small and marginal farmers. Coarsegrains are grown under rainfed conditions. The crops included in coarsegrains are jowar, bajra, maize, ragi, small millets and barley. These were grown in an area of 38 million hectares forming about 30 per cent of the total area of 127 million hectares under foodgrains in 1989-90. There has been a noticeable expansion, for the second year in succession, in the output of coarsegrains, which reflects the spread of benefits in favour of dry and unirrigated areas where small and marginal farmers predominate. The production of coarse cereals which had increased by 19.3 per cent to 31.5 million tonnes in 1988-89, advanced further by about 9 per cent to 34.3 million tonnes in 1989-90, surpassing the peak of 33.9 million tonnes achieved in 1983-84. The increase in production in 1989-90 came through the increase in productivity as area under the crop had declined by 2.7 per cent. The increase in the output of coarse cereals was largely contributed by increase in production of jowar, maize and ragi. However, the increase was partly offset by decline in production of bajra and barley.

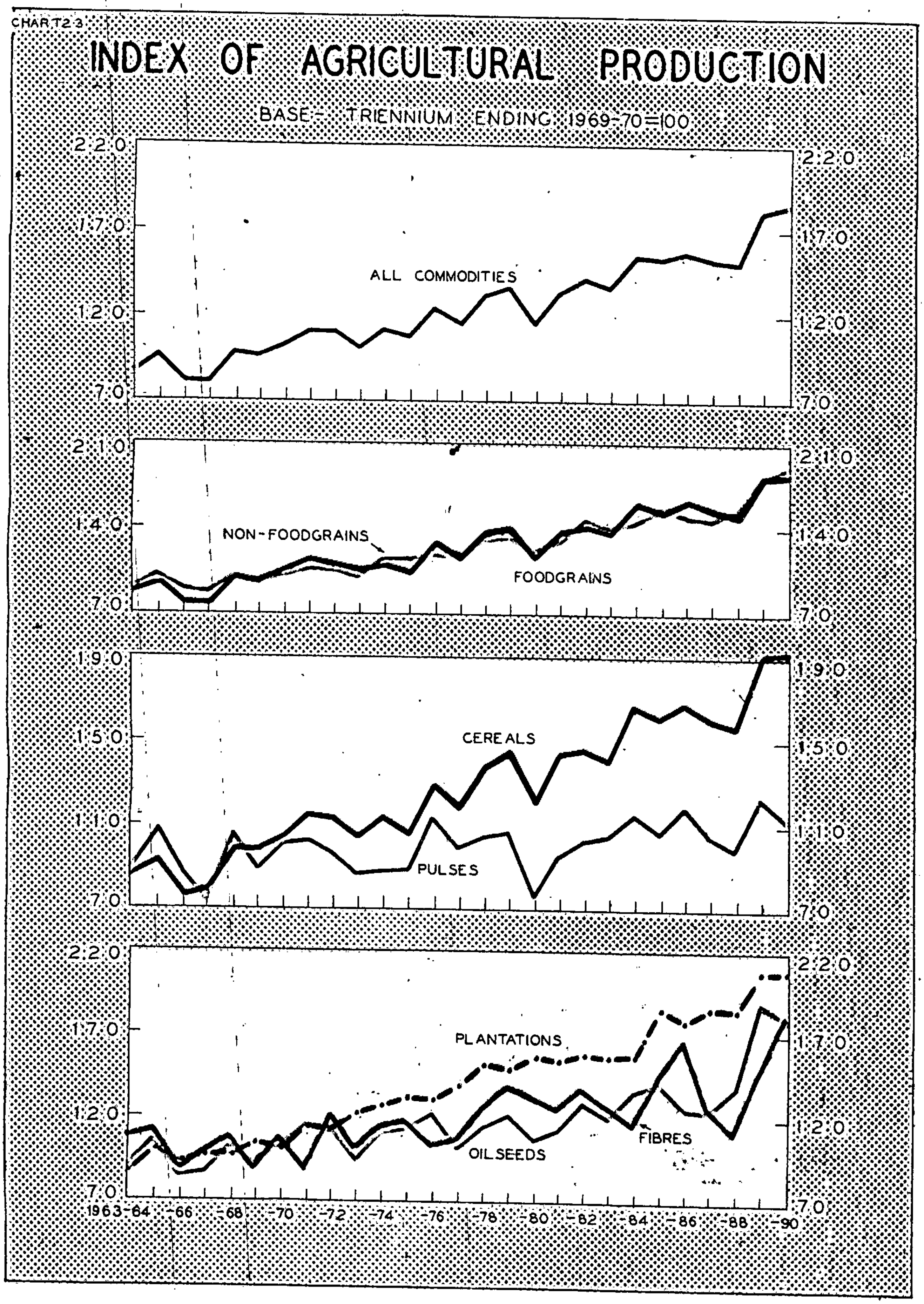
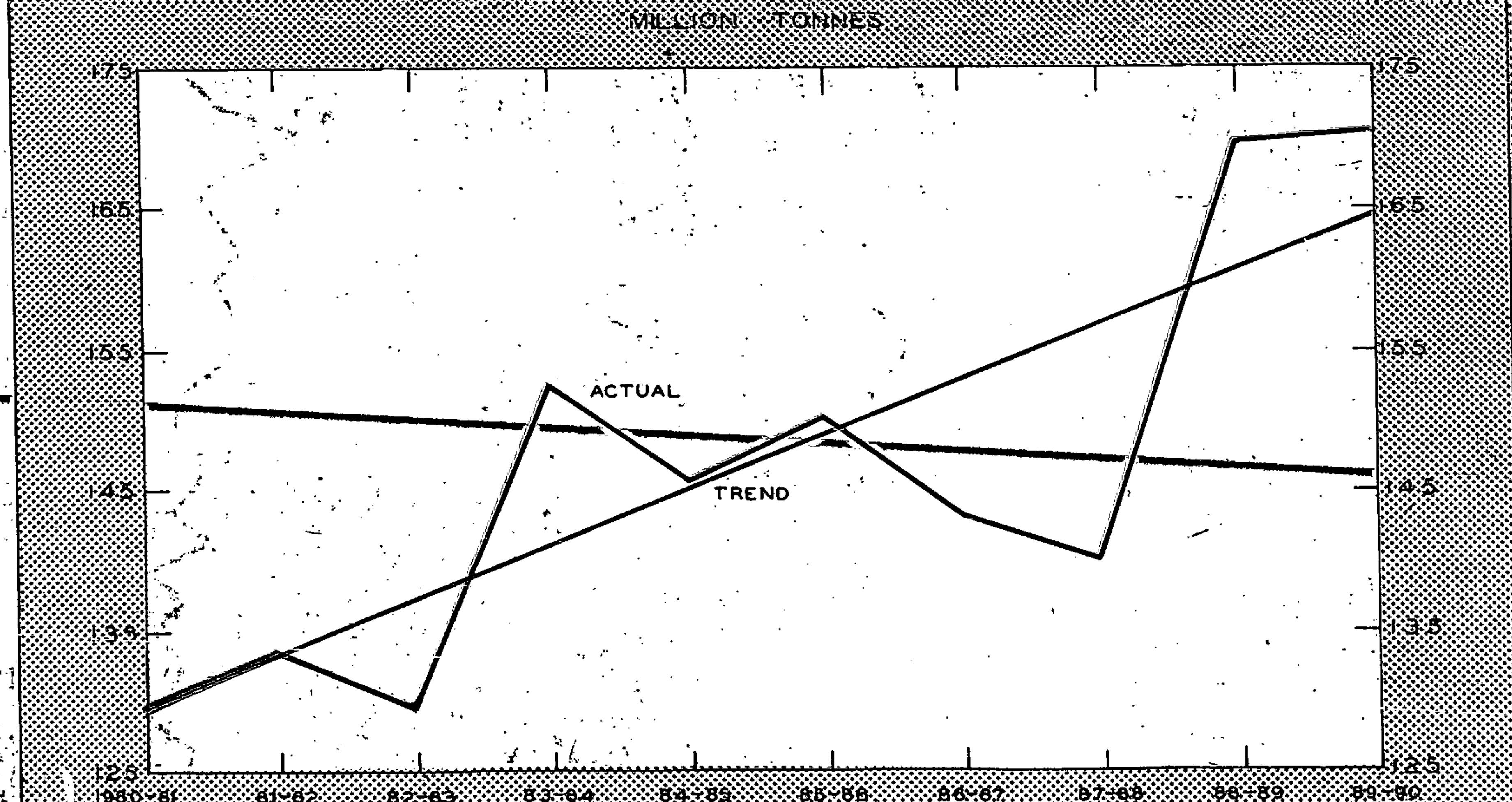


CHART 2.3
INDEX OF AGRICULTURAL PRODUCTION
BASE - TRIENNIUM ENDING 1969-70=100
220
170
120
70
ALL COMMODITIES
210
140
70
NON-FOODGRAINS
FOODGRAINS
190
150
110
70
CEREALS
PULSES
220
170
120
70
PLANTATIONS
FIBRES
OILSEEDS
1963-64
-66
-68
-70
-72
-74
-76
-78
-80
-82
-84
-86
-88
-90

CHART 2.4

RECENT TRENDS IN FOODGRAINS PRODUCTION



2.20 The area under coarsegrains has been declining. The average annual reduction in acreage during the Sixth Plan was about one per cent. It fell further by 0.7 per cent during the Seventh Plan period. However, with the help of increase in productivity, the production of coarsegrains recorded an average annual growth of 2.6 per per cent during the Seventh Plan as against 3.6 per cent recorded during the Sixth Plan. The main constraints in increasing coarsegrains production are: (i) low coverage of area under high yielding varieties/hybrids because of non-availability of seeds in sufficient quantities, and (ii) reluctance of the farmers to invest on inputs as these crops are sensitive to climatic conditions. Incidentally, it is necessary to note, that for the first time, the production in the terminal year of Seventh Plan exceeded the target. In other years, it remained much below the targetted levels.

2.21 In the background of achievement in the past and the need to further increase the production of coarse cereals, the target for production in 1990-91 has been fixed at 33.3 million tonnes (27.9 million tonnes during kharif season and 5.4 million tonnes during rabi season). For achieving the target, SFPP-Maize is being implemented in 50 districts spread over 10 states, SFPP-Jowar in 33 districts of six states, SFPP-Bajra in 20 districts of four states and SFPP-Ragi in 20 districts of six states. The programme components include distribution of inputs like certified seeds, pesticides, plant protection equipments, farm implements etc. at subsidised rates. With development measures and favourable weather, the production target is expected to be achieved and may even be exceeded.

Pulses

2.22 The importance of pulses as an important source of protien in a balanced diet has special significance in Indian conditions. It is essential to note that the per capita availability of pulses has declined over the years. Pulses are grown over an area of 23 million hectares with production in the range of 13-14 million tonnes (accounting for 18 per cent of total area and less than 8 per cent of total foodgrains production) and the yield per hectare ranging 500—600 kgs. These are grown mainly under unirrigated conditions and the irrigated area accounts for about 9 per cent of the total area. The major pulses (arhar and gram) continue to be produced in the states of Madhya Pradesh, Maharashtra, Orissa, Rajasthan and Uttar Pradesh. The share of arhar and gram in the total production of pulses in 1989-90 was 21.4 per cent (2.7 million tonnes) and 33.3 per cent (4.2 million tonnes) respectively.

2.23 The production of pulses which had declined in the drought years of 1986-87 and 1987-88 to around 11 million tonnes, recorded a substantial increase to reach an all time peak level of 13.8 million tonnes in 1988-89 as against the earlier peak level of 13.4 million tonnes recorded in 1985-86. In fact, this was the only year when it exceeded the target of 13.3 million tonnes. However, in 1989-90, there was again a setback in its production when it fell to 12.6 million tonnes wholly because of decline in yield per hectare since there was a marginal expansion in acreage. The fall was recorded largely in rabi pulses (mainly gram)—the decline was about one million tonnes due both to shrinkage in area and lower productivity. The marginal fall in kharif pulses was on account of decline in yield per hectare. Almost all the major gram producing States recorded a decline in production during 1989-90 due to adverse weather conditions which affected the yeild per hectare.

2.24 The production of pulses in 1990-91 has been targetted at 15 million tonnes (5.5 million tonnes during kharif and 9.5 million tonnes during rabi season). This has been sought to be achieved through the continuance of pulses development programmes like National Pulses Development Project (NPDP) and Special Foodgrains Production Programme. The main objective of NPDP is to increase the production by adopting location specific technology. NPDP comprises distribution of improved seeds, block demonstrations, adaptive trials of promising varieties, pest control, extension work and plant protection. NPDP is supplemented by a special programe under SFPP launched in 13 states covering schemes (a) plant protection for gram and arhar and (b) expansion of area under summer moong/urad through distribution of seeds at concessional rates. Besides, pulses have also been brought within the purview of Technology Missions, With these measures and an excellent monsoon, the production of pulses during 1990-91 is expected to reach another record level of about 14.2 million tonnes.

Oilseeds

2.25 Oilseeds, which constitute an important group of crops, are grown in an area of about 23 million hectares, mostly limited to rain-fed areas (80 per cent) in contrast to cereals like wheat and rice which are grown largely under irrigated conditions. The bulk of the vegetable oil production is derived from nine cultivated oilseeds, namely, groundnut, rapeseed/mustard, sesamum, safflower, nigerseed, soyabean, sunflower-forming the edible group and linseed and castorseed-forming the non-edible group. Groundnut and rapeseed/mustard are the most important crops which together account for about 73 per cent of the total oilseeds production of 16.8 million tonnes in 1989-90. Soyabean and sunflower, though introduced relatively recently, have also augmented the domestic availability of edible oils. Among the kharif oilseeds, Gujarat is the largest producing state while Uttar Pradesh is the largest producer of rabi oilseeds. The major oilseeds producing states are Gujarat, Andhra Pradesh, Karnataka, Madhya Pradesh, Uttar Pradesh, Maharashtra, Rajasthan, Orissa and Tamil Nadu.

2.26 The production of oilseeds, which had declined in 1985-86 from the peak level of 13.0 million tonnes in 1984-85, increased to a record level of 18 million tonnes in 1988-89 and much above the target of 15.7 million tonnes largely due to favourable weather conditions. However, this level could not be maintained in 1989-90 and production fell to 16.8 million tonnes. This was on account of a steep fall recorded in groundnut production. The adverse weather conditions in Saurashtra and some other parts of the country resulted in a shortfall of 1.6 million tonnes of groundnut in 1989-90. Both kharif and rabi groundnut production declined. The production of rapeseed and mustard, the second major oilseed crop, also declined from 4.4 million tonnes in 1988-89 to 4.1 million tonnes in 1989-90 mainly on account of sizeable loss of crop in Rajasthan and Madhya Pradesh. However, the fall in oilseeds production was partly offset by increase in the production of soyabean and sunflower during 1989-90. The production of different oilseeds is given in Table 2.7.

TABLE 2.7

Production of Oilseeds

(Lakh Tonnes)

Oilseeds	1985-86	1986-87	1987-88	1988-89	1989-90
Groundnut :					
Kharif	37.6	44.3	41.8	74.9	61.2
Rabi	13.6	14.5	16.7	21.7	19.7
Total	51.2	58.8	58.5	96.6	80.9
Castorseed	3.1	2.3	2.0	4.1	5.1
Sesamum	5.0	4.5	5.8	6.8	7.1
Rapeseed & Mustard	26.8	26.0	34.6	43.8	41.2
Linseed	3.8	3.2	3.9	3.6	3.5
Nigerseed	1.9	1.3	1.8	1.8	1.8
Safflower	3.5	3.5	4.6	4.4	4.9
Sunflower					
Kharif	1.7	2.5	3.8	2.2	3.2
Rabi	1.1	1.7	2.5	1.5	2.7
Total	2.8	4.2	6.3	3.7	5.9
Soyabean	10.2	8.9	9.0	15.5	17.1
Total					
Kharif	59.5	63.8	64.2	105.3	95.5
Rabi	48.8	48.9	62.3	75.0	72.0
Total	108.3	112.7	126.5	180.3	167.5

2.27 During 1989-90, out of the total fall of 1.3 million tonnes, Gujarat alone recorded a fall of 1.1 million tonnes. Other major oilseeds producing states which recorded lower production include Andhra Pradesh, Rajasthan and Karnataka. However, the decline in production in these states was partly offset by increase in production in the states of Madhya Pradesh, Maharashtra and Tamil Nadu.

2.28 Despite steady progress achieved in oilseeds production, the country has not yet achieved self-sufficiency. The supply of edible oils still falls short of demand. As a result, edible oils continued to be imported in 1989-90, although it was much less than the imports in 1987-88. The imports during the oil year 1989-90 (November—October) aggregated 6.1 lakh tonnes valued at Rs. 328 crores as against 18.2 lakh tonnes valued at Rs. 1,061 crores imported in 1987-88. The increasing dependence on imports has therefore been somewhat halted which was made possible by substantial increase in edible oilseeds production which in turn was the result of the development measures undertaken by the Government. The imported oil is being predominantly distributed through the public distribution system and to some extent used for market intervention operations of National Dairy Development Board (NDDB). Blending of edible oils has also been permitted so as to enlarge the production/consumption of minor oilseeds/oils.

2.29 Considering the need to augment the supply of edible oils and thereby reduce the import dependence, a production target of 18 million tonnes of oilseeds has been fixed for 1990-91 : 10 million tonnes of kharif oilseeds and 8 million tonnes of rabi oilseeds. In order to achieve the target, the two centrally sponsored schemes, namely, National Oilseeds Development Project and Oilseeds Production Thrust Project, which were operating till 1989-90, have now been merged during 1990-91 into a single scheme namely Oilseeds Production Programmes (OPP). This scheme essentially provides financial assistance to the states for production and distribution of quality seeds, plant protection measures including supply of plant protection chemicals and equipments and organising demonstrations of improved technology.

2.30 In addition, the efforts of the Technology Mission on Oilseeds—established in May, 1986—in harnessing the best of production, processing and management technologies to accelerate self-reliance are being enhanced. The Government also announced an integrated oilseeds policy on 5th January, 1989. The policy highlighted commitment to support farmers with technology, inputs and attractive prices and to safeguard the interest of the consumers with reasonable prices. As a sequel to this policy, the Government appointed NDDB as the Market Intervention Agency for procurement of oilseeds and oil for building a buffer stock so as to ensure an incentive price to the farmers and release the same during the lean season at moderate prices to the consumers.

2.31 The production of kharif groundnut in 1990-91 has been affected considerably due to absence of rains at the time of sowing in the Saurashtra region—the main groundnut growing area in Gujarat. However, the production of other kharif oilseeds like soyabean, sunflower seed, castorseed and sesamum is expected to register a sizeable increase in production largely as a result of application of improved technology and timely and adequate rainfall recorded in their respective growing areas. The good monsoon has also helped the production of rabi oilseeds, particularly rapeseed and mustard, which is expected to reach another record production of about 53.2 lakh tonnes during 1990-91 mainly on account of large area expansion in Rajasthan, Haryana, Gujarat, Madhya Pradesh etc. The loss in kharif oilseeds is expected to be offset by increase in the output of rabi oilseeds and the overall level of oilseeds production in 1990-91 may exceed the target of 18 million tonnes.

Cotton

2.32 Cotton which is basically a rainfed crop (irrigated area under cotton being only 30 per cent), is grown over an area of 73 lakh hectares. The production is mainly concentrated in Gujarat, Maharashtra, Haryana, Madhya Pradesh, Punjab, Andhra Pradesh, Karnataka, Rajasthan and Tamil Nadu. These states together account for 99.4 per cent of total area and 99.6 per cent of the out-put in 1989-90. While area under cotton declined by 0.2 per cent, the production of cotton registered a leap forward from 87.4 lakh bales in 1988-89 to 114.1 lakh bales in 1989-90 as against the target of 100 lakh bales. This was wholly on account of an increase in per hectare yield of lint; it increased from 202 kgs. in 1988-89 to 265 kgs. per hectare in 1989-90.

2.33 The country produces a wide range of varieties of cotton which include short staple, medium staple and superior long staple. The north-western belt comprising Punjab and Haryana and Rajasthan specialises mainly in short and medium staple varieties, while southern and western parts of the country produce basically long and superior long staple varieties. Substantial increases were recorded in all the major cotton growing states.

2.34 Despite a significant increase in cotton production, the country is still in short supply of medium and long staple cotton. In order to increase the production of these varieties, a centrally sponsored Intensive Cotton Development Programme, which was started in 1971-72, was revised during the Seventh Plan and emphasis was laid only on increasing the production of long and medium staple cotton. With the country becoming surplus in certain varieties of cotton, exports have been selectively allowed. Keeping in view the progress made, a production target of 11.5 million bales of cotton in 1990-91 has been fixed. The main objectives in cotton production during 1990-91 are : (1) increasing the production of medium and long staple cotton and (2) increasing productivity and improving quality of cotton. To achieve these objectives, the existing Intensive Cotton Development Programme was continued in all the major cotton growing states, namely, Andhra Pradesh, Gujarat, Haryana, Karnataka, Madhya Pradesh, Maharashtra, Punjab, Rajasthan, Uttar Pradesh and Tamil Nadu. The year 1990-91 was, in the beginning, slated for another bumper cotton crop. But subsequently, due to excessive rains in the later part of the season, the crop is reported to have been damaged by pests in major cotton growing districts of Punjab and Haryana. Even then the size of the crop in 1990-91 is expected to be about 102 lakh bales.

Jute and Mesta

2.35 In contrast to a continuous fall in acreage, production of jute and mesta increased from 7.9 million bales in 1988-89 to 8.4 million bales in 1989-90 due to a substantial increase in per hectare yield. The productivity increased by 7.5 per cent from 1,540 kgs. per hectare in 1988-89 to 1,656 kgs. per hectare in 1989-90. The increase of 6.2 per cent in the production of jute and mesta was shared by West Bengal and Assam.

2.36 The production of raw jute which had declined to as low a level as 57.9 lakh bales in 1987-88 increased by 15.9 per cent to 67.1 lakh bales in 1988-89 and further by about 6 per cent to 71.1 lakh bales in 1989-90 due mainly to increase in productivity. While production in West Bengal increased by 10.4 per cent from 45.3 lakh bales in 1988-89 to 50.0 lakh bales in 1989-90 on account of substantial increase in productivity, in Assam the increase was of the order of 18 per cent where output advanced from 6.7 lakh bales in 1988-89 to 7.9 lakh bales in 1989-90. In Bihar, the jute crop was smaller by about 14.8 per cent in 1989-90 mainly due to fall in acreage. Orissa also recorded a fall in production.

2.37 The production of mesta, following the increase in area and yield per hectare, increased from 11.5 lakh bales in 1988-89 to 12.4 lakh bales in 1989-90. The increase came through a substantial increase in productivity which increased from 909 kgs. per hectare in 1988-89 to 972 kgs. per hectare in 1989-90. About 49 per cent of the crop was produced in Andhra Pradesh followed by Orissa 17 per cent and Bihar 15 per cent. Maharashtra, Tripura, Karnataka and West Bengal also produced some quantity of mesta.

2.38 Considering the overall performance of jute and mesta production, a target of 9 million bales for 1990-91 has been fixed. With the continuance of Special Jute Development Programme for improving the productivity and quality in potential areas in different states and the reported increase in area following favourable weather conditions, the targetted level of production is likely to be achieved in 1990-91.

Sugarcane

2.39 Sugarcane is cultivated over an area of 33-34 lakh hectares both in sub-tropical and tropical regions of the country. In the sub-tropical belt, main sugarcane growing states are Uttar Pradesh, Bihar, Haryana and Punjab and the tropical belt mainly comprises Maharashtra, Andhra Pradesh, Tamil Nadu and Karnataka. The production of sugarcane during 1989-90 crossed the peak level production of 203 million tonnes recorded in 1988-89 to a new high of 223 million tonnes in 1989-90—an increase of 9.7 per cent as against a target of 212 million tonnes. The favourable weather conditions together with price incentive and other developmental measures were responsible in the expansion of output. Even the area and productivity crossed their previous peak. While acreage increased by 2.4 per cent to 3.4 million hectares, productivity increased by 6.6 per cent to 65 tonnes per hectare during 1989-90. Except for Tamil Nadu and Karnataka, all other major sugarcane growing states recorded increase in varying proportion.

2.40 The rising trend in cane production is the outcome of various policy measures undertaken by the Government and developmental efforts initiated by the sugar industry in general and the concerted efforts made by the cane growers in particular. To make the cane cultivation more profitable, the Statutory Minimum Prices (SMP) for sugarcane are being revised upwards in regular intervals. These prices were increased from Rs. 19.50 per quintal in 1988-89 sugar season to Rs. 22 per quintal for 1989-90 sugar season and further to Rs. 23 per quintal for the 1990-91 season. To encourage the farmers to grow more cane, SMP for 1991-92 has been announced in advance at Rs. 24 per quintal. As against the SMP, sugar industry pays a still higher price (as recommended by State Governments) which serves a greater inducement to cane cultivators for increasing both production/productivity and quality of cane.

2.41 A target of 220 million tonnes has been fixed for 1990-91. The target is sought to be achieved through (a) production of quality seed cane, (b) increasing irrigation facilities, (c) judicious and timely use of fertiliser application, (d) better management of ratoons, (e) greater and effective participation of sugar factories in cane development programmes, (f) transfer of technology through various extension systems and (g) larger coverage under plant protection measures. Besides, states have been advised to avail of the loan facilities from the Sugar Development Fund. As a result of these measures, production of sugarcane in 1990-91 is expected to be around 233 million tonnes. As per the latest information available, with the continuance of the policy of partial decontrol together with the fiscal and financial incentives, sugar production in 1989-90 touched a peak level at 109.9 lakh tonnes. Considering the need to step-up sugar output in 1990-91, the Government continued to allow, as an additional incentive, higher free-sale quota (75 per cent against normal 55 per cent) of sugar produced during October 1, 1990 to November 15, 1990. Indications are that sugar output in 1990-91 sugar season may be above 115 lakh tonnes.

Horticultural Crops

2.42 The horticulture sector, which started receiving attention from the Fourth Five year Plan, has recorded an impressive growth. The production of fruits and vegetables has increased at the annual growth rate of 2.2 and 11.7 per cent respectively during the Seventh Plan period. Fruits occupy an area of 3.2 million hectares with an estimated production of 261 lakh tonnes and India is the third largest producer of fruits next only to Brazil and U.S.A. In spite of India being the second largest producer of vegetables, next only to China, the production of vegetables has remained almost stagnant. Vegetable crops occupy an area of 5.5 million hectares with a production of 539 lakh tonnes. Various centrally sponsored and central sector schemes have been in operation in the case of fruits development; these include the package programme on pineapple and banana and improved technology for quality apple production and elite progency orchard scheme. Since coconut is valued both as oilseed and food crop, the Coconut Development Board has implemented various programmes for integrated development of coconut industry during the Seventh Five Year Plan. Similarly, integrated programme for development of spices, which include pepper, ginger, turmeric and chillies, was implemented during the Seventh Plan period. Production of cashewnuts, cocoa, arecanut, etc has expanded during the Seventh Five Year Plan through various development schemes.

Tea

2.43 Tea grown in an area of over 4 lakh hectares, is one of the most labour intensive industries employing more than a million workers. It plays an important role in the economy of the country. Its production has increased significantly from 544 million kgs. in 1979-80 to a peak of 703 million kgs. in 1989-90. The increase in production during this period has emanated largely from increase in productivity from 1,490 kgs. per hectare to around 1,681 kgs. per hectare. Despite the substantial increase in production, the target fixed for different years, except for 1985-86, of the Seventh Plan could not be achieved.

2.44 The North-Eastern parts of the country generally account for a major portion of tea production (75—80 per cent)—Assam and West Bengal are the bulk producers. Among the South Indian states, Tamil Nadu and Kerala are major producers of tea. Of late, the increase in production is largely shared by production in South India. There is a considerable difference between yield rate of North India and South India gardens arising essentially to agro-climatic factors. The average productivity in South India is about 2,000 kgs. per hectare, while in North India the yield rate is 1,600 kgs. per hectare.

2.45 Following good agro-climatic conditions, the production of tea in 1990-91 has increaseed to 719 million kgs. as against 703 million kgs. recorded in 1989-90. The government has been making continuous efforts to increase production of tea. Twenty five top tea estates have been identified for increasing production of tea. Besides, efforts are being made to increase the area under cultivation in the states of Uttar Pradesh and Orissa . The Tea Board is at present operating a number of schemes for stepping up the production. These schemes provide financial support in the form of loans and subsidies. The loan schemes include Tea Plantation Finance Scheme, Tea Machinery and Irrigation Equipment Hire Purchase Scheme, setting up of Tea Nurseries in cooperative sector, New Tea Unit Finance Scheme and Sophisticated Tea Packaging Arrangement Loan Scheme. The subsidy schemes on the other hand include Replanting Subsidy Scheme, New Tea Unit Financing Scheme, Darjeeling Interest Subsidy Scheme, Tea Extension Planting Interest Subsidy Scheme and Irrigation/Drainage Interest Subsidy Scheme.

2.46 Alongwith the increase in production, the domestic consumption (about two-third of output) of tea has also been increasing. The domestic demand has increased from 438 million kgs. in 1985-86 to 478 million kgs. in 1988-89 and further to 500 million kgs. in 1989-90. Exports of tea on the other hand, in quantitative term, declined from 209 million kgs. in 1988-89 to 203 million kgs. in 1989-90. In 1990-91, exports were of the order of 199 million kgs. as compared with 203 million kgs. during 1989-90. However, with the increase in average per unit value realisation from about Rs. 31 per kg. to about Rs. 43 per kg. export earnings increased from Rs. 644 crores in 1988-89 to Rs. 862 crores in 1989-90. In 1990-91 export earnings were Rs. 1,045 crores as against Rs. 862 crores during 1989-90. In order to boost foreign exchange earnings through tea exports, concerted efforts are being made to increase tea exports through fiscal and financial incentives. The exporters of tea received support from Brand Promotion Fund Scheme in the form of interest-free loan.

Coffee

2.47 The production of coffee in the country has been fluctuating as a consequence of fluctuations in weather conditions. The production which had reached to 2 lakh tonnes in 1984-85 came down to 1.2 lakh tonnes in 1989-90, although there has been expansion in acreage. Over 1988-89, coffee output declined by 43 per cent owing to adverse weather conditions in coffee producing states. During 1990-91, the production of coffee is expected to be around 1.7 lakh tonnes. However, the target of 1.8 lakh tonnes set for the terminal year of Seventh Plan had already exceeded during 1986-87 (1.9 lakh tonnes) and 1988-89 (2.1 lakh tonnes).

2.48 The Coffee Board, which is statutorily charged with the responsibility of the marketing of coffee produced in India, continued to extend its support in the fields of research, extension and credit to improve both quality and production of coffee. The bulk of coffee production is being exported, although domestic consumption has also increased over years. The country exported 1.3 lakh tonnes valued at Rs. 363 crores in 1989-90 as against about one lakh tonnes valued at Rs. 337 crores in 1988-89. The exports durings 1990-91 were about one lakh tonnes valued at Rs. 276 crores. The decline in exports is due to poor crop during 1989-90 available for marketing in 1990-91 and fall in the international prices due to suspension of quota. The on-going Developmental Loan and Subsidy Scheme continued to remain in operation to assist coffee production.

Rubber

2.49 Natural rubber, one of the most valued raw materials, is grown in about 4.4 lakh hectares predominantly by the small growers. The production is estimated to have increased from 2.6 lakh tonnes in 1988-89 to about 3.3 lakh tonnes in 1990-91. The target of production for the terminal year of Seventh Plan was fixed at 2.6 lakh tonnes against a base level of 1.9 lakh tonnes in 1984-85. The growth in rubber plantation industry is characterised by an increase in production, area and productivity. The remunerative prices and financial and technical support are major factors contributing to appreciable increase in new plantings and replanting.

2.50 Natural rubber is mainly cultivated in the States of Kerala and Tamil Nadu. Of the total area, about 85 per cent is accounted by Kerala. As a result of promotional efforts, rubber is now successfully grown in the non-traditional areas of Karnataka, Tripura, Assam, Meghalaya, Mizoram, Manipur, Nagaland, Andaman and Nicobar Islands, Goa, Maharashtra and Orissa.

2.51 With the increased production of automobiles, the consumption of rubber has increased over the years. The consumption of natural rubber increased from 3.1 lakh tonnes in 1988-89 to 3.7 lakh tonnes in 1990-91. The gap between the demand for and supply of natural rubber is being met through imports. The import in 1989-90 was 26.5 thousand tonnes as against 51.3 thousand tonnes in 1988-89. During 1990-91, 40 thousand tonnes of natural rubber was imported. In view of the steadily increasing gap between domestic supply and demand for natural rubber, the Rubber Board has continued its efforts in the direction of achieving greater production. Under the Plantation Development Scheme liberal financial and technical assistance is given to growers for new plantings/replantings. Other important measures implemented by the Rubber Board include the distribution of higher yielding planting materials, supply of relevant inputs at concessional rates and encouragement for group processing and marketing centres by providing financial and technical assistance.

Agricultural Inputs

2.52 Agricultural inputs play an important role in accelerating the growth of agricultural production and productivity. Considering the progress made in the production of foodgrains, in particular wheat and rice, through introduction of high yielding varieties of seed together with an input package of assured irrigation facilities, fertilisers, weedicides and pesticides, agricultural credit and extension, greater efforts have been made to enlarge the availability of agricultural inputs and extend its coverage to all the agricultural crops. The developments made in this regard are elaborated in the following paragraphs.

Irrigation

2.53 Expansion of irrigation has been the main element of strategy for increasing foodgrains production. Irrigation support has been planned to be provided through major and medium irrigation projects, command area development, tank irrigation and use of ground water. Since minor irrigation schemes are quick maturing and labour intensive by nature, increasing emphasis was laid on the development of minor irrigation structures during the Seventh Plan. The irrigation potential created during the pre-plan period was 22.6 million hectares (9.7 million hectares from major and medium and 12.9 million hectares from minor irrigation projects). By the end of Sixth Plan, the cumulative irrigation potential was 67.5 million hectares. The achievement during the Seventh Plan period is anticipated to be about 12.2 million hectares (2.9 million hectares under major and medium projects and 9.3 million hectares under minor irrigation projects) against the target of 12.9 million hectares. Thus the total potential anticipated to have been created by the end of Seventh Plan adds up to 79.7 million hectares.

2.54 Despite huge investments having been made on creation of irrigation potential, particularly in major and medium irrigation projects, the utilisation of created potential is considerably low. As against an additional potential of 12.2 million hectares anticipated to have been created during the Seventh Plan period, the utilisation is expected to be about 10.9 million hectares. The cumulative gap in utilisation of potential till the end of Seventh Plan works out to about 8.3 million hectares. The gap (5 million hectares) is more in the case of major and medium projects, while it is 3.3 million hectares in the case of minor irrigation projects. The details are given in Table 2.8. The main reasons for this gap are that the farmer takes longer time in adjusting to the revised cropping patterns consequent upon the switchover from dry farming to irrigated farming and delay in the development of on-farm works like construction of field channels, land levelling and adoption of the warabandi system.

TABLE 2.8

Development of Irrigation Potential and its Utilisation

(Million Hectares)

Irrigation (additional area)	Assumed base level (84-85)	Achievement during VII Plan: 1985-89 (actual Achievement)	1989-90 (Ant. Achievement)	Total VII Plan	Cumulative achievement upto VII Plan
1. *Major and Medium Irrigation*					
Potential	30.0	2.0	0.9	2.9	32.9
Utilisation	25.3	2.0	0.6	2.6	27.9
2. *Minor Irrigation*					
Potential	37.5	6.6	2.7	9.3	46.8
Utilisation	35.2	5.8	2.5	8.3	43.5
3. *Total*					
Potential	@67.5	8.6	3.6	12.2	79.7
Utilisation	@60.5	7.8	3.1	10.9	71.4

@Cumulative level.

2.55 A Centrally Sponsored Command Area Development (CAD) Programme was initiated in 1974-75 to bridge the gap between the irrigation potential and its utilisation. The programme broadly covers on-farm development works like construction of field channels, land levelling/shaping, implementation of warabandi for rotational supply of water to ensure equitable and assured supply of irrigation water to each and every farm holding. It also includes arrangements for supply of inputs and credit, agricultural extension, construction of markets and godowns and development of ground water for conjunctive use. The programme at present covers 131 selected irrigation projects with a total culturable command area of around 18.5 million hectares in 20 States and 2 Union Territories. Cumulatively, till March, 1990 an area of 11.3 million hectares is expected to have been covered under field channels, 2.0 million hectares under land levelling and 5.2 million hectares under warabandi.

2.56 Minor irrigation schemes include ground water and surface water schemes. While ground water schemes include dugwells, shallow tubewells and pumpsets, the surface water schemes include tanks and reservoirs, diversion schemes, lift irrigation from rivers and streams etc. These schemes have been accorded special attention under the Special Foodgrains Production Programme. The Seventh Plan had envisaged the creation of additional irrigation potential of 8.6 million hectares in minor irrigation. As against the target, the likely achievement is 9.3 million hectares.

2.57 The progress of irrigation development has not been uniform among the States. Some states such as Bihar, Orissa, Madhya Pradesh, Gujarat and Maharashtra are lagging in the development of major and medium irrigation potential. In respect of ground water development, Punjab, Haryana and Uttar Pradesh have shown excellent progress, while States of Karnataka, Andhra Pradesh, Maharashtra, Bihar

Assam, Orissa, West Bengal, Madhya Pradesh and Kerala lagged behind.

Seeds

2.58 In recognition of the importance of quality seeds, efforts are being made to maximise production and distribution of foundation and certified seeds through National Seeds Corporation, State Farms Corporation of India and State Seeds Corporations. The high yielding varieties (HYV) programme introduced in 1966-67 and covering paddy wheat, jowar, bajra and maize, has covered large area under cultivation under different crops and by the end of Sixth Plan the total area covered under the HYV was 54 million hectares. During the Seventh Plan the area covered under HYV increased by 16.7 per cent to about 63 million hectares. The coverage during 1990-91 reached about 67 million hectares. The crop-wise coverage of area under HYV is given ina Tble 2.9.

TABLE 2.9

Area under High Yielding Varieties of Seeds

(Million Hectares)

Crop	1984-85	Seventh Plan Terget	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91*
Paddy	22.8 (55.3)	32.0	23.5 (57.0)	24.0 (58.4)	22.1 (57.3)	25.4 (60.8)	27.6 (65.4)	29.2 (68.5)
Wheat	19.1 (81.0)	22.0	19.1 (83.0)	19.2 (83.0)	19.7 (85.4)	20.2 (83.8)	20.7 (88.1)	21.9 (90.5)
Jowar	5.1 (32.9)	6.5	6.1 (37.6)	5.5 (34.5)	6.1 (38.7)	6.1 (41.8)	6.8 (45.6)	7.6 (51.7)
Bajra	5.2 (43.7)	6.5	5.0 (46.8)	5.3 (46.8)	4.0 (45.4)	5.9 (49.0)	5.2 (47.7)	5.4 (52.4)
Maize	2.0 (34.8)	3.0	1.8 (31.0)	2.2 (37.0)	2.2 (38.8)	2.5 (42.4)	2.8 (47.4)	2.9 (47.5)
Total	54.1	70.0	55.4	56.2	54.1	60.4	63.1	67.0

*Provisional

Figures in parenthesis give the percentage of HYV area to total area under the crop.

2.59 The distribution of certified/quality seeds has increased substantially from 25 lakh quintals in 1980-81 to about 57 lakh quintals in 1989-90. In 1990-91 the distribution of certified/quality seeds is expected to be of the order of 60 lakh quintals; the certified seeds will be 45 lakh quintals. The year to year fluctuations in distribution of quality seeds are largely attributed to (a) variation in demand of a specific crop variety, (b) diversification of area from one crop to another and (c) choice of taking up crops which requires less irrigation. As the quality seed (non-certified seed) does not come under the purview of the Seeds Act, 1966, separate monitoring for certified and quality seeds has been started from 1989-90. The distribution of certified/quality seeds over years can be seen in Table 2.10.

TABLE 2.10

Distribution of Certified/Quality Seeds

Year	Distribution (lakh quintals)	Percentage increase over the preceding year
1980-81	25.0	—
1981-82	29.8	19.2
1982-83	42.1	41.1
1983-84	45.0	6.9
1984-85	48.5	7.8
1985-86	55.0	13.5
1986-87	55.8	1.5
1987-88	56.3	0.8
1988-89	56.8	0.9
1989-90	57.0	0.4
1990-91	60.0	5.3

2.60 In order to create increased infrastructural facilities commensurate with the projected seed production target and thereby increase the agricultural production, a World Bank aided National Seeds Project Phase-III has been launched with effect from March 28, 1990. The thrust of the project is to support efforts to assist the farmers by ensuring timely and adequate availability of certified/quality seeds of suitable varieties at reasonable prices and to provide facilities for the growth of private seed sector through adequate institutional financing. The project will cover initially the States of Andhra Pradesh, Assam, Bihar, Gujarat, Karnataka, Madhya Pradesh, Maharashtra, Orissa, Rajasthan, Uttar Pradesh and West Bengal. The National Seeds Corporation and State Farms Corporation of India will also be covered.

2.61 A New Policy on Seed Development, introduced with effect from October 1, 1988, is aimed at to secure to the farmer high quality seeds available anywhere in the world to maximise his yields, increase productivity and farm income. This is sought to be ensured by permitting access to best available seed by placing planting materials and seeds of vegetables and flowers under O.G.L. and some through regulated imports. As a result of the new policy, there has been significant increase in the import of high quality seeds, particularly those of oilseeds and vegetables.

Fertilisers

2.62 Consequent upon the expansion of area under irrigation and greater use of HYV seeds, consumption of fertilisers in the country recorded highest ever quantum jump of 2.3 million tonnes in 1988-89 to reach a level of 11.1 million tonnes of nutrients (NPK). It increased further to 11.7 million tonnes in 1989-90 as against the target of 12.5 million tonnes. The average per hectare consumption of fertilizers increased from 47.4 Kgs. in 1985-86 to an estimated 66.9 Kgs. in 1989-90. In 1990-91, following the third good monsoon year in succession, the consumption is anticipated to increase to 12.7 million tonnes. The details are given in Table 2.11.

TABLE 2.11

Consumption of Chemical Fertilizers

(Million Tonnes of nutrients)

Year	Nitrogenous	Phosphatic	Potassic	Total NPK
1980-81	3.7	1.2	0.6	5.5
1981-82	4.1	1.3	0.7	6.1
1982-83	4.2	1.4	0.7	6.3
1983-84	5.2	1.7	0.8	7.7
1984-85	5.5	1.9	0.8	8.2
1985-86	5.7	2.0	0.8	8.5
1986-87	5.7	2.1	0.9	8.7
1987-88	5.7	2.2	0.9	8.8
1988-89	7.3	2.7	1.1	11.1
1989-90	7.4	3.1	1.2	11.7
1990-91 (Provisional)	8.0	3.4	1.3	12.7

2.63 In addition to continuance of the existing supporting services and development programmes like ensuring supply of fertilisers at subsidised and uniform prices throughout the country, the other measures taken to increase the consumption include promotion of support services through the District Lead Fertiliser Scheme, extension support by fertiliser industry, opening of additional retail outlets in remote, hilly and inaccessible areas, supply of fertilisers through mobile vans and removal of registration/licensing for small stockists/dealers.

2.64 Rainfed areas which constitute 70 per cent of the cultivated area consume only about 20 per cent of the total fertiliser. In order to promote fertiliser use and strengthen soil testing facilities in the low fertiliser consumption and rainfed areas, a National Project and Development of Fertiliser Use in Low Consumption Rainfed Areas has been introduced since 1988-89 in certain identified districts of various states.

2.65 Consistent with the increased consumption of fertiliser, its production has increased gradually from 3 million tonnes in 1979-80 to about 9 million tonnes in 1988-89. In 1989-90, however, the production recorded was 8.5 million tonnes showing a fall of 4.7 per cent over 1988-89 production. The target for 1989-90 was set at 9.4 million tonnes. The shortfall in production has been primarily due to disruption in supplies of raw materials particularly imported phosphoric acid and ammonia. Other factors responsible were equipment break-down, power and labour problems. The production in 1990-91 is expected at about 9 million tonnes. With the increase in domestic production, the level of imports has declined from 3.6 million tonnes in 1984-85 to about 1.6 million tonnes in 1988-89. However, to meet the shortage, imports increased substantially to 3.1 million tonnes in 1989-90. Following the introduction of fertiliser retention price and subsidy scheme with effect from November 1, 1977, and the increasing trend in production/consumption, subsidy on fertilisers has increased from Rs. 604 crores in 1979-80 to as much as Rs. 4,542 crores in 1989-90. The estimated subsidy for 1990-91 is Rs. 4,388 crores which may increase as a consequence of Gulf crisis and higher petroleum product prices. The details are given in Table 2.12.

TABLE 2.12

Fertilisers : Production, Import and Subsidies

Year	Production (N + P) (000 Tonnes)	Imports (000 Tonnes)	Subsidies (Rs. crores)		
			On imported fertilisers	On domestic fertilisers	Total
1979-80	2983	2005	283	321	604
1980-81	3005	2759	335	170	505
1981-82	4093	2041	100	275	375
1982-83	4404	1132	55	550	605
1983-84	4533	1355	142	900	1042
1984-85	5181	3624	727	1200	1927
1985-86	5756	3399	324	1600	1924
1986-87	7070	2310	197	1700	1897
1987-88	7131	984	114	2050	2164
1988-89	8964	1608	201	3000	3201
1989-90	8543	3114	771	3771	4542
1990-91	9044	2758	658*	3730*	4388*

*Provisional

Pesticides

2.66 Crops including cereals, oilseeds, pulses, cotton and sugarcane are very vulnerable to pest attack. To save the crops from pests, increasing quantity of pesticides are being made available. As against a target of 75 thousand tonnes for the terminal year of the Seventh Plan, the consumption of pesticides was of the order of 52 thousand tonnes in 1985-86, 50 thousand tonnes in 1986-87, 49 thousand tonnes in 1987-88, 55 thousand tonnes in 1988-89 and an anticipated level of about 86 thousand tonnes in 1989-90. In 1990-91, the pesticide demand is placed at about 82 thousand tonnes. However, in the absence of any major pest incidence, the consumption may not be of this magnitude. The overall availability of pesticides in the country is regarded as satisfactory. Besides the increase in domestic production, imports are also being made.

2.67 In order to reduce the dependence on the use of chemical pesticides for reducing the crop losses, emphasis has been laid on the adoption of integrated pest management. The integrated pest management is a broad ecological approach that minimises pest population below economic injury level by employing all available pest control techniques such as culture, mechanical, biological, chemical and crop management practices in a compatible manner.

Agricultural Credit

2.68 The thrust of agricultural credit policy continues to be on providing adequate and timely credit to farmers, with a focus on small and marginal farmers or the weaker sections, through institutional agencies like co-operatives, commercial banks and regional rural banks in order to support agriculture and allied activities. The major objective of the policy is to enable the farmers specially the small and marginal farmers and other weaker sections to adopt modern technology and improved agricultural practices for increasing production and productivity. The other objective is to provide adequate credit support to areas covered under Dryland Farming, Pulses Development Programme, Special Foodgrains Production Programme (SFPP) and Special Rice Production Programme. In order to achieve the production targets in the selected districts of nineteen States under SFPP, National Bank for Agriculture and Rural Development (NABARD) has taken various steps to provide adequate refinance facilities to the cooperative institutions. The measures, inter alia, include granting of loans to State Governments to enable them (i) to contribute to additional share capital needed by Primary Agricultural Credit Societies (PACS) and Central Cooperative Banks for managerial assistance to PACS, (ii) assistance for non-overdues, (iii) blocking of overdues of non-wilful defaulters, (iv) subsidy by the State Governments to small and marginal farmers for purchasing share for becoming members of PACS, and (v) assistance for Agricultural credit Stabilisation Fund of the State Co-operative Banks. Besides, the Government has also provided central assistance to those Central Cooperative Banks which are not eligible to operate credit limits sanctioned by NABARD on account of heavy overdues.

2.69 The volume of institutional credit for agriculture has increased from Rs. 2,550 crores in 1979-80 to Rs. 11,225 crores in 1988-89 and further to Rs. 13,022 crores in 1989-90. The target set for 1990-91 was Rs. 13,240 crores. Agency-wise disbursements of agricultural credit are given in Table 2.13.

TABLE 2.13

Disbursement of Agricultural Credit

(Rs. crores)

	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91 (Target)
Cooperatives						
Short-term	2747	2824	3320	3594	4223	4708
Medium-term	393	531	547	602	416	394
Long-term	543	560	690	719	868	957
	3683	3915	4557	4915	5507	6059
Commercial Banks/Regional Rural Banks Short-term & Term Loans	3110	3796	3914	6310	7515	7181
Grand Total	6793	7711	8471	11225	13022	13240

2.70 Agricultural credit is provided at a concessional rate in comparison with commercial rates of interest. The rate of interest till September 21, 1990 ranged from 10 per cent per annum for loans upto Rs. 7,500 to 14 to 15.5 per cent for loans over Rs. 25,000. The rate of interest on agricultural loans has been revised with effect from September 22, 1990. The new rates of interest range between 10 per cent on loan upto Rs. 7,500 and 14 per cent on loan exceeding Rs. 50,000. The Produce (Marketing) Loans Scheme has been introduced from December, 1988 on a pilot basis in specified districts in each of the 14 states where SFPP is under implementation. Loans under this scheme are available to those farmers who have availed of crop loans from the credit institutions for raising paddy, wheat, groundnut, rapeseed/mustard, gram and arhar. The quantum of loan under this scheme is however restricted to twice the amount of the crop loan taken by the farmer or 75 per cent of the value of produce at Government announced procurement/support prices subject tomaximum of Rs. 10,000 per individual.

2.71 Despite phenomenal increase in the overall agricultural credit, the crucial problem of mounting overdues has been inhibiting its expansion to the desired extent. Overdues have been persisting around 40-42 per cent during the last 3-4 years. Increasing overdues have eroded the lending capacity of cooperative institutions for want of recycling of funds and ineligibility of the institutional agencies to borrow additional funds from the higher financing agencies.

2.72 In order to enable the farmers to improve the productivity, a scheme, as announced in the Central Budget 1990-91, has been introduced for providing debt relief upto Rs. 10,000 to the non-wilful defaulters of public sector banks and regional rural banks. For banks in the co-operative sector, a scheme on similar pattern was put into operation by State Governments. The Agricultural and Rural Debt Relief Scheme, 1990 which came into force from May 15, 1990 covers borrowers of public sector banks and those engaged in agriculture and other allied activities and artisans engaged in any activity of rural development relating to cottage and village industry, handicrafts, weaving, etc. A sum of Rs. 1,500 crores has been released to Reserve Bank of India under the scheme. The disbursement under the commitment of debt relief in 1990-91 may actually be much higher than the amount provided in the Budget. The debt relief, however, could adversely affect on profitability of banks and erode their lending capacity.

Crop Insurance

2.73 In order to provide a measure of financial support to the farmers in the event of crop failure as a result of natural calamity, a Comprehensive Crop Insurance Scheme has been in operation since 1st April, 1985. The scheme is voluntary in nature and covers all the farmers availing crop loans from cooperative, commercial and regional rural banks for raising wheat, paddy, millets, oilseeds and pulses. The premium payable is two per cent of the sum insured for wheat, paddy and millets and one per cent for oilseeds and pulses. Fifty per cent of the premium payable by small and marginal farmers is subsidised which is being shared equally by Central and State Governments.

2.74 Coverage under the scheme has been continuously expanding since inception. During the year 1989-90, the scheme was implemented in 17 States and Union Territories against 13 States and Union Territories in 1988-89. In all 42 lakh farmers in kharif 1989 and 7 lakh farmers in rabi 1989-90 were covered as against 30 lakhs and 9 lakhs respectively during the same period of the previous year. However, due to drought conditions and floods in 1986-87 and 1987-88, claims which had shot up from Rs. 84 crores in kharif 1985 to Rs. 277 crores in kharif 1987, came down to Rs. 34 crores in kharif 1989 following the good monsoon. Consequent upon the quantum jump in claims and heavy losses, the scheme was temporarily suspended in January, 1988. But it was re-introduced in September, 1988 with some modifications. The sum insured was, however, reduced from 150 per cent to 100 per cent of crop loans and limited to a maximum of Rs. 10,000 per farmer.

2.75 The progress of the scheme can be seen from Table 2.14:

TABLE 2.14

Progress of Crop Insurance Scheme

Season	No. of States/ UTs	No. of farmers covered (Lakhs)	Area covered (Lakh hectares)	Sum Insured (Rs. crores)	Premium collected (Rs. crores)	Claims paid/ payable (Rs. crores)
Kharif 1985	13	26.4	53.7	542.7	9.4	83.9
Rabi 1985-86	16	12.1	23.2	238.4	4.5	3.1
Kharif 1986	18	39.6	77.4	856.2	15.0	167.9
Rabi 1986-87	17	11.3	21.0	242.4	4.5	4.6
Kharif 1987	21	46.3	84.1	1140.7	19.1	277.2
Rabi 1987-88	19	21.3	32.4	475.4	8.8	12.1
Kharif 1988	13	29.6	52.4	547.9	8.8	29.2
Rabi 1988-89	9	8.7	10.1	164.1	3.1	3.9
Kharif 1989	17	42.3	66.5	873.9	14.5	34.4
Rabi 1989-90	17	6.6	9.6	151.6	2.8	1.8
Kharif 1990	17	19.4	34.1	515.1	7.6	95.4

Animal Husbandry

2.76 Animal husbandry plays a vital role in the country's rural economy. It is providing gainful employment particularly to small/marginal farmers and agricultural labourers, and other rural poor. It also supplements the nutritional deficiency in human diet. The gross value of output from this sector has increased from Rs. 280 billion in 1987-88 to Rs. 315 billion in 1988-89 which is about 24 per cent of the total agricultural output of Rs. 1335 billion. The animal husbandry programmes are aimed at meeting the requirement of milk, eggs, meat, wool, draught power and rural transport. Efforts are being made to improve the vast population of livestock by providing basic infrastructure and adopting improved technology.

2.77 With its large livestock population, the country has vast potential for meeting the growing needs of animal protein and raw material for the industry. The main objectives of the Seventh Plan in this direction were (i) to consolidate the gains achieved under various programmes of animal husbandry, (ii) to provide the infrastructure necessary to achieve accelerated growth in livestock production and (iii) to enable as large a section of rural population as possible, including small and marginal farmers, agricultural labourers and other rural poor to improve their nutritional and economic status by providing them with gainful employment through livestock rearing. As a result of the developmental efforts, production of milk and eggs has increased significantly. Milk production during the Seventh Plan increased by about 24 per cent from 41.5 million tonnes in 1984-85 to 51.4 million tonnes in 1989-90. Production of eggs on the other hand increased by more than 41 per cent from 14,252 million eggs in 1984-85 to over 20,204 million in 1989-90. The per capita availability of milk has risen from 56 kgs in 1984-85 per annum to 63 kgs per annum in 1989-90.

Dairy Development

2.78 As complementary to agriculture in India dairying provides supplementary income to vast majority of farmers, most of whom belong to the small or marginal category. In order to provide a linkage between the producers and the consumers, a rational approach to dairy development has been evolved. An integrated dairy development programme commonly known as Operation Flood was launched in 1970 to correct the deficiencies of the dairy sector by organising village milk producers in the dairy cooperative societies. The first phase, Operation Flood-I, was aimed at capturing a liquid milk market in the four metropolitan cities by linking 27 milk sheds. During the second phase, Operation Flood-II (1980—85), the programme was extended to almost all the states in the country—about 34,500 dairy cooperative societies had been organised in 136 milk sheds. Operation Flood-III (1985-94) is now under implementation with financial assistance from the World Bank and commodity assistance from EEC in the form of skimmed milk powder and butter oil. In all 62,800 dairy cooperative societies have been organised in 174 milk sheds involving about 7.4 million farmer members to procure 9.7 million kgs and marketing 8.0 million litres of milk a day in over 523 cities and towns of the country as against total milk processing capacity of 14.6 million litres a day and milk powder production capacity of 667 tonnes a day. A Technology Mission for Dairy Development has been launched in order to systemetise and coordinate dairy development with various field level development programmes. The Mission will also pursue specific research targets and focus on policy issues that will contribute to sustained dairy development.

Fisheries

2.79 Fisheries have been recognised as an important source of food, foreign exchange earner and employment. With various developmental measures, fish production has gradually increased from 7.5 lakh tonnes in 1950-51 to a record of 38.2 lakh tonnes in 1990-91. The increase in 1990-91 came both from the marine sector and inland sector. The export earnings in 1990-91 were of the order of Rs. 875 crores. The main thrust of the fisheries development programme is to promote the extensive and intensive fish farming activity in the inland sector and encouraging deep sea fishing in the marine sector so as to optimise fish production. In recognition of the important role of inland fisheries in the overall production of fish, the Government has been implementing two important inland fisheries development programmes since the Sixth Five Year Plan. These are (a) development of aquaculture and (b) National Programme of Fish Seed Development. These programmes have led to a significant increase in inland fish production; its production in 1990-91 was about 14.7 lakh tonnes. Its share in the total production increased from 36 per cent in 1980-81 to 38 per cent in 1990-91. There has been a quantum jump in marine fish production from 18.2 lakh tonnes in 1988-89 to 22.8 lakh tonnes in 1989-90. In 1990-91, marine fish production was 23.5 lakh tonnes.

Agricultural Marketing

2.80 Regulation and development of agricultural markets, grading and standardisation of agricultural and allied commodities, assistance for creation of infrastructural facilities in agricultural produce markets and assistance for setting up of rural godowns are the major activities under agricultural marketing. The role of cooperatives in the marketing of agricultural produce has been progressively expanding. The public sector commodity corporations like the Food Corporation of India, Cotton Corporation of India and the Jute Corporation of India whose social objectives converge with those of cooperatives, have been increasingly utilising the services of cooperatives to procure specified agricultural commodities from the farmers. To help the farmers in getting remunerative prices, cooperatives have assumed a major role in price support operations in coarsegrains, oilseeds, copra and pulses and in market intervention for potato, onion, ginger and apples.

2.81 The net-work of marketing cooperatives exist almost in every mandi in the country. At present there are 2,636 general purpose primary cooperative marketing societies and 3,290 special commodity cooperative marketing societies dealing in oilseeds, cotton and fruits and vegetables. In addition, there are 157 District/Central Societies, 29 general purpose State Cooperative Marketing Federations, 16 State level Special Commodity Marketing Federations with the National Agricultural Cooperatives Marketing Federation (NAFED) at the national level. The turnover of the cooperatives in 1989-90 has increased to Rs. 6,282 crores as against Rs. 5,415 crores in 1988-89; these remained much above the targetted levels. The marketing operations of cooperative marketing societies are mainly in foodgrains; the share of other agricultural produce is very small. The NAFED has been appointed as a Central Nodal Agency for undertaking marketing operations of a number of agricultural commodities covered under the price support operations. Such purchases, arising from the price support operations, are being made by NAFED through the State designated agencies i.e. State Marketing Federations. In case of agricultural commodities which do not fall within the purview of price support operations, market intervention scheme is announced on the specific request of the State Governments and losses in these operations are shared on 50:50 basis between the Centre and State Governments. The market intervention scheme and the price support operations enabled the small/marginal farmers to obtain remunerative prices by making use of the operations launched by NAFED.

Outlook

2.82 The target for the production of foodgrains in 1990-91 was fixed at 176.5 million tonnes (99.1 million tonnes in the kharif season and 77.4 million tonnes in the rabi season). The good south-west monsoon, distributed well over time and space, would have exercised a favourable impact on foodgrains production in the kharif season. The confluence of favourable weather factors and the increased utilisation of inputs, such as seeds and fertilizers, suggests that the kharif foodgrains production may be around 100.8 million tonnes. While kharif rice output may be around 67 million tonnes, output of kharif coarsegrains and kharif pulses may be about 28 million tonnes and 5.4 million tonnes respectively. There may be some set-back in kharif oilseeds production in view of the absence of initial rains in the Saurashtra region of Gujarat resulting in a sizeable reduction in area under groundnut cultivation. However, other kharif oilseeds, and even groundnut, have fared better in other regions producing oilseeds.

In total, the loss of kharif oilseeds production may, therefore, be marginal. The shortfall in the kharif season, if any, is expected to be offset by an increase in rabi oilseeds output. Cotton, sugarcane and jute have also benefitted from the conducive seasonal factors. The targets set for sugarcane and jute may be achieved. The output of cotton may register a small decline, because of a loss in production in the major cotton producing districts of Punjab and Haryana. Given the behaviour of post-monsoon rains, together with an increased level of water storage in reservoirs and the availability of inputs, foodgrains output in the rabi season would attain the expected level. The total production of foodgrains in 1990-91 is, therefore, expected to be slightly higher than the targetted level and may be about 177 million tonnes.

CHAPTER 3

INDUSTRIAL PERFORMANCE AND POLICIES

Industrial production registered a deceleration in growth during the first three quarters of 1989-90, but made a significant recovery in the last quarter of the year, and almost sustained the accelerated growth in the first 6 months of of the fiscal year, 1990-91. There was a marked decline in growth in the second half of the year. The Index of Industrial Production (IIP) shows a decelerated growth of 8.4 per cent in 1990-91 compared with 8.6 per cent in 1989-90. The manufacturing sector which accounts for more than three fourths of the total weight in the IIP, however, performed relatively better by scaling a higher growth of 9.2 per cent compared with 8.6 per cent in the previous year. The two infrastructure industries *viz.* Mining and Electricity have shown a sharp deceleration in growth. Production in the manufacturing sector has also shown a slowdown in growth since September 1990. This may be attributed partly to bottlenecks in the infrastructure sectors, particularly energy and transport, and short-supplies of some imported raw materials and components due to foreign exchange constraints and partly to the steady upward movement of the base level of industrial production in the second half of the previous year. The investment climate which was slightly dampened in the initial months turned brighter in the second half of the year. The capital market presented a mixed trend of buoyancy and slump.

Industrial Production in 1989-90

3.2 There was a mild deceleration in the growth of industrial production in 1989-90. The overall industrial growth, measured by IIP was 8.6 per cent during the year compared with 8.7 per cent in the previous year, 1988-89. The deceleration was due to lower performances by the manufacturing and mining sectors. While the electricity sector accelerated its growth from 9.5 per cent in 1988-89 to 10.8 per cent in 1989-90, growth of the mining sector declined from 7.9 per cent to 6.3 per cent and that of the manufacturing sector from 8.7 per cent to 8.6 per cent. (Table 3.1) The growth in the mining and manufacturing sectors was rather uneven during 1989-90. After recording more than 10 per cent growth in the first two quarters of the year, production of the mining sector decelerated to 3.5 per cent and 2.3 per cent in the third and fourth quarters, respectively. The quarterly growth pattern of the manufacturing sector was just the reverse; marginally negative in the first quarter but gradually picking up in the subsequent quarters touching a peak of 20.1 per cent in t e last quarter.

TABLE 3.1

Annual Growth Rates in Major Sectors of Industry

(Base : 1980-81)

Year	Mining	Manufacturing	Electricity	General
Weight	(11.46)	(77.11)	(11.43)	(100.00)
(1)	(2)	(3)	(4)	(5)
1981-82	17.7	7.9	10.2	9.3
1982-83	12.4	1.4	5.7	3.2
1983-84	11.7	5.7	7.6	6.7
1984-85	8.8	8.0	12.0	8.6
1985-86	4.2	9.7	8.5	8.7
1986-87	6.2	9.3	10.3	9.1
1987-88	3.8	7.9	7.7	7.3
1988-89	7.9	8.7	9.5	8.7
1989-90	6.3	8.6	10.8	8.6
1990-91	3.5	9.2	8.6	8.4

3.3 Among the seventeen major industry groups in the manufacturing sector, six industry groups, viz. Beverages and Tobacco, Paper and Paper Products, Electrical Machinery, Metal Products, Cotton Textiles and Leather and Leather Products with a combined weight of 25.67 per cent in the IIP recorded accelerated growth. Two industry-groups, viz. Jute Products, and Basic Metals and Alloys with a combined weight of 11.8 per cent recorded negative growth.

The remaining nine industry groups with a combined weight of 39.64 per cent recorded decelerated growth. Electrical Machinery and Appliances group (including electronics) which had suffered a severe set-back in production in 1988-89 made a smart recovery and recorded the highest growth rate of 32.7 per cent among all the seventeen industry groups.

Industrial Production in the Sixth and Seventh Five Year Plans

3.4 The Seventh Five Year Plan had targeted an annual growth of 8.7 per cent in industrial production and 8 per cent in the production of the manufacturing sector. Average annual growth of industrial production actually achieved during the Plan was only 8.5 per cent which fell short of the target marginally because of lower performance by the mining and electricity sectors (Table 3.2). The manufacturing sector exceeded the target by achieving an average annual growth of 8.8 per cent. But the performance of the sector was not uniformally good across the industry groups. Production in three industry groups, viz. Beverages and Tobacco, Jute Products, and Wood and Wood Products declined over the Plan period. Production of five industry groups-Leather and Leather Products, Chemicals and Chemical Products, Non-metallic Mineral Products, Electrical Machinery and Appliances, and Other Manufacturing Industries exceeded the targets.

TABLE 3.2

Trends in the Performance of Manufacturing Sector

(Base : 1980-81 = 100)

Annual Growth Rate (Per cent)

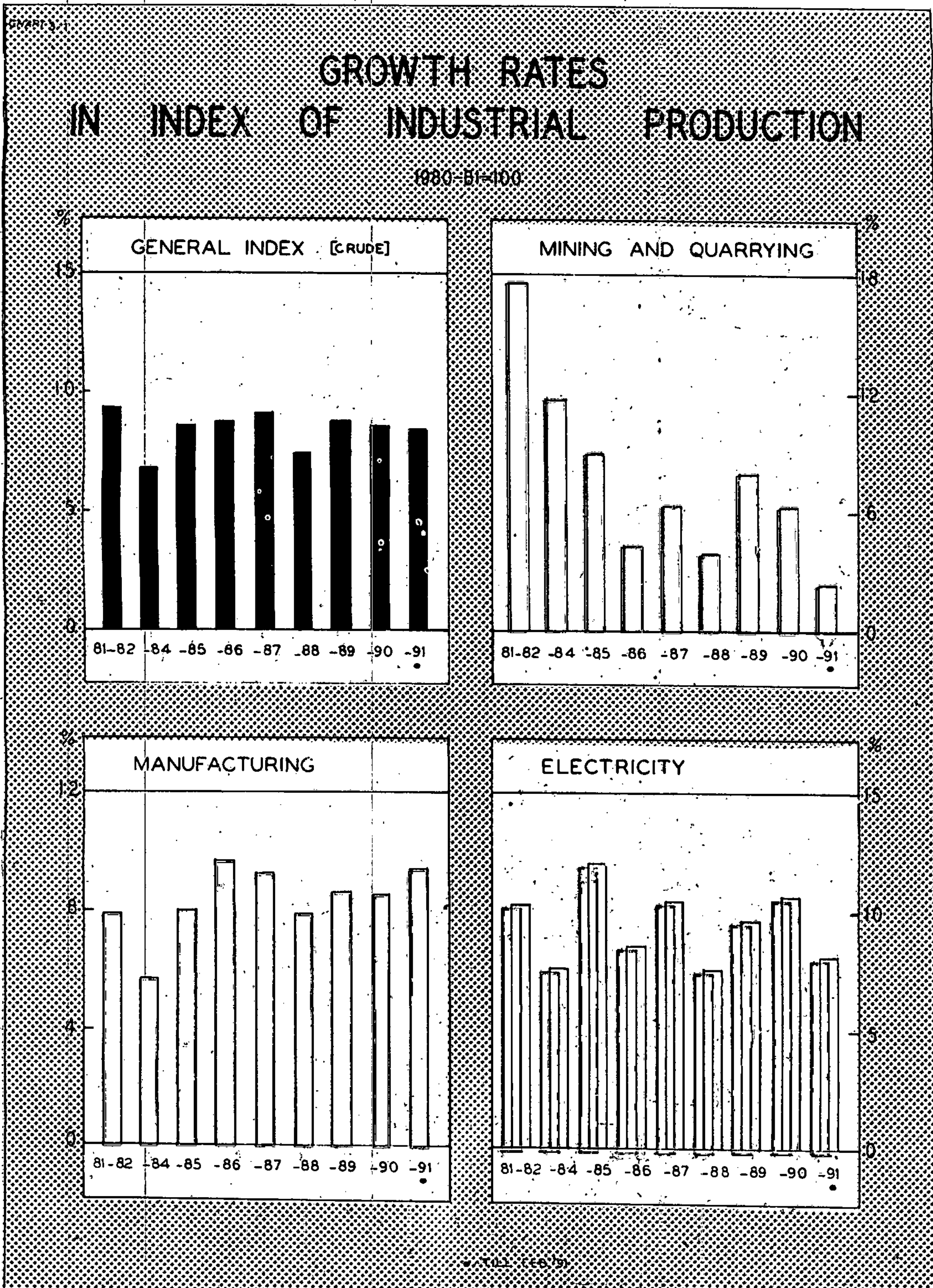
Code	Industry Group	Weight	Sixth Plan average@	Seventh Plan Target	1985-86 / 1984-85	1986-87 / 1985-86	1987-88 / 1986-87	1988-89 / 1987-88	1989-90 / 1988-89	Seventh Plan average	1990-91 / 1989-90
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
20—21	Food products	5.33	5.1	6.4	4.7	6.1	4.4	6.8	1.6	4.7	12.3
22	Beverages, Tobacco and products .	1.57	2.9		0.4	—12.1	—13.8	8.5	11.8	—1.0	1.1
23	Cotton Textiles	12.31	0.9		8.0	1.9	—1.2	—3.1	4.2	2.0	17.9
25	Jute, Hemp and Mesta products .	2.00	1.0	5.0	—2.2	4.0	—10.0	12.0	—4.8	—0.2	3.8
26	Textile products (including wearing apparel other than footwear) .	0.82	—1.0		18.0	—22.8	5.3	46.3	13.0	12.0	—31.6
27	Wood and Wood products . .	0.45	23.0	8.5	3.1	10.3	—34.3	6.2	2.5	—2.4	12.6
28	Paper and Paper products . .	3.23	7.5		12.6	9.9	1.9	3.0	6.0	6.7	8.9
29	Leather and Fur products . .	0.49	10.7	4.3*	21.1	5.0	4.4	—4.4	6.1	6.4	3.0
30	Rubber, Plastic, Petroleum and Coal products	4.00	10.4	6.2**	3.9	—2.2	3.7	8.5	3.1	3.4	—0.3
31	Chemicals and Chemical products .	12.51	9.4	9.5	8.1	13.7	14.5	16.2	6.1	11.7	2.7
32	Non-Metallic Mineral products .	3.00	8.8	5.6	13.7	1.9	—1.4	16.8	2.9	6.8	1.7
33	Basic Metals and Alloys . .	9.80	2.1	8.1	9.0	8.4	6.9	6.9	—0.8	6.1	9.0
34	Metal products and parts . .	2.29	1.7		9.2	8.5	4.1	3.0	6.8	6.3	0.3
35	Machinery and Machine Tools .	6.24	6.4	11.8	2.0	8.9	—1.8	15.8	6.7	6.3	8.1
36	Electrical Machinery and appliances	5.78	10.7	12.5	34.8	27.0	31.6	3.2	32.7	25.9	22.6
37	Transport Equipment	6.39	7.2	10.8	3.2	6.7	4.8	12.8	5.7	6.6	6.1
38	Other Manufacturing	0.90	9.5	9.8***	24.3	54.2	15.6	12.6	8.8	23.1	—3.2
Div—2-3	Manufacturing	77.11	5.8	8.0	9.7	9.3	7.9	8.7	8.6	8.8	9.2
Div. 1	Mining & Quarrying	11.46	12.7	13.0	4.2	6.2	3.8	7.9	6.3	5.7	3.5
Div. 4	Electricity	11.43	8.9	12.0	8.5	10.3	7.7	9.5	10.8	9.4	8.6
	GENERAL	100.00	7.0	8.7	8.7	9.1	7.3	8.7	8.6	8.5	8.4

*Includes rubber

**Excludes rubber

***Includes metal products

@Average for four years only (1981-82 to 1984-85)


GROWTH RATES
IN INDEX OF INDUSTRIAL PRODUCTION
1980-81=100
GENERAL INDEX [CRUDE]
%
15
10
5
0
81-82 -84 -85 -86 -87 -88 -89 -90 -91
MINING AND QUARRYING
%
18
12
6
0
81-82 -84 -85 -86 -87 -88 -89 -90 -91
MANUFACTURING
%
12
8
4
0
81-82 -84 -85 -86 -87 -88 -89 -90 -91
ELECTRICITY
%
15
10
5
0
81-82 -84 -85 -86 -87 -88 -89 -90 -91

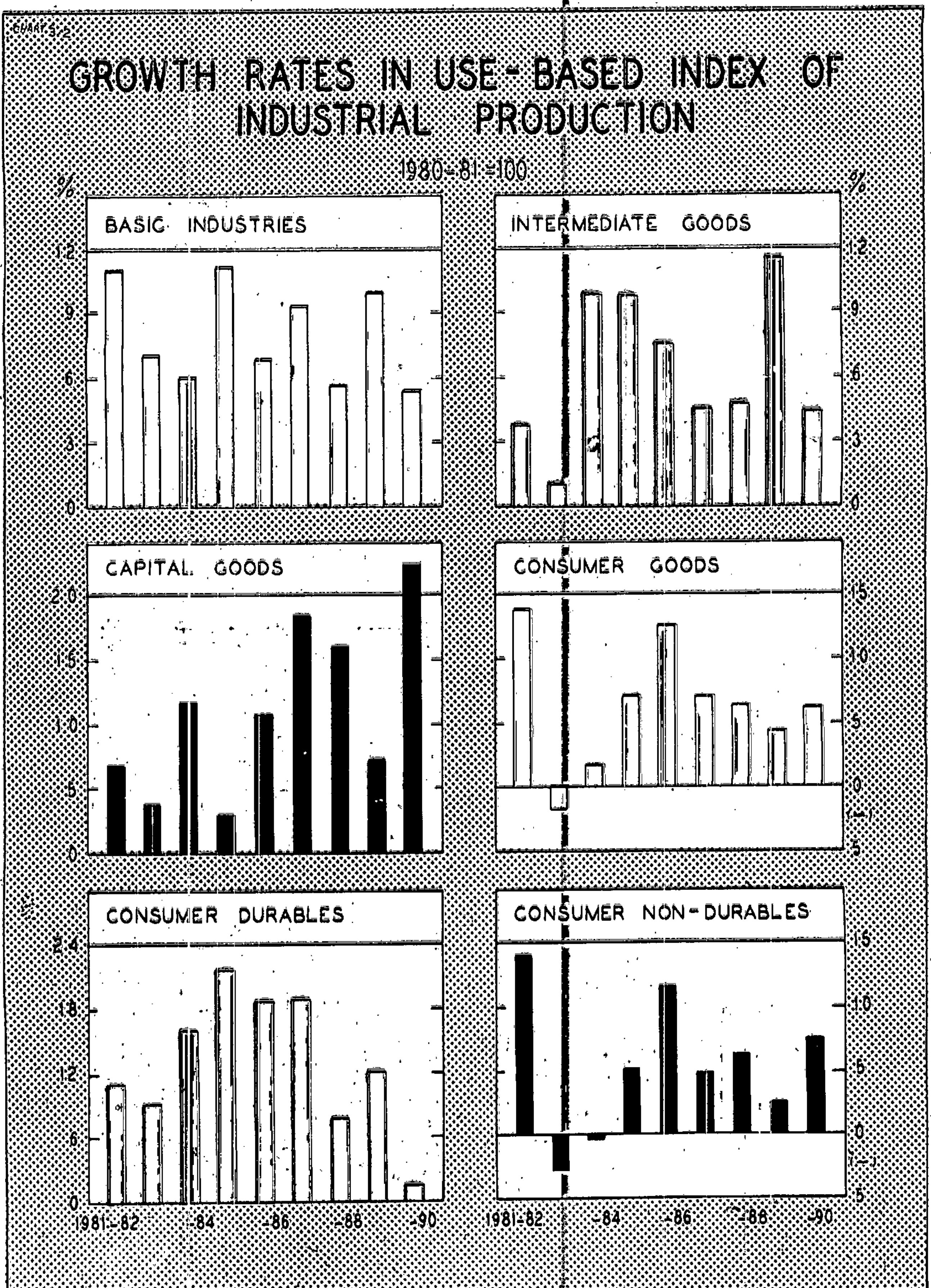


CHART 5.2
GROWTH RATES IN USE-BASED INDEX OF INDUSTRIAL PRODUCTION
1980-81=100
%
BASIC INDUSTRIES
INTERMEDIATE GOODS
CAPITAL GOODS
CONSUMER GOODS
CONSUMER DURABLES
CONSUMER NON-DURABLES
1981-82 -84 -86 -88 -90

3.5 Table 3.3 outlines the sector-wise average annual growth rate of industrial production in the seventies, in the eighties and in the Sixth and Seventh Five Year Plan periods.

TABLE 3.3

Average Annual Growth Rates of Industrial Production
Sectoral Growth Rates: (in per cent)

Period	Mining	Manu-facturing	Electricity	General
(1)	(2)	(3)	(4)	(5)
1970-71 to 1980-81 . .	4.3	4.0	7.3	4.4
1981-82 to 1989-90 . .	8.8	7.5	9.1	7.8
1981-82 to 1984-85 . .	12.7	5.8	8.9	7.0
1985-86 to 1989-90 . .	5.7	8.8	9.4	8.5

NOTE: Growth rates for the period 1970-71 to 1980-81 have been worked out from the Index of Industrial Production with base 1970 = 100 and for the period from 1981-82 onwards from the new IIP with base 1980-81 = 100. The two sets of indices are not strictly comparable because of the differences in coverage and weights.

3.6 Compared to the Sixth Plan, the Seventh Plan has achieved higher annual growth rates in the manufacturing and electricity sectors. However, the annual growth of the mining sector showed a substantial decline from 12.7 per cent in the Sixth Plan to 5.7 per cent in the Seventh Plan. An analysis of the comparative growth rates of the major industry groups in the manufacturing sector in the Sixth and Seventh Plan periods shows that in the Seventh Plan growth rates of Beverages, Tobacco and Products, Wood and Wood Products, and Rubber, Plastic, Petroleum and Coal Products have decelerated and those of Textile Products, Basic Metals and Alloys, Metal Products and Parts, Electrical Machinery and Appliances and Other Manufactured Products have accelerated significantly.

Industrial Production in 1990-91

3.7 Growth of industrial production continued to be on the deceleration track during 1990-91 also. The General Index has recorded a growth of 8.4 per cent during the year compared with 8.6 per cent in the previous year. The deceleration in growth was confined to the mining and electricity sectors. Growth of the mining sector declined from 6.3 per cent to 3.5 per cent and that of the electricity sector from 10.8 per cent to 8.6 per cent. The manufacturing sector, however, recorded an accelerated growth of 9.2 per cent in 1990-91 as against 8.6 per cent in 1989-90.

3.8 The Index of Industrial Production had recorded an accelerated growth of 11.7 per cent in the first half of 1990-91 because of a comparatively lower base prevailed in the corresponding period of 1989-90. Due to a relatively higher base during the second half of the year 1989-90, the IIP for the third and fourth quarters of 1990-91 have shown a growth of only 4.9 per cent and 6.3 per cent respectively. Constraints in oil supply, bottlenecks in infrastructure, cut in government expenditure, cost escalation and supply shortages of imported raw materials and components in the wake of the foreign exchange crisis had affected industrial growth. However, the Index of Industrial Production which had shown a decline since June 1990 recovered from November 1990 onwards. Since there was a sharp upward movement of index during the last quarter of 1989-90, recording a growth of 16.1 per cent, the growth of industrial production during the last quarter of 1990-91 was only a modest 6.3 per cent.

3.9 Industry Group-wise data available at 2-digit level of industrial classification shows that out of the seventeen industry groups in the manufacturing sector, fourteen industry groups with a combined weight of 71.4 per cent in the IIP recorded positive growth in 1990-91. Manufacture of Electrical Machinery and Appliances (which include electronics) recorded the highest growth of 22.6 per cent followed by Cotton Textiles (17.9 percent), Wood and Wood Products (12.6 per cent), Food Products (12.3 per cent), Basic Metals and Alloys (9 per cent) and Paper and Paper Products (8.9 per cent). Production of three industry groups viz., Textile Products (including wearing apparel), Rubber, Plastic, Petroleum and Coal Products and Other Miscellaneous Manufacturing Industries declined by 31.6 per cent, 0.3 per cent and 3.2 per cent respectively.

TABLE 3.4

Monthly Indices of Industrial Production

(Base : 1980-81 = 100)

Month	Manufacturing			General Index		
	1988-89	1989-90	1990-91	1988-89	1989-90	1990-91
April	166.0 (9.4)	168.5 (1.5)	190.3 (12.9)	169.9 (8.4)	177.5 (4.5)	197.2 (11.1)
May	167.8 (17.8)	166.3 (—0.9)	196.1 (17.9)	173.3 (15.8)	175.7 (1.4)	201.7 (14.8)
June	177.5 (13.3)	176.1 (—0.8)	199.1 (13.1)	179.1 (12.3)	181.4 (1.3)	203.4 (12.1)
July	166.6 (2.1)	172.3 (3.4)	196.5 (14.0)	169.6 (2.2)	178.5 (5.2)	201.9 (13.1)
August	166.3 (10.9)	174.4 (4.9)	197.2 (13.1)	169.4 (8.9)	181.3 (7.0)	201.0 (10.9)
September . . .	168.3 (8.0)	176.9 (5.1)	195.9 (10.7)	171.6 (7.2)	183.4 (6.9)	198.1 (8.0)
October . . .	168.5 (10.6)	177.6 (5.4)	193.3 (8.8)	174.6 (10.4)	186.0 (6.5)	200.3 (7.7)
November . . .	174.4 (7.5)	192.7 (10.5)	197.9 (2.7)	181.0 (8.6)	198.6 (9.7)	201.9 (1.7)
December . . .	187.6 (10.2)	205.9 (9.8)	216.3 (5.1)	194.5 (10.6)	211.9 (8.9)	223.4 (5.4)
January . . .	183.7 (9.7)	211.1 (14.9)	218.6 (3.6)	192.7 (10.1)	216.6 (12.4)	226.0 (4.3)
February . . .	179.3 (3.7)	204.3 (13.9)	219.3 (7.3)	186.3 (5.1)	207.6 (11.4)	222.7 (7.3)
March	201.5 (4.3)	262.4 (30.2)	277.4 (5.7)	208.8 (6.2)	258.4 (23.8)	277.1 (7.2)
April—March . .	**175.6 (8.7)**	**190.7 (8.6)**	**208.2 (9.2)**	**180.9 (8.7)**	**196.4 (8.6)**	**212.9 (8.4)**

NOTE :—Figures in brackets show percentage change over the previous year.

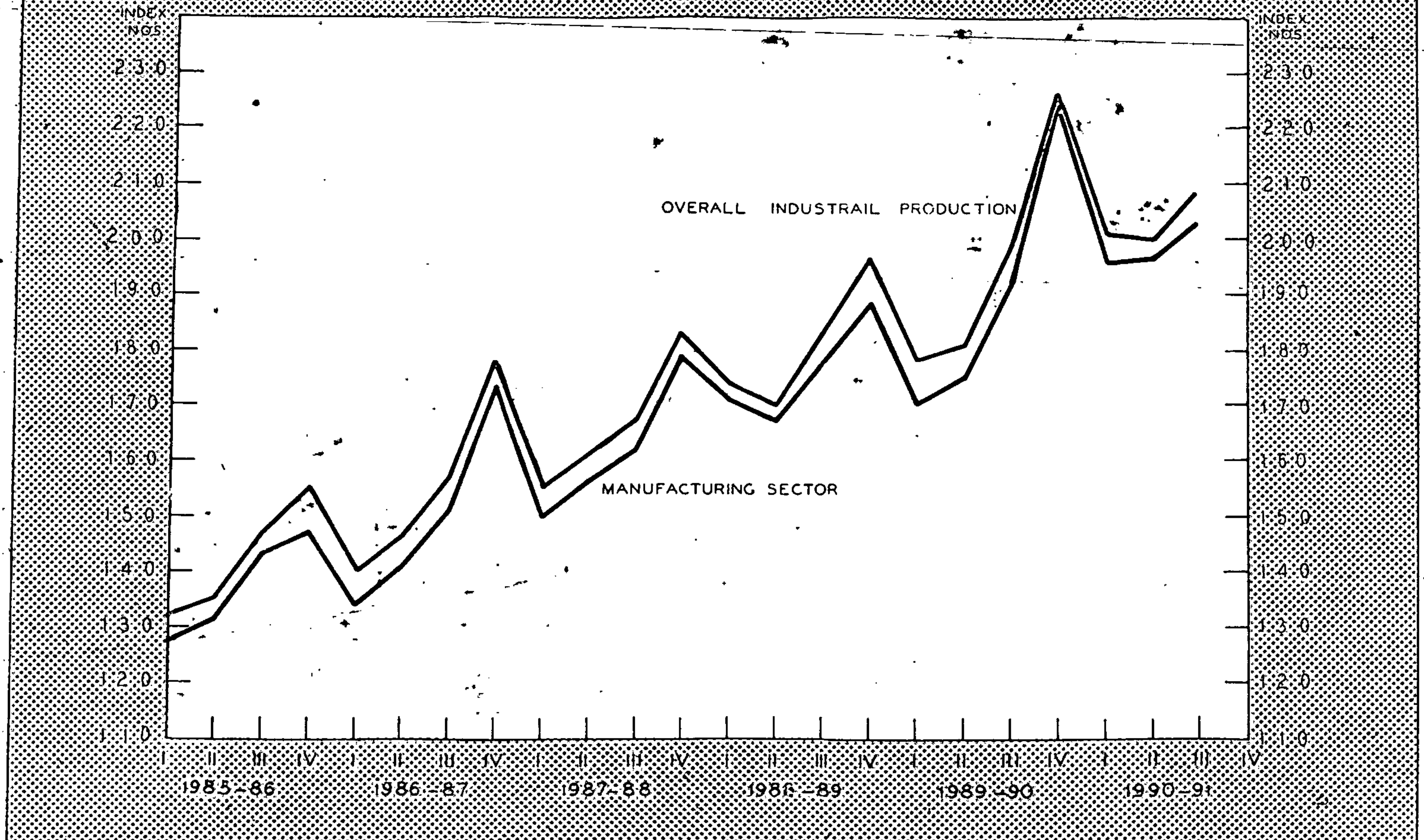
3.10 An analysis of the provisional production data at the disaggregated level for the fiscal year 1990-91 in respect of 155 selected industries with a total weight of 85.5 per cent in the IIP shows that out of the 143 manufacturing industries with a combined weight of 63.1 per cent, 85 industries (total weight 49.1 per cent) recorded positive growth. The growth rates were more than 10 per cent in 34 industries (total weight 17.9 per cent). Production of cloth in the decentralised sector has gone up by about 34 per cent. Commercial vehicles, sugar, agricultural tractors, phosphatic fertilizers, electric motors, electric generators, jute manufactures, telephone instruments, auto ancillaries, and computer systems and peripherals are some other major industries which have recorded growth rates over 10 per cent. Major industries which have shown decline in production are pig iron, vanaspati, ferro-alloys, diesel engines, mill made cloth, nylon and viscose filament yarn, penicillin and tetracycline.

3.11 Table 3.5 gives the group-wise indices of production and annual growth rates of the use-based groups of all industries from 1981-82 to 1989-90. Group-wise growth rates of the 155 selected industries classified into use-based groups for the years 1989-90 and 1990-91 are given in

CHART 3.3

QUARTERLY INDICES OF MANUFACTURING SECTOR AND OVERALL INDUSTRIAL PRODUCTION

1980–81 = 100



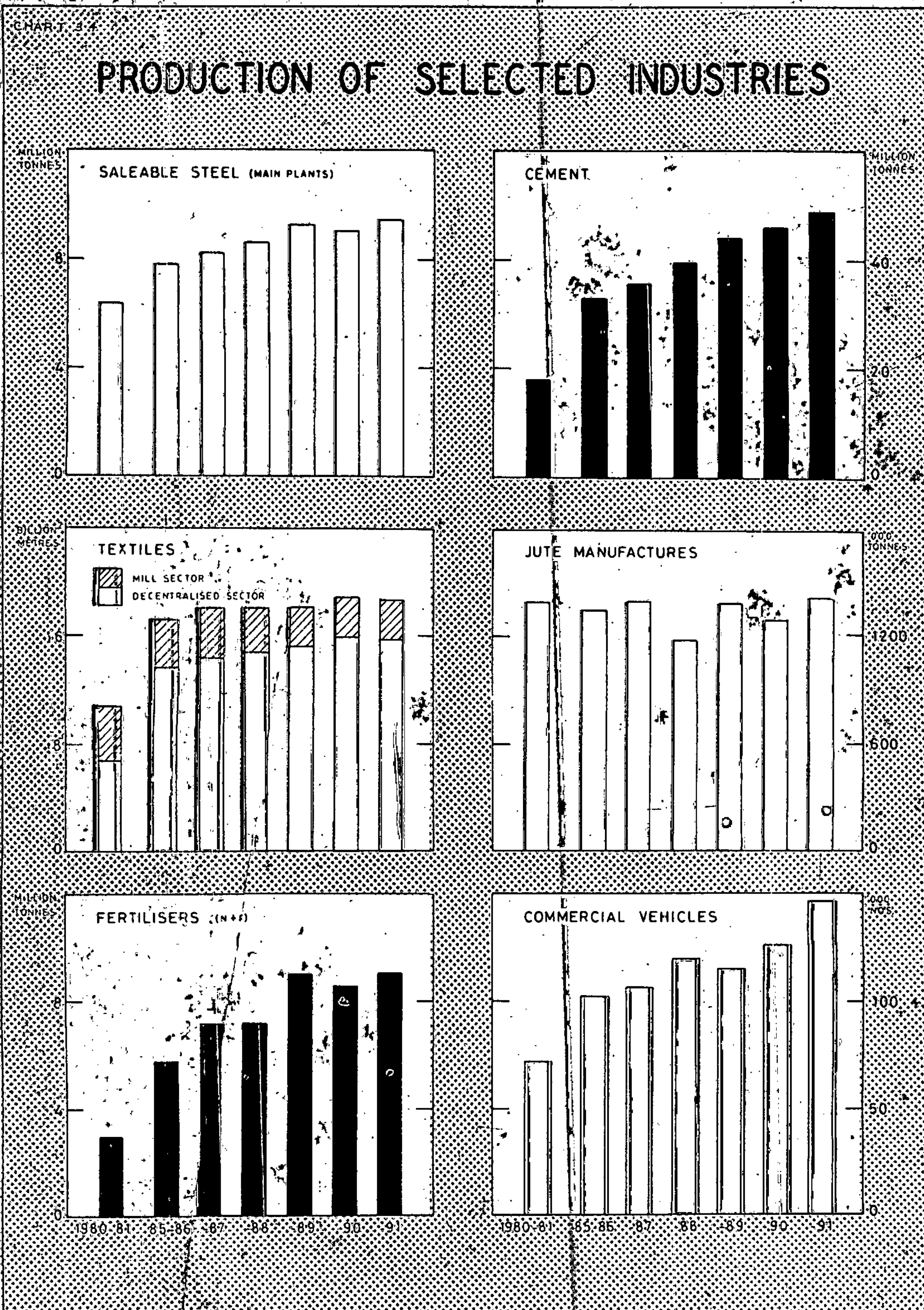

PRODUCTION OF SELECTED INDUSTRIES
MILLION TONNES
SALEABLE STEEL (MAIN PLANTS)
0
4
8
CEMENT
MILLION TONNES
0
20
40
TEXTILES
MILL SECTOR
DECENTRALISED SECTOR
0
8
16
JUTE MANUFACTURES
'000 TONNES
0
600
1200
MILLION TONNES
FERTILISERS (N+P)
0
4
8
COMMERCIAL VEHICLES
'000 NOS.
0
50
100
1980-81
85-86
-87
-88
-89
-90
-91
1980-81
85-86
-87
-88
-89
-90
-91

TABLE 3.5

Use-based Group Indices of Industrial Production
(Base : 1980-81 = 100)

Industry Group	Weight	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90*
1	2	3	4	5	6	7	8	9	10	11
I. Basic Goods	39.42	110.9 (10.9)	118.7 (7.0)	125.7 (6.0)	139.7 (11.1)	149.2 (6.8)	163.0 (9.2)	172.2 (5.6)	189.2 (9.9)	199.4 (5.4)
II. Capital Goods	16.43	106.7 (6.7)	110.6 (3.7)	123.5 (11.7)	127.2 (3.0)	140.7 (10.6)	166.3 (18.2)	192.8 (15.9)	206.2 (7.0)	252.3 (22.4)
III. Intermediate Goods	20.51	103.7 (3.7)	104.6 (1.0)	114.9 (9.8)	126.1 (9.7)	135.5 (7.5)	141.5 (4.4)	148.3 (4.8)	165.4 (11.5)	172.5 (4.3)
IV. Consumer Goods	23.65	113.8 (13.8)	112.0 (—1.6)	113.8 (1.6)	122.0 (7.2)	137.3 (12.5)	147.1 (7.1)	156.6 (6.5)	163.2 (4.2)	173.5 (6.3)
(a) Consumer Durables	2.55	110.9 (10.9)	121.0 (9.1)	140.5 (16.1)	170.8 (12.6)	202.8 (18.7)	241.2 (18.9)	260.1 (7.8)	291.2 (12.0)	296.1 (1.7)
(b) Consumer Non-Durables	21.10	114.1 (14.1)	110.9 (—2.8)	110.5 (—0.4)	116.1 (5.1)	129.4 (11.5)	135.7 (4.9)	144.1 (6.2)	147.7 (2.5)	158.7 (7.5)

NOTE :—Figures within brackets indicate percentage change over the preceding year.
*Provisional.

Table 3.6. As the table indicates, there was accelerated growth in consumer durables and intermediate goods industries and decelerated growth in basic industries, consumer non-durables and capital goods. However, capital goods industries have continued to show a high growth rate of over 20 per cent in 1990-91 also.

TABLE 3.6

Growth Rates of Selected 155 Industries
(Use-based Group-wise)

Industry Group	Weight	Percentage change over the previous year	
		1989-90	1990-91*
1. Basic Industries	36.36	5.0	4.3
2. Consumer Durables	2.20	1.9	10.9
3. Consumer Non-Durables	19.56	6.1	5.2
4. Capital Goods	11.32	24.9	21.9
5. Intermediate Goods	16.10	3.1	5.6
All Industries	85.54	8.3	8.5

*Provisional

Investment Climate and Capital Market

Investment Climate

3.12 Available indicators show that in spite of a mild deceleration in the growth of industrial production, investment climate continued to remain bright in 1989-90. There was a remarkable increase of 46.6 per cent in the approvals granted for new capital issues. Financial assistance sanctioned by All India Financial Institutions during the year at Rs. 15035 crores was 10.9 per cent higher than Rs. 13564 crores sanctioned in the previous year. Actual disbursements also increased by 8.7 per cent; from Rs. 8375 crores in 1988-89 to Rs. 9102 crores in 1989-90. The number of industrial licences issued by conversion of letters of intent increased marginally from 332 in 1988-89 to 334 in 1989-90. Although there was a slight fall in the number of letters of intent issued consequent to the delicensing of more industries, the total number of approvals/registrations granted by the Secretariat for Industrial Approvals (SIA) under the delicensing scheme and in the exempted category increased substantially (Table 3.7). But there was 16.6 per cent fall in the units registered with the Directorate General of Technical Development (DGTD), from 651 in 1988-89 to 543 in 1989-90. There was also a sharp decline in the number of cases of foreign collaborations approved by the Foreign Investment Board, from 636 in 1988-89 to 595 in 1989-90. On the other hand, value of capital goods import approved by the Capital Goods Import (Main) Committee increased from Rs. 1037 crores in 1988-89 to Rs. 1633 crores in 1989-90,

TABLE 3.7

Selected Indicators on Industrial Approvals and Sanctions

(Numbers)

Sl. No.	Indicators	1988-89	1989-90	1990-91
1	2	3	4	5
1.	Fresh approvals for setting up new industrial capacities :			
	(a) Letters of Intent Issued	1215	1155	931
	(of which those issued for backward areas)	(610)	(550)	(399)
	(b) Registrations issued by SIA under the scheme of delicensing	1125	1328	1345
	(of which those issued for backward areas)	(678)	(751)	(800)
	(c) Registrations of Industrial Undertakings exempted from licensing	274	1008	1214
	(of which those issued for backward areas)	(199)	(567)	(639)
	(d) Cases approved under the scheme of Minimum Economic Scales (MES)	36	71	71
	TOTAL	2650	3562	3561
2.	Industrial licences issued, cases approved for endorsement of higher capacities under the scheme of re-endorsement and cases approved under the scheme of broad-banding :			
	(a) Industrial licences issued by way of conversion of letters of intent/direct licences	332	334	325
	(of which those issued for backward areas)	(149)	(157)	(137)
	(b) Carry-on Business licences issued	58	67	51
	(of which those issued for backward areas)	(21)	(16)	(9)
	(c) Re-endorsements made under the scheme of re-endorsement of capacity	204	65	143
	(d) Cases approved under the scheme of broad-banding	75	93	55
	TOTAL	669	559	574
3.	Foreign collaboration approvals on the basis of clearance accorded by FIB	636	595	640
4.	DGTD registrations	651	543	404
	(of which those issued for backward areas)	(321)	(252)	(188)
5.	Capital Issues (Approvals) (Rs. crores)	8235	12076	12632
6.	Import of Capital Goods (Approvals) by Main Committee (Rs. crores)	1037	1633	854
7.	Total Financial Assistance by All-India Financial Institutions* (Rs. crores)			
	(a) Sanctions	13564	15035	19385
	(b) Disbursements	8375	9102	11643

*IDBI, IFCI, ICICI, UTI, GIC, LIC and SIDBI.

3.13 Investment climate in 1990-91 although remained somewhat dampened in the first half of the year by the mixed behaviour of the available investment indicators turned brighter in the second half of the year. Approvals granted by the Controller of Capital Issues (CCI) for new capital issues during the year at Rs. 12632 crores was about 4.6 per cent higher than Rs. 12076 crores approved in the previous year. Registrations granted under the exempted and delicensed categories for setting up new industrial capacities have increased substantially. More foreign collaborations were approved in the year than in 1989-90. However, fresh DGTD registrations and approvals granted for import of capital goods by CG (Main) Committee showed a marked decline over the previous year. Less number of industrial licences and letters of intent were issued during the year than in 1989-90. Financial assistance sanctioned by the All India Financial Institutions during 1990-91 at Rs. 19385 crores was 28.9 per cent more than Rs. 15035 crores sanctioned during the previous year. Disbursements also had gone up by 27.9 per cent from Rs. 9102 crores in 1989-90 to Rs. 11643 crores in 1990-91.

Capital Market

3.14 The capital market which had turned buoyant in 1988-89, continued to rule firm during 1989-90 with activities in both the primary and secondary markets touching new heights, in terms of new capital issues and appreciation in the values of shares. Approvals for new capital issues (including bonus shares) granted by the CCI during the year at Rs. 12,076 crores recorded a significant increase of 46.6 per cent over Rs. 8,235 crores in 1988-89. The number of companies to which approvals were granted also increased from 908 in 1988-89 to 1,038 in 1989–90. Out of these approvals, the actual issues, excluding bonus shares, by non-government public limited companies other than term-lending institutions, is estimated at Rs. 6,437 crores by 408 companies in 1989-90 compared with Rs. 3,165 crores by 341 companies in 1988–89, marking a quantum jump of over 104 per cent. The stock market, by and large, continued to rule firm during the year but for some short spells of slump in June, August and February. The annual average of RBI's All India Weekly Index Number of Ordinary Share Prices (Base 1980–81 =100) moved up from 247.5 in 1988-89 to 359.4 in 1989–90 recording an increase of 45.2 per cent. On a point to point basis, the Index at 400 for the week ended March 31, 1990, registered an increase of 25.9 per cent over 317.7 for the week ended April 1, 1989.

3.15 The capital market has been presenting a mixed trend during 1990-91. The primary market remained subdued till the end of the third quarter of the year and then made a smart recovery in the last quarter. Approvals for new issues granted by the CCI during the year at Rs. 12632 crores (including bonus shares) to 1146 companies was 4.6 per cent higher than Rs. 12076 crores granted to 1038 companies in 1989-90. Acutal issue of new shares and debentures (excluding bonus shares) in the market by 353 non-Government public limited companies (other than term lending institutions) during the year at Rs. 4130 crores marked a decrease of 36 per cent over the previous year's actual issue of Rs. 6473 crores. The buoyancy in the secondary stock market witnessed in 1989-90 continued unabated till around the middle of October 1990 when the RBI's All India Weekly Index Number of Ordinary Share Prices (Base : 1980-81=100) peaked to 654.2 on October 13,1990. Thereafter, the equity prices had shown a declining trend but recovered in the month of February 1991 and ruled easy upto the end of March 1991. The average of the Index for the year 1990-91 at 500, however, recorded a rise of 39.1 per cent over the 1989-90 level of 359.4. The boom in share prices witnessed till mid-October 1990 can be partly attributed to some strong contributing factors like encouraging corporate results, acceleration in the growth of industrial production since the last quarter of 1989-90, paucity of floating stocks of blue chip companies, mobilisation and deployment of large resources by the mutual funds and a substantial decline in the number and amount of new capital issues. The Gulf-crisis, and the not-so-bright outlook of industrial production in the following months are some of the factors which contributed to the dampening of share prices since October, 1990.

3.16 The tremendous growth of the capital market in recent years has thrown up some issues and problems which need to be tackled to ensure that the market functions in a healthy and orderly manner and sustains investors' confidence. With these objectives in view, a number of policy measures to regulate the capital market have been initiated by the Government in the past one year. The major regulatory measures initiated during 1990 in the fields of new issues, merchant banking, mutual funds and transactions in the secondary stock market are discussed in the following sections.

(i) *New Issues :*

3.17 Fresh guidelines were issued in April, 1990 stipulating that when new shares/debentures are issued by companies, allotment can be made only if 90 per cent of the amount issued is subscribed. Subscriptions received against rights/public issues will be kept in specified bank accounts and companies would not have access to such funds unless they have received an approval from the concerned regional stock exchange(s) for allotment. In July 1990, the Government released to the public the guidelines followed for the valuation of shares and fixation of premia with a view to bringing more transparency and openness in the system.

(ii) *Merchant Banking :*

3.18 With a view to bringing more transparency in the operations of Merchant Bankers, new guidelines on Merchant Banking have been issued by the Government in April, 1990. All merchant bankers must now obtain authorisation from the Securities and Exchange Board of India (SEBI) which has been entrusted with the task of supervising their activities.

3.19 In June 1990, guidelines regarding the cost of public issues were modified with the objective of enabling companies to make suitable payments to merchant bankers. The limits of 0.5 per cent and 0.2 per cent of fees payable to managers to the issue of equity and convertible debentures would be applicable for issues upto Rs. 25 crores (instead of Rs. 5 crores earlier) and for issues exceeding Rs. 25 crores (instead of issues exceeding Rs. 5 crores earlier), respectively.

(iii) *Mutual Funds :*

3.20 In June 1990, Government issued guidelines for the development and orderly functioning of Mutual Funds. All mutual funds except those established under statutes, shall be constituted as trusts, would require approval of the CCI and have to be registered with the SEBI. They should not, normally, invest more than 25 per cent of their assets in money market instruments, engage in term-lending and undertake investments in immovable property except for self-use. No mutual fund shall invest more than 5 per cent of its assets in the shares of any company and in more than 5 per cent of the total shares of any company under any one scheme. The maximum spread between the purchase and sale prices of units/shares of any scheme should not exceed 7 per cent of the sale price. They must distribute 80 per cent or more of the income earned during any year to the unit/share holders.

(iv) *Transactions in the secondary stock market*

3.21 In May, 1990, Government issued a set of guidelines in order to make the transactions in shares and debentures by All India financial and investment institutions more open and transparent.

3.22 With a view to preventing clandestine take-over bids and also to protect the interests of minority shareholders, Government amended Clause 40 of the Listing Agreement in May, 1990 by substituting it by Clauses 40-A and 40-B. Clause 40-A relating to substantial acquisition of shares, inter-alia, provides that a person shall not acquire 10 per cent or more of the voting rights in a company unless he notifies the Stock Exchange and fulfils conditions specified in Clause 40-B. The cut-off point for making a public announcement of take-over offer has been brought down from the earlier level of 25 per cent of the voting capital of a company to 10 per cent under the new Clause 40-B.

3.23 In June 1990, Government issued guidelines clarifying that all new shares should be traded and delivered for old shares provided that the new shares have been traded and delivered at least one day in the relevant settlement period with necessary adjustment for dividend.

Performances of Selected Basic Industries

Steel

3.24 There was a downslide in steel production in 1989-90. Production of saleable steel by the six integrated steel plants drifted from 9.21 million tonnes in 1988-89 to 9.03 million tonnes in 1989-90 because of lower performance by three Steel Authority of India (SAIL) plants of Durgapur, Rourkela and IISCO.

3.25 Aggregate production of saleable steel by the five integrated plants of SAIL during the year at 7.06 million tonnes was 2 8 per cent lower than the previous year's production of 7.26 million tonnes. (Table 3.8) SAIL could achieve only 90 per cent of its production target of 7.81 million tonnes. Labour unrest and shortages in the supplies of coal and power were the major factors which affected the production. The Seventh Five Year Plan had set a terminal year target of 9.73 million tonnes for the production of saleable steel by the integrated steel plants. Actual production in 1989-90 at 9.03 million tonnes fell short of the target by 7.2 per cent.

3.26 Estimated production of finished steel (including that of the secondary sector) during 1989-90 at 13 million tonnes was 1.2 per cent higher than the previous year's production of 12.84 million tonnes. More than 46 percent of the production of finished steel (6 million tonnes) has come from the secondary sector (mini steel plants) which is fast emerging as an important sector in steel production.

TABLE 3.8

Performance of Steel Sector

(Million Tonnes)

Item	1987-88	1988-89	1989-90	1990-91£	Percentage change 1988-89 / 1987-88	1989-90 / 1988-89	1990-91 / 1989-90
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1. Production of Saleable Steel by Main Producers :							
(a) SAIL	6.67	7.26	7.06	7.38	8.8	—2.8	4.5
(b) TISCO	1.92	1.95	1.97	1.95	2.6	1.0	—1.0
TOTAL	8.59	9.21	9.03	9.53*	7.2	—2.0	5.5
2. Production of Finished Steel :							
(a) Main Producers	6.57	7.09	7.00	7.19	7.9	—1.3	2.7
(b) Secondary Producers	5.11	5.75	6.00	6.21	12.5	4.3	3.5
TOTAL	11.68	12.84	13.00	13.40	9.9	1.2	3.1
3. Production of Pig Iron by Main Producers	1.17	1.01	1.23	0.87	—13.7	21.8	29.3

£Provisional.

*Including 0.20 million tonnes by VSP.

3.27 There has been a modest recovery in steel production in 1990-91. Production of saleable steel by the seven integrated steel plants (including Visakhapatnam Steel Project (VSP) which commenced production in 1990-91) during the year at 9.53 million tonnes was 5.5 per cent higher than 9.03 million tonnes produced in the previous year. SAIL had improved its capacity utilisation from 81 per cent in 1989-90 to 84 per cent in 1990-91. TISCO's production slipped marginally by 1 per cent. Total production of finished steel (including that of the secondary sector) during 1990-91 estimated at 13.4 million tonnes was 3.1 per cent higher than the production of 13.0 million tonnes in 1989-90. As a major policy change, Government have now decided to encourage the production of steel in the secondary sector by licensing a few new units which are based on new energy saving technology and use of sponge iron in place of the conventional scrap iron.

3.28 Production of saleable pig iron by the main producers increased substantially during 1989-90. Production at 1.23 million tonnes during the year was 21.8 per cent higher than the production of 1.01 million tonnes in 1988-89. Demand for pig iron during 1989-90 was estimated at around 1.75 million tonnes. The gap in indigenous production was partly filled by imports estimated at 0.31 million tonnes.

3.29 There was a substantial fall in the production of saleable pig iron by the main steel plants in 1990-91. At 0.87 million tonnes, production during the year was lower by 29 per cent than the production of 1.23 million tonnes in 1989-90. All the SAIL plants except IISCO in accordance with the plan for the year, curtailed their production of pig iron in order to concentrate more on the production of higher value added steel items than on uneconomic production of pig iron. Demand for pig iron during 1990-91 was estimated at 1.85 million tonnes. The gap in indigenous production was partly filled by imports estimated at 0.17 million tonnes. Government have decided to permit production of pig iron in the secondary sector. With more pig iron units coming up in the secondary sector, it is expected that the pressure on integrated steel plants would be reduced.

Cement

3.30 There was a mild deceleration in the growth of cement production in 1989-90. Production during the year at 45.79 million tonnes recorded a growth of only 3.4 per cent over the previous year's production of 44.29 million tonnes. The industry had achieved a record growth of 11.9 per cent in 1988-89 (Table 3.9). The limited growth in cement production during 1989-90 was contributed by large size plants in the private sector, while the large size plants in the public sector just maintained the previous year's level of production.

TABLE 3.9

Production Performance of Cement Sector

(Million Tonnes)

Plants	1987-88	1988-89	1989-90	1990-91£	Percentage change 1988-89 / 1987-88	1989-90 / 1988-89	1990-91 / 1989-90
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1. Large Size Plants :							
(i) Public Sector	5.11	5.29	5.29	4.96	3.5	No ch.	—6.2
(ii) Private Sector	32.32	36.47	37.68	40.81	12.8	3.3	8.3
2. White/Mini Cement Plants	2.16	2.53	2.82	3.09	17.1	11.5	9.6
TOTAL	39.59	44.29	45.79	48.86	11.9	3.4	6.7

£Provisional.

3.31 The Seventh Plan had targeted the installed capacity and production of cement in the terminal year of the Plan at 62 million tonnes and 49 million tonnes respectively. Actual production in 1989-90 at 45.79 million tonnes fell short of the Plan target by 6.6 per cent. The installed capacity of the industry at the end of March 1990 at 61.85 million tonnes (57.03 million tonnes in large plants and 4.82 million tonnes in white and mini plants) was marginally lower than the target. However, the country has not only achieved selfsufficiency in cement production but also exported some limited quantities in 1989-90.

3.32 Cement production during 1990-91 at 48.86 million tonnes was 6.7 per cent higher than the production of 45.79 million tonnes in the previous year. The increase in production has come entirely from the large scale plants in the private sector and the mini and white cement plants. Production by public sector cement plants declined by 6.2 per cent.

3.33 An additional capacity of 3.0 million tonnes in large scale plants was added by the cement industry during 1990-91, raising the total installed capacity in large plants to 60.03 million tonnes per annum including 2.2 million tonnes under trial run.

Fertilizers

3.34 Production of chemical fertilizers (Nitrogenous and Phosphatic) declined by 4.8 per cent from 8.96 million tonnes in 1988-89 to 8.53 million tonnes in 1989-90. The fall was entirely due to a severe set-back in the production of phosphatic fertilizers, which declined by 20.4 per cent from 2.25 million tonnes in 1988-89 to 1.79 million tonnes in 1989-90. Inadequate availability of imported phosphoric acid was the main reason for the shortfall. Production of nitrogenous fertilizers at 6.74 million tonnes, however, recorded a nominal growth of 0.4 per cent over the previous year's production of 6.71 million tonnes (Table 3.10).

3.35 The Seventh Plan had set the terminal year production targets of nitrogenous and phosphatic fertilizers at 6.56 million tonnes and 2.2 million tonnes respectively. Actual achievement in 1989-90 marginally exceeded the Plan target in the case of nitrogenous fertilizers, but fell short of the target in the case of phosphatic fertilizers. Installed capacity of the fertilizer industry in 1989-90 remained at the previous year's levels of 8.15 million tonnes of nitrogenous and 2.7 million tonnes of phosphatic fertilizers. The overall capacity utilisation of the industry declined from 82.6 per cent in 1988-89 to 78.7 per cent in 1989-90. Total offtake of fertilizer in 1989-90 at 11.69 million tonnes (including 1.18 million tonnes of potassic fertilizers) was less than the target of 12.0 million tonnes.

TABLE 3.10

Production Performance of Fertilizer Sector

(Thousand Tonnes)

Product	1987-88	1988-89	1989-90	1990-91£	Percentage change 1988-89 / 1987-88	1989-90 / 1988-89	1990-91 / 1989-90
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1. Nitrogenous :	**5466.0**	**6712.4**	**6742.3**	**6993.1**	**22.8**	**0.4**	**3.7**
(i) Public Sector	2649.8	3080.9	2882.3	2873.0	16.3	—6.4	—0.3
(ii) Private Sector	1615.4	2041.7	2209.8	2398.0	26.4	8.2	8.5
(iii) Co-operative Sector	1200.8	1589.8	1650.0	1722.1	32.4	3.8	4.4
2. Phosphatic :	**1665.0**	**2251.6**	**1791.6**	**2045.1**	**35.2**	**—20.4**	**14.1**
(i) Public Sector	510.0	670.6	435.6	510.9	31.5	—35.0	17.3
(ii) Private Sector	865.8	1284.7	1132.3	1301.1	48.4	—11.9	14.9
(iii) Co-operative Sector	289.2	296.3	223.1	233.1	2.5	—24.5	4.2
TOTAL (1+2)	7131.0	8964.0	8533.7	9038.2	25.7	—4.8	5.9

£Provisional.

3.36 The fertilizer industry has performed much better during the financial year, 1990-91. Total production of nitrogenous and phosphatic fertilizers during the year at 9.04 million tonnes was 5.9 per cent higher than the production of 8.53 million tonnes in the previous year. Production of nitrogenous fertilizers increased by 3.7 per cent from 6.74 million tonnes to 6.99 million tonnes and that of phosphatic fertilizers by 14.1 per cent from 1.79 million tonnes to 2.05 million tonnes. Bulk of this increase in the production of nitrogenous fertilizers has come from the private sector fertilizer plants which increased their production by 8.5 per cent from 2.21 million tonnes in 1989-90 to 2.40 million tonnes in 1990-91. The co-operative sector plants increased their production by 4.4 per cent. But, there was a marginal decline in the production of nitrogenous fertilizers by the public sector plants. However, in the production of phosphatic fertilisers, the public sector plants also performed equally well. The phenomenal increase in the production of phosphatic fertilizers in 1990-91 was primarily due to a lower base level production in the previous year on account of the short supply of phosphoric acid. The availability position of imported phosphoric acid was slightly better in 1990-91 although fell short of the normal requirement. The installed capacity of the fertiliser industry in 1990-91 remained more or less at the previous year's level of 8.15 million tonnes of nitrogenous and 2.75 million tonnes of phosphatic fertilisers. The increase in the production of fertilisers during the year was entirely the result of better capacity utilisation by the existing plants. The overall capacity utilization of the fertilizer industry had improved from 78.4 per cent in 1989-90 to 83.0 per cent in 1990-91. Targets set for the production of nitrogenous and phosphatic fertilizers for 1990-91 at 7 million tonnes and 2 million tonnes respectively were achieved..

Small Scale Industries

3.37 The small scale sector has been assigned an important role in the industrial development of the country on account of its inherent advantages like lower capital intensity and higher employment generation potential relative to large scale industries. Besides, the sector promotes decentralisation and regional dispersal of industrial activity and help widening the entrepreneurial base. The main thrust of the policy packages for the promotion of small scale industries in recent years has been on modernisation and technological upgradation.

3.38 In order to promote a quick and smooth development of small scale industries, an institutional framework has been created along with an attractive package of incentives and concessions which have been evolved to motivate and encourage a new generation of entrepreneurs. Major components of the package include concessional finance, concessions in central excise duty, marketing support through reservation of a large number of products for exclusive manufacture in the small scale sector and for exclusive/partial purchase from small scale units by Government Departments and Public Sector Undertakings, hire purchase facility for machinery, technical consultancy services, common facility services, testing facilities, industrial accommodation, supply of critical raw materials and provision of other infrastructural facilities.

3.39 Small scale industries continued to maintain good progress in 1989-90. The number of small scale units is estimated to have increased from 17.12 lakhs in 1988-89 to 18.26 lakhs (provisional) at the end of 1989-90 showing an increase of 6.7 per cent. The number of units is estimated to have further increased to 19.40 lakhs (provisional) at the end of December 1990. Employment in the sector is provisionally estimated to have increased from 113.0 lakh persons in 1988-89 to 119.6 lakh persons in 1989-90 marking an increase of 5.8 per cent. The employment is estimated to have increased to 126.26 lakh persons (provisional) by December 1990. Estimated value of production in the small scale sector in 1989-90 at Rs. 91,681 crores (provisional) (at 1984-85 prices) has shown an increase of 11.3 per cent over Rs. 82,400 crores in 1988-89. During the period April—December 1990, production in the sector provisionally estimated at Rs. 116,500 crores (at current prices) shows an increase of 10 per cent over the corresponding period of the previous year. Direct exports from the small scale sector have shown a significant increase from Rs. 4373 crores in 1987-88 to Rs. 5490 crores in 1988-89. Provisional data collected from the various Export Promotion Councils show that exports by the small scale sector at current prices amounted to Rs. 7626 crores in 1989-90. Considering the fact that the small scale sector is a resource agency for a large number of export-houses engaged in direct exports, it could be assumed that the actual contribution of the sector for exports is much higher than what is reflected in the data on direct exports by the sector.

3.40 Important policy measures initiated during 1990-91 for the development of small scale industries are :

(1) Commencement of operation by Small Industries Development Bank of India (SIDBI),

(2) Liberalisation of the Single Window Scheme introduced in 1988,

(3) Liberalisation of central excise exemption scheme for small scale industries, and

(4) Raising of ceiling on investment in plant and machinery for small scale industries.

3.41 With a view to promoting the industrial economy of the country in a harmonious manner, Government raised, with effect from April 2, 1991, ceiling on investment in plant and machinery of small-scale industries from Rs. 35 lakhs to Rs. 60 lakhs. The investment limit would be Rs. 75 lakhs for ancillary units and small scale units which undertake to export at least 30 per cent of the annual production by the end of the third year from the date of commencement of production. Some modification is also effected in the definition of ancillary industrial undertakings.

3.42 SIDBI, an apex bank with headquarters at Lucknow set up for financing small scale industries became operative from April 2, 1990. The bank has a portfolio of Rs. 4200 crores. It has a network of 26 regional and branch offices spread over all the States and Union Territories. The main thrust of the bank will be on new initiatives for simplification of the existing schemes and procedures, introduction of new schemes to fill the gaps in the existing system, extension of support services for the healthy growth of small scale industries, technological upgradation and modernisation of existing units and strengthening of the credit delivery mechanism so as to facilitate adequate and timely flow of credit assistance to the sector. The bank has proposed several new schemes to tackle the two major problems experienced by small scale and tiny industries, viz., inadequacy of marketing channels and delay in receipt of sale proceeds. It also proposes to provide factoring services to small scale sector.

3.43 The Single Window Scheme has been liberalised by raising the eligibility limits of project cost and working capital from Rs. 5 lakhs and Rs. 2.5 lakhs to Rs. 10 lakhs and Rs. 5 lakhs respectively in order to ensure the availability of credit to the smaller amongst the small scale units from a single agency, namely, State Financial Corporations (SFCs) and twin-function State Industries Development Corporations (SIDCs).

3.44 The turnover limit for exemption from central excise duty for small scale units has been enhanced from Rs. 15 lakhs to Rs. 20 lakhs in 1990-91 for units manufacturing a single item/product. The licensing limit has also been enhanced from Rs. 10 lakhs to Rs. 15 lakhs and the procedure for obtaining the licence has been simplified.

3.45 The District Industries Centre (DIC) Programme, initiated in 1978 as a centrally sponsored scheme to provide support services to small scale entrepreneurs in the widely dispersed rural areas and small towns, continued to be in operation during the year.

3.46 The scheme for providing self-employment opportunities to educated unemployed youth in the country continued during the entire period of Seventh Plan. The scheme covers educated unemployed youth in the age group of 18 to 35 years and provides financial assistance to them to start their own ventures in industry, services and small business. The loan limit for industrial ventures is Rs. 35,000 while it is Rs. 25,000 for service ventures and Rs. 15,000 for trade. Only youth belonging to families having an income upto Rs. 10,000 per annum are eligible for assistance. Under the scheme, 30 per cent of total sanctions have been reserved for scheduled castes and scheduled tribes. During 1988-89, as against a target of 2.50 lakh beneficiaries, 3.11 lakh cases were sponsored to banks, out of which 1.92 lakh cases were sanctioned involving a total financial assistance of Rs. 404.61 crores. A target of 1.25 lakh beneficiaries was fixed for 1989-90. As against this target, 1.84 lakh cases were recommended to banks which have sanctioned 1.07 lakh cases involving a total financial assistance of Rs. 224.83 crores.

3.47 The modernisation and technological upgradation programme was introduced by the Government with the basic objective of assisting small scale units in product development, technology upgradation, improvement in the process of manufacture, and testing and quality control. The coverage of the programme was initially limited to a few selected groups of industries. Now, all small scale industries qualifying for modernisation are covered under the programme. The scheme is implemented through the field offices of the Small Industries Development Organisation (SIDO). Upto March 1991, 907 units have registered themselves under the modernisation programme for getting in-plant studies conducted.

3.48 The first National Census of registered small scale industrial units was conducted in 1973-74 with 1972 as the reference year. In order to meet the gap in the availability of data, SIDO has launched the second All India census of small scale industrial units falling within its purview and registered with the State/ UT Directorates of Industries upto 31-3-1988. About 10 lakh units are expected to be covered during the census for collecting basic information like investment, employment, capacity, production, exports, etc. The census would help in building up the much needed data base for the small scale sector, essential for the proper planning of the programmes for the development of the sector.

3.49 The census is being conducted with the active assistance of the State/UT Governments. About 99 per cent of the field work of the census has been completed by the end of March 1991. The work of preparing the data which are being processed through computer by the National Informatics Centre has started concurrently with the field work in most of the States/UTs.

Khadi and Village Industries

3.50 Khadi and village industries constitute an important segment of the industrial economy of the country. Performance of this sector continued to show considerable improvement during 1989-90. The estimated production of the khadi and village industries during the year was of the order of Rs. 1963 crores compared with Rs. 1680 crores in 1988-89. The level of employment in the sector in 1989-90 was 46 lakhs as against 43 lakhs in the previous year. The sector was expected to provide employment to about 50 lakh persons during 1990-91. At present, apart from khadi, there are 96 village industries coming under the purview of Khadi and Village Industries Commission.

Industrial Policy

3.51 The initiatives taken in the past few years to reform the overall industrial policy regime to make it more conducive to the promotion of technological upgradation, cost-efficiency, competitiveness, freedom of investment, maximisation of capacity utilisation and exports continued in operation during the period under review. Further liberalisation of the regulatory framework announced during the period are:

(1) Guidelines for licensing of new sugar factories and expansion of existing ones were revised in July, 1990. Under the new guidelines the minimum economic capacity will continue to be 2500 tonnes cane crushed per day for new sugar factories. There will be no maximum limit and no relaxation for backward areas. The distance criteria has been relaxed and new sugar factories will now be licensed if there is no sugar factory within a radial distance of 15 kms.

(2) Minimum economic capacity was fixed for jelly-filled telecommunication cables at 12 lakh CKM per annum.

(3) In accordance with the policy measures initiated for the diversification of the use of jute, full fibre flexibility is now allowed for jute and textile mills. Jute

mills can use other fibres like cotton, synthetic and wool and the yarn made out of these fibres, and textile mills can use jute fibres and yarn for the manufacture of various jute products except the traditional jute packaging materials like sacking, hessian, jute twine and jute rope. Manufacture of these additional items will be allowed within the existing permitted/licensed capacity.

(4) In June 1990, the Government issued a new comprehensive set of guidelines simplifying the procedure for the licensing of steel units in the secondary sector. Under the new policy, Electric Arc Furnace (EAF) units may expand to the floor level minimum economic scale (MES) capacity of 1.5 lakh tonnes per annum of steel ingots/concast/billets/blooms/slabs subject to certain conditions regarding power availability, energy efficiency of the EAF, minimum level of sponge iron in the charge mix, etc. Existing sponge iron units are allowed to make downstream products like rolled products within an overall capacity ceiling of 2.5 lakh tonnes per annum. EAF units are allowed to diversify their production into any grade and type of steel within their overall licensed capacity. Steel making by Blast Furnace/Basic Oxygen Furnace route will also be allowed for the expansion of existing units to MES levels. In order to meet the projected demand for steel in the Eighth and Ninth Plans, it has been decided to encourage steel production in the secondary sector by licensing a few new units in the private/joint/assisted sector, with unit capacity of upto 1 million tonnes per annum.

Industrialisation of Backward Areas

3.52 With a view to facilitating a speedy dispersal of industrial growth to backward areas, Government continue to give direct physical incentives in the form of a location-specific deregulation of industries favouring backward areas. Seventy-two industries were delicensed for MRTP/FERA companies if units are set up in notified backward areas. Investment limit for industries exempted from licensing for non-MRTP and non-FERA companies has been kept at a higher level of Rs. 50 crores for backward areas as against Rs. 15 crores for other areas. Available investment indicators do not depict a clear picture of the investment flow to the backward areas. In 1989–90, as compared with the previous year, there was an increase in the number of industrial licences issued and registrations granted to exempted and delicensed industries for backward areas but there was a fall in the number of letters of intent issued and DGTD registrations granted for such areas (Table 3.7). Available evidences do not substantiate the efficacy of the new location policy in dispersing incremental industrial investment to backward areas.

New Growth Centre Scheme

3.53 One of the impediments in industrialisation of backward areas is the lack of adequate infrastructural facilities. For promoting industrialisation of backward areas in an effective manner, it was announced in 1988 that the focus would henceforth be on the development of growth centres that would act as magnets for attracting industries to these areas. The growth centres would be endowed with infrastructural facilities at par with the best available in the country, particularly in respect of power, water, telecommunications and banking. It has been decided to develop 70 growth centres during the Eighth Plan. These have been allocated to the States and Union Territories based on three criteria namely population, area and industrial backwardness as measured by inverse ratio of number of factory workers to total population. Each growth centre would be provided with funds to the tune of Rs. 25 to 30 crores from different sources. So far, locations of 60 growth centres have been identified and notified.

3.54 Detailed guidelines for the preparation of project reports for the growth centres have been formulated and circulated to the State Governments/UT Administrations. These guidelines have been framed keeping in view the area planning approach so that the surrounding areas and hinterland are also benefited from the industrial growth process. The project reports will include the organisational, administrative, financial, developmental, promotional and monitoring aspects of the growth centres alongwith a cost-benefit analysis. An administrative mechanism has been established in the Department of Industrial Development for appraisal of the project reports received from the State Governments and UT Administrations.

Industrial Sickness

3.55 At the end of December 1988, the latest period for which data are available, there were more than 2.4 lakh identified sick industrial units (including weak units) on the rolls of All India financial institutions and commercial banks, involving an outstanding bank credit of Rs. 7705 crores which was about 9.8 per cent of the total outstanding bank credit. Between end-December 1987 and end-December 1988, the number of sick units had gone up by 17.7 per cent and the outstanding bank credit against these units, by 23.2 per cent (Table 3.11). Although sickness has grown faster in the SSI sector in terms of number of units, in terms of outstanding bank credit it was faster in the non-SSI sector. More than 72 per cent of the bank credit outstanding in the accounts of sick industrial units as on end-December 1988 was in non-SSI sick and weak units.

TABLE 3.11

Industrial Sickness

Category	No. of Units			Amount Outstanding (Rs. crores)		
	End December 1986	End December 1987	End December 1988	End December 1986	End December 1987	End December 1988
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1. SSI Sick Units	145776 (21.9)	204259 (40.1)	240573 (17.8)	1306.10 (22.0)	1797.31 (37.6)	2141 00 (19.1)
2. Non-SSI Sick Units	1964 (7.7)	1119 (—43.0)	1241 (10.9)	3568.39 (11.5)	2801.79 (—21.5)	3387.30 (20.9)
3. Non-SSI Weak Units	—	720	770 (6.9)	—	1657.30	2177.00 (31.4)
TOTAL	147740 (23.5)	206098 (39.5)	242584 (17.7)	4874.49 (14.1)	6256.40 (28.3)	7705.30 (23.2)

NOTE :—Figures in parentheses indicate the percentage change over the previous year.

3.56 The viability status of the identified sick and weak industrial units as on end-December 1988 shows that 93 per cent of the sick SSI units involving an outstanding bank credit of Rs. 1551 crores and 44 per cent of the non-SSI sick and weak units involving an outstanding bank credit of Rs. 1867 crores were not viable for revival (Table 3.12). About 60 per cent of the viable SSI sick units and 62 per cent of the viable non-SSI sick and weak units had been brought under nursing programme till the end of December, 1988.

TABLE 3.12

Viability Position of Sick/Weak Units—End December, 1988

(Rs. crores)

Category	Sick SSI Units		Non-SSI Sick & Weak Units		Total	
	No.	Outstanding Bank Credit	No.	Outstanding Bank Credit	No.	Outstanding Bank Credit
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1. Viable units	13033 (5.4)	471.92 (22.0)	679 (33.8)	2419.83 (43.5)	13712 (5.7)	2891.75 (37.5)
2. Non-viable units	224080 (93.2)	1550.81 (72.5)	889 (44.2)	1867.07 (33.6)	224969 (92.7)	3417.88 (44.4)
3. Viability not decided	3460 (1.4)	118.27 (5.5)	443 (22.0)	1277.40 (22.9)	3903 (1.6)	1395.67 (18.1)
4. Total	240573 (100.0)	2141.00 (100.0)	2011 (100.0)	5564.30 (100.0)	242584 (100.0)	7705.30 (100.0)
5. (a) Units under nursing programme (b) As percentage of viable units	7788 (59.8)	361.17 (76.5)	418 (61.6)	1603.40 (66.3)	8206 (59.8)	1964.57 (67.9)

NOTE : Figures in brackets show percentage to total.

3.57 Policy measures initiated earlier by the Government and the Reserve Bank of India for the revival of sick industrial units as well as to check the growing incidence of industrial sickness continued to be pursued during the period under review. Some of the fresh guidelines issued by the RBI to scheduled commercial banks regarding the revival of sick units during the period are:

(1) Banks have been advised that the inter-se agreement among banks financing a healthy unit under consortium arrangement should provide for a clause to the effect that in case the unit turns sick, banks would be required to participate in the rehabilitation package in accordance with the instructions issued by the RBI.

(2) In the case of sick units where workers are interested in taking over the management by forming workers' co-operatives, banks have been advised to actively support the rehabilitation packages.

(3) While banks have been advised by the RBI, time and again, that they cannot dissociate themselves from rehabilitation of sick/weak industrial units, they are now given the option of selling their debts in respect of a sick unit to other willing banks at a discount as per the guidelines issued by the RBI.

(4) It has been decided that existing/additional facilities provided to sick/weak units under rehabilitation packages could be exempt from the application of the existing ceilings prescribed under the prudential norms of single group exposure limits.

(5) The present system of prior approval by the RBI for extending reliefs/concessions beyond the parameters fixed by it has been withdrawn for the grant of reliefs/concessions as part of the packages evolved for the rehabilitation of sick/weak units.

3.58 The setting up of the Board for Industrial and Financial Reconstruction (BIFR), a statutory body under the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) was a major step taken by the Government towards the rehabilitation of sick industrial units. BIFR became operative in 1987. Since its inception, upto the end of March 1991, it has received 1382 references under Section 15 of the Act. Of these references, 353 were rejected after initial scrutiny, 9 were under scrutiny and 1020 were registered. Of the registered cases, 954 have come up for the first hearing. After hearing, 175 cases were dismissed as not maintainable and 124 cases were approved under Section 17(2) after being satisfied that the company can make its net-worth positive on its own within a reasonable time. In the remaining 661 cases, operating agencies were appointed in respect of 533 cases under Section 17(3) of the Act. After considering the reports received from the operating agencies and further hearings, the Board sanctioned 182 revival schemes (including merger, change of management and leasing), recommended 120 cases to the concerned High Court for winding up, and ordered the sale of one unit. In addition, draft schemes were formulated in 45 cases and winding up opinion formed in 76 cases. The ratio of companies in the revival path to those on the road to liquidation works out to 1.8:1.

3.59 The scheme for the grant of excise loan to sick/weak industrial units announced by the Government in October 1989 has become operational. The scheme was further liberalised in September 1990 for sick industrial units employing more than 1000 workers and recommended by the BIFR for excise relief as part of an approved rehabilitation package. These units will be eligible for excise loan not exceeding 50 per cent of the excise duty actually paid for 5 years from the date of approval of the rehabilitation package subject to a ceiling of 33 per cent of the total cost of the rehabilitation.

Industrial Relations

3.60 Industrial relations situation was by and large stable in 1989-90. The number of mandays lost due to strikes and lockouts over industrial disputes declined from 29.10 millions in 1988-89 to 28.25 millions in 1989-90. According to the provisional data available, mandays lost in the first two quarters of 1990-91 was substantially lower than in the corresponding period of 1989-90.

Industrial unrest in general, has been confined to cotton and jute textiles and engineering industries in the States of Andhra Pradesh, Maharashtra, West Bengal and Tamil Nadu.

TABLE 3.13

Mandays Lost on Account of Strikes and Lockouts

(In millions)

Quarter	1988-89	1989-90*	1990-91*
I	7.39	10.82	4.76
II	7.98	7.03	3.28
III	7.03	5.88	...
IV	6.70	4.52	...
TOTAL	29.10	28.25	

* Provisional

... Not available

Outlook

3.61 Due to pressures on the balance of payments, Government had to impose certain restrictions on imports of capital goods, raw materials and components for the industry. In spite of these difficulties the momentum of industrial growth has been nearly maintained during 1990-91. The growth in industrial production has shown considerable acceleration in the first eleven months of 1990-91, which is mainly attributable to a better performance by the manufacturing sector compared with that of 1989-90. However, there was a sharp deceleration in industrial growth in the last month of 1990-91, pushing down the overall industrial growth for the year to a lower level of 8.4 per cent. The two infrastructural sectors, mining and electricity, have shown some deceleration. Restrictions on imports, supply shortages of energy sources and several credit squeeze measures undertaken by the Government may put a constraint on the growth of output in the manufacturing sector. There is an urgent and compelling need for some concerted and time-bound effort by the Indian industry to conserve energy by improving the efficiency of energy use and to augment export earnings by concentrating on export production and marketing.

CHAPTER 4

INFRASTRUCTURE

The performance of infrastructure sectors during the year 1990-91 has not been encouraging. Electricity generation, production of crude oil and refinery throughput showed signs of deceleration, or actual decline. However, production of coal and cargo handled at major ports achieved higher growth rates during 1990-91 compared to 1989-90. These trends suggest that infrastructural constraints may have an adverse impact on growth of output in the economy.

4.2 Power generation increased by only 7.7 per cent during 1990-91 compared with 10.8 per cent in 1989-90. The deceleration was due to decline in thermal generation. Thermal (including nuclear) power generation grew at only 5.1 per cent during 1990-91 compared with 12.1 per cent in 1989-90. The average plant load factor (PLF) for thermal units was also lower at 53.8 per cent during 1990-91 as against 56.5 per cent in 1989-90.

4.3 In the energy sector, coal production increased by 5.4 per cent during 1990-91 compared with 3.2 per cent in 1989-90; despatches of coal increased by 4.4 per cent compared with 4.3 per cent during 1989-90.

4.4 The performance of the petroleum sector has been disappointing. Domestic production of crude oil declined by 3.1 per cent during 1990-91 compared with an increase of 6.4 per cent in 1989-90. Given the disruption in supplies of crude oil imports from the Gulf, this was a cause for concern. The shortfall in the domestic production of crude oil for 1990-91 is estimated at 2.4 million tonnes, attributable in part to disturbances in Assam, which, cost us as much as Rs. 1,000 crores in foreign exchange. In terms of refinery throughput, production declined by 0.3 per cent during 1990-91, compared with an increase of 6.4 per cent in 1989-90.

TABLE 4.1

Trends in the Performance of Infrastructure Sectors

Item	Unit	1987-88	1988-89	1989-90	1990-91*	Percentage Change 1988-89 / 1987-88	1989-90 / 1988-89	1990-91* / 1989-90
Energy								
1. Coal								
(a) Production	Mn. tonnes	179.72	194.60	200.89	211.73	8.3	3.2	5.4
(b) Pithead stocks (year-end)	„	33.74	33.97	37.43	42.87	0.7	10.2	14.5
(c) Despatches	„	170.82	184.02	191.93	200.89	7.7	4.3	4.4
2. Electricity Generated (utilities only)	Bn. Kwh.	202.1	221.4	245.4	264.2	9.5	10.8	7.7
(a) Hydel	„	47.5	57.9	62.1	71.5	21.9	7.3	15.1
(b) Thermal (incl. nuclear)	„	154.6	163.5	183.3	192.7	5.8	12.1	5.1
3. Petroleum								
(a) Crude oil production	Mn. tonnes	30.36	32.04	34.09	33.03	5.5	6.4	—3.1
(b) Refinery throughput	„	47.75	48.80	51.94	51.77	2.2	6.4	—0.3
Transport and Communications								
1. Railways Revenue earning goods traffic	„	290.21	302.05	309.97	318.02	4.1	2.6	2.6
2. Cargo handled at major ports	„	133.69	146.43	148.14	152.55	9.5	1.2	3.0
3. Telecommunications— New Telephone connections provided (DELS)	'000 Nos.	313.08	374.94	416.22	482.65	19.8	11.0	16.0

*Provisional

4.5 Revenue earning goods traffic on the railways showed the same growth rate of 2.6 per cent during 1989-90 and 1990-91. Traffic in coal, foodgrains and fertilisers increased by 3.8 per cent, 6.9 per cent and 7.9 per cent respectively during 1990-91, while traffic in iron ore, destined mostly for exports, declined by 11.0 per cent. Cargo handled at major ports increased by 3.0 per cent during 1990-91 compared with 1.2 per cent in 1989-90.

4.6 The provision for new telephone connections increased by 16.0 per cent during 1990-91 compared with 11.0 per cent in 1989-90.

ENERGY

Coal

4.7 Production of coal was about 104 million tonnes on the eve of the Sixth Five Year Plan (1980-85). It recorded an annual average growth rate of 7.2 per cent during the Sixth Plan while it was only 6.4 per cent during the Seventh Plan period. The production of coal in 1990-91 at 211.73 million tonnes showed a growth rate of 5.4 per cent compared with a production of 200.89 million tonnes in 1989-90.

4.8 Production was affected in the Singareni Collieries Company Limited (SCCL), because of strike during most of September-October 1990 as well as heavy rains, among other, factors.

4.9 Total despatches at 200.39 million tonnes in 1990-91 were 4.4 per cent higher than 191.93 million tonnes despatched during 1989-90. Despite higher despatches the pit-head stocks at 42.87 million tonnes in 1990-91 were 14.5 per cent higher than in 1989-90

TABLE 4.2

Trends in Coal Sector

(Million Tonnes)

S.No.	Item	1987-88	1988-89	1989-90	1990-91£	Percentage Change 1988-89 / 1987-88	1989-90 / 1988-89	1990-91£ / 1989-90
1	2	3	4	5	6	7	8	9
	Production							
	(i) CIL	159.03	171.50	178.62	189.64	7.8	4.2	6.2
	(ii) SCCL	16.40	18.61	17.80	17.71	13.5	—4.4	—0.5
	(iii) Others	4.29	4.49	4.47	4.38	4.7	-0.4	—2.0
	Total	179.72	194.60	200.89	211.73	8.3	3.2	5.4
2.	Pit-head stocks (year-end)	33.74	33.97	37.43	42.87	0.7	10.2	14.5
3.	Despatches	170.82	184.02	191.93	200.39	7.7	4.3	4.4
4.	Lignite (production)	11.16	12.40	12.80	11.76*	11.1	3.2	—8.1

£Provisional
*Production of Neyveli Lignite Corp. only.

4.10 The Coal India Limited (CIL) improved its productivity (measured in terms of output of raw coal per manshift or OMS) in 1990-91. It achieved an overall OMS of 1.31 tonnes in 1990-91 against 1.21 tonnes in 1989-90. The OMS of SCCL increased from 0.99 tonnes in 1989-90 to 1.18 tonnes during 1990-91.

4.11 By the end of 1990-91, there were 24 projects each costing over Rs. 100 crore under implementation. Out of these 20 were in the coal sector and 4 in the lignite sector. There had been delays in case of 9 projects due to problems relating to acquisition of land, rehabilitation of land oustees as well as supply of equipment by local manufacturers.

Lignite

4.12 Lignite production increased on an average by 24.3 per cent annually during the Sixth Plan. The growth rate during the Seventh Plan was however only 10.6 per cent per annum. Production of lignite in Neyveli Lignite Corporation (NLC) which produces most of the lignite in the country went upto 11.76 million tonnes in

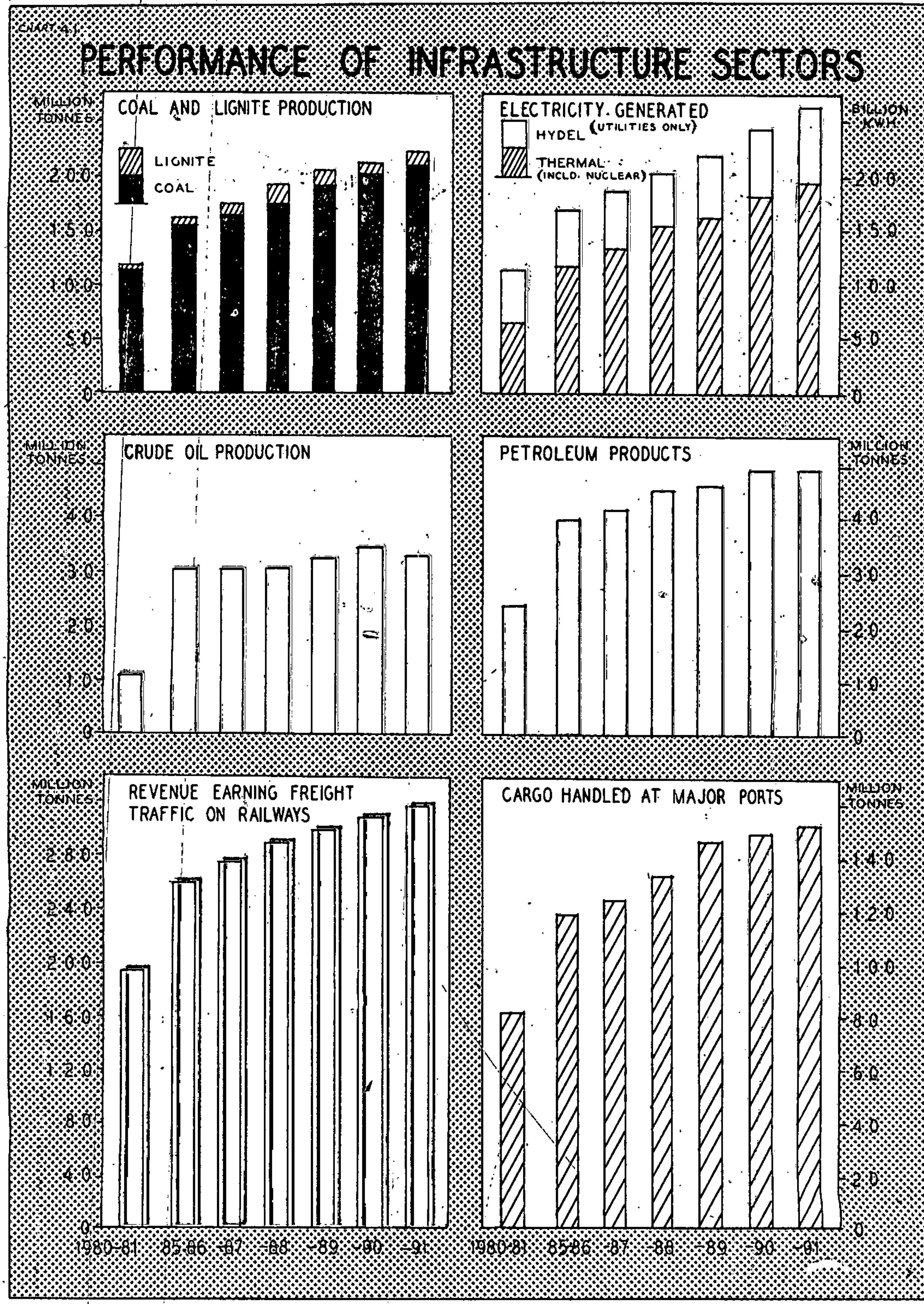


CHART 4.1
PERFORMANCE OF INFRASTRUCTURE SECTORS
MILLION TONNES
COAL AND LIGNITE PRODUCTION
LIGNITE
COAL
ELECTRICITY GENERATED (UTILITIES ONLY)
HYDEL
THERMAL (INCLD. NUCLEAR)
BILLION KWH
CRUDE OIL PRODUCTION
PETROLEUM PRODUCTS
REVENUE EARNING FREIGHT TRAFFIC ON RAILWAYS
CARGO HANDLED AT MAJOR PORTS
1980-81
85-86
-87
-88
-89
-90
-91

1990-91 against 11.23 million tonnes in 1989-90. Some small quantities of lignite are also produced in mines managed by the Gujarat Mineral Development Corporation (GMDC). NLC has also recorded significant achievements in the field of power generation and is functioning as a nodal agency for the exploration of lignite deposits in Rajasthan, Gujarat and Jammu & Kashmir.

Electricity

4.13 Energy generation (total utilities in terms of hydel, thermal and nuclear) recorded an annual growth rate of 8.5 per cent during the Sixth Plan. Of the total power generated, hydel power registered an annual growth rate of 3.5 per cent, thermal 12 per cent and nuclear 12.4 per cent. During the Seventh Plan, the total power generation grew at a rate of 9.4 per cent. Hydel power recorded a growth rate of 3.5 per cent, thermal power grew at a somewhat higher rate of 12.6 per cent, while nuclear power grew at a rate of 3.5 per cent per annum. The pattern of electricity consumption has also undergone a change during the two plan periods. On the eve of the Sixth Plan (1979-80) 58.9 per cent of total electricity consumption was accounted for by the industrial sector while the share of agriculture was 17.2 per cent. However during the terminal year of the Seventh Plan (1989-90), the share of agriculture has gone up to 25 per cent while that of industry has declined to 46.3 per cent.

4.14 The share of thermal power in the hydel-thermal mix has been steadily rising. At present, thermal power contributes about 69.8 per cent to the total power generated. There has been continuous improvement in the performance of thermal power stations in recent years. At the beginning of the Sixth Plan, the PLF (Plant Load Factor) of thermal power plants was 44.3 per cent. It improved to 50.1 per cent by 1984-85 and to 56.5 per cent in 1987-88. However, during 1988-89 the PLF of thermal plants declined to 55 per cent because of lower agricultural demand on account of favourable monsoon. In 1989-90, the PLF had improved once again to 56.5 per cent; it went down to 53.8 per cent in 1990-91.

4.15 The central sector PLF in 1989-90 was 62.2 per cent as against 62.6 per cent in 1988-89. The PLF of the state sector was 53 per cent compared to 51.6 per cent during the previous year. The private sector PLF during 1989-90 was 69.5 per cent compared with 63.2 per cent in 1988-89.

TABLE 4.3

Trends in the Power Sector (Utilities only)

Sl. No.	Item	1987-88	1988-89	1989-90	1990-91*	Percentage Change 1988-89 / 1987-88	1989-90 / 1988-89	1990-91* / 1989-90
1.	Power Generation (Billion KWH)	201.1	221.4	245.4	264.2	9.5	10.8	7.7
	(i) Hydel	47.5	57.9	62.1	71.5	21.9	7.3	15.1
	(ii) Thermal (incl. nuclear)	154.6	163.5	183.3	192.7	5.8	12.1	5.1
2.	Plant Load Factor of Thermal Plants (per cent)	56.5	55.0	56.5	53.8	—	—	—

*Provisional

4.16 The fall in the PLF during 1990-91 could be attributed to inadequate supplies of coal and backing down due to favourable monsoon conditions. The State Electricity Boards of Andhra Pradesh, Karnataka, Tamil Nadu, Punjab, Gujarat, Maharashtra, Madhya Pradesh, the West Bengal Power Development Corporation, the Delhi Electric Supply Undertaking (DESU) and Uttar Pradesh Electricity Board continued to maintain a PLF at more than 50 per cent during 1990-91. Private utilities achieved a PLF of 58.4 per cent during 1990-91 against the target of 58.6 per cent.

TABLE 4.4

Organisation-wise P.L.F. Targets and Actual Achievements during the year 1989-90 & 1990-91

Sl. No.	Board/Undertaking/ Sector	P.L.F. (Percentage) 1989-90 Actual	1990-91 Target	1990-91 Actual
	PLF Above 50%			
1.	Karnataka Power Corporation	76.9	63.9	76.3
2.	Andhra Pradesh State Elecy. Board	66.1	66.6	65.8
3.	Tamil Nadu State Electricity Board	64.3	59.3	58.3
4.	Maharashtra State Electricity Board	58.6	56.2	58.2
5.	Gujarat State Electricty Board	60.4	55.5	57.7
6.	West Bengal Power Development Corpn.	57.8	52.2	57.3
7.	Punjab State Electricity Board	60.8	66.0	53.0
8.	Madhya Pradesh Electricity Board	50.9	56.2	52.7
9.	Uttar Pradesh State Electy. Board	48.9	52.0	52.1
10.	Delhi Electric Supply Undertaking	55.5	59.7	50.9
	PLF 40% to 50%			
1.	Rajasthan State Electy. Board	57.7	56.2	42.8
	PLF below 40%			
1.	Haryana State Electricity Board	44.1	46.2	34.6
2.	Orissa State Electricity Board	35.6	34.7	34.0
3.	West Bengal State Elecy. Board	34.8	39.6	30.9
4.	Assam State Electricity Board	27.8	35.0	27.7
5.	Durgapur Project Ltd. (DPL)	18.1	29.3	24.5
6.	Bihar State Electricity Board	31.9	37.1	24.0
7.	Uttar Pradesh Vidyut Utpadan Nigam	—	32.6	—
	PLF CENTRAL SECTOR (TOTAL)	62.2	61.5	58.1
	PLF of Individual Units			
1.	Neyveli Lignite Corporation	68.6	64.5	69.6
2.	National Thermal Power Corporation	66.4	64.2	60.9
3.	Damodar Valley Corporation	37.8	43.8	33.3
	PLF : PRIVATE UTILITIES (TOTAL)	69.5	58.6	58.4

4.17 Thermal generation in 1989-90 was 178.7 billion KWH. This was 13.3 per cent higher than in 1988-89 but fell short of the target by 2.1 per cent. The shortfall was mainly due to reduced load demand, particularly from the agricultural sector on account of favourable monsoon conditions. Hydel power generation at 62.1 billion KWH in 1989-90 marked an improvement of 7.3 per cent over 1988-89 and was equal to the target fixed. The nuclear power generation in 1989-90 at 4.6 billion KWH was however less by 20.7 per cent than the level reached in 1988-89 on account of problems in the nuclear power reactors.

4.18. The total power generation in 1990-91 was 264.2 billion KWH recording an increase of 7.7 per cent over 1989-90 at 245.4 billion KWH. Hydel power generation was higher by 15.1 per cent at 71.5 billion KWH while thermal (including nuclear) power generation went upto 192.7 KWH showing an increase of 5.1 per cent over 1989-90.

4.19. The target for additional power generation capacity in 1990-91 was revised to 4212 MW comprising 2970.5 MW thermal and 1006.5 MW hydro-power generation. Actual capacity rolled/commissioned during 1990-91 was 2776.5 MW out of which 2331 MW was from thermal and 445.5 MW from hydel-power. A capacity addition of 22,245 MW was targeted for the Seventh Plan. Actual achievement has however been lower at 21,401.6 MW.

TABLE 4.5

Power Generation Capacity: Target/Achievements

Sector	1990-91 Programme No.	Programme Capaity (MW)	Commissioned/ Rolled No.	Commissioned/ Rolled Capacity (MW)
Thermal	34	2970.5	22	2331.0
Hydel	35	1006.5	9	445.5
Nuclear	1	235.0	—	—
TOTAL	70	4212.0	31	2776.5

4.20 Despite large investment in power sector over the four decades of planned development, there is a persistant shortage of power in the country. Given the highly capital-intensive nature of power sector and severe strain on resources, the Government has allowed private participation in power generation, distribution and supply.

CONSERVATION OF ENERGY

4.21 Consumption of energy in different sectors has shown rapid increase in recent years. Commercial sources of energy account for over 60 per cent of our total energy supply which is likely to go up to 80 per cent in the next decade and a half. Of the commercial sources of energy, coal and lignite contribute about 56 per cent, oil and natural gas around 40 per cent, hydro-electric power about 3 per cent and nuclear 1 per cent. The share of non-commercial sources has declined very sharply over the years. Sectoral profile of consumption of energy shows that industry is the largest consumer of electricity and coal while the transport sector is the largest consumer of oil. Of all the sources of commercial energy, oil has the highest import content, at about 40 per cent of our requirement. The Gulf crisis and delicate balance of payments position has reinforced the need for energy conservation, containment of growth in consumption and imports, and search for alternatives of petroleum products.

4.22 There is considerable scope for improving efficiency in use of different sources of energy. Bulk of electricity in industrial sector is consumed by energy-intensive industries like aluminium, iron and steel, textiles, chemicals, paper and collieries. Energy consumption per unit of product does not compare favourably with other countries. Similarly, transmission and distribution losses at around 23 per cent are much higher than the losses at about 6-12 per cent in other countries. The need to reduce these losses and improving energy-efficiency of industrial sector is evident.

4.23 The area where the need for conservation is most urgent, however, is the oil sector. There is evidence that the economy has become more oil-intensive in recent years. Consequently, our dependence on oil as a source of energy has risen significantly. Since oil is used as a swing fuel, it has to fill the gap in supply of other sources of energy. Transport sector consumes about 48 per cent of petroleum products as fuel and industrial sector consumes about 32 per cent as feedstocks or fuels for fertilisers, petrochemicals, road construction and a variety of other industrial purposes. Rising rate of consumption of petroleum products in the context of depreciation of rupee and hardening of international oil prices may sharply increase the oil import bill and adversely affect the balance of payments position. It may be necessary to check the growth in demand for petroleum products through a package of price and non-price measures. Although demand for petroleum products is believed to be relatively price in elastic, a proper energy pricing policy must accompany measures on non-price front. Measures to contain petroleum consumption include prevention of wastages, leakages and losses of energy; operation of plant and equipment at optimum levels; investment in energy efficient equipments; establishment of energy conservation cells by major users and energy audit on a wider scale. Linking Government subsidies and term loans by financial institutions to adoption of appropriate energy conservation measures can help in introducing awareness of energy conservation in our country. In the transport sector, improving the fuel efficiency of vehicles, improving road conditions, transfer of long distance freight traffic from roads to railways, moderation in rate of growth of personalised forms of transport and improvement of public transport systems can result in substantial savings of petroleum products. As large amount of petroleum is used as swing fuel, if supply of electricity is improved and made more dependable, significant amounts of petroleum can be saved. These steps must necessarily be supplemented by a programme to generate awareness on merits of energy conservation. Unfortunately, measures taken to encourage-conservation of petroleum products in important sectors like transport, industry, agriculture and domestic have not met with much success while the growth of domestic consumption of petroleum products has continued to register increase.

4.24 During 1990-91, various schemes and demonstration projects were taken up by the energy Conservation Cell of the Department of Power. These included energy audits, rectification of pumpsets system improvement schemes, development of fuel-efficient body and chassis, training programme and studies among others. Petroleum Conservation Research Association under the Department of Petroleum has also taken up projects on training of drivers in the State Road Transport; State Energy Development Agencies have also taken up energy conservation programmes including compulsory audit and promotion of energy efficient devices.

Petroleum

4.25 Domestic production of crude oil during the Sixth Five Year Plan (1980-85) recorded a growth of 21.7 per cent per annum which decelerated to 3.3 per cent per annum in the Seventh Plan (1985-90). As a consequence, imports grew at an annual rate of 7.5 per cent during the 7th Plan compared with a decline of 2.9 per cent in Sixth Plan period. The growth in refinery throughput was, however, higher in the Seventh Plan at 8.1 per cent per annum compared with 5.6 per cent in the previous plan. Domestic consumption of petroleum products recorded a higher increase of 6.8 per cent per annum during the Seventh Plan compared with 5.5 per cent in the Sixth Plan. Consumption of HSD was particularly higher at 8.6 per cent compared to about 7 per cent in the previous plan. The growth in domestic production of petroleum products was higher at 8.1 per cent per annum during the Seventh Plan compared with the growth rate of 5.5 per cent per annum registered during the Sixth Plan. During the year 1990-91, the production of petroleum products decreased by 0.3 per cent whereas the consumption increased by 0.9 per cent over the corresponding period last year.

4.26 Production of crude oil during 1989-90 was 34.1 million tonnes which was 6.4 per cent higher than previous year's level of 32 million tonnes, but it fell short of target by 0.22 million tonnes. The Oil and Natural Gas Commission (ONGC) produced 31.4 million tonnes of crude oil of which 9.7 million tonnes was from onshore area and 21.7 million tonnes from offshore area. The onshore production by the Oil India Ltd. (OIL) at 2.7 million tonnes in 1989-90 was in line with the target.

TABLE 4.6

Trends in Petroleum Sector

(Million Tonnes)

Item	1987-88	1988-89	1989-90	1990-91*	Percentage change 1988-89 / 1987-88	1989-90 / 1988-89	1990-91* / 1989-90
1	2	3	4	5	6	7	8
1. Crude Oil Production	30.36	32.04	34.09	33.03	5.5	6.4	—3.1
(i) On-shore	10.20	10.93	12.37	11.83	7.2	13.2	—4.4
(a) ONGC	7.75	8.50	9.67	9.18	9.7	13.8	—5.1
(b) OIL	2.45	2.43	2.70	2.65	—0.8	11.1	—1.9
(ii) Off-shore (ONGC)	20.16	21.11	21.72	21.20	4.7	2.9	—2.4
2. Refinery Throughput	47.75	48.80	51.94	51.77	2.2	6.4	—0.3
3. Production of Petroleum Products	44.73	45.70	48.69	48.56	2.2	6.5	—0.3
4. Natural Gas (Bn Cubic Metres)	11.47	13.72	16.99	17.98	15 3	28.5	5 8

*Provisonal

4.27 The total refinery crude throughput during 1989-90 at 51.9 million tonnes was 6.4 per cent higher than 48.8 million tonnes in 1988-89. Average capacity utilisation of refineries measured in terms of actual crude throughput as percentage of installed capacity, remained the same at 100.2 per cent as in 1988-89. Production of petroleum products in 1989-90 at 48.7 million tonnes represented an increase of 6.5 per cent over the level reached in 1988-89. Production of natural gas in 1989-90 at 17 billion cubic metres was also higher by 28.5 per cent than that in the previous year.

4.28 For the year 1990-91, the production of crude oil has fallen short of the target. The production of crude oil was 33.0 million tonnes against the target of 35.9 million tonnes representing an achievement of 92 per cent of the target. The production during the year was less by 3.1 per cent than the level of production achieved in 1989-90. The main reasons for shortfall in production during 1990-91 were agitation in Assam, problems relating to the disposal of LSHS from Koyali Refinery, Gujarat and a large number of wells becoming sick in the western region.

4.29 The refinery crude throughput of 51.8 million tonnes was slightly more than the target of 51.2 million tonnes for the year 1990-91. The target for the production of petroleum products for 1990-91 was 51.2 million tonnes and the achievement of 48.6 million tonnes works out to 95 per cent of the target. The capacity utilisation of refineries during the year 1990-91 was 99.8 per cent compared to 100.2 per cent achieved in 1989-90.

4.30 The gross import of crude oil and petroleum products during 1989-90 at 26.1 million tonnes was about 7.4 per cent higher than 24.3 million tonnes imported in 1988-89. The import of crude oil and petroleum products for the year 1990-91 was 29.3 million tonnes representing an increase of 12.3 per cent over the previous year.

Natural Gas

4.31 The production of natural gas during the year 1990-91 was 18.0 million cubic metres which is 5.8 per cent higher than the production of 17 billion cubic metres achieved during the previous year. The utilisation of gas in 1990-91 was 12.8 billion cubic metres compared to 11.2 billion cubic metres in 1989-90.

TABLE NO. 4.7

Consumption of Petroleum Products@

(Milion Tonnes)

Sl. No.	Item	1987-88	1988-89	1989-90	1990-91*	Percentage change 1988-89 / 1987-88	1989-90 / 1988-89	1990-91* / 1989-90
1.	Light Distillates : of which	**7.55**	**8.62**	**9.41**	**9.76**	**14.2**	**9.2**	**3.7**
	(a) Naphtha	2.85	3.36	3.35	3.42	17.9	—0.3	2.1
	(b) LPG	1.69	1.96	2.27	2.42	16.0	15.8	6.6
	(c) Mogas	2.81	3.05	3.49	3.54	8.5	14.4	1.4
2.	Middle Distillates: of which	**28.01**	**29.96**	**32.48**	**32.91**	7.0	**8.4**	**1.3**
	(a) Kerosene	7.23	7.73	8.24	8.39	6.9	6.6	1.8
	(b) High Speed Diesel Oil	17.66	18.80	20.71	21.07	6.5	10.2	1.7
3.	Heavy Ends: of which	**10.86**	**11.52**	**12.20**	**11.94**	**6.1**	**5.9**	**—2.1**
	Fuel Oil	8.14	8.46	8.82	8.78	3.9	4.3	—0.5
	Total	46.42	50.09	54.10	54.61	7.9	8.0	0.9

@Excluding RBF.
*Provisional.

4.32 Considering the importance of natural gas as an important source of fuel and feedstock in various sectors, such as fertilisers, power generation, sponge iron, LPG, ethane and propane, it is not prudent that this valuable source of energy should be wasted through flaring. During the Sixth Plan, on an average, 39 per cent of gross production of natural gas was flared. Even during the Seventh Plan, about 32 per cent of gas was flared. During the Sixth Plan, annual average growth in gross production of natural gas was 23.8 per cent but flaring of gas increased at a rate of 31.2 per cent per annum. During the Seventh Plan, gross production grew at an annual rate of 18.7 per cent while gas flaring grew at a somewhat lower rate. The Government has, therefore, formulated a policy framework for development, use and allocation of natural gas and for elimination of flaring of this valuable resource. A US $ 3 billion "Stoppage of Flaring of Gas" Project has been conceived; currently loan from the World Bank and the ADB are being negotiated for this project. It is hoped that with the implementation of this project, flaring of gas in Western offshore would come down to zero. Downstream consumers for the gas that would thus become available for use have already been identified.

Renewable Sources of Energy

4.33 The progress launched in the country for the development and utilisation of the new and renewable sources of energy (NRSE) continued to gain momentum and are poised for further stride. Major thrust areas include programmes relating to bio-energy, solar energy, wind power and micro-hydel. Over 14.02 lakh biogas plants had already been set up in the country till the end of 1990-91 under the National Project for Biogas Development. The capacity available for generation from these plants is estimated to be equivalent to about 49.54 lakh tonnes of fuelwood valued at Rs. 198 crores. The target for 1991-92 is fixed at 1.47 lakh plants. Under the National Programme for Improved *Chulhas*, about 17 lakh fuel-efficient and smokeless *Chulhas* were set up in 1990-91, bringing the total number installed to about 100 lakh *Chulhas*. These improved *Chulhas* are estimated to have the potential of saving 70 lakh tonnes of wood valued at Rs. 280 crore per year, in addition to benefits of preserving the environment.

4.34 The achievements under the solar thermal extension programme are also noteworthy. Physical achievements under this Programme for the period ending March 1991 include setting up of a total collector area of 1.72 lakh square metres for purposes such as water heating, distillation of water, timber seasoning etc. Over 1.76 lakh solar cookers have been sold so far. About 7500 village hamlets have been provided with solar photovoltaic street lighting systems and about 400 kwp capacity has been set up through experimental solar PV power plants.

4.35 Under the wind energy development and demonstration programme, 2711 wind pumps have been installed and wind farm projects of an aggregate capacity of about 37 MW have been set up in 7 states. About 760 biomass gasifier systems, which can each achieve a diesel replacement of over 65 per cent, have also been installed under a demonstration programme.

4.36 A financing institution called the Indian Renewable Energy Development Agency (IREDA) was set up by the Government in March 1987 for NRSE projects. The agency has by now sanctioned total of 125 projects relating to areas such as biomass utilisation for heat, steam and power generation, solar thermal energy, generation of biogas/power from industrial effluents, battery powered vehicles, wind energy, mini-macro hydel as well as for manufacturing equipment needed for various NRSE systems and devices. In 1990-91 IREDA sanctioned loans for 55 projects as against 31 projects in 1989-90 involving a total outlay of Rs. 2629.35 lakhs as against Rs. 582.87 lakhs in 1989-90. Out of these projects, only 9 projects have so far been commissioned. From its inception, IREDA has sanctioned a total of 125 projects, out of which 49 projects have been commissioned as on 31st March, 1991.

Transport

Railways

4.37 During the Seventh Plan period, the size of the railway network increased from 61,850 route kms to 62,211 route kms, and additional 2,812 route kms were electrified taking the total route kms electrified to 9,137. While the trunk routes Howrah-Delhi and Delhi-Bombay via Western Railway and Delhi-Madras have already been electrified, the electrification of Howrah-Bombay is expected to be completed during 1991. During the Seventh Plan, 19,623 kms of track renewal was completed compared with 9,541 kms in the Sixth Plan.

4.38 During the Seventh Plan period. the originating freight traffic tonnage recorded an increase of 26.2 per cent while freight output in tonne kms increased by 30 per cent. The originating passengers carried went up by 9.6 per cent and passenger kms increased by 23.9 per cent. As higher priority was accorded to developing capacities for meeting the demands for freight traffic, adequate passenger traffic capacities could not be built. The performance of the railways during the Seventh Plan has, by and large, been satisfactory. However, the actual track renewal was 19623 kms against the target of 21,000 kms and the actual electrification completed was for 2812 route kms against a target of 3400 route kms.

4.39 During 1989-90, the railways lifted 334.3 million tonnes of freight traffic of which 310 millon tonnes was revenue earning. The total originating tonnage was 1.5 per cent higher than 329.5 million tonnes lifted in 1988-89. In terms of tonne kms, the output was 236.9 billion tonne kms (btkms) as against 230.1 btkms in 1988-89.

TABLE 4.8

Performance of Railway Sector

Sl. No.	Item	1987-88	1988-89	1989-90	1990-91*	Percentage Change 1988-89 / 1987-88	1989-90 / 1988-89	1990-91* / 1989-90
1	2	3	4	5	6	7	8	9
1.	Total revenue earning freight traffic (million tonnes)	290.21	302.05	309.97	318.02	4.1	2.6	2.6
	(i) Coal	119.84	128.01	130.15	135.06	6.8	1.7	3.8
	(ii) Raw materials for steel plants (excl. coal)	24.86	26.97	27.43	25.90	8.5	1.7	—5.6
	(iii) Pig iron & finished steel from steel plants	9.87	10.18	10.15	10.01	3.1	—0.3	—1.4
	(iv) Iron ore for export	13.04	13.64	14.76	13.14	4.6	8.2	—11.0
	(v) Cement	22.32	25.91	27.45	28.74	16.1	5.9	4.7
	(vi) Foodgrains	30.13	24.88	23.66	25.29	—17.4	—4.9	6.9
	(vii) Fertilizers	13.18	16.10	16.97	18.31	22.2	5.4	7.9
	(viii) P.O.L.	21.69	22.60	24.31	25.05	4.2	7.6	3.0
	(ix) Balance 'Other Goods'	35.28	33.76	35.09	36.50	—4.3	3.9	4.0
2.	Net tonne kilometre (billion)	222.53	222.37	229.60	235.14	—0.1	3.3	2.4
3.	Net tonne kilometre per wagon per day (BG)	1449	1453	1428	1455	0.3	—1.7	1.9
4.	Passenger traffic Originating (million)	3792	3500	3653	3744	—7.7	4.4	2.5
5.	Passenger kilometre (billion)	269.4	263.7	280.8	295.0	—2.1	6.5	5.1

*Provisional

4.40 Despite the loss of 8.3 MT of freight traffic upto December 1990 due to civil disturbance shortages of diesel and natural disasters, the Railways were able to surpass their revised target of 316.8 MT for 1990-91. The revenue earning traffic loaded increased by 2.6 per cent and touched 318 MT in 1990-91 as against 310 MT in 1989-90.

4.41 Passenger traffic in 1990-91 recorded an increase of 2.5 per cent and reached 3744 million passengers compared with 3653 million passengers carried during 1989-90. Similarly, the passenger-kilometres registered an increase of 5.1 per cent and reached 295 billion kms compared with 280.8 billion kms in 1989-90.

Ports

4.42 At the end of the Seventh Five Year Plan, cargo handling capacity at 11 major ports was assessed at 149.1 million tonnes as against 132.7 million tonnes at the end of the Sixth Plan. In the context of formulating plans for capacity augmentation during the Eighth Five Year Plan, the existing capacities at major ports were re-assessed in view of the improved berth productivities. This assessment placed the capacity at 161.3 million tonnes at the end of the Seventh Plan.

4.43 Cargo handled at major ports during 1990-91 at 152.6 million tonnes exceeded target of 151 million tonnes and was also higher than the throughput of 148.1 million tonnes handled in 1989-90. Major increases were recorded in the traffic of POL (21.8 lakh tonnes), Coal (22 lakh tonnes) and fertiliser and fertilser raw materials (9.9 lakh tonnes). However the traffic in Iron Ore and foodgrains declined in 1990–91 as compared with 1989–90. Traffic handled at Paradip, Bombay, New Mangalore and Kandla, ports crossed the target as well as the traffic handled during 1989-90

TABLE 4.9

Trends in Traffic at Major Ports

(In million tonnes)

Commodity	1987-88	1988-89	1989-90	1990-91*	Percentage Change 1988-89 / 1987-88	1989-90 / 1988-89	1990-91* / 1989-90
1	2	3	4	5	6	7	8
POL	63.16	64.33	63.60	65.78	1.9	—1.1	3.4
Iron Ore	28.75	32.74	33.21	31.87	13.9	1.4	—4.0
Fertiliser & Raw Material	4.52	5.15	6.74	7.73	13.9	30.9	14.7
Foodgrains	1.13	2.50	1.16	0.78	121.2	—53.6	—32.8
Coal	12.73	15.39	17.60	19.80	20.9	14.4	12.5
Vegetable Oil	2.12	1.37	0.49	0.73	—35.4	—64.2	49.0
Other Liquids	2.40	2.80	2.26	2.39	16.7	—19.3	5.8
Containerised Cargo	5.10	5.55	7.29	7.92	8.8	31.4	8.6
Others	13.78	16.60	15.79	15.55	20.5	—4.9	—1.5
TOTAL	133.69	146.43	148.14	152.55	9.5	1.2	3.0

*Provisional

4.44 The container traffic at 7.9 million tonnes in 1990-91 recorded an increase of 8.6 per cent over the level reached in 1989-90. More than 50 per cent of the containerised cargo traffic continued to be handled at Bombay port. Capacity utilisation during 1990-91 was 102 per cent as against 99 per cent in 1989-90.

Shipping

4.45 During 1990-91, acquisition of Indian shipping tonnage continued to show improvement. The fleet strength at the end of March 1991 was 418 vessels of 6.03 million GRT compared with 408 vessels of 5.98 million GRT in March 1990. The provisional figure for overseas trade during 1990-91 was about 112 million tonnes against 108.2 million tonnes during 1989-90. The share of Indian flag in the total traffic has increased marginally from 36 per cent during 1989-90 to 37 per cent during 1990-91. Coastal shipment of coal to South India via Haldia, Paradip and Visakhapatnam improved by 9 per cent and reached 7 million tonnes in 1990-91 against 6.4 million tonnes in 1989-90.

Road and Road Transport

4.46 The road network has increased steadily during the Seventh Plan. In the terminal year of the Sixth Plan (1984-85) the road network 16.9 lakh kms increased to 19.7 lakh kms in the final year of the Seventh Plan showing an increase of 17 per cent during the plan period. The total length of national highways increased from 31.7 thousand kms to 33.6 thousand kms during the same period registering a growth of about 6 per cent. The Seventh Plan witnessed spectacular growth in the number of registered vehicles. The number of such vehicles increased from 90 lakhs in 1984-85 to about 169 lakhs in 1988-89 and further to about 191 lakhs in 1989-90.

4.47 The share of road transport traffic, both passenger and freight, in total traffic continues to increase. It is estimated that at present the share of road traffic in total passenger traffic is about 80 per cent while that in total freight traffic is about 50 per cent. There are 56 road transport undertakings in the country operating roughly 34 per cent of the total buses in the country at the end of the Seventh Plan. The productivity indices of these undertakings continue to show improvement. The average fleet utilisation in these undertakings increased from 88.4 per cent in 1988-89 to 89.2 per cent in 1989-90. The vehicle utilisation increased from 251.7 kms per bus per day in 1988-89 to 258 kms in 1989-90 while the load factor improved from 70.2 per cent to 71.7 percent. Inspite of improvement in physical performance, however, the state road transport undertakings continued to incur losses. These losses are estimated to be about Rs. 605.9 crore in 1989-90 compared with losses of Rs. 427.5 crore in 1988-89. The deterioration in financial performance is mainly due to heavy burden of taxes, unremunerative fares and social costs.

Civil Aviation

4.48 The Civil Aviation sector consists of two distinct segments—operational and infrastructural. On the operational side Indian Airlines and Air India provide domestic and international services. In addition, Pawan Hans was set up in 1985 to provide helicopter service to meet the requirement of ONGC and also services in inaccessible areas and difficult terrains. Infrastructural facilities are provided by the International Airports Authority of India (IAAI) and the National Airports Authority. The Indira Gandhi Rashtriya Uran Academy, set up in 1986, provides organised and intensive training programme for commercial pilots.

4.49 The capacity of *Air India* increased from 1600 million Available Tonne Kms (ATKMs) in 1980-81 to 2257 million ATKMs in 1990-91. Correspondingly, the traffic has increased from over 980 million Revenue Tonne KMs (RTKMs) in 1980-81 to 1381 Million RTKMs in 1990-91. The share of Air India in international passenger traffic has, however, shown a decline from 42 per cent in 1981 to 35 per cent at the end of 1989-90. During the year 1990-91, Air India achieved 2259 million ATKMs. This was 1.4 per cent lower in comparison to ATKMs in 1989-90. The traffic in terms of RTKMs for 1990-91 was also lower at 1381 million against 1441 million achieved during last year. The shortfall is due to discontinuance of operations to Kuwait following the Gulf crisis.

4.50 The capacity of *Indian Airlines* in terms of ATKMs has increased from 700 million in 1980-81 to 917 million in 1990-91. The traffic in terms of RTKMs has increased from 400 million in 1980-81 to 691 million in 1990-91. Compared to last year, the performance in terms of ATKMs achieved during 1990-91 is lower by 19.1 per cent and the performance in terms of RTKMs is l[illegible] by 16.3 per cent. The decline in performance during 1990-91 is mainly due to continued suspension of A-320 operations with effect from 19th February 1990 as a sequel to its accident in Bangalore. The A-320 operation has now been resumed in a phased manner with effect from 28th October 1990 for international flights and with effect from 3rd December 1990 on domestic flights. Following grounding of A-320 aircraft, the financial position of Indian Airlines has been somewhat difficult during the years 1989-90 and 1990-91. It is expected to improve with gradual increase in utilisation of the A-320 fleet.

4.51 Indian Airlines took the delivery of remaining four A-320 aircraft out of the 19 A-320 aircraft during September, 1990. With this, the delivery of all 19 A-320 aircraft is complete and more flights will be added in the network in a phased manner.

4.52 *Vayudoot* was set up in 1981 to provide air transportation link to such areas, as are geographically cut off from the rest of the country and which were earlier linked by slow means of transportation and poor communication facilities. It first commenced operations by connecting 14 stations in the North-Eastern region with F-27 aircraft taken on lease from Indian Airlines. Subsequently, 23 more stations were added. During seventh Plan, there was further expansion in its operational network and number of stations increased to 105. Services were, however, subsequently withdrawn from some non-viable routes reducing the number to 75 at the end of March 1990. The number of stations were further reduced to 55 in November 1990 consequent to rationalisation of operational network.

4.53 The capacity of Vayudoot in terms of ATKMs at the end of sixth plan was 7.3 million. It went up to 33.5 million at the end of the Seventh Plan. The RTKM which was 4.9 million at the end of the Sixth Plan also went up to 19.3 million during the Seventh Plan. During 1990-91, Vayudoot achieved ATKMs of 23.0 million which was 32 per cent lower than the ATKM achieved during the year 1989-90. The RTKM achieved during the year 1990-91 was 14.7 million which was 24 per cent lower than the RTKMs during the previous year. The decline in performance is primarily due to rationalisation of operational network as a result of which services from certain loss making routes were withdrawn.

4.54 *Pawan Hans* was incorporated in October, 1985 primarily to provide support services to the oil sector. Other services like connecting inaccessible places located in difficult terrain, promotion of tourism through regular and charter services have been at limited scale only.

4.55 *International Airports Authority of India* was set up in 1972 to plan, develop, construct and maintain the international Airports of Bombay, Calcutta, Delhi and Madras. Trivendrum Aerodrome was subsequently declared as an International Airport with effect from 1-1-1991 and came under the operational charge of IAAI with effect from 1-4-1991. Aircraft movements handled at IAAI airports have increased from 1.13 lakh in 1972-73 to 1.27 lakh in 1984-85. During 1990-91, the number of flights handled at IAAI airports increased to 1.38 lakh. Similarly, cargo handled increased from 1.79 lakh tonnes in 1980-81 to 3.34 lakh tonnes in the terminal year of the Sixth Plan. It increased further to 3.75 lakh tonnes in 1990-91. Number of passengers handled also increased from 107 lakhs to 159 lakhs in the Sixth Plan and further to 177.38 lakhs in 1990-91.

4.56 *National Airports Authority* set up in June 1986 is responsible for the management of Civil Aerodromes and civil enclaves as well as for maintenance and operation of aeronautical communication systems at all the airports. There are at present 87 civil aerodromes and 28 civil enclaves under the control of the National Airports Authority.

Communications

The Post

4.57 The Post as on December 31, 1990 comprised 842 Head Post Offices, 24,645 Sub-Post Offices and 1.22 lakh extra Departmental Post Offices totalling upto 1.47 lakhs. During the Seventh Plan 4380 new Post Offices were opened. Of the total Post Offices, about 89 per cent are in rural areas. A Post Office serves, on an average, 22.2 Square Kms. or 4632 persons which is within the density recommended by the Universal Postal Union namely, 20—30 Square Kms. or 3,000—6,000 people. For collection of mail there are about 5 lakh letter boxes of which about 83 per cent are in rural areas.

4.58 India has the biggest postal network in the World. The Department of Posts has been labour intensive with about 3 lakhs regular and an equal number of part-time employees. Inspite of tariff increases in 1990 the Department is likely to face huge losses incurred by both rural as well as urban post offices. While it would continue providing postal services, regardless of its economics, it has nevertheless become necessary to consider whether the pricing policy should reflect the costs and whether the Department should be given subsidy not only to cover the costs but also to invest in its development and modernisation.

Telecommunications

4.59 The performance of telecommunications sector during the Seventh Five Year Plan in creating additional switching capacity, providing new telephone connections and production of switching equipment was satisfactory. As against a target of 16 lakh direct exchange lines (DELs) the achievement was a little higher at 16.9 lakh lines. In comparison, during the Sixth Five Year Plan achievement was only 8.8 lakh lines compared with a target of 13.1 lakh lines. Additional switching capacity created during the Seventh Plan at 19.7 lakh lines was short of the target by 21 lakh lines. The number of exchanges in the rural areas increased by over 29 per cent during the Seventh Plan which was somewhat lower than the increase in total number of exchanges by 33.4 per cent during the same period. The number of long distance public telephones (LDPTs) recorded an increase of 31.2 per cent, while the number of rural combined telegraph offices increased by about 5 per cent during 1985—90. The number of DELs in rural areas increased by about 16 per cent compared to over 58 per cent increase in total DELs.

4.60 The telecommunications sector performed well in 1989-90. It created net additional switching capacity of 4.78 lakh lines which was 2.1 per cent higher than the lines commissioned during 1988-89. Four metro districts namely Delhi, Bombay, Calcutta and Madras accounted for 30.3 per cent of this capacity expansion. The number of new telephone connections during 1989-90 was 4.2 lakh DELs which was 11 per cent higher than the previous year's level. Laying of telephone cables during 1989-90 at 64.7 lakh conductor kilometres (CKMs) was 9.2 per cent higher than the previous year's level. There has been a substantial decline in the demand for new telex connections. As a result, there has been a decrease of 56.7 per cent in new telex capacity and 21 per cent in telex connections during 1989-90 compared to previous year.

TABLE 4.10

Performance of Telecommunication Sector

Group/Total	1987-88	1988-89	1989-90	1990-91*	Percentage Change 1988-89 / 1987-88	1989-90 / 1988-89	1990-91* / 1989-90
1 2	3	4	5	6	7	8	9
I. Net Additional Switching Capacity (Lakh lines)							
(1) Metro Districts	1.44	1.19	1.45	1.45	—17.4	21.8	—
(2) Others	1.96	3.49	3.33	4.13	78.1	—4.6	24.0
Total (All-India)	3.40	4.68	4.78	5.58	37.6	2.1	16.7
II. Net Telephone Connections provided (DELs) (000 Nos)							
(1) Metro Districts	114.12	102.83	122.45	132.21	—9.9	19.1	8.0
(2) Others	198.96	272.11	293.77	350.44	36.8	8.0	19.3
Total (All-India)	313.08	374.94	416.22	482.65	19.8	11.0	16.0
III Telex Service							
(1) Telex Capacity (Lines)	3342	2358	1020	1806	—29.4	—56.7	77.1
(2) Telex Connections (Nos.)	3438	3900	3080	1694	13.4	—21.0	—45.0
IV Production of Switching equipment (000 lines)							
(1) Strowger	154.2	213.2	175.8	85.8	38.3	—17.5	—51.2
(2) Crossbar	97.9	86.5	63.5	57.9	—11.6	—26.6	—8.8
(3) Electronic	259.5	483.3	735.1	800.3	86.2	52.1	8.9
Total (All-India)	511.6	783.0	974.4	944.0	53.0	24.4	—3.1
V Laying of Telephone Cable (Lakh conductor kilometres)							
(1) Metro Districts	25.07	23.36	22.37	19.47	—6.8	—4.2	—13.0
(2) Others	27.04	35.90	42.33	51.38	32.8	17.9	21.4
Total (All-India)	52.11	59.26	64.70	70.85	13.7	9.2	9.5
VI Addition in Rural Communications							
(1) No. of Exchanges	181	747	484	N/A	312.7	—35.2	—
(2) No. of LDPTs	2018	2631	1633	1742	30.4	—37.9	6.7

*Provisional

4.61 The switching equipment (Strowger, Cross-bar and Electronic) produced by the Indian Telephone Industry during 1989-90 was of the production value of equipment equal to 9.7 lakh lines which is 24.4 per cent higher than the previous year's production. Total production of electronic teleprinters by Hindustan Teleprinters Limited at 5807 was 36.1 per cent higher and the production of electro-mechanical teleprinters (EMTPs) 58.4 per cent lower than during the last year.

4.62 In all, 484 exchanges were installed in rural areas during 1989-90 which is 35.2 per cent less than the exchanges provided in 1988-89. With a view to provide reliable mode of communication in rural areas more electronic type rural exchanges were planned, the production of which was not adequate during 1989-90.

4.63 A total number of LDPTs at 1,633 provided during 1989-90 was about 38 per cent less than the previous year's level. This shortfall was on account of initial difficulties experienced with regard to adoption of new technology for providing these LDPTs on reliable radio media as also in carrying out technical feasibility, installation and maintenance, among others.

4.64 Net additional switching capacity commissioned during 1990-91 at 5.58 lakh lines was higher by 16.7 per cent than that commissioned during 1989-90. A number of 4.8 lakh DELs were provided during 1990-91 recording an increase of 16 per cent over previous year's achievement. Of the total connections provided, 27.4 per cent were in four metro cities. Number of LDPTs provided during 1990-91 was 1742 which was 6.7 per cent higher than the previous year's level. Also, 70.85 lakh conductor kilometres of cables have been laid during 1990-91 as against 64.70 lakh CKMs in 1989-90.

Outlook

4.65 The performance of the infrastructure sectors, which are essential to maintain the pace of growth in the economy, has not been satisfactory during 1990—91 compared with the performance in 1989-90. It will not be possible to sustain the tempo of industrial growth unless there is a strong support provided by the physical infrastructure. The evidence available suggests that the performance of the economy is likely to be constrained by infrastructural bottlenecks. In the context of exceedingly difficult balance of payments situation., the poor performance of the petroleum sector is particularly disquitening. The pressures on the balance of payments and availability of oil resources are likely to continue for some time. Under these circumstances, the physical efficiency, productivity and capacity utilisation of basic infrastructure sectors such as coal, cement, steel and electricity must improve significantly.

CHAPTER 5
HUMAN RESOURCES

The development of human resources constitutes a central objective of all development efforts. The proper utilisation of human resources, on the other hand, provides the key to economic and social development. It is with this perspective in view that the present chapter reviews the major trends and the present situation in the sphere of development and utilisation of human resources. An attempt is made here to document the progress made in respect of some of the important indicators of quality of life and recent efforts made in the furtherance of this objective.

5.2 Development efforts during the last four decades, particularly in the areas of health, education and provision of basic amenities such as housing and water supply, supplemented by special programmes for disadvantaged and vulnerable groups like women and children, economically and socially backward classes and the handicapped, have led to significant improvements in some of the crucial indicators of quality of life. Life expectancy at birth which was only 32 years in 1951, is estimated to have increased to 59 years now. Death rate declined from over 27 per thousand of population in 1951 to 9.4 in 1991. Infant mortality, which was 129 per thousand livebirths in 1971, has been estimated to have declined to 91 by 1989. Literacy rate, which was a mere 18.33 per cent in 1951, increased to 41.42 per cent in 1981. These literacy rates relate to the population aged 5 years and above. Male literacy rate improved from 27.16 per cent to 53.45 per cent and female literacy rate from 8.86 per cent to 28.46 between 1951 to 1981. Provisional figures of 1991 census show that the literacy rate has gone up to 52.11 per cent for population aged 7 years and above as against the corresponding figure of 43.56 per cent in 1981.

5.3 Levels of living measured in terms of the consumption expenditure of the households and individuals is, of course, basic indicator of quality of life. While increase in average per capita income over the years suggests significant improvement in levels of living, the structural dimension of this objective is perceived in terms of the changes in the incidence of absolute poverty. The alleviation of poverty has been the central objective of development planning and various special programmes have also been in operation over the last two decades focussing on the poor as the target group. As a combined result of overall economic development and these special programmes, the incidence of absolute poverty has significantly declined over the years as is evident from the following estimates made by the Planning Commission.

TABLE 5.1

Estimates of incidence of poverty

(in percentage)

Sectors	1972-73	1977-78	1983-84	1987-88
Rural	54.1	51.2	40.1	33.4
Urban	41.2	38.2	28.1	20.1
All India	51.5	48.3	37.4	29.9

5.4 The following sections present a brief account and review of the developments in the sectors contributing directly to the development of human resources.

Development in Education

5.5 Universalisation of elementary education, equalisation of educational opportunities and improvement of the quality, content and process of education at all levels continue to be the major themes of national endeavour in the field of education. A significant development during the International Literacy Year (1990) had been the tremendous upsurge in the demand for literacy in several parts of the country. Ernakulam acquired the distinction of being the first district in the country to achieve universal literacy by adopting innovative methods of social mobilisation and thereby has come to be a model for literacy campaigns. Similar campaigns were taken up in nearly 50 districts of Karnataka, Andhra Pradesh, West Bengal, Bihar, Madhya Pradesh and Uttar Pradesh. When completed, these campaigns would make 25 million adults literate. The state of Kerala has already become fully literate.

Primary Education

Universalisation of Elementary Education (UEE)

5.6 The endeavour in successive Five Year Plans has been to ensure universal provision of primary schools, universal enrolment of children from the age group of 6 to 14 years and universal retention and achievement. According to the Fifth All India Education Survey, 1986, 94.6 per cent of the rural population have schools within a walking distance of 1 km; 83.89 per cent of the rural population was served with middle schools/sections within a walking distance of 3 kms. The gross enrolment of 6 to 11 age group increased from 43.1 per cent in 1950-51 to 62.4 per cent in 1960-61, to 76.4 per cent in 1970-71, 80.5 per cent in 1980-81 and 99.6 per cent in 1989-90. However, UEE in its totality is still an elusive goal. Drop out rates are still high and enrolment and retention rates among female children are low.

Non-formal Education (NFE)

5.7 The Non-formal Education (NFE) programme was first introduced, during the Sixth Five Year Plan as a centrally assisted scheme, in the educationally backward States of Andhra Pradesh, Assam, Bihar, Jammu & Kashmir, Madhya Pradesh, Orissa, Rajasthan, Uttar Pradesh and West Bengal; later on Arunachal Pradesh was added. After the National Policy on Education (NPE) 1986, the scheme was revised; the coverage was extended to urban slums, hilly, desert, tribal and remote areas in all the other States for the benefit of working children. The essential features of this revised scheme are area approach, organisational flexibility and decentralised management, more relevant curriculum and diversity in learning activities so as to relate them to the learner's needs. Central assistance to the State Governments for running NFE Centres for girls was enhanced to 90 per cent of the project cost. External evaluation, on a sample basis, was introduced. The achievements under the programmes since 1987-88 are furnished in table 5.2.

TABLE 5.2

Non-formal Education: Achievements

Items	Total for 1988-89, 1989-90 & 1990-91
NFE Centres brought to function	2,70,000
Number of exclusive girls' Centres sanctioned	81,282
Number of voluntary organisation approved for NFE Programmes	410
NFE Centres brought to function by voluntary agencies	27,087
Estimated enrolment (in lakhs)	68
Number of experimental /innovative projects approved	46
Number of D.R.Us. sanctioned	18
Number of States/UTs covered	17

5.8 Another major scheme introduced after NPE, 1986 is Operation Blackboard (OB). This scheme aims at bringing about substantial improvement in facilities in primary schools in the form of building, teachers and essential teaching and learning materials. Achievements since 1987-88 are furnished in Table 5.3

TABLE 5.3

Operation Black board : Achievements

Items	1990-91	Total for 1987-88 to 1990-91
Number of States/UTs covered	25	32
Number of Blocks covered	343	4419
Number of schools covered (in lakhs)	0.39	3.45
Percentage of primary schools covered	7.35	64.21
Post of Primary teachers sanctioned	14,379	92,871

Other Measures

5.9 A Centrally Sponsored Scheme of Restructuring and Reorganisation of Teacher Education is being implemented since 1988. Shiksha

Karmi Project is an innovative experiment being implemented in Rajasthan since 1987, with the assistance from Swedish International Development Agency (SIDA). The project focuses on remote villages where the formal schools system is not effective. By 31st March, 1991, the project had covered 275 villages.

Adult Literacy

5.10 The failure to achieve UEE makes it inevitable to take up Adult Literacy Programme. The National Adult Education Programme was introduced in 1978. As of 30th June, 1990 about 2.7 lakh adult education centres were being operated, in which about 80 lakh literate adults are enrolled every year. However, 40 per cent of these enrolled drop out due to a variety of compulsions; about 20 per cent relapse into illiteracy. The remaining 40 per cent who go through the cycle of learning can be said to have acquired some literacy and numeracy though not necessarily of the desired level.

5.11 As with UEE, the NPE, 1986 gave a fillip to Adult Education Programme. The National Literacy Mission (NLM) was launched in 1988; one of the six technology missions NLM sought to impart functional literacy to about 800 lakh illiterate adults in the age group of 15-35 by 1995. Another landmark was the introduction in 1988 of Jana Shikshan Nilayams (JSNs) ; the network of JSNs provides an institutional framework for post literacy and continuing education and would help ensure that neoliterates do not relapse into illiteracy. At present, there are over 2.50 lakh AE centres being run through the Rural Functional Literacy Projects, the State Adult Education Programme and voluntary agencies. Out of about 32 thousand JSNs sanctioned so far, over 22 thousand have already become operational. During 1990-91, it is estimated that 84 lakh adults would be enrolled.

Mahila Samakhya

5.12 An innovative project entitled 'Mahila Samakhya' (Education for Women's Equity) was launched on a pilot basis in April 1989 in ten districts in the States of Karnataka, Uttar Pradesh and Gujarat. It will continue upto 1995. It is built around the empirical observation noticed in many programmes for women's development that a group of motivated women can be an effective focal point for mobilisation. The project receives 100 per cent assistance from the Government of the Netherlands. The programme is currently operational in 1500 villages in ten districts and is likely to expand to 20 districts in a phased manner.

Secondary Education

5.13 In the area of secondary education, various schemes are being implemented to bring about quality improvement and vocational thrust in school education. The Centrally Sponsored Scheme of Vocationalisation of Secondary Education was started with effect from February, 1988 with a view to making it relevant to the world of work. Under this scheme, financial assistance has been provided to the State Government/Union Territory Administrations for introduction of vocational courses in schools at the plus 2 stage. A summary of achievements under the programmes since 1987-88 is furnished in Table 5.4.

TABLE 5.4

Vocationalisation of Education : Achievements

Items	Total for 1987-88 to 1990-91
Number of States/UTs covered	27
Number of schools covered	3841
Number of vocational schools approved . .	10316

5.14 A Centrally Sponsored Scheme of Improvement of Science Education in schools was started during the last quarter of 1987-88. Under this scheme, financial assistance is provided to States/UTs for provision of science kits to upper primary schools, upgradation and strengthening of science laboratories and libraries in secondary and higher secondary schools, setting up of District Resource Centres for science education, development of instructional materials and training of science and mathematics teachers. The scheme also provides for assistance to voluntary organisations active in the field of science education. During the year 1990-91 the programme covered 24 states/UTs, 5,791 upper primary schools, 3981 secondary/higher secondary schools.

5.15 The Centrally Sponsored Scheme for Environmental Orientation to School Education was brought under implementation from 1988-89. Under the scheme, 100 per cent financial assistance is provided to States/UTs and Voluntary Organisations working in the field of environment education. This scheme covered 21 States/UTs, involving 16,686 schools and 12 voluntary agencies by 1990-91.

Educational Technology

5.16 As a measure of widening access to education and towards bringing about a qualitative improvement in education, an Educational Technology programme was started as a Central Sector Scheme in 1972 and continued as such till 1987-88 when, it became a Centrally Sponsored Scheme. Under the Scheme 31,129 colour television set and radio-cum-cassette players 2,28,113 have been sanctioned upto 1990-91.

5.17 A pilot project on Computer Literacy and Studies in Schools (CLASS) was initiated in 1984-85 in 248 selected secondary/higher secondary schools. Till 1989-90, 2598 schools (on a cumulative basis) in 32 State/UTs have been covered.

Navodaya Vidhyalayas

5.18 In order to provide good quality modern education to the talented children, predominantly from the rural areas, a scheme of establishment of Navodaya Vidhyalayas, on an average one in each district, was launched in 1987-88; 261 Navodaya Vidhyalayas in 29 States/UTs have so far been established in the country. The total student strength under the scheme is about 50,000.

Higher Education

5.19 The higher education system has registered phenomenal growth during the last four decades. From 25 universities and about 700 colleges in 1950 there are at present 172 universities and about 7,000 colleges. The total student enrolment has gone up from about two lakhs to forty four lakhs of which 13 lakhs are girls. The number of teachers was 2.69 lakhs at the end of academic session 1990-91 of which 0.58 lakhs were in the 7 university Department/University colleges and the rest in affiliated colleges.

5.20 The activities in the area of Higher Education and Research were directed mainly through the University Grants Commission. Some of the innovative steps taken by the UGC are: the scheme of grant of autonomous status to colleges under which so far 103 colleges have been declared as autonomous; establishment of centres of advanced study; scheme of restructuring under-graduate courses in general education with a view to making the first degree courses more relevant to the developmental needs of the community and to link education with work/field/practical experience and productivity; financial assistance to universities for undertaking well-defined projects for research in women's studies and also for development of curriculum at the under-graduate and post-graduate levels; the programme of 'Country Wide Class Room', the scheme of strengthening infrastructure in science and technology education and research, and the project for the modernisation of laboratories and information centres in the country with the application of computer and communication technologies. The Union Government has also established 10 Central Universities in various parts. In order to give a thrust to distance education, the Government established the Indira Gandhi National Open University in 1985. This university provides access to higher education to large segments of the population, especially the disadvantaged groups.

5.21 During the past four decades, there has been a phenomenal expansion of technical education facilities in the country. Major institutions in the field of technical education are the five Indian Institutes of Technology (IITs) at Kharagpur, Bombay, Delhi, Kanpur, and Madras, the four Indian Institutes of Management (IIMs) at Ahmedabad, Calcutta, Bangalore and Lucknow; the National Institute of Training in Industrial Engineering (NITIE) at Bombay; the National Institute of Foundry and Forge Technology (NIFFT) at Ranchi; the School of Planning and Architecture (SPA), at New Delhi; the four Technical Teacher Training Institutes

(TTIs) at Bhopal, Calcutta, Chandigarh and Madras and the International Centre of Science and Technology Education (ICSTE), besides the seventeen regional Engineering Colleges (RECs). Specific programmes have been taken up in the thrust areas of technical education like creation of infrastructure in areas of emerging technologies.

5.22 A massive project for upgrading technician (polytechnic) education in capacity, quality and efficiency is being implemented in two phases with the World Bank assistance. Phase-I will cover about 280 polytechnics in the States of Bihar, Gujarat, Karnataka, Kerala, Madhya Pradesh, Orissa, Rajasthan and Uttar Pradesh. This phase will be implemented in the period from 1991 to 1997. The second phase of the project will cover about 270 polytechnics in the States of Assam, Andhra Pradesh, Haryana, Himachal Pradesh, Maharashtra, Punjab, Tamil Nadu and West Bengal and in the Union Territory of Delhi. The second phase will also be implemented from 1991-92.

Health

5.23 Planned economic development since independence has been associated with an appreciable achievement in the field of health. As noted at the beginning of this chapter, the expectation of life at birth has improved significantly; the death rate has shown a remarkable decline as a consequence of control/eradication of communicable diseases such as cholera, small-pox, plague combined with reduction in the incidence of malaria, and accompanied by the provision of safe drinking water and sanitation facilities. The birth rate, however, has not declined at the commensurate as the death rate has; the rate of population growth has remained high. The infant mortality rate which is considered to be an index of sanitary conditions of the community has declined considerably from 162 per thousand live **birth** in 1951 to 91 today.

5.24 India, as a signatory to the Alma Ata declaration of 1978, is committed to the goal of "Health for All" by the year 2000 AD. It is with this commitment in the background that the National Health Policy was adopted by Parliament in 1983 which is a blue print for concerted action by the Government and concerned voluntary agencies.

Primary Health Care

5.25 Realising the need for establishing a comprehensive Primary Health Care and Family Welfare Services to reach the people at door steps, an integrated Health Care Delivery System with the maximum community participation has been developed and is being implemented. Accordingly a huge net work supported by referral institutions has been created throughout the country. During the last four decades a considerable progress has been achieved and the targets for the setting up one sub-centre for 5000 population in general and 3000 for hilly & tribal areas and a Primary Health Centre for population of 30,000 in general and 20,000 for hilly & tribal areas have almost been fully achieved. It has been planned to set up one Community Health Centre with 30 beds and minimum of 4 specialist facilities—(Medical, Surgical, Gynae and Obstetrics Pediatics) to act as a referral centre for 4 Primary Health Centres. Fifty per cent of the target was to be achieved during the Seventh Plan.

Control of Communicable Diseases

5.26 The National Malaria Eradication Programme (NMEP) is one of the World's biggest programme against a single communicable disease. With the successful implementation of NMEP in 1958, the annual incidence of malaria was drastically reduced from 75 million to about 0.1 million in 1965. Unfortunately, due to various factors, these achievements could not be maintained and the country reported 6.4 million cases of malaria in the year 1976. The programme was modified in the context of the resurgence and escalation of malaria. The modified plan of operation was implemented from April 1, 1977. Upto the year 1988, there has been a gradual downward trend in malaria positive incidence in the country. However, thereafter the incidence of malaria is showing an increasing trend.

5.27 For the control of Filariasis, the National Filaria Control Programme was launched in 1955. Present estimates indicate that about 374 million people are living in known endemic areas. Under this programme, measures are being taken to control the disease through recurrent anti-larval and anti-parasitic measures. It is observed that 94 per cent of the towns where control measures are in operation for more than five years have shown marked reduction in microfilariasis

5.28 Kala Azar is a disease which is endemic in the districts of Bihar and West Bengal. A Centrally Sponsored Scheme is in operation to control the disease. Under the programme, the

Central Government provides DDT and imported drugs and the State Governments provide a matching share to meet expenditure on indigeneous drugs and operational costs.

5.29 The National Programme for Control of Blindness (NPCB) was launched throughout the country by the Government of India in 1976. The objective is to reduce the level of blindness prevalent in the country from 14/1000 to 3/1000 by the year 2000 AD. It is proposed to launch a special crash programme for clearance of back-log in respect of cataract cases and also to achieve the target.

5.30 Tuberculosis is a major public health problem in India. Nearly 1.5 per cent of the total population is estimated to be suffering from radiologically active tuberculosis disease of the lungs of which 0.4 per cent are sputum positive and infectious. To combat this problem of tuberculosis, a National T.B. Programme has been in operation since 1962. The programme is operating through District TB Centres by trained staff working in association with general health and medical institutions. The essential activities under the programme have been considerably expanded during the last few years. More than 16 lakh new cases are detected and treated effectively under the programme annually.

5.31 Leprosy is a major health and social problem in India. One-fifth of the total estimated 2.1 million leprosy patients are infectious while 6-10 per cent cases are with deformities. The prevalance rate is more than 5 per 1000 of population in 196 districts of the country. With a view to control the spreading of the disease, a National Leprosy Eradication Programme was launched in 1982. During the past 7-8 years, more than 5 million leprosy patients have been cured by treatment.

Medical Infrastructure

5.32 There has been considerable expansion of institutional facilities for treatment of the sick. The number of hospitals and dispensaries increased from 7,400 in 1947 to 39,026 by January, 1991. During the same period, the number of beds available went up from 80,163 to 6,37,604. By March, 1990, 1,30,876 sub-centres, 20531 Primary Health Centres and 1,852 Community Health Centres have been functioning in the country catering to the rural population.

5.33 Medical education has made rapid progress during the last 35 years. From a mere 25 medical colleges with an annual admission of 1983 medical students in the country in 1947 there were 106 medical colleges with annual admission of about 13,000 in 1978-79. At present, there are 128 medical colleges (including private colleges) with an estimated 15,000 annual admissions. There were about 3,31,630 medical graduates in 1987 registered with the medical Council of India. Besides, 9,796 Dentists were registered in 1988 with the Dental Council of India.

5.34 Consequent upon the acceptance of the goal of 'Health For All' by 2000 AD, the Government of India has initiated a plan of action for improving the information support for the management and evaluation of health development. Government of India in consultation with WHO and four participating States, namely, Gujarat, Haryana, Maharashtra and Rajasthan had designed and developed Health Management Information System which was duly field tested in the participating States and was found satisfactory. Plans are in operation for implementation of the system in various States/UTs in a phased manner.

Family Welfare Programme

5.35 One of the most crucial problems facing the nation today is the rapid growth in population. The 1981 Census counted India's population at 683 million, which was almost double the 1947 figure of 342 million. According to the provisional figures of 1991 census, India's total population is estimated to be 843.9 million as on 1-3-1991. The population in India is increasing by about 17 million every year at present.

5.36 The National Family Planning Programme was started in 1951 with a clinical approach. An extension education approach was adopted in mid sixties and since late seventies the family planning service delivery system has gradually expanded into a community oriented service network. Although reduction in the birth rate over the years has fallen short of the plan targets, the programme has made a significant impact on fertility. During the 1970's the birth rate declined from 37 per 1000 to 34 in 1979 and since then it continued to be stable around 34 till 1984. In 1985, it came down to a level of 33 and declined further to 31 per 1000 (provisional) in 1989. The average annual growth rate of population which rose from 1.25 per cent in 1940s to 1.96 per cent in the 1950s and 2.20 per cent in the 1960s reached a plateau at 2.22 per cent during 1970s and has now declined to 2.11 per cent during 1981-1991. During the Seventh Plan, the total number of family planning acceptors has been consistently rising from year to year from a level of 18.92 million in 1985-86 to 26.04 million in 1989-90. It is estimated that an overall couple protection rate of 43.3 per cent has been achieved by March 1990.

5.37 The long term goal is to reach Net Reproduction Rate of "Unity" (NRR=1) by 2000 AD with a birth rate of 21, death rate of 9, and infant mortality rate below 60 per thousand. According to the Seventh Five Year Plan objectives, the goals to be reached by 1990 were birth rate of 29.1, death rate of 10.4, infant mortality rate of 90 per thousand live births and couple protection rate of 42 per cent.

5.38 The performance under the programme during Seventh Plan is as under :

Family Planning Method	1985-90* Target (in million)	1985-90* Achievement (in Percentage)
1. Sterilisation	23.74	83.7
2. Intra Uterus Device (IUD)	21.35	99.5
3. Conventional Contraceptive (CC) & Oral Pill (GP) Users (Couple year Protection)	67.57	102.3
Total acceptors	112.66	—

*Includes provisional figure for 1989-90

During the year 1990-91, based on partial performance figures available upto March, 1991, 25.15 million persons have adopted family planning methods. This shows an increase of about 5.9 per cent over the corresponding levels of the previous year.

5.39 The position regarding the network of health and family welfare infrastructural facilities created in the rural areas of the country over the plan periods is given below:

Functionary/service Centre	Norm	Position as on 31-12-1990
1	2	3
Trained Birth Attendant (Dai)	At least One for every village	5,92,923
Village Health Guide	For each village/ 1000 population	4,16,672
Sub Centre	For every 5,000 population in plain areas and for 3000 population in tribal hilly and backward areas	1,30,533
Primary Health Centre	For every 30,000 population in plain areas and 20,000 in hilly, tribal and backward areas	20,540*
Community Health	For every 30,000 to 1,20,000 population serving as a referral institution for 4 PHCs.	1,862

*Note :—At all block level PHCs (5,435 Nos.) Rural Family Welfare Centres have been established to coordinate the family welfare programme activities.

Women and Child Development

5.40 All round development of women and children is an essential prerequisite for a country's development. With this objective in view, various development programmes have been undertaken and legislations introduced to improve the well-being and status of women and children, especially from the weaker sections of society.

5.41 Following the adoption of the National Policy for Children in 1974, the Scheme of Integrated Child Development Services (ICDS) was initiated in 1975 as a Centrally Sponsored Scheme. The scheme provides for a package of services, namely, supplementary nutrition, immunisation, health check-up, health referral, pre-school non-formal education and health and nutrition education for mothers. The target group consists of children in the age group 0—6, and pregnant women and lactating mothers. The number of projects (Centrally Sponsored) sanctioned as on 1-4-91 stood at 2,341. In addition 188 projects have been approved in the State sector. The number of beneficiaries is approximately 121 lakh children and 23.5 lakh nursing/expectant mothers (supplementary nutrition). The other welfare and development progrmmmes for children include creches for children of working and ailing mothers, early childhood education and supplementary feeding.

5.42 The Constitution of India provides for equal rights for men and women. Towards this end, the Government has been making a concerted effort to improve both the social and economic status of women in society, both through programmes of awareness, generation and advocacy and developmental programmes for increasing women's participation in productive work. Under various sectoral programmes targets have been set for providing training, credit and assets as well as employment to women. These include DWCRA, IRDP craftsmen training in ITIs under which special effort is being made to cover a certain percentage of women belonging especially to poorer households. In addition, improvements in the access to education, health facilities and nutritional supplements for women is being given a major thrust. Programmes for employment-cum-income generation amongst women besides Development of Women and Children in Rural Areas (DWCRA) and the Inlegrated Rural Development Programme (IRDP) include specific schemes like Support to Training-cum-Employment Programme (STEP); Women's Development Corporations (WDCs); Condensed Course of Education and Vocational Training for Adult Women and Setting up of Employment and Income Generating-cum-Production Centres for women etc.

5.43 Inspired by the special provisions and the safeguards provided for women in the Constitution, the Government has introduced some special legislative measures to ensure equality and protection for them. They include Equal Remuneration Act, Maternity Benefit Act, Immoral Traffic (Prevention) Act, Dowry Prohibition Act, Indecent Representation of Women (Prohibition) Act, Commission of Sati (Prevention) Act Criminal Laws, and the Indian Evidence Act, Family Courts Act, etc.

5.44 Another major step initiated by the Government for ensuring adequate legal support for women was the enactment of 'The National Commission for Women Act, 1990'. The National Commission which is now in the process of being set up, shall study and monitor all matters relating to the constitutional and legal safeguards provided for women, monitor the implementation of all the legislations made to protect the rights of women, review of existing legislations concerning women and suggest amendments, whichever necessary, and look into the complaints and take suo moto notice action on the cases involving deprivation of the rights of women.

Welfare of the Weaker Sections

Welfare Programmes for Scheduled Castes

5.45 The Special Component Plan strategy for Schednled Castes is, at present, in operation in 20 States and 4 UTs. There are 21 Scheduled Caste State Development Corporations, which aim at tackling operational aspects involved in the implementation of economic programmes for Scheduled Castes. Programmes under these assisted 103 lakh Scheduled Castes families during Sixth Plan and 120 lakhs in the Seventh Plan. The target fixed for 1990-91 is 22.31 lakh families. and 18.8 lakhs families are reported to have been assisted upto February, 1991. In February, 1989, the National Scheduled Castes and Scheduled Tribes Finance and Development Corporation was constituted as an apex body to enhance the economic development of the Scheduled Caste and Scheduled Tribe people.

5.46 Government of India is implementing a number of centrally sponsored schemes. Some of them are post-matric scholarships, prematric scholarships for those engaged in unclean occupations, provision of hostels for SC and ST boys and girls, Book Banks for SC and ST students studying in medical and engineering colleges, coaching and guidance, programme for 'Liberation of scavengers', programme for implementation of Protection of Civil Right Act and Scheduled Castes and Scheduled Tribes (Prevention of Atrocities) Act and providing grant in aid to voluntary agencies engaged in the welfare of SC/ST.

Welfare Programme for Scheduled Tribes

5.47 The tribal Sub-Plan strategy is presently in operation in 18 States and 2 UTs and is being implemented through 198 Integrated Tribal Development Projects (ITDPs). This strategy aims at the socio-economic development of Scheduled Tribes. As in the case of scheduled castes, special central assistance is provided by Government of India to States/UTs to supplement their efforts for tribal development. For marketing of tribal produce, especially the minor forest produce, a Tribal Cooperative Marketing Development Federation (TRIFED) set up in August, 1987 is expanding its activities. During the Seventh Plan 52.89 lakh ST families were given economic assistance. For 1990-91, against the target of 8.24 lakh families, 6.56 lakh families were assisted till February, 1991. The Department is also implementing schemes relating to Girls Hostels, Grant in aid to voluntary organisations, research and training, and establishment of residential ashram schools. Eight States namely, Andhra Pradesh, Bihar, Gujarat, Himachal Pradesh, Madhya Pradesh, Maharashtra, Orissa and Rajasthan have declared tribal areas as

"Scheduled Areas" under the Fifth schedule of the Constitution.

Social Welfare

5.48 It is estimated that about 35 million people in the country are disabled, either physically or mentally. Government has been taking various steps to assist and rehabilitate them. These include : free aids and appliances for the poor handicapped, assistance to voluntary organistations upto the extent of 90 percent of their expenditure, scholarships to students and a number of concessions and facilities including 3 per cent reservation in service for visually, hearing and orthopaedically handicapped. Four National Institutes, each dealing with a specific disability, have been set up at Calcutta, Hyderabad, Bombay and Dehradun. District Rehabilitation Centres have been set up on pilot basis in different parts of the country to offer guidance and comprehensive rehabilitation facilities for rural disabled at the grass root level. In addition, specific schemes are also being implemented with the objectives of rehabilitation of destitute and neglected children.

5.49 To deal with the problem of drug abuse, so far 108 counselling centres, 36 deaddiction centres and 8 after-care centres have been funded by the Government of India, all over the country. In addition, there are several state level centres and those supported by voluntary organisations for dealing with the growing menace of drug abuse. In order to tackle this problem, a three-pronged strategy is being pursued: first, prevention by building awareness and educating people, second, dealing with drug addicts by counselling, motivation, treatment, follow-up and rehabilitation; and third, curbing illicit trafficking in drugs.

Housing

5.50 Despite considerable investment and efforts over successive Plan periods, the housing problem continues to be daunting. The residential housing stock increased from 745 lakhs to 887 lakh units in rural areas over 1971–81, and from 185 lakhs to 280 lakhs in urban areas over the same period. In 1981, there were about 6 lakhs absolutely homeless households and this number would have increased further by now. It is estimated that about 512 lakh persons are living in slums and squatter settlements, and about 50 per cent of the urban households are living in crowded one room tenements. It is estimated that the backlog of housing stock of 23.3 million dwelling units in 1981 will swell to 41 million units by the turn of the century. Land, provision of basic services, finance, production and supply of adequate building materials, and trained construction workers are critical inputs to housing and appropriate and enabling legal environment and institutional framework provide the basic setting for increasing the tempo of housing activity. In each of these critical areas, a number of constraints are encountered, and for accelerating housing and building construction a number of mesures have been initiated.

5.51 The draft National Housing Policy announced by the Government in May, 1989 and broadly endorsed by the State Governments recognises the vital importance of housing both as a basic human need and as a productive activity that stimulates employment and generation of savings. It also outlines the steps for dealing with various constraints to housing activity.

Housing Programmes Under the Public Sector

5.52 The scheme of allotment of house sites-cum-construction assistance for landless workers comes under the State Sector. During the Sixth and Seventh Plans 97.53 lakh house sites were allotted and construction assistance was made available to 41.46 lakh families, Indira Awas Yojna is a Central Sector Housing Scheme for families below poverty line belonging to scheduled caste and scheduled tribe, and freed bonded labourers in rural areas which is a part of the Rural Employment Programme. Under this scheme 6.60 lakh houses have been constructed over the Seventh Plan period. In addition, other schemes are being implemented by various State Governments for housing in rural areas, duly linked to rural development schemes.

5.53 There were over 41,000 housing cooperatives by March 1988 with over 30 lakh members and working capital of Rs. 1600 crores. These are supervised and assisted by apex housing finance societies/federations which have been formed in 24 States. Apart from its support to State Governments and policy holders, the LIC had disbursed by March, 1988 Rs. 1,139 crores to various cooperatives for the construction of 7 lakh houses. The cooperative housing finance Societies are entitled to refinance from National Housing Bank (NHB). Rural housing schemes are operated by cooperatives in a number of

States. About 60 per cent of the housing finance disbursed by apex cooperatives has gone to Economically Weaker Sections (EWS) and Low Income Groups (LIG). It is also part of the land allotment policy of Central and State Governments to give perference to cooperatives in the allotment of land. It has estimated that under various programmes of the public and the formal sector, on an average, 10 lakh houses are constructed and upgraded each year.

5.54 An important role is being played by Housing & Urban Development Corpn. (HUDCO) for meeting the housing needs of the poorer sections and vulnerable groups in urban and rural areas through varouis State and local agencies. It has so far financed over 40 lakh dwelling units in the last 20 years including 19.4 lakhs in rural areas, of which 90 per cent units have gone to the poorer sections and vulnerable groups. HUDCO plans to expand its lending for various forms of housing activity and urban infrastructure during the eighth Plan period. It is also operating a net work of building centres for extension of appropriate housing technology and skills promotion.

5.55 For meeting the requirements of housing finance, a National Housing Bank has been established in 1988. The bank is providing assistance through a number of schemes. These include : Home Loan Account Scheme, liberalised lending by commercial banks and refinance facilities. Refinance for land development and shelter programmes of public/private agencies and cooperatives in order to increase the supply of serviced land in urban and rural areas have been undertaken. The banking sector has been involved substantially in housing finance in recent years. Revised interest rates have been fixed by the Reserve Bank of India and National Housing Bank for loans advanced by the commercial banks and housing finance institutions. It is recognised that increased supply of serviced land and housing finance for various income groups, with due regard to the needs of lower income groups and the informal sector are desiderata of larger supply of dwelling units.

Improvements of Urban Basic Services and Urban Slums

5.56 The Urban Basic Services Programme was introduced as a centrally sponsored scheme with the assistance of UNICEF. The scheme envisages support for basic services such as water supply, low cost sanitation, health care, pre-school education and programmes designed to promote cooperative group action. The scheme aims at reducing the morbidity and mortality rates of children, improving the health of women and enhancing their ability to supplement their incomes. It also envisages improving the capacity of voluntary organisations to manage programmes for the urban poor. During the Seventh Plan period, 169 towns in 37 districts were covered in 21 States/UTs.

5.57 The Environmental Improvement of Urban Slums (EIUS) was identified as a basic need of the slum population from the commencement of the Fifth Five Year Plan. The EIUS scheme was made an integral part of the Minimum Needs Programme (MNP) and was transferred to the State Sector. The scheme aimed at ameliorating the living condition of urban slum dwellers and envisages provision of drinking water, sewerage, storm-water drains, community baths, community latrines, widening and paving of existing lanes, and street lighting.

Water Supply and Sanitation

5.58. Water supply and sanitation is a State subject. It is the responsibility of the State Govts. and Urban local bodies to plan, implement, operate and to maintain urban water supply and sanitation schemes. The rural water supply and rural sanitation schemes are implemented under the State Sector Minimum Needs Programme as well as under centrally sponsored schemes. The 1981—90 decade was designated as the 'International Drinking Water Supply and Sanitation Decade". India, is a signatory to the Resolution thereof and has pleged its full support to the Action Plan under the International Decade Programme.

5.59 The drinking water supply problem is acute in the rural areas. The Seventh Plan target was to cover all the remaining 1,61,722 identified problem villages. Out of this 1,53,357 villages have been provided with at least one safe source of drinking water supply, leaving a balance of 8,365 hardcore 'No source' problem villages yet to be covered as on April 1, 1990. Besides, around 1.5 lakh partially covered villages have also spilled over to the Eighth Plan requiring augmentation for full coverage. The percentage of population (1981 census) with drinking water supply and sanitation facilities by the end of the Seventh Plan (tentative) vis-a-vis the position at the end of the Sixth Plan is given in Table 5.5.

TABLE 5.5

Percentage of Population with Drinking Water and Sanitation Facilities

	By the end of Sixth Plan (1980—85)	By the end of Seventh Plan (1985—90)
(i) Rural Water Supply . .	54	about 87
(ii) Rural Sanitation . . .	about 1	about 3
(iii) Urban Water Supply . .	72	84.9
(iv) Urban Sanitation . . .	28.40	47.9

5.60 The problem that remain to be solved in the area of water supply and sanitation are quite formidable. Extensive efforts will have to be made to overcome them.

Labour and Labour Welfare

Vocational Training

5.61 Vocational training improves employability and productivity of the labour force. At present, 2,137 Industrial Training Institutes (ITIs) with a total capacity of about 3.55 lakh seats run courses in 39 engineering and 26 non-engineering trades in accordance with standards set by the National Council of Vocational Training (NCVT). The ITI infrastructure is also utilised for the TRYSEM programme. Further, ITIs in certain States/Union Territories like Haryana, Himachal Pradesh and Delhi conduct non-formal, short-term courses for development of skills in demand. Practical training at the shop-floor is provided under the Apprentices Act, 1961 in 130 trades in 218 industries. The training capacity is about 1.28 lakhs seats for trade apprentices and 22,682 seats for graduates/technician apprentices. A small network of Advanced Training Institutes provides advanced level training in different fields to workers employed in industry for updating their skills.

5.62 A World Bank vocational training project to upgrade the quality of training in the ITIs and in the apprenticeship training programme has been initiated from 1989 in 28 States/Union Territories. The Project is to be implemented over a period of 6-7 years. The total base cost of the project is Rs. 442 crores and it includes Rs. 280 crores as cost of equipment.

Labour Welfare and Social Security

5.63 The process of identification, release and rehabilitation of bonded labour, which is the most exploited section of unorganised labour, was initiated by Government with the passing of the Bonded Labour System (Abolition) Act, 1976. About 2.46 lakh bonded labourers had been identified upto March 1990 of whom about 2.18 lakh had been rehabilitated, about 24,000 were not available for rehabilitation and about 3,700 were awaiting rehabilitation. A target of rehabilitation of 3,596 persons has been set for the year 1990-91 and upto February 1991, 2,078 bonded laboures were rehabilitated. The real wages of worhers in the unorganised sector is protected through the fixation and revision of minimum wages at regular intervals in various employments scheduled under the Minimum Wages Act, 1948. A National Commission on Rural Labour set up by Government in 1987 is currently examining all aspects of rural labour so that steps can be initiated to ameliorate their conditions. The Inter-State Migrant (Regulation of Employment and Conditions of Service) Act, 1979 seeks to ensure provision of needs like housing, clothing, medical facilities, etc. to inter-State migrant labour. A number of welfare boards set up for specific groups of workers like mines labour, port and dock labour, bidi workers, and so on implement welfare measures for the groups of workers concerned. The interests of Indian workers recruited for employment abroad is sought to be protected by the Emigration Act, 1983. Available figures show that 1.26 lakh Indian workers went abroad for employment during 1989 as against 1.70 lakhs and 1.25 lakhs during 1988 and 1987 respectively.

5.64 A number of legislative measures for the protection of women and child labour are already available, as for instance the Equal Remuneration Act, 1976 and the Child Labour (Prohibition & Regulation) Act, 1986. The latter Act prohibits child labour in employments hazardous to them and regulates employments. A National Child Labour Policy has also been formulated in 1987. The Policy envisaged, among other things, a project based plan of action aimed at suitable rehabilitation of children withdrawn from employment through provision of welfare inputs like non-formal education, vocational training, health care, nutrition, etc. to them. Special schools form a major component of the projects, through which welfare inputs would be reached to the children. Nine child labour projects have so far been set up in areas of concentration of child labour. These are at Sivakasi (Tamil Nadu), Jaipur (Rajasthan), Mandsaur (Madhya Pradesh), Markapur (Andhra

Pradesh), Mirzapur-Bhadohi (Uttar Pradesh), Ferozabad (Uttar Pradesh), Aligarh (Uttar Pradesh), Moradabad (Uttar Pradesh) and Jaggampet (Andhra Pradesh). 124 schools covering 6900 children have so far been set up.

5.65 Social security to workers is provided through a number of legislations. These provide for payments of compensation to workmen in the case of industrial accidents and occupational diseases leading to disablement or death, health insurance, provident fund, family pension, deposit linked insurance and payment of gratuity on termination of employment, superannuation, retirement, resignation, death or disablement to workers coming within their purview.

Special Employment Programmes

5.66 A number of Special Employment Programmes have over the years sought to supplement the employment generating potential of the general development process. These are briefly dealt with in this section.

5.67 Programmes for the rural poor are the Integrated Rural Development Proramme (IRDP) and its two sub-programmes, Training of Rural Youth for Self Employment (TRYSEM) and Development of Women and Children in Rural Areas (DWCRA) and the wage employment programmes, the National Rural Employment Programme (NREP) and the Rural Landless Employment Guarantee Programme (RLEGP) which later merged to form the Jawahar Rojgar Yojana (JRY) during 1989-90. IRDP seeks to promote self-employment by providing productive assets and inputs tothe rural poor through a mix of subsidy and bank credit. TRYSEM provides training in technical skills to poor rural youth to enable them to take up self employment or wage employment and DWCRA seeks to promote economic activities among groups of poor rural women. JRY is designed to generate additional gainful employment of the rural unemployed and underemployed by taking up works for creating productive economic assets. During the Seventh Plan period, 18.2 million families were assisted under IRDP, about a million rural youth were trained under TRYSEM and group economic activities were promoted among 28,000 groups with a membership of about 46,800 women under DWCRA; and the wage employment ment programmes (NREP and RLEGP) generated 3,492 million mandays of employment. During 1990-91, about 2.82 million families were assisted under IRDP, 4,25,000 rural youth were trained under TRYSEM, 4,600 womens' groups were formed under DWCRA with a membership of 76,000 and about 684 million man-days of employment were generated under JRY.

5.68. The Self-Employment Programme for the Urban Poor (SEPUP) and the Nehru Rojgar Yojana (NRY) are programmes initiated for the urban poor. SEPUP covers all cities and towns with a population of 10,000 and above and not covered by IRDP. Under the scheme, loans upto Rs. 5,000 are provided by banks to the urban poor for taking up useful economic ventures, with the Central Government providing a capital subsidy of 25 per cent of the loan. Available provisional figures show that about a million persons received loans amounting to Rs. 368.49 crores since the inception of the scheme in September, 1986 upto the end of the Seventh Plan period. NRY launched in October, 1989 and redesigned subsequently, consists of three schemes. The first scheme seeks to provide support to the urbann poor for setting up micro enterprises in all urban settlements somewhat along the lines of IRDP; the second is for wage employment through provision of basic amenities to the poor in all urban settlemtns with a population of less than 10 lakhs; and the third is for providing employment through shelter upgradation in urban settlements with population between one lakh and 20 lakhs. The scheme for Self-Employment for Educated Unemployed Youth (SEEUY), which has the objective of promoting, self-employment among educated youth (aged 18—25 years) belonging to families with income not exceeding Rs. 10,000 per annum, covers areas other than cities with a population of more than 1 million. The Central Government provides a capital subsidy of 25 per cent of the loan provided by the banks. About 0.57 million persons have been provided with loans amounting to Rs. 1,060.25 crores under the scheme during the first four years of the Seventh Plan period.

5.69 A number of special employment programmes are also being implemented by the State Governments, as for instance, the Employment Guarantee Scheme in Maharashtra, Additional Employment Programme (AEP) and Self Employment Scheme for Registered Unemployed (SESRU) in West Bengal, Soft Loan Scheme in Madhya Pradesh and the Scheme for Employment and Training in Andhra Pradesh.

CHAPTER 6

PRICES, PRICE POLICY AND PUBLIC DISTRIBUTION SYSTEM

The price situation was under pressure through out 1990-91, despite a satisfactory monsoon and a bumper crop for the third year in succession The inflationary pressures had started building up from 1989-90 itself when the Wholesale Price Index (WPI) registered a marked increase of 9.1 per cent compared with an increase of only 5.7 per cent during 1988-89. During the first half of 1990-91, the cumulative price rise at 5.9 per cent was lower compared with an increase of 7 per cent in the corresponding period of the previous year. After September, 1990, however, the situation deteriorated. Instead of a seasonal decline usually associated with the arrival and marketing of kharif crops from September onwards, there had been a contra-seasonal increase in prices, a situation which had arisen only during the drought year of 1987-88 in the recent past. Consequently, the annual rate of inflation in terms of WPI during 1990-91 at 12.1 per cent was much higher than the annual inflation rate of 9.1 per cent during 1989-90.

6.2 The major concern about inflation in 1990-91 was that the sharp increase in prices was concentrated in essential commodities such as foodgrains, vegetables, pulses and edible oils. This occured despite three good monsoons in a row, and hence three successive bumper harvests. The scope for supply management through imports was limited in view of the precarious balance of payments situation. At the same time, while a large liquidity over-hang had been inherited from the earlier years, the scope for a further monetary sequeeze was constrained by the fact that the Cash Reserve Ratio (CRR) had already reached its statutory limit of 15 per cent. Reliance had to be placed on other measures to moderate the pace of reserve money growth. More frequent modification of minimum margins and credit ceilings on bank advances against sensitive commodities were made in response to price and output developments. The Statutory Liquidity Ratio (SLR) was raised from 38 per cent to 38.5 per cent of the net domestic demand and time liabilities with effect from September 22, 1990. The budgetary situation was also under pressure because of revenue shortfalls and expenditure overruns, some part of which was attributable to the Gulf crisis.

6.3 Several factors had contributed to the build up of inflationary pressures in the economy. The main factors, no doubt, related to (a) fiscal imbalances resulting in a higher increase in money supply, liquidity over-hang and thus effective demand, (b) supply and demand imbalances in sensitive commodities mainly due to shortfall in domestic production and inability of the Government to import desired quantities because of persistent pressure on balance of payments and shortage of foreign exchange, and (c) the consequent inflationary pressures.

6.4 The increase in the prices of essential commodities was due to various factors. Prices of cereals, particularly rice and wheat, increased on account of a substantial increase in their procurement prices and consequent rise in their issue prices which set the trends for open market prices. Prices of pulses continued to increase by persistent excess demand against a situation of near stagnation in domestic production in the last two decades. The sharp increase in prices of edible oils was mainly due to shortfall in the domestic production for two successive years and inability of the Government to import larger quantities due to balance of payment problems. Prices of other food articles, particularly fruits and vegetables, seemed to have risen on account of increase in transport costs attributable to the two hikes in prices of diesel. Disruption in transport during August—October, 1990 might have accentuated the problem by creating localised shortages.

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6.5 The Gulf Surcharge of 25 per cent on domestic prices of petroleum products, imposed with effect from October 15, 1990, has no doubt, also added to the inflationary pressures.

6.6 The increase in the Consumer Price Index for Industrial Workers was still higher at 13.6 per cent during 1990-91 compared with 6.6 per cent during 1989-90. The relatively higher increase in CPI was due to a continuous spurt in the prices of food articles and food products, which have a much higher weight in the CPI than the WPI. Similar trends have been exhibited in the movement of the CPI for Urban non-manual employees.

6.7 Details with regard to the movements in price indices (WPI and CPI) during 1990-91 and 1989-90, are given in the following table :—

TABLE 6.1

Movement in Price Indices

	Percentage change	
	1989-90	1990-91
1	2	3
A. Wholesale Price Index (1981-82 = 100)		
1. Annual Inflation Rate (Point to point basis)	9.1	12.1
2. Annual Inflation Rate (Average of the year basis)	7.5	10.3
3. Level of the Index (Last week of March)	171.1	191.8
B. Consumer Price Index for Industrial Workers (1982 = 100)		
1. Annual Inflation Rate (Point to point basis) . . .	6.6	13.6
2. Annual Inflation Rate (Average of the year basis)	6.1	11.6
3. Level of the Index (March) .	177	201

Trends During the 1980s

6.8 The group-wise average change in WPI since 1982-83 is given in the following table :—

TABLE 6.2

Average Change in WPI of major groups during 1982—91
(Base : 1981-82 = 100)

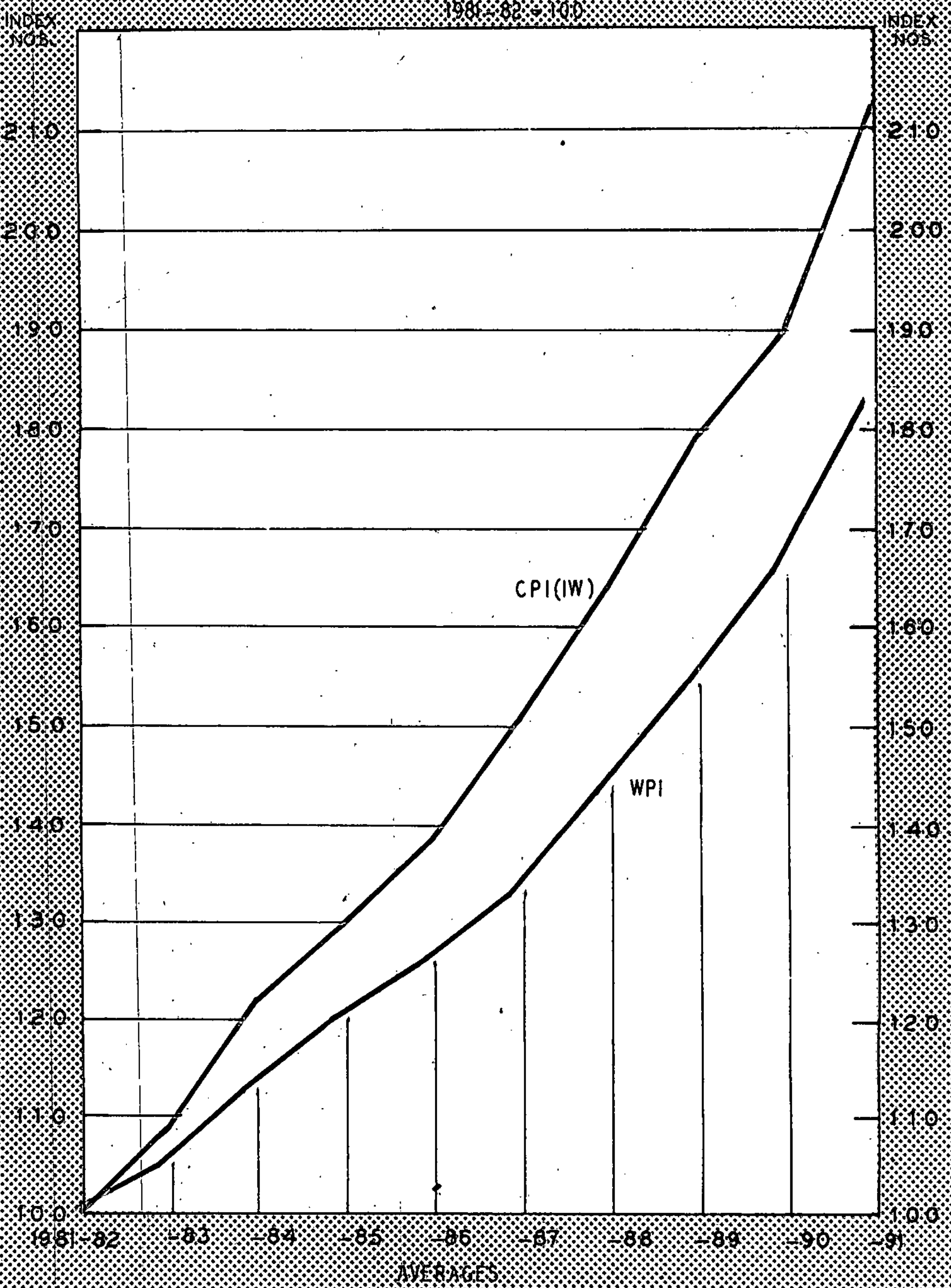
Commodity/Group	Weight	Percentage change in WPI between 1981-82 and 1990-91	Percentage contribution to increase in WPI
1	2	3	4
I. Primary Articles .	32.30	84.9	33.2
(a) Food Articles .	17.39	100.6	21.2
(b) Non-food Articles	10.08	94.2	11.5
(c) Minerals . .	4.83	9.0	0.5
II. Fuel, Power, Light & Lubricants . .	10.66	75.8	9.8
III. Manufactured Products	57.04	82.8	57.0
(a) Food Products .	10.14	81.7	10.0
(b) Textiles . .	11.55	71.2	9.9
(c) Basic Metals, Alloys & Metal Products . .	7.63	119.9	11.1
(d) Machinery & Machine Tools .	6.27	80.2	6.1
All Commodities . .	100.00	82.7	100.00

6.9 Since 1981-82, the all-commodities WPI has moved up by 82.7 per cent (upto March, 1991). Manufactured products as a group accounted for 57 per cent of the increase in the index, whereas primary articles accounted for 33.2 per cent and the balance 9.8 per cent was contributed by the group 'fuel, power, light and lubricants'. Among manufactured items the contribution of food products was 10 per cent, textiles 9.9 per cent, basic metals, alloys and metal products 11.1 per cent and machinery and machine tools 6.1 per cent.

6.10 Administered items as a category consist of minerals, petroleum crude & natural gas, fuel, power, light and lubricants and a number

CHART 6.1

MOVEMENT IN PRICES (CPI & WPI)



of important manufactured products such as iron and steel, non-ferrous metals (excluding aluminium) and fertilizers. The rise in the prices of fuel, power, light and lubricants was due to upward revision in administered prices of energy, necessitated by the rise in cost of inputs. The prices of other items, by and large, remained stable. The prices of fertilizers have remained virtually unchanged during the 1980s. Since the cost of inputs has risen appreciably during this period, the higher cost has been absorbed in the budget through the provision of subsidy. This has led to a sharp increase in the burden of fertiliser subsidy.

6.11 The movement of WPI of administered items is given in the following table. :—

TABLE 6.3

Movement in WPI of Administered Items

Administered Items	Weight	Percentage change in WPI between 1981-82 and 1989-90	Percentage contribution in WPI
1	2	3	4
1. Petroleum Crude & Natural Gas	4.27	(—)8.2	(—)0.5
2. Petroleum Products	6.67	29.7	3.0
3. Coal Mining	1.26	131.8	2.5
4. Electricity	2.74	87.7	3.7
5. Fertilizers	1.75	(—)0.9	Neg.
6. Iron & Steel	2.44	88.8	3.3
7. Non-ferrous Metals (excl. aluminium)	0.57	166.8	1·4
TOTAL	19.70	44.7	13.40

Trends during the Sixth and Seventh Plans

6.12 The annual average change in price indices of different commodities during the Sixth and Seventh Plan periods has been quite uneven as may be seen from the following table :—

TABLE 6.4

Annual Inflation Rates

(Base : 1981-82 = 100)

(Average of weeks basis)

(In Per Cent)

Items	Sixth Plan* (1980—85)	Seventh Plan (1985—90)
1	2	3
All commodities	9.3	6.6
1. Foodgrains	8.6	7.2
2. Cereals	7.7	6.8
3. Pulses	13.4	10.2
4. Fruits & Vegetables	13.2	3.9
5. Milk	10.6	8.[illegible]
6. Eggs, Fish & Meat	10.5	7.0
7. Condiments & Spices	15.4	8.0
8. Other Food Articles (Tea and Coffee)	16.7	8.7
9. Non-food Articles	9.1	6.3
10. Oilseeds	10.9	6.2
11. **Manufactured Products**	8.2	7.5
12. Food Products	10.9	7.8
13. Edible oils	11.3	7.8
14. Sugar, Khandsari & Gur	10.9	9.0
15. Textiles	5.8	5.9

*Figures for 1980-81 and 1981-82 have been derived from 1970-71 base.

6.13 It may be observed that the rate of inflation has been significantly lower during the Seventh Plan compared with the Sixth Plan. As the rate of output growth during the two periods was broadly similar, this was evidently due to the fact that the Sixth Plan period had to absorb the adverse impact of two shocks, the severe drought of 1979–80 and the second oil shock. The combined effect of these shocks was reflected in the unduly high rate of inflation during the first year of the Sixth Plan; the last three years of this period experienced relatively modest rates of inflation.

6.14 The Seventh Plan period, on the other hand, experienced one major shock, the drought of

1987–88. Its impact was also short lived. However, the Seventh Plan period witnessed the emergence of some disturbing trends which have made the task of achieving price stability more difficult. The demand and supply gap in respect of essential commodities like pulses and edible oils has widened. Due to stagnation in domestic production the dependence of the country on imported petroleum and petroleum products has also increased substantially. This has aggravated the balance of payments position, thus restricting our ability to supplement shortfalls in domestic supplies of some essential commodities through imports.

Seasonality in Price Movements

6.15 The prices of agro-based items are subject to the phenomenon of seasonal variations associated with the harvesting and marketing of agricultural crops. Usually, there is an upward trend in prices upto August-September, followed by a decline upto December consequent on the arrival of Kharif crops, and a slight rise thereafter. Departure from this pattern is termed as contra-seasonal. The element of seasonality in the movement of WPI during last seven years (1983–90) may be observed from the following table :—

TABLE 6.5

Seasonal Pattern of Price Variation

Commodity	Average Rate of change of WPI during 1983—90 (Per cent)		
	April—Aug.	Sept.—Dec.	Jan.—March
1	2	3	4
1. All Commodities	5.4	0.0	1.4
2. Seasonal Items			
(a) Food Articles	11.1	(—)3.2	(—)0.1
(b) Non-food Articles	6.1	1.4	0.0
(c) Sugar, Khandsari & Gur	15.2	(—) 8.9	0.6
(d) Edible Oils	8.3	1.4	(—)0.8
3. Fuel, Power, Light & Lubricants	1.7	0.7	3.7
4. Manufactured Products	4.8	0.6	2.0

6.16 The above table shows that the WPI recorded, on an average a rise of 5.4 per cent between April-August. The rise was more prominent in food articles and food products like sugar group and edible oils. The manufactured products as a group (including sugar and edible oils sub-groups) recorded an average increase below 5 per cent.

6.17 Between September and December, the seasonal decline is generally concentrated in food articles group and agro-based manufactured items such as sugar, khandsari and gur.

6.18 During January-March, the food articles group showed a modest fall before the arrival of rabi crops. In fact, the prices of most of the agro-based products remained steady or showed a marginal decline during this period.

6.19 The seasonal items played a significant role in determining the rate of inflation during any year as may be observed from the following table :—

TABLE 6.6

Contribution of Seasonal Items to Inflation

Year	Annual Rate of Inflation (All Commodities)	Seasonal Items (wt 34.41 per cent)	Administered Items* (wt 19.70 per cent)	Manufactured Products (wt 57.04 per cent)
1	2	3	4	5
1985-86	4.8	36.81	30.48	47.37
1986-87	5.1	52.06	1.28	57.92
1987-88	10.7	55.81	8.48	47.07
1988-89	5.7	(—)0.57	21.45	90.31
1989-90	9.1	29.99	14.56	70.39
1990-91	12.1	52.28	14.07	42.99

*Includes cement and aluminium upto 1988-89.

NOTE : The three categories are not mutually exclusive.

Price Situation During 1989–90

6.20 As mentioned earlier, the fiscal year 1989–90 closed with an inflation rate of 9.1 per cent in terms of WPI (on a point-to-point basis) compared with 5.7 per cent recorded in 1988–89.

Manufactured products accounted for about 70 per cent of the increase in WPI, food articles less than 5 per cent, non-food articles about 15 per cent, administered manufactured items about 15 per cent and fuel, power, light and lubricants about 7 per cent.

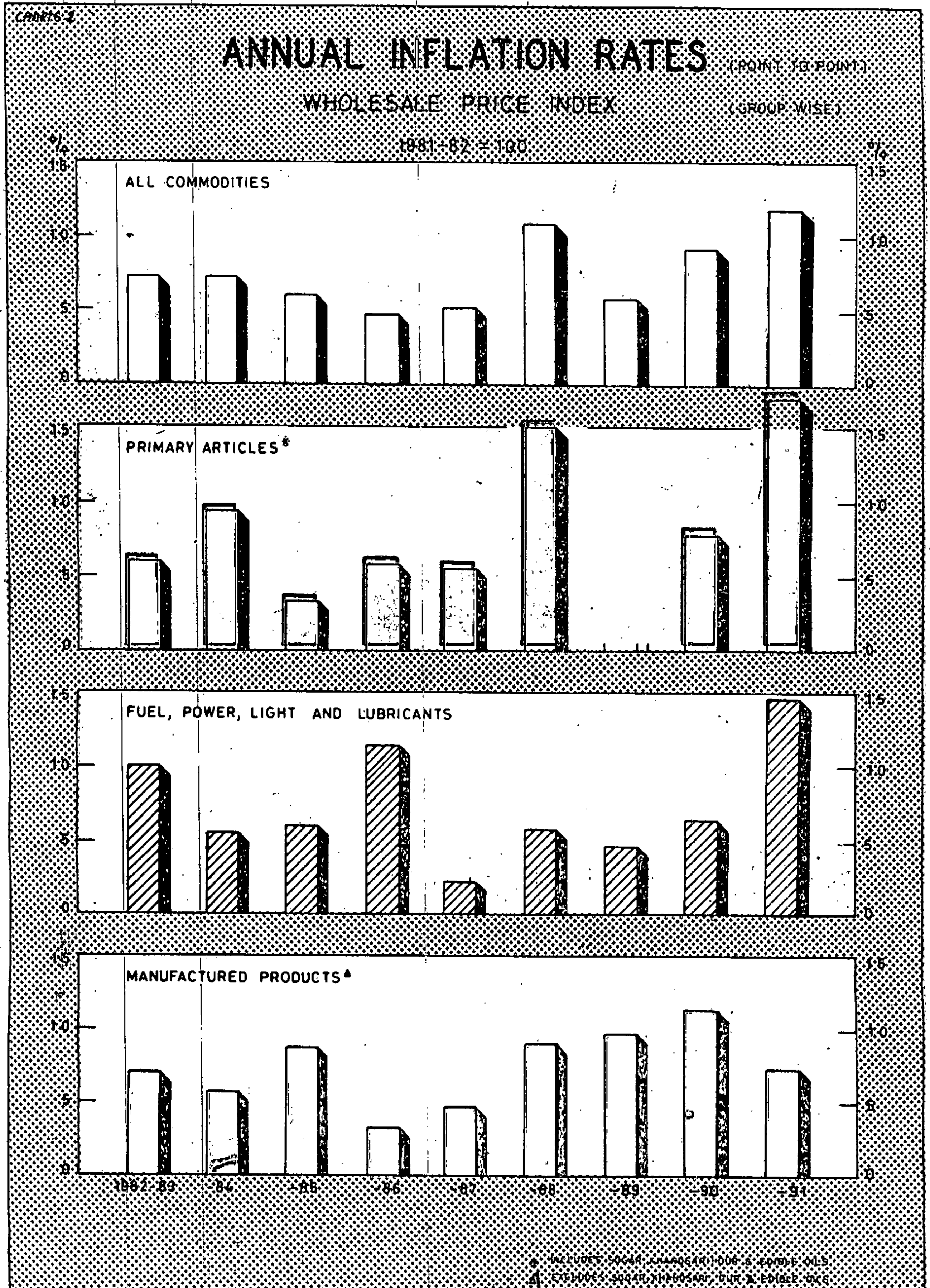

CHARTS-3
ANNUAL INFLATION RATES (POINT TO POINT)
WHOLESALE PRICE INDEX (GROUP WISE)
1981-82 = 100
%
ALL COMMODITIES
PRIMARY ARTICLES*
FUEL, POWER, LIGHT AND LUBRICANTS
MANUFACTURED PRODUCTS▲
1982-83
-84
-85
-86
-87
-88
-89
-90
-91
* INCLUDES SUGAR, KHANDSARI, GUR & EDIBLE OILS
▲ EXCLUDES SUGAR, KHANDSARI, GUR & EDIBLE OILS

TABLE 6.7

Price Variation of Selected Items

(Base : 1981-82 = 100)

Items/Groups	Weight in WPI (%)	Annual Inflation Rates (Whole Year) (April—March)			
		1989-90		1990-91	
		% change	% share	% change	% share
1	2	3	4	5	6
ALL COMMODITIES	**100.00**	**9.05**	**100.00**	**12.10**	**100.00**
Food Articles	17.39	2.13	4.53	18.89	28.14
(a) Food Grains	7.92	—3.44	—3.18	22.72	13.89
1. Cereals	6.82	—6.18	—4.80	25.35	12.68
(i) Rice	3.69	1.60	0.68	13.36	3.94
(ii) Wheat	2.25	—16.61	—4.34	48.91	7.32
(iii) Bajra	0.18	1.43	0.02	26.35	0.28
(iv) Barley	0.05	0.06	0.00	34.23	0.15
2. Pulses	1.09	11.23	1.62	10.81	1.19
(i) Gram	0.41	2.77	0.15	2.02	0.08
(ii) Arhar	0.27	28.94	0.89	27.98	0.76
(iii) Masoor	0.05	4.19	0.03	20.72	0.09
(b) Fruits & Vegetables	4.09	3.59	1.67	22.83	7.55
(i) Fruits	2.80	—2.39	—0.81	25.04	5.68
(ii) Vegetables	1.29	19.47	2.46	17.68	1.83
(a) Potatoes	0.47	20.36	0.83	22.94	0.77
(b) Onions	0.16	—2.42	—0.03	98.00	0.79
(c) Milk	1.96	4.50	1.20	8.85	1.69
(d) Eggs, Fish & Meat	1.78	6.27	1.34	10.47	1.63
(e) Condiments & Spices	0.95	5.43	0.83	32.25	3.57
(i) Chillies	0.32	—44.86	—2.27	44.68	0.86
(f) Other Food Articles	0.69	26.06	2.71	—1.96	—0.18
(i) Tea	0.56	29.73	2.55	—12.58	—0.96
(ii) Coffee	0.13	7.87	0.14	61.32	0.82
Non-Food Articles	10.08	13.37	14.77	19.33	16.61
1. Fibres	1.79	—3.97	—0.84	24.46	3.42
(a) Raw Cotton	1.34	—17.61	—2.60	44.29	3.69
(b) Raw Jute	0.16	49.80	1.40	—14.97	—0.43
2. Oilseeds	3.86	27.42	9.79	26.60	8.30
Manufactured Products	**57.04**	**11.13**	**70.30**	**8.93**	**42.99**
Food Products	10.14	12.85	13.71	13.17	10.87
1. Sugar, Khandsari & Gur	4.06	13.06	4.86	0.07	0.02
(i) Sugar	2.01	10.49	1.91	0.42	0.06
(ii) Khandsari	0.30	36.40	0.82	—2.75	—0.06
(iii) Gur	1.75	12.72	2.13	0.13	0.02
2. Edible Oils	2.45	17.16	4.80	32.67	7.34
(i) Groundnut Oil	0.53	38.39	1.91	36.21	1.71
(ii) Rape & Mustard Oil	0.28	19.95	0.49	44.49	0.89
3. Oil cakes	0.43	23.42	1.03	4.56	0.17
Others					
1. Textiles	11.55	17.06	20.01	5.27	4.97
2. Cement	0.86	14.87	1.27	14.06	0.95
3. Non-Ferrous Metals (whole group)	1.03	4.14	0.70	7.99	0.97
4. Aluminium	0.45	2.63	0.17	5.68	0.27
Administered Items	**19.70**	**7.47**	**14.56**	**9.79**	**14.07**
1. Petroleum Crude & Natural Gas	4.27	12.50	3.34	—0.40	—0.08
2. Petroleum Products (Mineral Oils)	6.67	9.13	5.54	20.55	9.34
3. Coal Mining	1.26	0.43	0.09	0.04	0.01
4. Electricity	2.74	4.70	1.66	11.38	2.89
5. Fertilisers	1.75	0.00	0.00	0.00	0.00
6. Iron & Steel	2.44	11.81	3.54	6.00	1.38
7. Non-Ferrous Metals (Other than Aluminium)	0.57	5.15	0.53	9.42	0.69

6.21 Seasonal items, accounted for about 30 per cent of the total price rise during the year. Among the important items in this group the price rise was high in pulses, tea, raw jute, oilseeds, edible oils and sugar, khandsari and gur. Prices of some cereals such as wheat; fibres (raw cotton); chillies; and fruits registered a fall, neutralising partly the overall increase in prices.

6.22 The prices of pulses firmed up on account of stagnation in production and rise in demand. To increase domestic availability and hold the hike in prices, over 4 lakh tonnes of pulses were imported under OGL and the import duty was reduced from 35 per cent to 10 per cent. Tea prices exhibited a steep rise following decline in production and reduced domestic availability owing to export commitments. Domestic availability of tea was augmented by earmarking every second auction of tea for domestic use. The increase in prices of oilseeds and edible oils was also due to substantial decline in production over the previous year and curtailed imports on account of balance of payments constraint. The prices of sugar group also had gone up due to decline in production of sugar from nearly 91.10 lakh tonnes in the sugar year 1987–88 to about 87.52 lakh tonnes during the sugar year 1988–89. To check the price rise, larger quantities of sugar were released both for free sale and for supply through the public distribution system. Further, about 2.42 lakh tonnes of sugar was imported.

6.23 The administered items, as a group, contributed nearly 15 per cent to the overall rise in prices. Of this, nearly 9 per cent was contributed by petroleum crude and petroleum products and the rest by iron and steel, electricity and non-ferrous metals.

6.24 The prices of manufactured products, as a group, recorded an increase of over 11 per cent but their contribution to the overall price rise was over 70 per cent. Over 40 per cent of this share was on account of rise in prices of edible oils, sugar, khandsari and gur, and textiles.

6.25 The rate of price rise in terms of CPI during 1989-90 was lower at 6.6 per cent compared with 8.5 per cent during the 1988–89. The lower rate of increase in CPI was mainly due to moderate increase of 5.3 per cent in the food index as against 10.5 per cent during 1988–89. The main items contributing to the rise in the index were pulses, fruits and vegetables, tea, condiments and spices, edible oils and the sugar group.

Price Rise During 1990-91

6.26 The price situation worsened during the financial year 1990–91 as there was no let up in the rising trend. The cumulative increase in the WPI during 1990–91 was 12.1 per cent, which was much higher than the increase of 9.1 per cent in the year 1989–90 (Table 6.7).

6.27 The increase in the WPI upto the end of September, 1990 at 5.9 per cent was lower than the increase of 7 per cent upto the end of September, 1989. The turning point came in September, 1990 when, on account of both domestic and external factors, a spurt in prices was caused, completely weakening the seasonal decline in prices of agro-based items and even resulting in contra-seasonal increase in the prices (Table 6.8).

6.28 The accelerated rise in prices during 1990–91 was thus the result of the following factors:

(a) Fiscal imbalances resulting in higher increase in money supply, liquidity overhang and thus effective demand;

(b) supply and demand imbalances in some of the sensitive commodities, mainly due to shortfall in production and supply;

(c) imposition of the unavoidable Gulf surcharge at the rate of 25 per cent on the prices of petroleum products and also imposition of other levies to contain rise in the budgetary deficit; given the weight of petroleum products in the WPI, the direct and indirect impact of rise in petroleum product prices on WPI during 1990–91 was estimated to be 1.5 per cent;

(d) the substantial increase in procurement prices and the consequent rise in issue prices of foodgrains which set the trends for open market prices; and

(e) the disturbed law and order situation particularly during the third quarter of the year, leading to some contraction of output and disruption of transport, resulting in localised shortages.

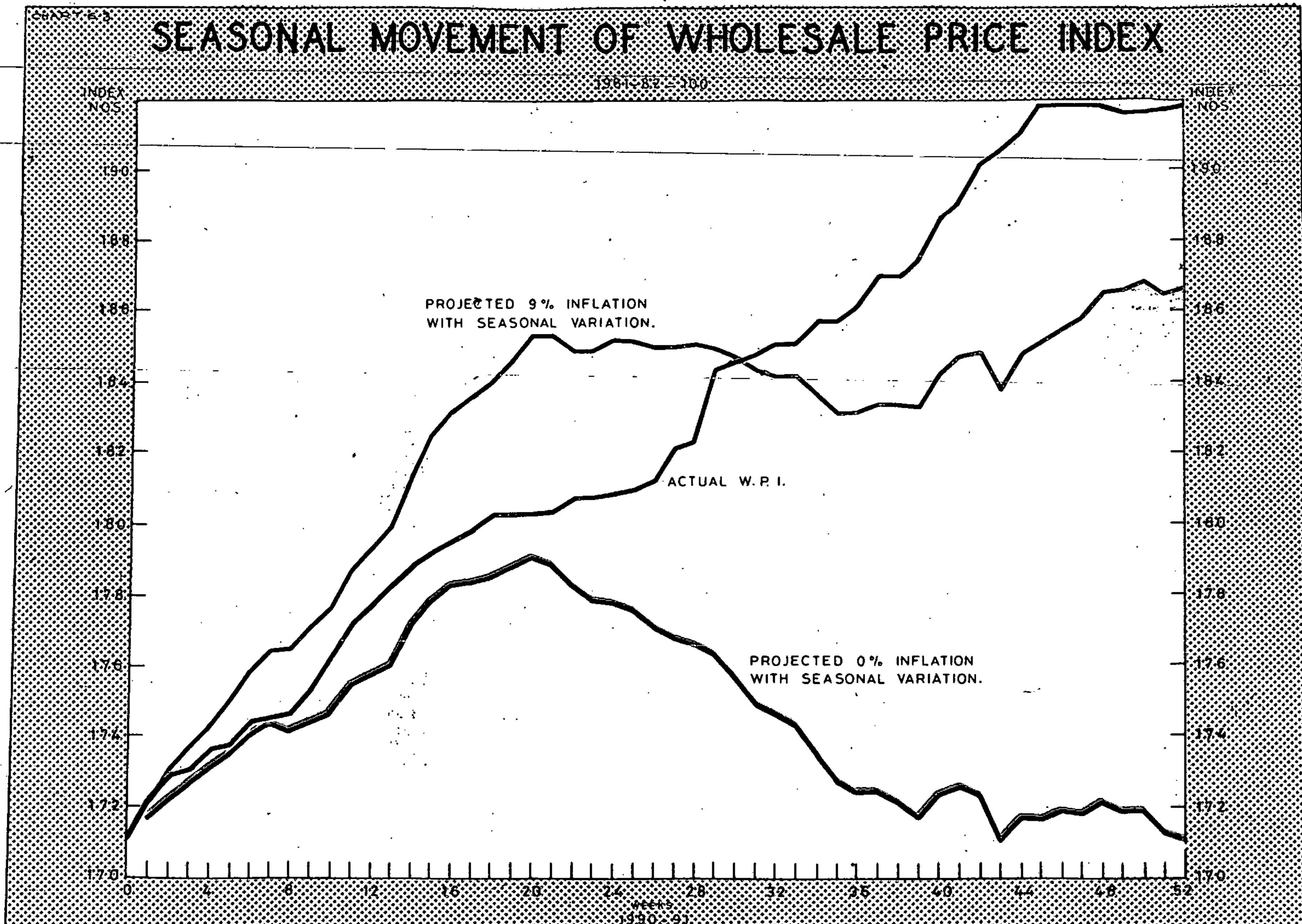


CHART 6.3
SEASONAL MOVEMENT OF WHOLESALE PRICE INDEX
1981-82=100
INDEX NOS.
INDEX NOS.
190
188
186
184
182
180
178
176
174
172
170
PROJECTED 9% INFLATION WITH SEASONAL VARIATION.
ACTUAL W.P.I.
PROJECTED 0% INFLATION WITH SEASONAL VARIATION.
0
4
8
12
16
20
24
28
32
36
40
44
48
52
WEEKS
1990-91

TABLE 6.8

SEASONAL VARIATION OF PRICES

Items	Weight in WPI (%)	Percentage Change (point—to—point basis) (Base : 1981-82=100) Whole Year 1989-90	1990-91	End March-End Sept. 1989-90	1990-91
Seasonal Items £	**34.41**	**7.64**	**18.03**	**9.38**	**11.11**
I. Food Articles	**17.39**	**2.13**	**18.89**	**6.57**	**12.97**
(a) Food Grains	7.92	-3.44	22.72	3.38	9.64
1. Cereals	6.82	-6.18	25.35	0.43	9.87
(i) Rice	3.69	1.60	13.36	6.45	8.28
(ii) Wheat	2.25	-16.61	48.91	-8.36	17.59
2. Pulses	1.09	11.23	10.81	19.27	8.56
(b) Fruits & Vegetables	4.09	3.59	22.71	7.00	26.00
(i) Fruits	2.80	-2.39	25.04	-8.56	15.03
(ii) Vegetables	1.29	19.47	17.68	48.49	50.09
(c) Milk	1.96	4.50	8.85	5.84	4.60
(d) Eggs, fish & meat	1.78	6.27	10.47	6.97	8.38
(e) Condiments & Spices	0.95	5.43	32.25	6.91	12.25
(f) Other food articles	0.69	26.06	-1.96	33.77	14.23
(i) Tea	0.56	29.73	-12.58	41.41	7.51
(ii) Coffee	0.13	7.87	61.32	-4.09	54.40
II. Non-Food Articles	**10.08**	**13.37**	**19.33**	**6.36**	**8.16**
1. Fibres	1.79	-3.97	24.46	-1.19	8.21
(i) Raw cotton	1.34	-17.61	44.29	-1.47	10.88
(ii) Raw jute	0.16	49.80	-14.97	-12.57	4.14
2. Oil seeds	3.86	27.42	26.60	22.01	12.55
III. Sugar, Khandsari & Gur	**4.06**	**13.06**	**0.07**	**30.41**	**8.56**
1. Sugar	2.01	10.49	0.42	14.69	-1.20
2. Khandsari	0.30	36.40	-2.75	53.85	-4.40
3. Gur	1.75	12.72	0.13	44.41	21.07
IV. Edible oils	**2.45**	**17.16**	**32.67**	**13.15**	**15.07**
1. Groundnut oil	0.53	38.39	36.21	34.79	19.16
2. Rape & Mustard oil	0.28	19.95	44.49	17.11	35.97
V. Oil cakes	**0.43**	**23.42**	**4.56**	**18.82**	**0.89**
All Commodities	**100.00**	**9.05**	**12.10**	**7.01**	**5.90**

£ Includes Food Articles; Non-Food Articles; Sugar, Khandsari & Gur; Edible Oils and Oil cakes.

6.29 There has been a significant built up of liquidity overhang in the past as may be seen from the following table :

TABLE 6.9

Growth Rates of National Income, Money Supply and Prices during the Seventh Plan

Year	M3	NRCCG	GNP	WPI	CPI
1	2	3	4	5	6
1985-86	15.9	19.4	4.1	4.8	8.3
1986-87	18.6	18.6	3.6	5.1	6.2
1987-88	15.9	14.5	4.2	10.7	10.9
1988-89	17.8	12.6	10.6	5.7	8.5
1989-90	19.4*	23.7*	5.2	9.1	6.6
1990-91	15.1*	21.3*	5.0@	12.1	13.6

@Anticipated.

* Between March 31, 1989 and March 23, 1990 for 1989-90 and between March 31, 1990 and March 22, 1991 for 1990-91.

WPI-Base : 1981-82=100, CPI-Base : 1982 100.

While broad money (M_3) has increased during the last five years by an average rate of 17.6 per cent per annum and net Reserve Bank Credit to Central Government has increased by 17.8 per cent per annum, the GNP recorded an average growth rate of 5.7 per cent. Such a liquidity growth, which is out of line with the growth in GNP, generally reinforces inflationary pressures in the economy.

6.30 Shortfalls in production of some essential and critical commodities of mass consumption, combined with constraints on augmenting supplies through imports have constrained the supply position and have further aggravated the pressure on prices.

6.31 It may be observed from Table 6.7 that the food articles which recorded an appreciable price rise during the year were fruits and vegetables, oilseeds, edible oils, foodgrains, eggs, fish and meat and condiments and spices. Food articles, as a group contributed nearly one-third to the total price rise. The index of manufactured products recorded a modest increase of 8.9 per cent but contributed 43 per cent to the price rise because of its higher weight. Administered items as a group recorded a price increase of 9.8 per cent but contributed over 14 per cent to the price rise mainly because of the substantial increase in prices of petroleum products.

6.32 As mentioned earlier, the increase in the prices of cereals such as rice and wheat is attributable to the substantial increase in procurement prices and the consequent rise in the issue prices. The continued increase in the prices of pulses was caused by the persistent excess demand in the face of stagnation in production which has resulted in a decline in per capita availability despite imports of sizeable quantities of pulses in recent years.

6.33 The sharp increase in the prices of edible oils was mainly due to shortfalls in domestic production in two successive years and the inability of the Government to import larger quantities because of a shortage of foreign exchange.

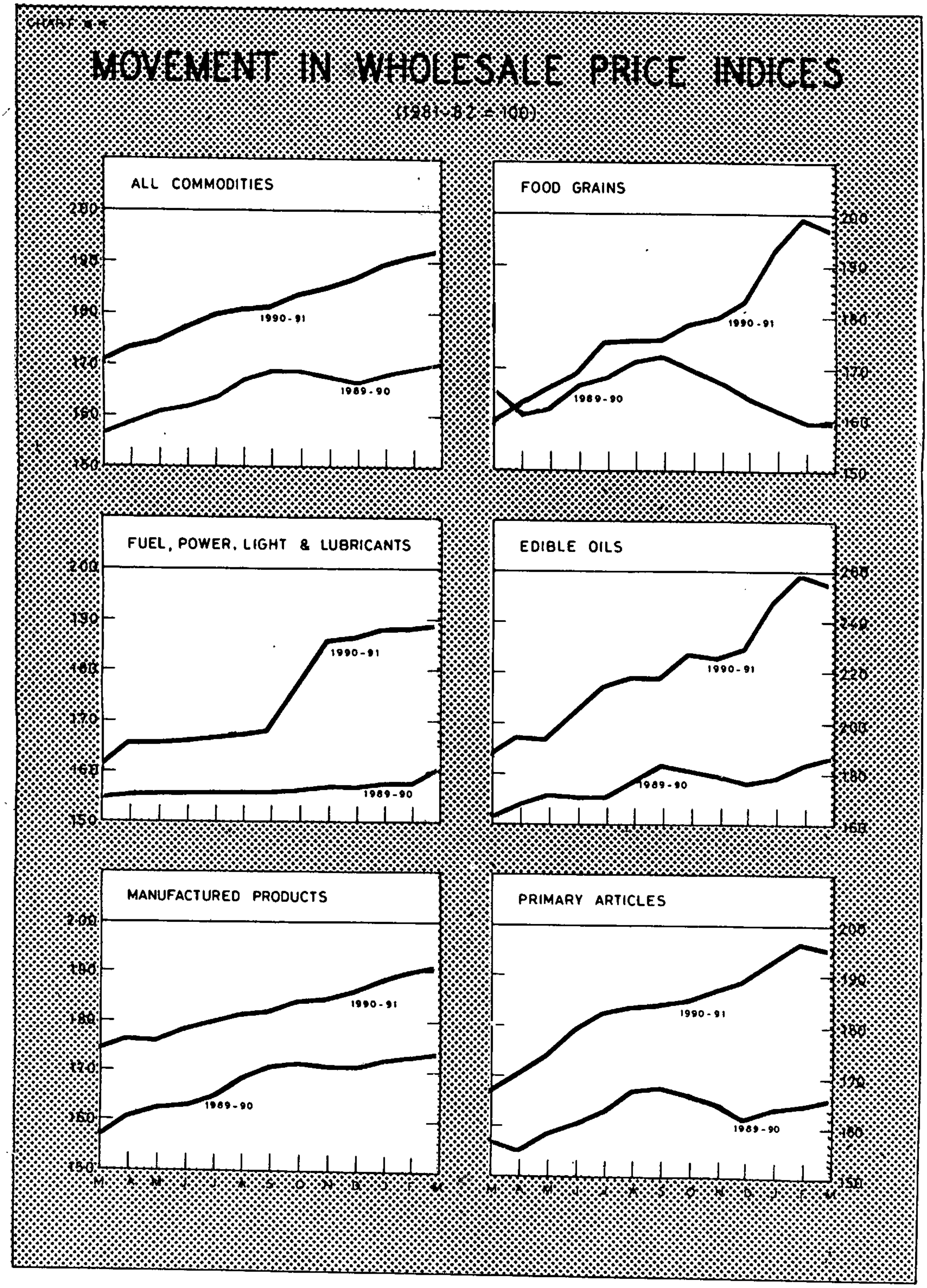
6.34 The increase in the prices of fruits and vegetables appears to be partly due to an increase in transport costs which can be attributed to higher prices of diesel. Moreover, disruption of transport on account of the disturbed law and order situation last year may have aggravated the problem.

TABLE 6.10

Movement of Consumer Price Index for Industrial Wokers in Major Groups

(Base : 1982=100)

Groups	Weight	Indices			1989-90		1990-91	
		1988-89	1989-90	1990-91	% Change	% share	% change	% share
1	2	3	4	5	6	7	8	9
1. Food	57.00	169	178	207	5.3	46.6	16.3	68.9
2. Pan Supari, Tobacco & Intoxicants .	3.15	202	233	257	15.3	8.9	10.3	3.2
3. Fuel & Light	6.28	166	174	199	4.8	4.6	14.4	6.5
4. Housing	8.67	165	178	192	7.9	10.2	7.9	5.1
5. Clothing, bedding and Foot Wear .	8.54	134	149	160	11.2	11.6	7.4	3.9
6. Miscellaneous	16.36	163	178	196	9.2	22.3	10.1	12.3
General	**100.00**	**166**	**177**	**201**	**6.6**	**100.6**	**13.6**	**100.0**


MOVEMENT IN WHOLESALE PRICE INDICES
(1981-82 = 100)
ALL COMMODITIES
FOOD GRAINS
FUEL, POWER, LIGHT & LUBRICANTS
EDIBLE OILS
MANUFACTURED PRODUCTS
PRIMARY ARTICLES
1990-91
1989-90

6.35 Sugar prices during 1990-91 remained stable in contrast to an appreciable increase recorded in the previous year. The price stability in the sugar group was due to increased production of sugar during the 1989-90 sugar season (October-September) and equally good prospects for the 1990-91 season.

6.36 While the index of manufactured products, as a group, remained relatively stable, appreciable increase was recorded in the price of cement, mainly because of an increase in input costs and buoyancy in demand. Localised shortages had emerged from time to time due to infrastructure bottlenecks.

6.37 As mentioned earlier, the CPI for Industrial workers had recorded a higher increase during 1990-91 compared with 1989-90 mainly due to sharp increase in the food index from March, 1990 onwards. Also, because the pressure came largely from the seasonal items comprising agricultural and agro-based products. The longer term trends in the comparative movement of the WPI and the CPI are outlined in the accompanying chart.

6.38 Movement of Consumer Price Index in respect of six major groups is given in Table 6.10. Food items accounted for about 69 per cent of the increase in the general Consumer Price Index during 1990-91 compared with their contribution of only 47 per cent in the price rise during 1989-90. Miscellaneous group comprising medical care, education, recreation and amusement, transport and communication, personal care and effects etc., accounted for about 12 per cent of the increase in the Index. The remaining groups contributed between 3 and 6 per cent each to the price rise. The higher increase in the CPI compared with that of WPI during 1990-91 was primarily due to sharp increase in the prices of food articles which carry a weight of 57 per cent in CPI as against a weight of about 28 per cent only by food articles (food articles and food products) in the WPI.

Price Situation during 1991-92

6.39 During the current financial year, until June 15, 1991, the WPI has increased by 1.8 per cent compared with 3.5 per cent during the corresponding period of last year. The annual rate of inflation in terms of the WPI as on 15th June, 1991, at 10.3 per cent was slightly higher than the annual rate of 9.3 per cent a year ago. Data on price rise during each financial year since 1984-85 are set out below to situate the trends in prices in a medium term context.

TABLE : 6.11

Cumulative Increase in Prices (Point-to-Point)

(Per cent)

Year	Whole Year	First 11 weeks
1	2	3
1984-85	6.0	3.7
1985-86	4.8	2.8
1986-87	5.1	2.6
1987-88	10.7	3.4
1988-89	5.7	2.2
1989-90	9.1	3.3
1990-91	12.1	3.5
1991-92	—	1.8

6.40 The price rise on June 15, 1991, has been the lowest since 1984-85. During the current year the prices of food articles (fruits and vegetables, milk, condiments and spices, eggs, fish and meat and pulses), non-food articles (raw cotton) and manufactured products (food products such as khandsari and gur, groundnut oil, non-metallic mineral products such as cement, machinery and machine tools) have shown rise. Prices of food articles (cereals other than rice, tea, coffee), manufactured products (rapeseed and mustard oil), and basic metals, alloys and metal products have shown some decline. The prices of administered manufactured items, excepting electricity and non-ferrous metals which have recorded a slight increase, have remained unchanged. Commodity-wise movement in price indices during 1991-92 are given in Table 6.12.

TABLE 6.12

Variations in Wholesale Price Index Numbers of Selected Items
(Base : 1981-82 = 100)

Commodity Group/Sub-group	Weight in WPI (%)	1991-92‡ End March to 15th June (11th week)		1990-91 End March to 16th June (11th week)		Annual Inflation Rate (Per cent)
		% Change	% Share	% Change	% Share	
1	2	3	4	5	6	7
All Commodities	**100.000**	**1.82**	**100.00**	**3.51**	**100.00**	**10.28**
I. Primary Articles	**32.295**	**3.27**	**59.05**	**7.37**	**66.20**	**12.67**
A. Food articles**	**17.386**	**4.46**	**46.69**	**9.81**	**50.42**	**13.10**
(a) Food-grains (Cereals + Pulses)	7.917	—1.73	—7.69	5.01	10.56	14.84
(a_1) Cereals	6.824	—2.84	—10.53	4.94	8.53	16.06
(i) Rice	3.685	3.84	7.58	1.75	1.78	15.69
(ii) Wheat	2.248	—15.62	—20.55	12.43	6.41	11.76
(a_2) Pulses	1.093	3.97	2.87	5.45	2.08	9.26
(i) Gram	0.410	2.08	0.48	9.95	1.31	—5.28
(b) Fruits & Vegetables	4.089	15.29	36.68	23.19	26.44	14.85
(b_1) Vegetables	1.291	29.84	21.54	46.30	16.57	4.44
(i) Potatoes	0.472	51.57	12.64	64.68	7.52	13.15
(ii) Onions	0.156	—9.29	—0.86	23.55	0.64	45.37
(b_2) Fruits	2.798	9.06	15.19	12.70	9.93	21.01
(c) Milk	1.961	4.45	5.49	3.61	2.39	9.74
(d) Eggs, Fish & Meat	1.783	8.03	8.20	1.54	0.83	17.54
(e) Condiments & Spices	0.947	8.82	7.60	13.57	5.16	26.72
(f) Other Food articles	0.689	—6.61	—3.45	15.97	4.95	—21.05
Tea	0.564	—2.31	—0.92	16.51	4.38	—26.70
Coffee	0.125	—20.50	—2.52	12.77	0.57	13.73
B. Non-food articles@**	**10.081**	**1.85**	**11.23**	**5.56**	**16.47**	**15.15**
(a) Fibres	1.791	12.61	13.00	4.76	2.30	33.79
(i) Raw Cotton	1.335	17.29	12.24	6.76	1.94	58.52
(ii) Raw Jute	0.160	0.88	0.13	0.08	0.01	—14.29
(b) Oil seeds	3.861	0.94	2.21	9.74	10.49	16.45
(i) Groundnut seed	1.296	—3.98	—3.44	10.15	3.95	12.94
(ii) Rape & Mustard seed	0.661	—1.33	—0.49	13.44	2.30	9.64
(c) Other non-food articles	4.429	—1.55	—4.18	2.52	3.54	7.53
(i) Sugarcane	2.706	0.00	0.00	0.00	0.00	2.31
C. Minerals@	**4.828**	**1.01**	**1.52**	**—0.46**	**—0.40**	**1.01**
(i) Petroleum crude & natural gas*	4.274	0.00	0.00	—0.40	—0.28	0.00
II. Fuel, Power, Light & Lubricants	**10.663**	**0.48**	**2.74**	**0.73**	**2.13**	**14.09**
(a) Coal Mining*	1.256	0.00	0.00	0.00	0.00	0.04
(b) Mineral oils (Petroleum products)*	6.666	0.00	0.00	0.35	0.56	20.13
(c) Electricity*	2.741	1.55	2.58	1.83	1.60	11.07
III. Manufactured Products	**57.042**	**1.21**	**37.48**	**1.89**	**31.37**	**8.20**
A. Food products	10.143	4.51	24.92	3.62	10.31	14.14
(a) Sugar, Khandsari & Gur**	4.059	9.84	16.82	4.01	3.99	5.68
(i) Sugar	2.013	3.36	2.76	—0.21	—0.10	4.02
(ii) Khandsari	0.300	12.16	1.47	—2.75	—0.20	12.16
(iii) Gur	1.746	16.42	12.57	9.59	4.28	6.37
(b) Edible Oils**	2.445	1.83	3.21	7.85	6.07	25.26
(i) Rape & Mustard Oil	0.276	—1.78	—0.30	18.66	1.27	19.60
(ii) Groundnut Oil	0.526	4.26	1.61	9.72	1.57	29.44
(c) Oil cakes**	0.432	7.98	1.85	3.73	0.48	8.85
B. Beverages, Tobacco & Tobacco products	2.149	0.24	0.37	6.83	5.44	3.95
C. Textiles	11.545	—0.17	—0.99	—0.36	—1.15	5.47
D. Wood & Wood products	1.198	0.00	0.00	0.00	0.00	0.31
E. Paper & paper products	1.988	0.59	0.80	1.83	1.29	9.33
F. Leather & Leather products	1.018	1.74	1.16	8.58	2.92	7.67
G. Rubber & Plastic products	1.592	0.00	0.00	0.43	0.19	1.28
H. Chemical & Chemical products	7.355	0.78	2.52	0.63	1·10	7.48
(a) Fertilizers*	1.748	0.00	0.00	0.00	0.00	0.00
I. Non-metallic mineral products	2.477	2.39	3.33	0.23	0.17	13.34
(a) Cement	0.860	7.14	3.24	—1.73	—0.40	24.34
J. Basic metals, alloys & metal products	7.632	—0.39	—1.96	2.24	5.98	5.92
(a) Iron & steel*	2.441	0.00	0.00	0.82	0.65	5.14
(b) Non-ferrous Metals (Other than aluminium)*	0.571	0.34	0.16	4.79	1.22	4.78
K. Machinery & machine tools	6.268	2.22	7.52	2.16	3.87	10.48
L. Transport Equipment & Parts	2.705	0.47	0.70	0.98	0.77	8.98
M. Other Misc. manufacturing industries	0.972	0.00	0.00	0.08	0.02	4.33
1. Administered items*	19.697	0.29	2.75	0.75	3.74	9.36
2. Seasonal items**	34.403	3.94	79.81	7.74	77.43	13.87
3. Raw Materials@	14.909	1.69	12.75	4.18	16.06	12.05

*Administered Items : Petroleum Crude & Natural Gas, Petroleum products, Coal Mining, Electricity, Fertilizers, Iron and Steel and Non-ferrous metals (other than aluminium).

**Seasonal Items : Food articles; Non-food articles; Sugar, Khandsari & Gur; Edible oils & oil cakes.

@Raw Materials : Non-food articles & **Minerals.**

‡Provisional.

PRICE POLICY

Agricultural Price Policy

6.41 The procurement and support prices for important agricultural crops are fixed by the Government on the recommendations of the Commission for Agricultural Costs and Prices (CACP). The Commission formulates its recommendations on the basis of several factors such as cost of production, changes in market prices, input-output parity, inter-crop price parity, effects on industrial costs structure, general price level, international market situation, etc.

6.42 As cost of production is one of the most important factors in the determination of procurement/minimum support prices, an expert committee was set up early in 1990 under the Chairmanship of Prof. C. H. Hanumantha Rao to review, inter alia, the methodology for the estimation of cost of production of crops and adjustment of procurement/support prices before the arrival of the crop in the market with a view to improving remuneration for crop production and to safeguard the interests of the farmers.

Hanumantha Rao Committee

6.43 The Committee was asked to particularly look into the following aspects :

(a) whether valuation of labour should be on the basis of statutory minimum wages or actual wage rates, whichever is higher, as against only actual wages which have been the basis so far?

(b) Adjusting procurement/minimum support prices announced before the sowing season for rise in costs of inputs during the period intervening the announcement of the procurement/support prices and the arrival of the crop in the market.

(c) To include managerial/entrepreneurial functions performed by farmers as an input and treat the same as an item of cost.

6.44 The Expert Committee in its Interim Report submitted to the Government on March 15, 1990, recommended that :

(i) The casual hired labour may continue to be evaluated on the basis of actual wages paid, whether they are market wages or statutory minimum wages.

(ii) Family labour be valued on the basis of actual wage rate for casual labour.

(iii) Procurement/minimum support prices announced before the sowing season should always provide for the possible rise in the cost of production likely to occur during the cropping season. The CACP should also have a second look at the changes in input costs before the market arrival of the crop and adjust the procurement/minimum support prices in case the observed rise in input costs turns out to be higher than the anticipated rise.

(iv) The CACP should publish the methodology, including the weighting diagram and the index number of input prices used by them, in their Reports.

(v) In order to account for management input of the farmers, the paid out costs be raised by 10 per cent and a separate cost (Cost C_3) be computed by adding this component.

6.45 A Standing Advisory Committee (set up in the Ministry of Agriculture under the Chairmanship of Shri Sharad Joshi to assist and advise the Government on a continuing basis in the formulation and implementation of agricultural policy) suggested some modifications in the recommendations. The Government considered the recommendations of the Expert Committee as also the modifications suggested thereon by the Standing Committee and accepted the recomendations numbers (iii) to (v) of the Expert Committee. As regards the valuation of labour, it has been decided that :

(i) The basis of valuation of labour should be statutory wage rate or the actual market rate, whichever is higher.

(ii) The CACP should specifically assess the latest position every year in regard to the rise in wages, including the enforcement of minimum wages in different parts of the country, on the basis of their discussions with the various sections, and to take this into account while using the input cost index for recommending procurement/minimum support prices.

TABLE 6.13

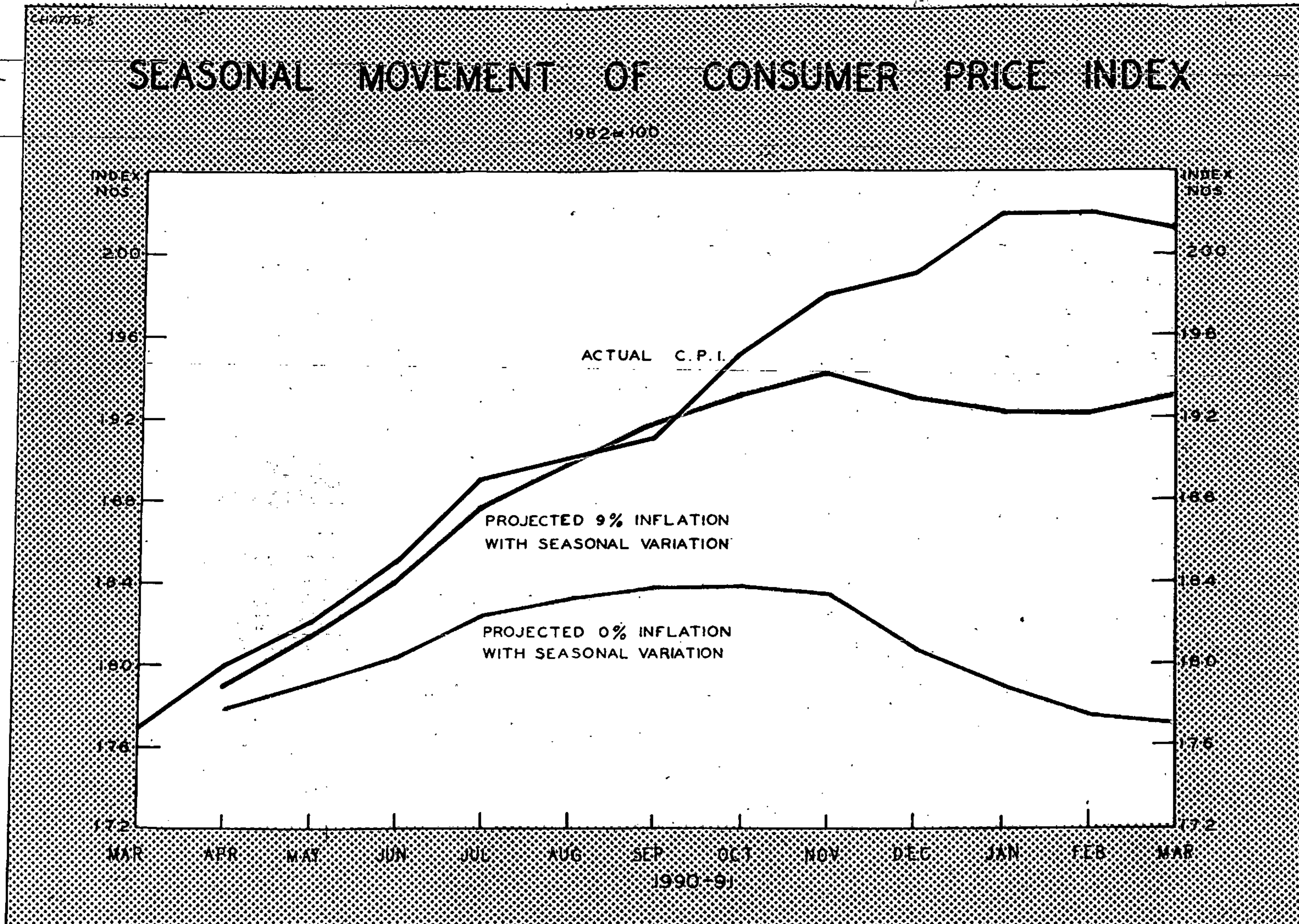
Minimum Support/Procurement Prices of Agricultural Commodities

(Rs. per quintal)

	Commodity		Marketing Year*							
			1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92
	1		2	3	4	5	6	7	8	9
1.	Wheat . .	(Procurement Price)	152	157	162	166	173	183	215	225
2.	Paddy (Common variety) .	—do—	137	142	146	150	160	185	205	
3.	Coarse grains .	—do—	130	130	132	135	145	165	180	
4.	Barley . .	(Minimum Support Price)	124	130	132	135	135	145	180	200
5.	Gram . .	—do—	240	—	260	280	290	325	421	450
6.	Arhar . .	—do—	275	300	320	325	360	425	480	
7.	Moong . .	—do—	275	300	320	325	360	425	480	
8.	Urad . .	—do—	275	300	320	325	360	425	480	
9.	Safflower . .	—do—	—	—	400	415	415	440	550	575
10.	Rapeseed Mustard	—do—	360	385	400	415	430	460	575	600
11.	Toria . .	—do—	—	—	360	375	400	430	545	570
12.	Groundnut .	—do	340	350	370	390	430	500	580	
13.	Sunflower seed .	—do—	325	335	350	390	450	530	600	
14.	Soyabean (Black)	—do—	240	250	255	260	275	325	350	
15.	Soyabean (Yellow)	—do—	265	275	290	300	320	370	400	
16.	i. Copra	Minimum Support Price	—	—	—	—	—	1500	1600	1700
	ii. Copra Ball	(Minimum Support Price)	—	—	—	—	—	—	—	1850
17.	i. Cotton (F-414/H-777)	-do-	410	425	430	440	500	570	620	
	ii. (Kapas Hybrid-4)	-do-	535	535	540	550	600	690	750	
18.	Sugarcane	(Statutory Minimum Price)	14.00	16.50	17.00	18.50	19.50	22.00	23.00	24.00
19.	Jute (W-5 Grade Ex-Assam)	-do-	195	215	225	240	250	295@	320@	375@
20.	i. VFC Tobacco (F-2) (Black Soil)	(Minimum Support Price)	1115	1115	1115	1125	1175	1250	1325	
	ii. VFC Tobacco (F-2, (Light Soil)	-do-		1200	1200	1200	1220	1280	1350	1425

*Marketing year: April-March for wheat, gram, barley, mustard and toria; July-June for Jute; September-August for cotton and October-September for paddy and other Kharif crops.

@ Minimum support price of TD-5 variety at Nowgong in Assam.


SEASONAL MOVEMENT OF CONSUMER PRICE INDEX
1982=100
INDEX NOS.
INDEX NOS.
200
196
192
188
184
180
176
172
ACTUAL C.P.I.
PROJECTED 9% INFLATION WITH SEASONAL VARIATION
PROJECTED 0% INFLATION WITH SEASONAL VARIATION
MAR
APR
MAY
JUN
JUL
AUG
SEP
OCT
NOV
DEC
JAN
FEB
MAR
1990-91

6.46 The CACP recommended procurement/ minimum support prices for kharif crops of 1990-91 and rabi crops of 1990-91 (to be marketed in 1991-92) after considering the estimates of cost of production based on the revised methodology.

6.47 The CACP in their Report on Price Policy for kharif crops of 1990-91, inter alia, recommended that the decision to take into account statutory minimum wages or actual wages, whichever is higher, in the calculation of cost of production be reviewed in the interest of avoiding unintended distortions in the structure of agricultural commodity prices and in the light of the fact that the process of departing from the practice of taking into account actual prices/ rates to those considered appropriate on other considerations cannot stop at wages alone. The suggested review is presently under examination.

6.48 The Hanumantha Rao Committee submitted its Final Report on 31st July, 1990. The Report is under consideration of the Government.

Revised Procurement/Support Prices

Foodgrains

6.49 The procurement/minimum support prices of paddy, coarse cereals and pulses for the marketing year (1990-91) were announced on June 16, 1990. The price for paddy (Common) was raised by Rs. 20 per quintal to Rs. 205 over the price of Rs. 185 per quintal fixed on October 1, 1989. A differential of Rs. 10 each was kept for fine and super-fine varieties by fixing their prices at Rs. 215 and Rs. 225 per quintal respectively. The prices of coarse cereals (FAQ) covering jowar, bajra, maize and ragi were raised by Rs. 15 per quintal from Rs. 165 to Rs. 180 per quintal. The prices of pulses (FAQ) arhar, moong and urad were raised by Rs. 55 per quintal from Rs. 425 to Rs. 480 per quintal.

6.50 The prices of rabi crops for the marketing year 1990-91 announced on August 29, 1989 were revised again on April 20, 1990. The upward revision was Rs. 15 per quintal for wheat, Rs. 20 for barley and Rs. 51 for gram. The prices were fixed for these crops at Rs. 215, Rs. 180 and Rs. 421 per quintal respectively. Prices for 1991-92 season were announced on November 6, 1990 raising the prices further by Rs. 10 per quintal for wheat and barley and Rs. 29 per quintal for gram. The price for barley was, however, further raised by Rs. 10 per quintal for the 1991-92 season on February 7, 1991.

Oilseeds

6.51 The support prices for oil seeds (kharif) were fixed on June 16, 1990 by raising groundnut prices by Rs. 80 per quintal to Rs. 580 per quintal, and soyabean (Yellow and Black varieties) by Rs. 30 and Rs. 25 per quintal to Rs. 400 and Rs. 350 per quintal respectively. The price of sunflower seed was raised by Rs. 70 and fixed at Rs. 600 per quintal. The prices of rabi oil seeds (rapeseed/mustard and safflower) were raised on April 20, 1990 by Rs. 65 and Rs. 60 per quintal and fixed at Rs. 575 and Rs. 550 per quintal respectively. The prices of rapeseed/mustard and safflower seed for the 1991-92 season were announced on November 6, 1990 raising them to Rs. 600 and Rs. 575 per quintal respectively. The price of toria was fixed at Rs. 570 per quintal for 1991-92 on December 26, 1990.

Copra

6.52 The support price for Copra for the year 1990-91 was raised by Rs. 100 and fixed at Rs. 1700 per quintal on March 18, 1991. The Government has also, for the first time, fixed a minimum support price for "Ball" copra, an edible variety, at Rs. 1850 per quintal for fair average quality.

Fibres:

6.53 The support prices of cotton were raised by Rs. 50 (at Rs. 620) per quintal for F-414/H-777 and by Rs. 60 (at Rs. 750) for H-4 variety. The price of Jute (TD-5 Assam) was raised by Rs. 55 and fixed at Rs. 375 per quintal on March 22, 1991.

Sugar Cane

6.54 The statutory minimum price (SMP) of sugar cane (linked to a basic recovery of 8.5%) for 1990–91 season was raised from Rs. 22 to Rs. 23 per quintal on November 6, 1990. The SMP of sugar cane for 1991-92 season was raised by Re. 1 to Rs. 24 per quintal on the same day.

Market Intervention Operation

6.55 Market intervention operations are being conducted in foodgrains, sugar, edible oils and pulses.

Food grains Operations

6.56 Foodgrains operations are primarily aimed at regulating the movement of foodgrains prices by making purchases from the farmers on the one hand and arranging regular supply of foodgrains to the Public Distribution System (PDS) on the other. Foodgrains are procured by the Food Corporation of India (FCI) and the state agencies at prices fixed by the Government. These purchases ensure remunerative returns to the farmers and also enable the Government to maintain adequate buffer stocks to achieve security in food supply. The procured foodgrains are distributed under PDS/welfare schemes through a vast network of fair price shops at prices fixed by the Government. These prices are deliberately kept below the economic cost (procurement, acquisition, handling and distribution cost) in order to keep them within the reach of the vulnerable sections of the society. The difference between the economic prices and the actual prices at which these are distributed under PDS is reimbursed to the FCI as subsidy.

6.57 In order to enable the Government to allot requisite quantities in the years of shortages, the Government had decided to maintain buffer stocks of both rice and wheat. As per buffer stock policy applicable for the Eighth Five Year Plan period, the levels of wheat and rice stocks to be maintained are as under :

(In million tonnes)

	Wheat	Rice	Total
1st April . .	3.7	10.8	14.5
1st July . . .	13.1	9.2	22.3
1st October . .	10.6	6.0	16.6
1st January . .	7.7	7.7	15.4

6.58 The FCI and the state agencies had procured nearly 24.1 million tonnes of rice and wheat during 1990–91. This included a quantity of 13.0 million tonnes of rice against 11.1 million tonnes in 1989–90. Procurement of wheat during 1990-91 amounted to 11.1 million tonnes compared with 9 million tonnes in 1989–90.

6.59 Total public distribution of foodgrins during 1990–91 was at 16.03 million tonnes against 15.84 million tonnes during the corresponding period of 1989–90. Supply of rice during the period was 8.82 million tonnes as againt 8.63 million tonnes during the similar period of 1989-90. Supply of wheat was lower at 7.06 million tonnes as against 7.08 million tonnes during 1989–90 (Table 6.14).

6.60. The position of procurement, stocks and supply under public distribution of foodgrains during the past few years has been as under :

TABLE 6.14

Procurement, Public Distribution and Stocks of Foodgrains

(Lakh tonnes)

Commodity	1988-89	1989-90	1990-91
1	2	3	4
A. PROCUREMENT			
Rice	77.07	111.43	130.15
Wheat	65.35	90.00	110.74
Total Foodgrains . .	142.92	203.14	242.90
B. SUPPLY UNDER PUBLIC DISTRIBUTION (Excluding Open Sales by FCI)			
Rice	91.79	86.31	88.18
Wheat	77.68	70.85	70.64
Total Foodgrains . .	171.26	158.40	160.26
C. STOCKS (End period basis)			
Rice	46.75	79.10	112.39
Wheat	26.61	36.52	58.05
Total Foodgrains . .	73.87	117.28	172.71

6.61 It is evident that the stocks position of foodgrains especially wheat, as on 1st April, 1991 has improved over the previous year due to high levels of procurement.

6.62 In view of the sharp rise in the prices of foodgrains especially wheat during 1990–91, allotment of wheat for PDS was stepped up from 8.07 lakh tonnes in January, 1991 to 9.99 lakh tonnes for March, 1991. FCI also under took open market sales of wheat at Rs. 320 per quintal (Rs. 330 per quintal in Southern Zone), which was much lower than the open market prices of wheat.

Issue Prices

6.63 The Central issue price of rice was increased on June 25, 1990 from Rs. 244 per quintal to Rs. 289 per quintal for the common variety. The differential of Rs. 60 per quintal has been maintained for fine variety and Rs. 81 per quintal for superfine variety. For Integrated Tribal Development Projects for which supplies are made available at highly subsidised prices, the central issue price was increased from Rs. 194 per quintal to Rs. 239 per quintal for the common variety. The central issue price of wheat was increased by Rs. 30 per quintal with effect from May 1, 1990 from Rs. 204 per quintal to Rs. 234 per quintal. Also a similar increase for the ITDP area was effected from Rs. 154 per quintal to Rs. 184 per quintal.

Sugar Operations

6.64 The system of dual pricing of sugar in vogue for some years was continued during the year. Under this system 45 per cent of the sugar production is acquired by the Government at a precommitted price as levy and the remaining 55 per cent of the produce is allowed to be freely sold in the open market. This ratio of levy and free sale sugar is being maintained from 1988–89. The ex-factory prices of levy sugar were fixed on the basis of statutory minimum price (S.M.P.) of Rs. 23 per quintal of sugarcane for 1990–91 (October-September) season. The incentive scheme for higher free-sale quota was continued during the year to raise production of sugar. Under the scheme, 75 per cent of the sugar produced between October 1, and November 15, 1990 is to be treated as free-sale as against the normal 55 per cent.

6.65 Sugar production during 1990-91 beginning October 1 had shown buoyancy. Upto April 7, 1991, sugar production aggregated 94.35 lakh tonnes as against 86.63 lakh tonnes during the corresponding date in the previous season. At this rate, production during sugar year 1990-91 is expected to reach about 114.86 lakhs tonnes. Sugar consumption during the current sugar season is also likely to increase to 106 lakh tonnes as against 102.83 lakh tonnes during sugar year 1989-90. Steps have also been initiated for raising production of sugar by creating additional capacity for sugar production.

6.66 The levy sugar was allotted to the State Governments at a uniform retail price of Rs. 5.25 per kg with effect from January 1, 1989. The issue price of sugar under PDS was raised to Rs. 6.10 per Kg from May, 1991. The ex-factory levy prices were raised with effect from January 27, 1990 for 1989-90 season and from March 27, 1991 for 1990-91 season; gap between the economic issue price and the actual issue price is to be met by way of government subsidy. Total deficit upto March, 1991 aggregated to about Rs. 391 crores. The amount of deficit would further increase @ Rs. 28 crores per month if the issue price was not raised to neutralise the revision in the ex-factory levy prices for 1990-91 season.

6.67 The wholesale sugar prices in the open market started firming up in mid-April, 1990 as a result of speculative tendencies in the market. Immediately, the Government increased the monthly quantity of sugar for free-sale and initiated other measures to check the pressure on sugar prices. Total quantity of levy and free-sale sugar released during the financial year 1990-91 aggregated to 112.65 lakh tonnes as against 105.09 lakh tonnes during 1989-90. Carry over stocks at the beginning of the current season (1990-91) were 21.78 lakh tonnes as against 12.65 lakh tonnes on the corresponding date of last season.

Edible Oil Operations

6.68 The demand-supply imbalance in edible oils remained high during 1990-91 on account of reduced availability arising from shortfalls in production and reduction in imports. As a result, the prices of edible oils were under pressure throughout the year. The NDDB, the agency designated to undertake market intervention operations in edible oils to stabilise their prices within reasonable limits, could not hold the price hike. In fact, the very entry of NDDB in the market to procure edible oils in the flush season tended to raise the threshold of market prices. Moreover, following reduced imports, the NDDB also did not have access to adequate supplies of imported oils. The prices of edible oils registered a relentless rise of about 29 per cent during the year upto February, 1991. The price index slightly declined in March, 1991 due to excellent mustard crop but the prices firmed up again and towards the middle of May, 1991 percentage increase over a year ago was more than 31 per cent. The price rise during 1991-92 upto 15th June, 1991 at 1.8 per cent was, however, much lower than 7.8 per cent increase recorded during similar period of 1990-91. Rapeseed and mustard oil prices recorded slight fall during this period as against 18.7 per cent increase during this period a year before. With the onset of lean season beginning from May, 1991, the prices are likely to remain under pressure. Due to foreign exchange constraints, more import of edible oils are not expected. The problem of shortage of edible oils is expected to slightly ease because of a good Rabi oilseed crop.

Issue Prices

6.69 The Central issue price of imported edible oils to state Governments etc. for the Public Distribution System was raised with effect from January 26, 1991 from Rs. 13,150 PMT to Rs. 16,500 PMT for bulk supplies and from Rs. 14,500 PMT to Rs. 19,000 PMT for supplies in 15 kg tins. Similarly, retail price for loose delivery was raised from Rs. 15.40 per kg to Rs. 19.15 per kg for oil supplied in bulk and from Rs. 16.60 per kg to Rs. 21.60 per kg for supplies in 15 kg tins. The upward revision became necessary mainly to compensate for the higher cost of imports as a result of sharp rise in inter-national prices of edible oils.

Pulses Operations

6.70 The production of pulses is subject to considerable fluctuation from year to year because they are grown mostly on dry lands. This leads to instability in the prices of pulses. Market Intervention Operations in pulses have become necessary to provide a reasonable price to the farmer, a fillip for pulses production and to contain the rise in their prices. The National Agricultural Co-operative Marketing Federation (NAFED) has been designated as the agency to operate on pulses in such a way that such entry does not drive prices up. Efforts are also being made to raise pulses production particularly under the National Pulses Development Project (NPDP). The quantities of pulses procured by the NAFED are to be deployed at suitable consumption centres through State Civil Supplies Corporations, State Cooperative Marketing Federations and other agencies of the State Governments.

Public Distribution System

6.71 The network of Public Distribution System (PDS) has expanded over the years. At present, there are over 3.6 lakh retail outlets/fair price shops which supply essential commodities such as rice, wheat, sugar, edible oils, kerosene at prices fixed by the Government, which are generally lower than the market prices. The State Governments decide the norms of scales of ration for the consumers which vary widely from state to state. The prescribed norms for coverage envisage one fair price shop for a population of 2000, on an average, in a radius of not more than three kilometers. The quantum of supplies of foodgrains and other commodities to the State Governments and UTs for public distribution, excluding open sales by FCI, has been maintained at reasonable levels over the years. In 1989-90, a total quantity of nearly 15.8 million tonnes of foodgrains was distributed against 17.1 million tonnes in the previous year. During 1990-91 supplies under the PDS increased to 16.0 million tonnes of foodgrains (8.8 million tonnes of rice and 7.1 million tonnes of wheat). Even though the supply of PDS items is supplementary in nature, it helped in making available basic essential items to the vulnerable population and has played an especially useful role in the years of drought and low production. Under the Integrated Tribal Development Programme, wheat and rice at specially subsidised prices (50 paise per kg. below the PDS prices) is provided to the people living in ITDP areas. The Scheme is significant in its coverage in as much as it covers ITDP areas in 19 States/UTs besides covering the entire population in 6 tribal majority states. The total quantities of rice and wheat supplied annually under the scheme is of the order of 1.75 million tonnes.

6.72 Some shortcomings and limitations in the operations of the PDS are known to exist. Some of these pertain to a lack of reach to certain areas/population, non-timely delivery of items, diversion and high subsidy involved in distribution etc. To remove some of these limitations, as also to minimise the subsidy dispensation, the functioning of the PDS is constantly being reviewed.

TABLE 6.15

Monthly pattern of Off-take of Major Items by the Public Distribution System

('000 Tonnes)

Month	Rice*			Wheat* @			Edible Oils £ (Allocation)			Sugar** (Releases)		
	1988-89	1989-90	1990-91	1988-89	1989-90	1990-91	1988-89	1989-90	1990-91	1988-89	1989-90	1990-91
1	2	3	4	5	6	7	8	9	10	11	12	13
April . . .	784	673	673	548	437	491	62.3	24.2	40.0	782	782	932
May . . .	779	688	696	522	440	379	64.4	24.4	50.5	782	832	953
June . . .	760	654	770	610	524	390	77.5	23.0	61.1	772	882	933
July . . .	808	685	729	669	589	468	83.1	28.8	70.0	832	832	933
August . . .	810	710	707	652	608	526	94.8	34.9	90.0,	832	857	933
September . .	771	702	677	680	655	517	93.9	37.7	92.0	842	882	1508
October . . .	745	667	729	640	582	538	96.9	38.3	99.9	917	1032	1508
November . .	719	790	690	623	632	604	86.2	42.9	58.2	932	932	933
December . .	784	814	704	710	672	708	38.5	26.0	Nil	852	882	908
January . . .	770	748	756	684	664	808	40.7	27.0	Nil	832	832	908
February. . .	703	757	801	662	626	789	38.3	28.5	30.8	807	882	908
March . . .	746	779	886	767	656	846	32.9	35.2	34.2	792	882	908
Total . . .	**9179**	**8631**	**8818**	**7767**	**7085**	**7064**	**809.5**	**370.9**	**626.7**	**8874**	**10509**	**11265**

*Provisional.

**Total of levy and free sale sugar.

£Including small packs.

@Does not include sale of Wheat by FCI to Roller Flour Mills and other agencies which was of the order of 10.04 lakh tonnes in 1988-89, 2.56 lakh tonnes in 1989-90 and 13.21 lakh tonnes in 1990-91.

6.73 Imports of edible oils and their supply through the PDS were somewhat restricted during December, 1990—March, 1991, in view of the anticipation of a bumper rabi crop and constraint in the balance of payments position.

Administered Prices for Industrial Products

6.74 Seven commodity groups namely petroleum crude and natural gas, mineral oils (petroleum products), coal mining, electricity, fertilisers, iron and steel and non-ferrous metals (other than aluminium) constitute the administered items. Excepting petroleum products, iron and steel, electricity and non-ferrous metals, the prices of other commodity groups have remained stable during 1990-91. Revisions made in the prices of administered items during the year have been as follows:

Coal Mining

6.75 Pit head prices of coal and coke are fixed by the Central Government. The average pit head price of coal produced by the CIL has remained unchanged at Rs. 249 per tonne since January 1, 1989 and by SCCL at Rs. 297 per tonne since January 24, 1989. Thereafter, there has been no increase in coal prices. The price of soft coke was fixed at Rs. 175 per tonne for domestic use and Rs. 300 per tonne for industrial use on January 9, 1986. The price of soft coke remains unchanged since then.

Iron and Steel

6.76 There is no control, statutory or otherwise, on the prices of iron and steel. These are determined and announced from time to time by the Joint Plant Committee. The prices announced by this Committee are applicable only to the major items of iron and steel produced by the Integrated Steel Plants in the country. The re-rollers, mini-steel plants and alloy steel producers etc. fix their own prices for their products. The Joint Plant Committee revises the prices of iron and steel items primarily to neutralise the increases in the cost of inputs such as coal, power, railway freight etc. and in levies such as excise duty. The last general price increase was effected by the integrated plants on January 8, 1989 by about 7.6 per cent. The general price was again revised by 5 per cent with effect from September 18, 1990 to cover the escalation in input prices and levies on Engineering Goods Exports Assistance Fund (EGEAF) and Freight Equalisation Fund (FEF).

Non-Ferrous Metals

6.77 Non-ferrous metals (other than aluminium) namely, copper, zinc, lead and nickel are mostly imported. Their prices are revised from time to time to reflect changes in international prices and exchange rates.

Petroleum Porducts

6.78 Changes in the prices of petroleum products have been largely influenced by the increase in the import cost of petroleum crude and petroleum products. In recent past, the prices of some of the petroleum products were revised towards the end of 1989-90 and then during 1990-91 in respect of all major petroleum products except LPG for domestic use, from October 15, 1990 by levying a 'Gulf Surcharge' of 25 per cent. This was done to partially meet the additional import costs of crude oil and petroleum products in the international market at the time of the Gulf crisis from August, 1990.

Outlook

6.79 From the above, it is clear that the uptrend in prices manifest in 1990-91 still persists and the price situation is likely to remain an area of concern for some time and will need close monitoring and urgent attention. The step up in the inflationary pressures is largely caused by the persistence of macro-economic imbalances. These have been aggravated by the impact of Gulf crisis on the fiscal and the balance of payments' situations. Supply management through imports of essential commodities in short supply has been severely constrained due to the difficult balance of payments position. This situation has strengthened the speculative tendencies in the economy. What is needed is a firm resolve on the part of the Government to restore macro-economic balance through a significant reduction in the fiscal deficit combined with strict monetary discipline and a judicious adjustment of supply and demand for essential /sensitive items. Urgent steps are needed to raise the productivity of the existing capital stock and rationalise dispensation of subsidies. The pricing policies of commodities should have twin objectives of providing incentives for production and correcting the persistent imbalances in the balance of payments.

CHAPTER 7

FISCAL POLICY AND GOVERNMENT BUDGET

Fiscal imbalance, characterised by unabated pressure on Government expenditure and growing deficits in the budget, has continued to remain the major concern of the Government during the last few years. Persistent and large deficits have serious implications not only for the finances of the Government but also for price stability and economic growth. Such deficits have to be met by borrowings by the Central Government with subsequent obligations for interest payments and debt repayments. At a macro-economic level, fiscal deficits inevitably spill into balance of payments problems and create inflationary pressures in the economy. Fiscal correction and consolidation is, therefore, high on the agenda of the Government.

7.2 The *budget deficit*, as conventionally reported, is the difference between all receipts and expenditure (both revenue and capital). This is only a partial measure of the fiscal imbalance as it does not indicate the Government's draft on domestic savings and dependence on external borrowings. As far as the growth of money supply is concerned, what matters is the *monetised deficit*, that is, the increase in net RBI credit to the Central Government. The Budget deficit is the sum total of the net addition to Treasury Bills issued by the Government and draw-down from its cash balance held with the Reserve Bank of India, while the monetised deficit is the sum total of the net increase in the holdings of Treasury Bills by the RBI and its contribution to the market borrowings of the Government. A more complete measure of macro-economic imbalance, used in most countries, is the gross fiscal deficit which is the difference between Government expenditure and net lending on the one hand and current revenue and grants on the other.

7.3 An analysis of trends in the ratios of these deficits to the GDP, outlined in Table 7.1, indicates that these ratios increased significantly during the Sixth and Seventh Plan periods. While the budget deficit as a proportion of GDP increased from 0.9 per cent in 1981-82 to 2.4 per cent in 1989-90, the gross fiscal deficit as a proportion of GDP increased from 5.4 per cent to 8.0 per cent over the same period. Thus, the fiscal imbalance persisted and worsened during the 1980s, as the gross fiscal deficit on average rose from 6.3 per cent of GDP in the Sixth Plan period to 8.2 per cent of GDP in the Seventh Plan period.

7.4 The pattern of financing during the Seventh Plan brought to the fore a number of disturbing trends and the unsustainable nature of the present pattern of financing the Plan. The magnitude of actual budget deficit during the Seventh Plan had been of the order of Rs. 29,503 crores (at 1984-85 prices) which was more than double the estimate of Rs. 14,000 crores. Market borrowings amounted to Rs. 26,514 crores as against the estimate of Rs. 20,620 crores. Non-Plan revenue expenditure amounted to Rs. 167,390 crores exceeding the estimate by Rs. 16,980 crores. At the same time, there was a widening of the revenue deficit, which increased from an average level of 0.8 per cent of GDP in the Sixth Plan to 2.6 per cent of GDP in the Seventh Plan. Hence, there was no revenue surplus available to finance the plans during the 1980s.

7.5 The Budget for 1990-91 laid stress on limiting the size of the budget deficit through containment of expenditure growth and through better tax compliance. The Budget programmed a deficit of Rs. 7,206 crores (1.4 per cent of GDP) as against the deficit of Rs. 10,592 crores in 1989-90 (2.4 per cent of GDP). It was decided that there would be a four monthly review of the actual developments in the budgetary situation to keep the Parliament and the people informed about the performance in relation to deficit. The First Review for the period April-July, 1990, presented to the Parliament, revealed a deficit of Rs. 9,926 crores at the end of July, 1990, which was almost Rs. 1,500 crores lower than the corresponding figure of Rs. 11,390 crores in 1989-90. The Second Review of actual developments in the budgetary situation presented to the Parliament showed that the budget deficit at the end of November, 1990 was Rs. 13,000 crores as compared with Rs. 13,082 crores at the end of the first eight months in the preceding financial year. The revised estimates for the year 1990-91 placed the budgetary deficit at Rs. 10,772 crores which is nearly 50 per cent higher than the budget estimate. The provisional estimate of deficit for the year 1990-91 is even higher at Rs. 11,430 crores. Net Reserve Bank credit to the Central Government stood at Rs. 15,374 crores as on March 31, 1991 as against Rs. 13,813 crores a year ago. These figures clearly indicate no let up in the trend, observed during the past few years, of actual budget deficits exceeding the estimates by significant margins.

7.6 Prudent fiscal management demands that the revenue receipts should not only meet the revenue expenditure but also leave a surplus for financing the plan. Contrary to this, deficits on revenue account are growing year after year. The revised estimates place the deficit on revenue account during 1990-91 at Rs. 17,585 crores as against the budget deficit of Rs. 10,772 crores. A higher revenue deficit would imply that borrowed resources are deployed towards covering revenue deficit. Higher borrowings to cover deficits on revenue account build up pressures on revenue expenditure in the form of higher interest payments. Growth in revenue expenditure in turn necessitates higher borrowings, thus creating a sort of vicious circle.

TABLE 7.1

Budget Deficit, Monetised Deficit and Gross Fiscal Deficit as percentage of GDP at Current Market Prices

Year	Budget Deficit	Monetised Deficit	Gross Fiscal Deficit
1975-76 . . .	0.5	0.3	4.1
1980-81 . . .	1.8	2.6	6.2
1981-82 . . .	0.9	2.0	5.4
1982-83 . . .	0.9	1.9	6.0
1983-84 . . .	0.7	1.9	6.3
1984-85 . . .	1.6	2.6	7.5
Average Sixth Plan .	**1.2**	**2.2**	6.3
1985-86 . . .	2.0	2.4	8.3
1986-87 . . .	2.8	2.4	9.0
1987-88 . . .	1.7	2.0	8.1
1988-89 . . .	1.4	1.6	7.8
1989-90 . . .	2.4	3.1	8.0
Average Seventh Plan	**2.1**	**2.3**	8.2
1990-91 (RE) . .	2.1	3.0	8.4

7.7 The immediate task is to check the fiscal imbalances before the situation assumes alarming proportions. As a first step, the emphasis should be on curtailing unproductive expenditure and ensuring a fair minimum return from the investments made in the public sector undertakings. A beginning was made in this direction during the year 1990-91 by the Government in the form of a number of economy measures. *Inter alia,* these measures included monthly budgetting of expenditure in all the Departments, cut in the expenditure on staff cars, electricity and telephone bills, and a complete ban on the purchase of new vehicles. Other economy measures included closure of several offices abroad, a 25 per cent cut in foreign travel budget, a 20 per cent cut in fuel consumption, impounding of additional DA for officers drawing a basic monthly salary of Rs. 3,500 and above, a ban on holding conferences in hotels and a cut in the expenditure on official entertainments. But judging by the seriousness of the problem, much more concerted efforts are required to be undertaken to arrest growing imbalances. The shortfall in revenue collections during 1990-91 as compared with the budget estimates, has further accentuated the problem.

Budgetary Developments in 1989-90*

Centre and States Combined

7.8 The net outcome of the combined budgetary operations of the Central and State Governments and Union Territories revealed an alarming worsening of fiscal imbalances. The combined budgetary deficit of the Centre and the States at Rs. 12,149 crores in 1989-90 (RE) was higher by 138 per cent than the actual deficit of Rs. 5,102 crores in 1988-89 (Table 7.2) and exceeded the budget estimate by 48 per cent. The deficit-GDP ratio in 1989-90 (RE) went up to 2.7 per cent compared with 1.3 per cent in 1988-89. The growing Budgetary deficit was mainly on account of a near stagnant current revenue-GDP ratio and a continuous rise in the expenditure-GDP ratio. While the current revenue-GDP ratio increased by only 1.5 per cent from 21.7 per cent in 1985-86 to 23.2 per cent in 1989-90 (RE), expenditure-GDP ratio increased by 4 per cent from 32 per cent to 36 per cent during the same period. There was a marked step up in develop-

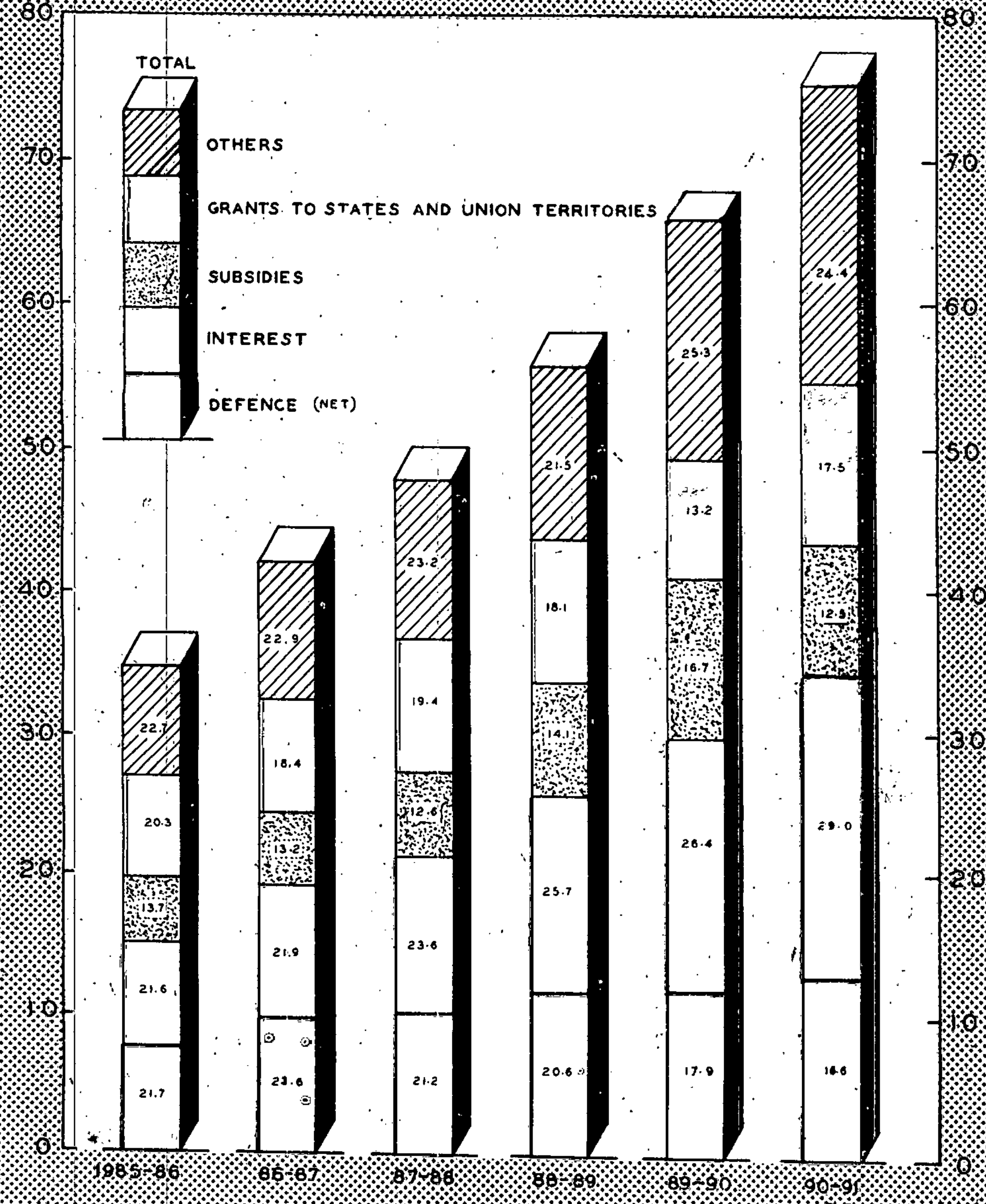
*Based on Revised Estimates.

CHART 71

CENTRES REVENUE EXPENDITURE

PERCENTAGE DISTRIBUTION

RS. IN '000 CRORES



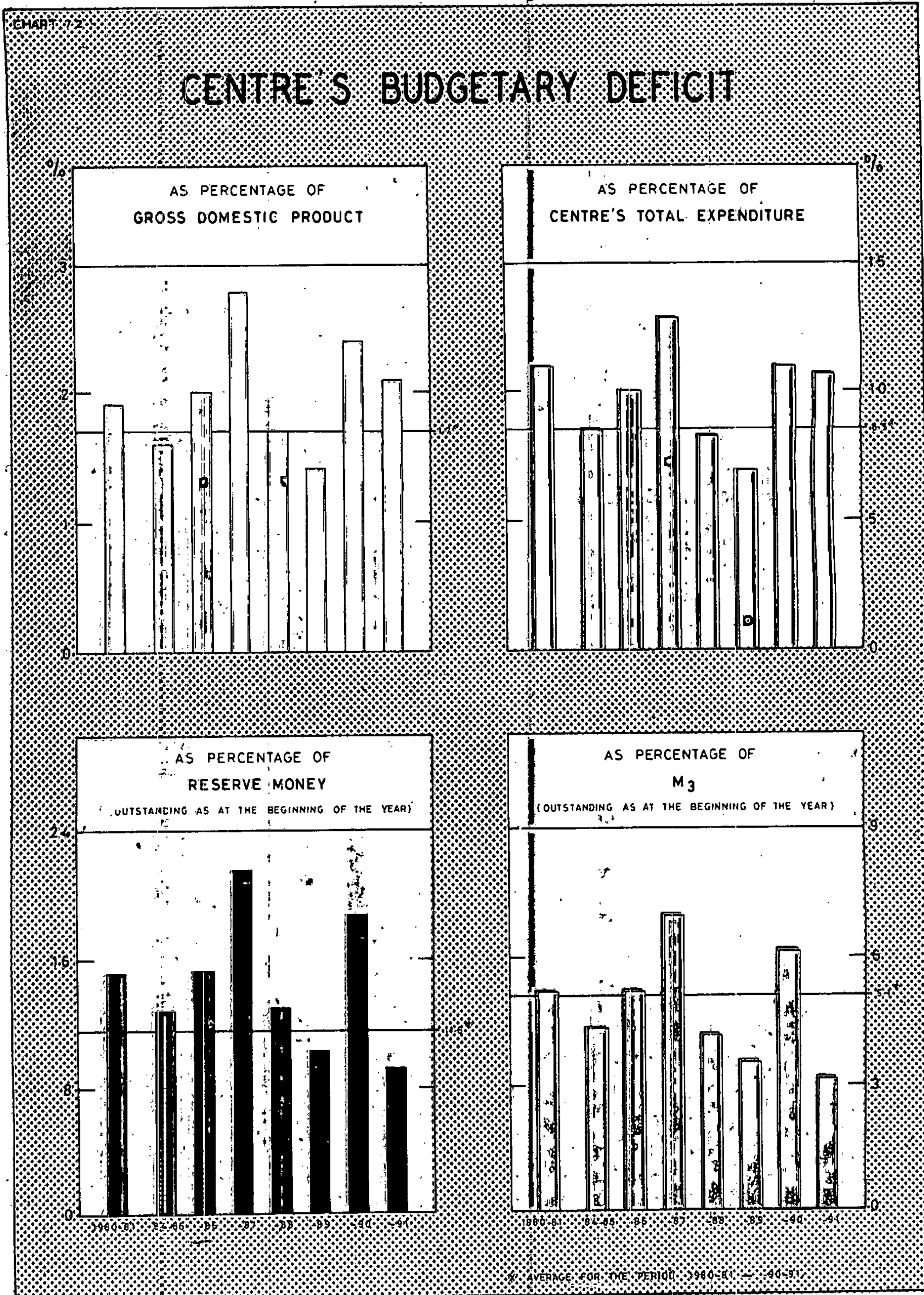


CHART 7.2
CENTRE'S BUDGETARY DEFICIT
%
AS PERCENTAGE OF
GROSS DOMESTIC PRODUCT
3
2
1
0
%
AS PERCENTAGE OF
CENTRE'S TOTAL EXPENDITURE
15
10
5
0
AS PERCENTAGE OF
RESERVE MONEY
(OUTSTANDING AS AT THE BEGINNING OF THE YEAR)
24
16
8
0
1980-81
84-85
-86
-87
-88
-89
-90
-91
AS PERCENTAGE OF
M_3
(OUTSTANDING AS AT THE BEGINNING OF THE YEAR)
9
6
3
0
1980-81
84-85
-86
-87
-88
-89
-90
-91
* AVERAGE FOR THE PERIOD 1980-81 — 90-91

mental outlay in 1989-90, being the final year of the Seventh Five-Year Plan. Total developmental expenditure increased by 25.4 per cent in 1989-90, while the growth in non-developmental expenditure was somewhat lower at 18.5 per cent. The gap between total expenditure and current revenue, which approximates the fiscal deficit concept, used in most countries, widened from 10.4 per cent of GDP in 1985-86 to 12.8 per cent in 1989-90 (RE). About 72 per cent of the gap was financed by draft on domestic savings (domestic borrowings), 7 per cent from external assistance and 21 per cent from deficit financing. While the dependence on deficit financing for meeting the gap had increased considerably from about 13 per cent in 1985-86 to about 21 per cent in 1989-90, the dependence on domestic borrowings had registered a fall from 81 per cent to 72 per cent during the same period. However, in absolute terms, the dependence on domestic borrowings increased from Rs. 21,899 crores in 1985-86 to Rs. 40,713 crores in 1989-90 (R.E.). Greater reliance on deficit financing had led to the generation of reserve money and consequent monetary expansion. Continued dependence on domestic borrowings for financing the major portion of the gap in resources had resulted in a significant increase in interest payments from Rs. 8,006 crores in 1985-86 to Rs. 20,571 crores in 1989-90 (R.E.) which is a major factor leading to an increase in the proportion of non-developmental expenditure from 36.4 per cent in 1985-86 to 37.5 per cent in 1989-90 (R.E.).

TABLE 7.2

Budgetary Transactions of the Central and State Governments and Union Territories

(Including Extra-budgetary Resources of Public Sector Undertakings for Financing their Plans)

(Rs. crores)

	1980-81	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90 (BE)	1989-90 (RE)	1990-91 (BE)
I. Total Outlay	**36845**	**60829**	**72825**	**83961**	**100790**	**112169**	**130048**	**149223**	**159618**	**176191**
	(27.1)	**(29.4)**	**(31.5)**	**(32.6)**	**(34.5)**	**(33.7)**	**(32.9)**	**(33.7)**	**(34.0)**	**(34.8)**
(a) Developmental	**24426**	**39274**	**48085**	**53397**	**63778**	**68801**	**79548**	**92165**	**99754**	**107993**
(b) Non-Developmental	**12419**	**21555**	**24740**	**30564**	**37012**	**43368**	**50500**	**57058**	**59864**	**68198**
II. Current Revenue	**24563**	**40989**	**47098**	**56773**	**64823**	**73485**	**85714**	**103623**	**102856**	**117855**
	(18.1)	**(19.8)**	**(20.4)**	**(21.7)**	**(22.2)**	**(22.1)**	**(21.7)**	**(23.4)**	**(23.2)**	**(22.9)**
(a) Tax Revenue	19844	31525	35813	43267	49540	56976	66925	76041	76762	89183
	(14.6)	(15.2)	(15.5)	(16.5)	(17.0)	(17.1)	(16.9)	(17.2)	(17.3)	(17.4)
(i) Direct Taxes	3268	4907	5329	6252	6890	7483	9757	10337	11108	13047
(ii) Indirect Taxes	16576	26618	30484	37015	42650	49493	57168	65704	65654	76136
(b) Non-tax Revenue	4719	9464	11285	13506	15283	16509	18789	27582	26094	28672
III. Gap (I — II)	**12282**	**19840**	**25727**	**27188**	**35967**	**38684**	**44334**	**45600**	**56762**	**58336**
	(9.0)	**(9.6)**	**(11.1)**	**(10.4)**	**(12.3)**	**(11.6)**	**(11.2)**	**(10.3)**	**(12.8)**	**(11.4)**
Financed by :										
(i) Domestic Capital Receipts	7161	16094	18765	21899	24439	29415	36172	33671	40713	45010
(ii) Net External Assistance	1670	1611	1857	1850	2378	3765	3060	3723	3900	4327
(iii) Budgetary Deficit	3451	2135	5105	3439	9150	5504	5102	8206	12149	8999
	(2.5)	(1.0)	(2.2)	(1.3)	(3.1)	(1.7)	(1.3)	(1.9)	(2.7)	(1.8)

NOTES : (1) For clarification regarding the scope of some items in this table, see foot-note to Table 2.2 in the Statistical Appendix.

(2) Figures in brackets are percentages to new series of GDP at current market prices released by CSO and, therefore, will differ from the figures given in the earlier issues of Economic Survey.

Centre

7.9 The budgetary position of the Central Government in 1989-90 was a matter of serious concern with the budget deficit more than doubling to Rs. 11,750 crores from Rs. 5,642 crores in 1988-89. While the expenditure-GDP ratio was 25.4 per cent, the ratio of current revenue (including internal resourses of PSUs) to GDP was a mere 14.2 per cent. The revenue receipts of the Centre grew on an average by 16.9 per cent during 1980-81 to 1989-90, while the growth in revenue expenditure during this period was 18.7 per cent. The higher growth of revenue expenditure than in revenue receipts resulted in growing deficits on revenue account. The revenue deficit increased from 0.6 per cent of GDP in 1980-81 to 2.1 per cent of GDP in 1985-86 and to 2.7 per cent of GDP in 1989-90 (*Table* 7.3). Revenue deficits have serious implications in terms of diversion of high cost borrowed funds for covering the deficit with no return flow and higher interest payments further contributing to the growth of revenue expenditure.

TABLE 7.3

Centre's Revenue Receipts and Revenue Expenditure

(As per cent of GDP)

	1980-81	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91 (R.E.)
1. Tax Revenue (Net of States' Share)	6.9	7.3	7.5	7.6	8.1	8.3	8.4	8.6	8.7	8.6
2. Non-Tax Revenue	2.5	2.8	2.4	2.9	3.1	3.4	3.1	2.8	3.5	2.9
3. Total Current Revenue (1+2)	9.4	10.2	9.9	10.5	11.2	11.7	11.5	11.4	12.2	11.5
4. Total Current Expenditure	10.0	10.9	11.0	12.0	13.3	14.4	14.3	14.1	14.9	14.9
(a) Interest Payments	2.0	2.2	2.3	2.6	2.9	3.2	3.4	3.6	4.0	4.3
(b) Subsidies[1]	1.2	1.3	1.3	1.6	1.8	1.9	1.8	2.0	2.5	1.8
(c) Defence Expenditure[2]	2.6	2.7	2.7	2.8	2.9	3.4	3.0	2.9	2.7	2.4
(d) Grants to States & UTs	2.1	2.0	2.1	2.3	2.7	2.7	2.8	2.6	2.0	2.2
(e) Others	2.2	2.6	2.5	2.8	3.0	3.3	3.3	3.0	3.8	4.2
5. Revenue Account Surplus (+)/ Deficit (—) (3—4)	—0.6	—0.7	—1.2	—1.5	—2.1	—2.7	—2.9	—2.7	—2.7	—3.4

1. Excludes subsidies on imported fertilizer up to 1985-86.
2. Includes defence pension.

NOTE:—(a) The ratio in this Table from 1980-81 on wards are based on the new series on GDP released by the CSO and therefore these will deffer from the figures given in the earlier issues of Economic Survey.

(b) Totals may not add up because of rounding.

States and Union Territories

7.10 The budgetary position of States and Union Territories had also worsened in 1989-90. The combined budgets of States and Union Territories showed a deficit of Rs. 399 crores in contrast to a surplus of Rs. 540 crores in 1988-89 and Rs. 312 crores in 1987-88. One redeeming feature of the finances of States and Union Territories during 1989-90 was a substantial improvement in the generation of internal resources by public undertakings. Internal resources of public undertakings amounted to Rs. 874 crores in 1989-90 (R.E.) as compared with negative Rs. 626 crores in 1988-89 and negative Rs. 654 crores in 1987-88. The rising trend of non-developmental expenditure continued during the Seventh Plan as reflected in the rise of the ratio of non-developmental expenditure to total expenditure from 27 per cent in 1985-86 to 30.4 per cent in 1989-90 (R.E.).

Central Government Budgetary and Fiscal Developments 1990-91

7.11 The Budget for 1990-91 expressed a firm determination to limit the overall deficit within the budgeted level through strict fiscal discipline, containment of expenditure growth and improved tax compliance. Besides, it stressed the importance of improving tax-GDP ratio, promoting savings and investment and rationalising the tax system to render it more equitable.

7.12 A major resource mobilisation drive to yield Rs. 1959 crores in fresh taxes and postal tariffs was proposed in the Budget. The revenue efforts were expected to substantially bring down the budget deficit for 1990-91 to Rs. 7206 crores from Rs. 11,750 crores for 1989-90 (RE). This was a major step towards improving fiscal balance with its moderating effects on inflation. Rationalisation of customs and excise tariffs, abolition of Gold Control Act, personal and corporate tax reforms were other important measures proposed in the Budget.

7.13 The Budget announced several measures designed to benefit agricultural sector like a new formula for computing agricultural costs for fixing the support prices, debt relief for agricultural loans upto Rs. 10,000, introduction of an employment guarantee scheme in drought prone areas and areas with acute problems of rural unemployment.

7.14 The Budget proposals for 1990-91 also aimed at simplifying tax laws, making saving linked incentives more equitable, curbing conspicuous consumption, boosting foreign exchange earnings and reducing inessential imports. The details of important fiscal measures contained in the Budget are given in the following paragraphs.

Direct Taxes

7.15 In the area of direct taxes certain major changes were proposed in the rate structure for personal income tax. The exemption limit for personal income tax was raised from Rs. 18,000 to Rs. 22,000 and the lowest rate of tax of 20 per cent was extended from the then existing limit of Rs. 25,000 to Rs. 30,000. The existing surcharge of 8 per cent for financing employment programmes was made applicable beyond taxable income of Rs. 75,000 as against the earlier limit of Rs. 50,000. A significant innovation of the Budget was the introduction of a system of tax rebate in place of the old provision for deduction under section 80-C. Under the new system, a person contributing to provident fund, life insurance, National Saving Certificates etc. as earlier would now be entitled only to a tax rebate calculated at the rate of 20 per cent on such savings. The maximum tax rebate allowable would be Rs. 10,000 generally and Rs. 14,000 in the case of authors, playwrights, artists, musicians, actors, sportsmen and athletes. As a further incentive to save, the limit available for the saving incentives under section 80-CCA was increased from Rs. 30,000 to Rs. 40,000. In addition to this, the Equity Linked Saving Scheme (ELSS) announced in 1989-90 was finalised on a netting principle under a new section 80-CCB. Investment in units under the scheme would be eligible for deduction upto a maximum of Rs. 10,000 from the total income. The annual return on the investment in the units would be eligible for tax concession under section 80-L. On repurchase of the units by Mutual Funds or the UTI, the capital amount representing the cost of the units will be taxed as income in the year of repurchases and the excess will be liable to tax as capital gains. With a view to mitigating the hardships of the parents and guardians of physically handicapped or mentally retarded persons with income upto Rs. one lakh per annum, a deduction of Rs. 6,000 to cover medical and rehabilitation expenses was allowed.

7.16 In order to increase earnings from foreign exchange, the deduction in respect of income from foreign sources available to certain categories of professionals was increased from the then existing rate of 25 per cent to 50 per cent of the income or 75 per cent of the foreign exchange brought into India, whichever is higher. Besides the Budget also announced modifications in the tax structure for partnership firms. Exemption limits in their case was raised from Rs. 10,000 to Rs. 15,000 and rates were suitably lowered.

7.17 For the corporate sector, incentives like Investment Allowance and Investment Deposit Account were abolished with a view to closing the escape route for the corporate sector to go out of the tax net. Simultaneously, the tax rate for widely held domestic companies was reduced from the then existing rate of 50 per cent to 40 per cent, with corresponding reduction of 10 percentage points in the rates for other domestic companies. As a measure of relief the deductions for setting up new industries was raised from 25 per cent to 30 per cent in the case of companies and from 20 per cent to 25 per cent for others. This benefit can now be availed of for 10 years as against 8 years. The special provision regarding tax on minimum profits contained in Section 115-J of the Income Tax Act was discontinued with effect from the assessment year 1991-92. The existing surcharge of 8 per cent would however continue on corporate income above Rs. 75,000.

7.18 The Budget also discontinued some of the tax reliefs to simplify tax structure. Thus provisions relating to partial tax holidays for new small scale industries in rural areas under section 80-HHA and for industries in backward areas under section 80-HH stand withdrawn. Another significant tax proposal in 1990-91 Buget related to inter-corporate dividends. Under the new provisions, the dividend income of a domestic company will be exempt to the extent to which they themselves declare dividends during the relevant period. With a view to promoting afforestation, the scope of deduction under section 35-CCB and section 80GGA was enlarged so as to cover the payments made for the above purpose to an association or an institution.

7.19 Certain modifications in the original budget proposals were announced by the Finance Minister while moving the Finance Bill 1990. In the area of direct taxes, concessions were announced for cooperative societies and companies. The rate of tax for cooperative societies was reduced by five percentage points at all levels. In order to enable the tea industry to raise and conserve resources mainly for the upgradation of plantations, a modified form of deduction was provided. In addition, it was decided to treat the State Financial Corporations and Industrial Investment Corporations at par with public financial institutions for purposes of taxation of inter-corporate dividends.

Indirect Taxes

7.20 The main thrust of the Budget proposals in respect of indirect taxes was on simplification and rationalisation. A major emphasis was laid on strengthening impulses for growth and exports. Reliefs were also given to the deserving sectors, particularly small scale industry, agriculture and for environmental protection.

7.21 With a view to rationalising the rates and bringing down their multiplicity, the total of the basic and auxiliary duty rates of customs were placed in a limited number of slots in the the range of zero to 125 per cent in respect of most items. Further, as a step towards rationalisation and simplification of the Central Excise Tariff, the duty rates were recast for a large number of goods.

7.22 Certain concessions were introduced in the interest of agricultural development. The import duty on a few more specified bulk pesticides and pesticide intermediates was reduced. Complete exemption of excise duty was provided on refined rapeseed and mustard oil to encourage their use. Excise duty on pickles was also removed. Excise duty on coffee was reduced to a uniform level of Rs. 50 per quintal. Concessions were also given to marine food industry by reducing import duty on prawn feed and concessional rate of 40 per cent was extended to a few more specified machinery required for the industry. In order to reduce the cost of cattle feed, molasses used in its manufacture was exempted from the whole of excise duty. A concessional import duty of 40 per cent in respect of certain items of equipment required in cattle breeding and dairying was prescribed.

7.23 The excise duty exemption provided for kraft paper and kraft paper-board used for apple packaging (in Himachal Pradesh) was extended to packaging of horticultural produce all over the country *inter alia* to conserve forest resources. Likewise, for the development of industries under Khadi and Village Industries Commission (KVIC), full exemption from excise duty was provided to handmade paper and paper board manufactured by these units.

7.24 For the small scale sector, the Budget proposed a number of fiscal concessions designed to promote its growth. These included revival of 15 per cent Central Investment Subsidy Scheme which was withdrawn in 1989-90 and complete exemption from excise duty in respect of clearance of goods upto a value of Rs. 20 lakhs instead of the earlier Rs. 15 lakhs in case such goods fall under only one Chapter of Central Excise Tariff.

7.25 Similarly, certain finished formulations containing Rifampicin were exempted from central excise duty. Specified bulk drugs required for life saving medicines were also exempted from customs duty. Further, import duty on certain specified drug intermediates was reduced to 90 per cent. These reliefs are expected to reduce the prices of life saving drugs.

7.26 Some concessions were also granted to capital goods and machinery. Broadly, capital goods upto a specified value limit imported under the scheme would be eligible to a concessional import duty of 25 per cent, subject to the condition, that goods equal to at least three times the value of the imported capital goods are exported within four years from the date of importation.

7.27 Further, a concessional import duty of 40 percent on specified instruments and equipments was prescribed. Likewise, for better environmental protection and pollution control, concessional customs duty of 40 per cent was extended to more specified air and water pollution control equipments. Excise duty on certain specified pollution control equipments was also reduced by 10 percentage points.

7.28 For the purpose of upgrading of the facilities available at the airports and also as a measure of relief, duty on navigational, communication, air traffic control and landing equipments imported by the National Airports Authority of India was reduced to the level of 25 percent. Other concessions included reduction of excise duty on dry cell batteries and specified telecommunication networks in rural areas, exemption of excise duty on feature films and reduction of import duty on standard newsprint by Rs. 100 per tonne.

7.29 A number of measures taken in the Budget aimed at the simplification and rationalisation of tariff structure in the textile sector. The whole of the basic excise duty on cotton fabrics was transferred to yarn. This would improve the competitiveness of the handloom sector. The number of slabs in the case of man-made fabrics was reduced in a manner that the duty on fabrics becomes more equitable and the administration of tax laws more efficient. Simultaneously, in order to ensure price discipline, import duties were reduced on DMT and PTA from 195 per cent to 150 percent, on NFY from 130 percent to 100 percent, on PFY from 205 percent to 180 percent and on VSF from 55 percent to 40 percent. However, keeping in view the sharp decline in the international prices of MEG, the import duty on this item was raised from 90 percent to 150 percent.

7.30 The Budget contained a number of measures for resource mobilisation. The brunt of burden was mainly on cigarettes, non-essential items and luxury consumer durables. Excise duty was increased by 15 paise for cheaper cigarettes and 75 paise in the case of costlier cigarettes per packet of ten. Simultaneously, some sympathetic increase in the excise duty rates on pan masala was also made. Jams, ice creams, coca and coca preparations were subjected to higher excise duty. There was also hike in excise duty on certain luxury items like microwave oven, washing machine, certain sophisticated varieties of audio system, video cassette recorder and player, electronic games and high priced cooking ranges. Similarly excise duty on motor cars was raised from 35 per cent to 40 percent. Rates of excise duty on refrigerators, air-conditioners of capacity 1.5 tonnes and car airconditioning parts were raised. The excise duty on tyres and tubes was increased as a corrective measure. However, tractors, trailers and two-wheelers as well as their tyres and tubes were exempted from these increases. The Budget also raised basic excise duty on stainless steel items generally by Rs. 500 per tonne and by Rs. 100 per tonne in case of other items. However, customs duty on stainless steel was brought down to 200 percent from the then existing level of 345 percent.

7.31 Some marginal changes in the Baggage Rules relating to free allowance admissible to passengers arriving from foreign countries were also made. The general free allowance was raised from the then existing level of Rs. 1250 to Rs. 2000 per passenger. A uniform duty rate of 250 percent for baggage in excess of this limit as against the then existing 175 percent and 245 percent was provided. In addition, a uniform duty rate of 25 per cent was imposed on specified articles brought by passengers coming from abroad after a period of stay of more than one year, subject to certain conditions. As a revenue earning measure, the

Inland Air Travel Tax was proposed to be levied on full air fare instead of basic fare.

7.32 In a major move aimed at reducing the consumption of petroleum products and curbing the outflow of foreign exchange on import of crude oil, the Budget increased the administrative prices of motor spirit, high speed diesel oil and aviation turbine fuel for domestic users. The price of motor spirit was raised by Rs. 1.25 per litre ex-storage, the price of high speed diesel oil by 54 paise per litre and the price of aviation turbine fuel by Rs. 1320.45 per kilolitre. To mop up a part of the gain accruing to the oil companies as a result of price revision, the import duty of crude oil was increased from Rs. 1060 to Rs. 1500 per tonne.

7.33 During the course of discussions on the Budget in the Parliament some marginal changes were made in the original concessions and adjustments. Domestic air travel was made more expensive by increasing the Inland Air Travel Tax from 10 per cent to 15 percent. The farm sector was provided further relief in the form of total excise duty exemption on aluminium containers used for packing liquid pesticides. Concessions were also extended to metal containers, leather cloth industries, synthetic woven sacks and certain items of textile processing machinery. While the excise levy on both blank and recorded audio cassettes was removed, excise duty on the magnetic tape used in the manufacture of such cassettes was hiked from Rs. 2.10 to Rs. 3 per square metre. The pre-budget rate of twenty percent import duty on waste paper was also restored.

Additional Resource Mobilisation

7.34 The Additional Resource Mobilisation (ARM) measures undertaken in the 1990-91 Budget were expected to yield Rs. 1790 crores. Out of this, Rs. 550 crores were to be raised through direct taxes and Rs. 1240 crores through indirect taxes. The States' share in Centre's additional resource mobilisation after making adjustment for the loss of Rs. 170 crores on account of concessions in income tax was estimated at Rs. 3 crores. Details are given in Table 7.4

TABLE 7.4

Additional Resource Mobilisation through Central and Railway Budgets for 1990-91

(Rs. Crores)

	Centre's share	States' share	Total
I. Taxes	1787	3	1790
(a) Direct Taxes . .	720	(—)170	550
(i) Corporation Tax . .	800	..	800
(ii) Income Tax .	(—)80	(—)170	(—)250
(b) Indirect Taxes .	1067	173	1240
(i) Customs duties	835	..	835
(ii) Union Excise duties . .	217	173	390
(iii) Other Taxes and duties	15	..	15
II. Revision in the Postal & Telecommunication Tariffs and Railway Fares and Freights . . .	1537	..	1537
(a) Railways . .	892	..	892
(b) Posts and Telecommunication .	645	..	645
III. Total (I + II) . .	3324	3	3327

7.35 The Railway Budget for 1990-91 proposed hikes in the rates of goods traffic, passenger fares, parcel and luggage rates. These proposals were estimated to yield additional revenue of Rs. 892 crores. Revisions in the postal and telecommunication tariffs were estimated to result in an additional revenue of Rs. 645 crores. The total additional revenue through changes in tax rates, through revisions in railway fares and freights and through revisions in postal and telecommunication tariffs was thus estimated at Rs. 3327 crores in 1990-91.

Revenue and Expenditure 1990-91

7.36 The Budget of the Central Government for 1990-91 aimed at containing the deficit at Rs. 7,206 crores, Rs. 4,544 crores lower than the revised estimates of Rs. 11,750 crores in 1989-90. Aggregate resources of the Central Government, including internal and extra-budgetary resources of Centre's public enterprises were estimated at Rs. 1,15,882 crores, about 15 per cent higher than in 1989-90 (RE). On the other hand, aggregate disbursements were estimated at Rs. 1,23,088 crores, higher by 9.4 per cent over the level of 1989-90 (R.E.). On the receipts side, tax revenue was expected to grow by 19.8 per cent over 1989-90 revised estimates. Non-tax revenue was estimated at 13.7 per cent higher than 1989-90's revised estimate. Domestic capital receipts were estimated to increase by 11.0 per cent while the estimated increase in external capital receipts was 10.9 per cent. On the disbursement side, while non-developmental expenditure was estimated to grow by 15.6 per cent, developmental expenditure was estimated to grow at a lower rate of 5.3 per cent. The overall increase envisaged in revenue receipts, capital receipts and aggregate expenditure was 17.4 per cent, 11.0 per cent and 9.4 per cent respectively.

7.37 An outlay of Rs. 39,329 crores was envisaged for the Central Plan 1990-91. This amounted to a step up of 10.1 per cent over the outlay in 1989-90 (RE). The budgetary support to the funding of the Plan was further reduced to 44.1 per cent from 51.1 per cent in 1989-90. This was sought to be achieved through an increase in the internal and extra-budgetary resources of public enterprises. In terms of sectoral allocations, the emphasis continued to remain on the development of agriculture, energy, industry and other infrastructural facilities. The outlays on science, technology and environment and Transport were stepped up significantly by 29.2 per cent and 20.8 per cent respectively. Next to outlays on science, technology and environment and transport, outlay on industry and minerals was stepped up by 18 per cent.

Revised Estimates of the Central Government : 1990-91

7.38 In the post-budget period, a number of developments took place which led to a sharp deterioration in the budgetary position of the Centre in 1990-91. As a consequence of the Gulf crisis, there was an increase in fertiliser subsidy and a shortfall in revenue collections attributable to the squeeze on non-oil imports The Gulf crisis had imposed an unanticipated burden of Rs. 300 crores on the exchequer for repatriating Indian Citizens from Kuwait, besides resulting in the non-materialisation of the OCC surplus.

7.39 Taking into account the deterioration of the budgetary position of the Centre, the budget deficit is estimated at Rs. 10,772 crores (RE) compared with Rs. 7,206 crores anticipated at the time of formulation of the Budget. The revised estimates place the Central Plan Outlay at Rs. 38,053 crores as compared with the budget estimate of Rs. 39,329 crores. Apart from the Gulf crisis, the main contributory factor which brought about this deterioration in the financial position of the Central Government are additional loans to States, higher interest payments, under funding of the scheme of rural debt relief, increase in food subsidy and higher technical credits. The revised estimates of assistance to States include loans of Rs. 521 crores to meet a part of their opening deficits with the Reserve Bank of India, while another Rs. 966 crores has been provided to write-off loans to States as recommended by the Ninth Finance Commission. Interest payments are anticipated to be higher by Rs. 1000 crores as compared with the budget estimate. The scheme of rural debt relief which was not adequately provided for in the Budget is estimated to require an additional amount of Rs. 500 crores. Technical credits are expected to be Rs. 800 crores more because of a temporary imbalance in trade under the rupee payment arrangements. There is an increase in food subsidy amounting to Rs. 250 crores, attributable to sugar, in which the increase in prices to producers was not followed by an increase in the issue prices for consumers.

7.40 On the revenue side, gross tax revenue of the Centre is expected to be Rs. 862 crores less than the budget estimate. Despite post budget increases in auxiliary customs duties and basic excise duties on man-made fibres, collections under customs and excise duties are estimated to be lower by Rs. 660 crores and Rs. 625 crores respectively. Thus the revised estimates for the year 1990-91 reveal a disquieting picture of shortfalls in revenue receipts while expenditure continued to exceed the budget estimates.

Seventh Plan LTFP Projections : Comparison with Actuals

7.41 The Seventh Plan had projected five-year targets for selected fiscal indicators with 1984-85 as the base and the targets were annualised in the Long Term Fiscal Policy (LTFP) document and were expressed as ratios of respective year's GDP. As actuals for all the five years of the Seventh Plan are available now, it would be of interest to compare the actuals with the targets. Table 7.5 presents this comparative picture.

TABLE 7.5

Important Fiscal Parameters and Assistance for State & UT Plans
(Seventh Plan Projections : A Comparison with Actuals)*

(As percent of GDP)

	1985-86		1986-87		1987-88		1988-89		1989-90	
	A/c	LTFP	A/c	LTFP	A/c	LTFP	A/c	LTFP	A/c	LTFP
1. Tax Revenue (net of States' Share)	8.7	7.8	9.0	8.2	9.1	8.7	9.2	9.2	9.3	9.4
(a) Direct Taxes	1.5	1.5	1.5	1.7	1.3	1.8	1.7	2.0	1.5	2.1
(b) Indirect Taxes	7.1	6.3	7.5	6.5	7.7	6.9	7.5	7.2	7.8	7.3
2. Non-Tax Revenue	3.1	3.0	3.5	2.9	3.2	2.8	2.9	2.7	3.6	2.7
3. Non-Plan Revenue Expenditure	11.9	11.1	12.9	11.3	13.3	11.5	13.2	11.6	14.1	11.9
(a) Defence	3.5	3.3	4.1	3.4	4.3	3.5	4.1	3.6	3.9	3.8
(b) Interest Payments	3.1	3.0	3.4	3.3	3.6	3.6	3.9	3.9	4.3	4.1
(c) Food and Fertilizer Subsidies	1.5	1.2	1.4	1.1	1.4	1.1	1.5	1.0	1.7	1.0
(d) All Others	3.9	3.6	4.0	3.4	4.0	3.3	3.7	3.1	4.3	3.0
4. Balance from Current Revenue (BCR)	—0.1	—0.4	—0.5	—0.2	—1.0	neg	—1.1	0.3	—1.2	0.2
5. Central Plan	8.1	7.5	8.7	7.5	8.3	7.5	8.2	7.5	8.7	7.5
6. Assistance for State & UT Plans	2.9	2.7	3.0	2.7	3.2	2.6	2.8	2.6	2.5	2.5
7. Domestic Borrowings	6.9	6.4	8.3	5.6	8.4	5.0	7.7	4.4	7.7	4.2
(a) Market Borrowings	2.0	2.1	2.0	1.6	1.9	1.5	2.3	1.5	1.8	1.5
(b) Budgetary Deficit	2.0	1.3	3.0	1.2	1.9	1.1	1.5	1.0	2.6	0.9
(c) Others	2.9	3.0	3.3	2.8	4.6	2.4	3.9	1.9	3.3	1.8
8. Internal & Extra-budgetary Resources of PSUs	3.1	2.9	2.6	3.4	3.0	3.7	3.0	4.0	3.2	4.1

*The yearly projections given in LTFP document, are annualised Seventh Five Year Plan targets which are expressed as ratios of annualised GDP. In case of actuals, the new series of GDP has been converted to conform to old series (as in LTFP) by using appropriate conversion factor.

NOTES : 1. The ratios given here will not agree with the ratios given in Table 7.3 because of conceptual differences and differences in GDP figures.

2. BCR for the Centre as defined in plan documents is the balance of current receipts (excluding external grants) over Non-Plan revenue expenditure (including Capital outlays on border roads and defence).

7.42 Throughout the Seventh Plan period BCR remained negative and even deteriorated to (—) 1.2 per cent of GDP in 1989-90 which is in sharp contrast to the LTFP that aimed at a positive BCR of 0.2 per cent of GDP in the terminal year of the Seventh Plan. The broad conclusions which emerge from the analysis are:—

(a) Tax revenue performance has been more than the target in all the years of the Plan excepting the terminal year. Among taxes, the performance of direct taxes has been lower than the targets. Indirect taxes have performed better, exceeding Seventh Plan Projections by significant margins.

(b) Non-tax revenues have also performed better exceeding the targets in all the years.

(c) Non-plan revenue expenditure, particularly defence, interest payments and food and fertiliser subsidies crossed the targets.

(d) In financing the plan, the shares of domestic borrowings and budgetary deficit far exceeded the targets.

(e) Except in 1985-86, internal and extra-budgetary resources of public sector undertakings fell short of the targets by significant margins.

(f) Central Plan and Central assistance for State and Union Territory plans taken together remained above the projections in all the five years of the Plan.

Savings and Capital Formation

7.43 An economic and functional classification of the Central Budget is prepared every year. An analysis of the classification of expenditure classified in this manner has shown a steady decline in the proportion of expenditure on capital formation beginning 1986-87. This proportion which hovered around 40 per cent until mid-eighties has declined to 32.7 percent in 1990-91 (BE) (Table 7.6). This situation resulted

TABLE 7.6

Economic Classification of Total Expenditure in Central Budget

(Rs. crores)

	1980-81	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90 (R.E.)	1990-91 (B.E.)
1. Consumption Expenditure	**5174**	**7057**	**8130**	**9428**	**11210**	**14665**	**16551**	**18763**	**20931**	**22869**
	23.0	**23.1**	**22.6**	**21.5**	**21.1**	**22.9**	**23.5**	**23.0**	**21.8**	**22.4**
(a) Defence	3571	5018	5823	6647	7962	10439	11875	13237	14381	15619
	15.9	16.5	16.2	15.1	15.0	16.3	16.9	16.3	15.0	15.3
(b) Other Government Administration	1603	2039	2307	2781	3248	4226	4676	5526	6550	7250
	7.1	6.6	6.4	6.3	6.1	6.6	6.7	6.8	6.8	7.1
2. Transfer Payments (Current)	6912	9590	11436	14938	18347	21243	25380	31399	38347	43492
	30.7	31.4	31.8	34.0	34.5	33.2	36.1	38.6	39.9	42.7
(a) Interest Payments	2253	3516	4450	5646	7090	8648	10702	13347	16473	19215
	10.0	11.5	12.4	12.9	13.3	13.5	15.2	16.4	17.2	18.9
(b) Subsidies	1912	2304	2886	4484	5070	5542	5976	7859	11035	9422
	8.5	7.6	8.0	10.2	9.5	8.7	8.5	9.7	11.5	9.2
(c) Grants to States & UTs (including local bodies)	1810	2365	2526	2863	3922	4205	4962	5831	6064	8421
	8.0	7.8	7.0	6.5	7.4	6.6	7.1	7.2	6.3	8.3
(d) Others	937	1405	1574	1945	2265	2848	3740	4362	4775	6434
	4.2	4.6	4.4	4.4	4.3	4.4	5.3	5.4	5.0	6.3
3. Gross Capital Formation out of Budgetary Resources	9012	12403	14702	17551	21477	24320	25770	28977	33759	33291
	40.1	40.7	40.[illegible]	40.0	40.4	38.0	36.7	35.6	35.2	32.7
(a) Physical Assets	1907	2884	3356	4123	4558	5905	5961	7056	8145	9136
	8.5	9.5	9.3	9.4	8.6	9.2	8.5	8.7	8.5	9.0
(b) Financial Assets	7105	9519	11346	13428	16919	18415	19809	21921	25614	24155
	31.6	31.2	31.5	30.6	31.9	28.8	28.2	26.9	26.7	23.7
4. Others	1397	1444	1720	1962	2078	3795	2603	2263	2962	2231
	6.2	4.7	4.8	4.5	3.9	5.9	3.7	2.8	3.1	2.2
5. Total Expenditure	22495	30494	35988	43879	53112	64023	70304	81402	95999	101883

Note: Figures in decimals are percentages to respective total expenditures.

mainly from a substantial increase in the expenditure on current transfers. The proportion of transfer payments to total expenditure increased from 30.7 per cent in 1980-81 to 34.5 per cent in 1985-86 and further to 42.7 per cent in 1990-91 (BE). The increase in current transfers was in turn mainly due to an increase in interest payments; the proportion of expenditure on interest payments increased from 10 per cent in 1980-81 to 18.9 per cent in 1990-91 (BE). The share of consumption expenditure, in contrast, had remained fairly stable fluctuating between 21 and 24 per cent. Bulk of the consumption expenditure is on account of defence consumption (68 per cent). The share of defence expenditure in the total consumption expenditure which was around 70 per cent till 1988-89 came down to 68.3 per cent in 1990-91 (BE).

7.44 Details regarding capital formation and savings out of budgetary transactions of the Central Government are given in Table 7.7. Gross capital formation out of the budgetary resources which had shown, on an average, an increase of 18.8 per cent during 1982-83 to 1985-86 started decelerating from 1986-87. The rate of increase which had come down to 6 per cent in 1987-88 improved to 16.5 per cent in 1989-90 (RE). For the first time, rate of increase in gross capital formation turned negative (—1.4 per cent) in 1990-91. The gross savings of the Government which turned negative for the first time in 1984-85 continue to remain negative. Infact, the dissavings of the Government were found increasing over the years. The dissavings of the Government increased from Rs. 1441 crores in 1985-86 to Rs. 6218 crores in 1990-91 (B.E.). The other component of Central Government's gross savings, namely depreciation and retained profits of departmental commercial undertakings improved from Rs. 3182 crores in 1989-90 (RE) to Rs. 4352 crores in 1990-91(BE).

TABLE 7.7

Capital Formation by the Central Government and its Financing

(Rs. crores)

	1980-81	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90 (R.E.)	1990-91 (B.E.)
I. Gross Capital Formation out of Budgetary Resources of Central Govt.	9012 (24.7)	12403 (14.9)	14702 (18.5)	17551 (19.4)	21477 (22.4)	24320 (13.2)	25770 (6.0)	28977 (12.4)	33759 (16.5)	33291 (—1.4)
As per cent of gross domestic product at current market price (new series)	6.6	7.0	7.1	7.6	8.2	8.3	7.7	7.3	7.6	6.5
(i) Gross capital formation by the Central Government	1907	2884	3356	4123	4558	5905	5961	7056	8145	9136
(ii) Financial assistance for capital formation in the rest of the economy	7105	9519	11346	13428	16919	18415	19809	21921	25614	24155
II. Gross Savings of the Central Govt.	3	857	313	(—)963	(—)1441	(—)2852	(—)4294	(—)5722	(—)5937	(—)6218
III. Gap (I—II)	9009 (6.6)	11546 (6.5)	14389 (6.9)	18514 (8.0)	22918 (8.8)	27172 (9.3)	30064 (9.0)	34699 (8.8)	39696 (9.0)	39509 (7.7)
Financed by										
IV. Draft on other sectors of domestic economy	7339	9955	12778	16657	21068	24794	26299	31639	35794	35182
(i) Domestic capital receipts	4762	8300	11361	12912	16131	16533	20483	25997	24044	27976
(ii) Budgetary deficit	2577	1655	1417	3745	4937	8261	5816	5642	11750	7206
V. Draft on foreign savings	1670	1591	1611	1857	1850	2378	3765	3060	3902	4327

NOTES : (i) Gross capital formation in this Table includes loans given for Capital formation on a gross basis. Consequently, domestic capital receipts include loan repayments to the Central Government.

(ii) Figures in decimals in row 2 are percentage increases over the preceding year.

(iii) Figures in decimals in row 8 indicate the Gap as percent of GDP. Because of the revision in the series of GDP the ratios given here will differ from those given in the earlier issues of Economic Survey.

Central Government Liabilities

7.45 In the context of the concern over growing Central Government's borrowings and deficit financing, it would be appropriate to present a brief review of Government's debt position and its implications. Table 7.8 summarises the position in regard to internal, external and total liabilities of the Central Government. Internal liabilities are composed of internal debt and other internal liabilities. Internal debt includes market borrowings, treasury bills, special securities issued to Reserve Bank and special bearer bonds. The other internal liabilities include small savings collections, provident funds, reserve funds and deposits.

TABLE 7.8

Outstanding Liabilities of the Central Government and Payments of Interest

(Rs. crores)

	1980-81	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91 (RE)
1. Internal Liabilities (Outstanding)	**48451**	**71190**	**80141**	**96804**	**119331**	**146247**	**172338**	**204025**	**239849**	**279528**
	35.6	**40.0**	**38.6**	**41.8**	**45.6**	**50.1**	**51.8**	**51.7**	**54.2**	**54.4**
A. Internal Debt	30864	46939	50264	58537	71039	86312	98646	114498	133193	151352
(a) Market Borrowings	15676	22355	26394	30470	35352	40880	46743	55161	62565	70565
(b) Others	15188	24584	23870	28067	35687	45432	51903	59337	70628	80787
B. Other Internal Liabilities	17587	24251	29877	38267	48292	59935	73692	89527	106656	128176
	12.9	13.6	14.4	16.5	18.4	20.5	22.2	22.7	24.1	25.0
2. External Debt (Outstanding)*	11298	13682	15120	16637	18153	20299	23223	25746	28343	31831
	8.3	7.7	7.3	7.2	6.9	7.0	7.0	6.5	6.4	6.2
3. Total Outstanding Liabilities (1+2)	**59749**	**84872**	**95261**	**113441**	**137484**	**166546**	**195561**	**229771**	**268192**	**311359**
	43.9	**47.6**	**45.9**	**49.0**	**52.5**	**57.0**	**58.8**	**58.2**	**60.6**	**60.6**
4. Gross Interest Payments	2604	3937	4795	5974	7512	9246	11252	14278	17735	21850
5. Net Interest Payments	809	1086	2127	2011	2917	3893	5497	7297	9269	12277
6. Gross Interest Payment as % of Total Expenditure	11.6	12.9	13.3	13.6	14.1	14.4	16.0	17.5	18.5	21.4
7. Net Interest Payment as % of Total Expenditure	3.6	3.6	5.9	4.6	5.5	6.1	7.8	9.0	9.7	12.1
Memorandum items										
External Debt (Outstanding) (Converted at year end exchange rates)	13479	17577	20214	24004	26638	32312	36578	46838	54100	66017
	9.9	9.9	9.7	10.4	10.2	11.1	11.0	11.9	12.2	12.9

*External debt figures represent borrowings by Central Government from external sources and are based upon historical rates of exchange.

NOTES : 1. Figures in decimals are percentages to respective GDPs.

2. GDP (at current prices) for 1990-91 is estimated to grow by 16.0 per cent.

7.46 Internal liabilities as a whole have increased from Rs. 48,451 crores in 1980-81 to Rs. 2,79,528 crores in 1990-91 (RE), nearly a six-fold increase in a span of just ten years. The ratio of outstanding internal liabilities to GDP increased from 35.6 per cent in 1980-81 to as much as 54.2 per cent at the end of 1989-90 and is estimated to be 54.4 per cent at the end of 1990-91. Among the internal liabilities, other internal liabilities have witnessed a sharp increase as compared with market borrowings. The ratio of outstanding other internal liabilities to GDP shot up from 12.9 per cent at the end of 1980-81 to 24.1 per cent at the end of 1989-90 and has risen further to 25.0 per cent at the end of 1990-91 (R.E.). These liabilities attract relatively higher interest rates and hence, have added to the growing interest payments liabilities.

7.47 The outstanding external liability, on the basis of historical exchange rates, as a ratio of GDP has tended to decline over the years from 8.3 per cent at the end of 1980-81 to 6.4 per cent at the end of 1989-90. The ratio has marginally come down to 6.2 per cent at the end of 1990-91 (R.E.). However, it will be seen from memorandum items in Table 7.8 that the outstanding external liabilities when converted at year-end exchange rates, showed a rising trend. The ratio of external liability at year-end exchange rates to GDP increased from 9.9 per cent at the end of 1980-81 to 12.9 per cent at the end of 1990-91.

7.48 Total outstanding liabilities of Central Government comprising of internal liability and external liability have continued to rise sharply over the 1980s. These liabilities formed about 44 per cent of GDP in 1980-81 and the ratio has increased to about 61 per cent at the end of 1990-91 (R.E.).

7.49 The growth of Government Debt has led to a substantial increase in gross interest payments which have gone up from 11.6 per cent of the total Central Government expenditure in 1980-81 to 21.4 per cent in 1990-91 (RE). Much more disturbing is the rise in net interest payments from 3.6 per cent of total expenditure in 1980-81 to 12.1 per cent in 1990-91 (RE).

7.50 The assets of the Central Government, comprising capital investments and loans advanced, have increased from Rs. 59,670 crores at the end of 1980-81 to an estimated total of Rs. 2,36,619 crores at the end of 1990-91. As a proportion of GDP at current market prices, this represents an increase from about 44 per cent in 1980-81 to 46 per cent in 1990-91. Over the same period, the total liabilities have increased from Rs. 59,749 crores to Rs. 3,11,359 crores. As a proportion of GDP, the liabilities increased from 43.9 per cent in 1980-81 to 60.6 per cent in 1990-91. Since 1980-81 when assets and liabilities were approximately of the same magnitude, total liabilities have consistently exceeded assets. The gap between them widened with each successive year and reached a level of Rs. 74,740 crores at the end of 1990-91. The growing gap between the stock of Central Government assets and liabilities primarily reflects the succession of deficits on revenue account.

Finances of States and Union Territories

7.51 The budget estimates of States and Union Territories taken together anticipated a deficit of Rs. 1,793 crores in 1990-91. This is more than double the budget estimate and more than four times the revised estimate for 1989-90. Aggregate resources were estimated to rise by 11.7 per cent to Rs. 80,383 crores while aggregate disbursements were to increase by 13.5 per cent to Rs. 82,176 crores, resulting in a deficit of Rs. 1,793 crores. Current revenue was estimated at Rs. 61,127 crores, 13.2 per cent higher than the revised estimate for 1989-90. States' own tax revenue was budgetted to increase by 14.5 per cent as against 14.4 per cent in 1989-90. States' share in Central taxes was budgetted to increase by 9.1 per cent as compared with an increase of 21.3 per cent in 1989-90. Non-tax revenue was estimated to grow by a mere 4.4 per cent as against a growth of 57 per cent in the previous year. Grants from the Centre, on the other hand, were estimated to rise by 20.1 per cent as compared with zero growth in 1989-90.

7.52 Developmental expenditure was budgetted to rise by 9.7 per cent, while non-developmental expenditure was estimated to increase by 22.3 per cent in 1990-91 over the revised estimates in 1989-90. The ratio of developmental expenditure to aggregate expenditure dropped to 67.3 per cent in 1990-91 from about 73 per cent in 1985-86.

7.53 The gap between current revenue and total expenditure was estimated at Rs. 21,049 crores in 1990-91 (BE) compared with Rs. 18,363 crores in 1989-90 (RE). The gap as a ratio of current revenue widened from about 30 per cent in 1985-86 to 34.4 per cent in 1990-91. Over 91 per cent of the gap was budgetted to be covered by capital receipts and the rest by budgetary deficit. Among the capital receipts, the gap to the extent of 44.5 per cent would be covered by loans from the Centre.

Central and State Governments—Combined

7.54 The combined budget estimates of the Centre, States and Union Territories for 1990-91 envisaged a deficit of Rs. 8,999 crores, substantially lower than the revised estimate of Rs. 12,149 crores in 1989-90. Aggregate receipts were budgetted to increase by 13.4 per cent to Rs. 1,67,192 crores. The growth in current revenue was estimated at 14.6 per cent from Rs. 1,02,856 crores in 1989-90 (RE) to Rs. 1,17,855 crores. Tax revenue was expected to increase by 16.2 per cent while non-tax revenue including internal resources of public undertakings was anticipated to increase by 9.9 per cent as compared with a growth of 38.9 per cent in 1989-90 (RE). Aggregate expenditure was expected to increase by 10.4 per cent to 1,76,191 crores. Developmental expenditure was estimated to move up by 8.3 per cent and non-developmental expenditure by 13.9 per cent. The gap between total expenditure and current revenue was estimated at Rs. 58,336 crores in 1990-91 (BE), amounting to nearly 50 per cent of current revenue. The gap was to be financed to the extent of 77 per cent from domestic capital receipts, 7 per cent from external receipts and the balance of about 16 per cent through budgetary deficit.

Annual Plan : 1990-91

7.55 The Annual Plan for 1990-91 provided for a total outlay of Rs. 64,717 crores for the Centre, States and Union Territories (*Table* 7.9), which is 12.4 per cent higher than the plan outlay in 1989-90, the terminal year of the Seventh Plan. The allocation for Central Plan was Rs. 39,329 crores compared with Rs. 34,446 crores in 1989-90. The Plan allocation for States and Union Territories was Rs. 25,388 crores against Rs. 23,152 crores in 1989-90. Central Plan outlay for 1990-91 constitutes 60.8 per cent of the total plan outlay somewhat higher than 59.8 per cent in 1989-90.

TABLE 7.9

Annual Plan Outlay : Centre, States and Union Territories

(Rs. crores)

Heads of Development	Annual Plan 1989-90		Annual Plan 1990-91	
	Amount	Percentage to total	Amount	Percentage to total
1. Agriculture and Allied Activities	3055	5.3	3802	5.9
2. Rural Development	3100	5.4	4302	6.6
3. Special Area Programme	905	1.6	1037	1.6
4. Irrigation and Flood Control	3872	6.7	4110	6.4
5. Energy	17182	29.8	18871	29.2
6. Industry and Minerals	7032	12.2	8450	13.1
7. Transport	7852	13.6	9303	14.4
8. Communications	2860	5.0	3050	4.7
9. Science, Technology and Environment	798	1.4	893	1.4
10. Social Services	9162	15.9	9748	15.1
11. General Economic Services	1270	2.2	905	1.4
12. General Services	510	0.9	246	0.4
Total	57598	100.0	64717	100.0

7.56 The Annual Plan for 1990-91 stepped up the outlays substantially in respect of agriculture, rural development, industry, minerals and transport. About 50 per cent of the outlay was allocated for agriculture, rural development, special area programmes, irrigation and energy.

Post Budget Developments

Supplementary Demands for Grants

7.57 Three supplementary demands for grants were presented to the Parliament, the first in August, the second in December 1990 and the third in March, 1991. The first supplementary demands for grants involved no net cash outgo. These were technical supplementary grants for Rs. 37.26 crores matched by additional receipts or corresponding savings. In addition to the above technical supplementary demands, supplementaries involving an expenditure of Rs. 12.35 crores were obtained. The expenditure in these cases would be met from savings within the revenue and capital sections of the concerned grants. Five advances totalling Rs. 1.67 crores made out of the Contingency Fund earlier, were proposed to be recouped.

7.58 The second supplementary demands for grants which covered 22 grants involved an additional cash outgo of Rs. 648.95 crores of which Rs. 150.50 crores were on plan account and Rs. 497.45 crores were on non-Plan account. The most important item on plan account was the investment of Rs. 150 crores in Rashtriya Ispat Nigam Limited. On the non-Plan side, two important items were Cash Compensatory Suppoit for exports and raising new battalions in the Central Police Forces, accounting for Rs. 300 crores and Rs. 100 crores respectively. Besides, the second supplementary demands included technical supplementaiies for Rs. 1,494.23 crores which were matched by additional receipts or corresponding savings. Token grant of Rs. 1 lakh each was proposed to be taken in respect of a few items, the expenditure of which would be met from savings within the concerned grant. Seven advances totalling Rs. 2.90 crores made out of the Contingency Fund earlier, were proposed to be recouped.

7.59 The third supplementary demands for grants included 60 demands and three appropriations aggregating Rs. 7556 crores. The gross expenditure was matched by savings or increased receipts to the extent of Rs. 3627 crores. Thus, the net cash outgo was Rs. 3929 crores, of which Rs. 433.15 crores were on Plan account and Rs. 3495.90 crores were on non-Plan account. Important items on Plan account were claims of States under the Central Investment Subsidy Scheme and Central Transport Subsidy Scheme amounting to Rs. 158 crores, investment loans to Rashtriya Ispat Nigam and arrears to states relating to family welfare programme amounting to Rs. 100 crores each. On the non-Plan account two important items were interest payments amounting to Rs. 1000 crores and scheme of debt relief to farmers amounting to Rs. 500 crores. The third supplementary demands for grants included technical supplementaries amounting to Rs. 3193.05 crores which did not involve any cash outgo. Three advances aggregating Rs. 6.27 crores sanctioned from the Contingency Fund of India earlier were proposed to be recouped. During 1989-90, four batches of supplementary demands for grants aggregating a net-cash outgo of Rs. 5,679 crores were presented.

Revenue Collections

7.60 The performance of tax revenues, as revealed by the Centre's collections from major taxes during the financial year 1990-91, has been somewhat unsatisfactory, specially in respect of direct taxes. The provisional data upto March 1991 reveal that the total revenue collections during the financial year 1990-91 was Rs. 55,539 crores registering an increase of 11.46 per cent over the figures for the year 1989-90. However, this accounted for only 97.26 per cent of the Revised Estimate (RE) for 1990-91 as compared with 100.4 per cent achieved during 1989-90. Data on tax-wise collection of revenue by the Centre for the period 1990-91 are given in Table 7.10.

TABLE 7.10

**Centre's collection from major taxes during the period 1990-91*

Sr. No.	Taxes/ Duties	April—March 1990-91 (Rs. crores)	April—March 1989-90 (Rs. crores)	Percentage Increase 1990-91/ 1989-90	As percentage of 1990-91 R.E.
1	2	3	4	5	6
1.	Personal Income Tax .	5,274	5,008	5.31	94.86 (100.2)
2.	Corporation Tax	5,342	4,714	13.31	84.12 (99.1)
3.	Excise** .	24,356	22,197	9.73	99.86 (100.9)
4.	Customs .	20,567	17,908	14.85	98.88 (100.2)
5.	TOTAL .	55,539	49,827	11.46	97.26 (100.4)

(Figures in brackets in Col. 6 indicate percentage of collection in 1989-90).

*As per departmental records.

**Excise figures are exclusive of cesses not collected by Department of Revenue.

7.61 The combined realisation of customs and central excise duty up to March 1991 was Rs. Rs.44,923 crores which falls short of the collection target (R.E.) of Rs. 45,190 crores by 0.6 per cent of RE. Of this central excise collection has been of the order of Rs. 24,356 crores which is 9.73 percent higher than the corresponding collection upto March 1990. This represents a shortfall of Rs. 34 crores over the Revised Estimates. The shortfall is primarily attributed to law and order disturbances in various parts of the country and dislocation of road traffic which affected clearance of goods from factories. Moreover, there has been significant loss of revenue in regard to cess on crude oil. As regards the customs revenue, the total collection upto March 1991 was Rs. 20,567 crores which represents an increase of 14.85 per cent over the collections during the year 1989-90. Even then, this is Rs. 232 crores below the R.E. The less than expected collection of customs revenue may be attributed to the restrictions on imports imposed by the Government to tide over the difficult balance of payment position.

7.62 The gross collection from income-tax (including corporation tax) during 1990-91 was Rs. 10,616 crores representing an increase of 9.19 per cent over the corresponding collection during 1989-90. However, since this falls short of the R.E. of Rs. 11,910 crores by Rs. 1294 crores, it is a cause of concern. The net collection of corporate tax upto March 1991 was Rs. 5342 crores as against the corresponding figures of 1989-90 at Rs. 4714 crores representing an increase of 13.31 per cent. The collection from personal income tax was of the order of Rs. 5274 crores which is higher by only 5.31 per cent than the collections of 1989-90 in relation to RE. The shortfall in collection of direct taxes in 1990-91 is *inter-alia* due to higher refunds issued during the year and considerable decline in revenues from oil companies.

7.63 Following the financial strain caused by the Gulf crisis, Government announced a package of measures in October and December 1990 which aimed at economy in expenditure on one hand and additional resource mobilisation on the other. A "Gulf surcharge" in the form of a 25 per cent hike in the prices of all petroleum products except LPG cylinders was levied which was expected to net Rs. 2,300 crores. The Government also imposed an additional surcharge of 7 per cent on corporation tax for the assessment year 1991-92 to meet the high cost of evacuating Indians from the Gulf. The surcharge was expected to yield Rs.400 crores. In addition, the Government introduced a package of tax measures in December 1990 to mobilise an additional revenue of Rs.1200 crores during the financial year 1990-91. In the sphere of direct taxes, the rate of surcharge on income tax was raised from 8 per cent to 12 per cent in the case of non-corporate tax payers whose income exceeds Rs.75,000 a year. The depreciation deduction was restricted to 75 per cent of what would otherwise be allowed in the case of corporate income. These two direct tax proposals were estimated to yield Rs.60 crores and Rs. 750 crores respectively during the remaining part of the year 1990-91. In the sphere of indirect taxes, the Union Government further revised upward, the auxiliary customs duty on all products barring crude oil. The four graded auxiliary duty structure was reduced thereby to three. Goods that had so far been chargeable to auxiliary duty of 5 percent were subjected to a general rate of 25 per cent. Similarly goods attracting auxiliary duty at 30 per cent or 45 per cent were levied an auxiliary duty of 50 percent. The increase in auxiliary customs duties was expected to yield Rs.254 crores. Basic excise duties on man-made fibres/yarns (acrylic fibre, viscose fibre, polyester fibre, polyester filament yarn) and soft drinks including soda water were also raised to yield an additional revenue of Rs. 137 crores in the remaining part of the year 1990-91.

7.64 The information, intelligence and enforcement measures were further intensified to improve tax collection and curb tax evasion. A sustained and multipronged drive was launched against suspected economic offenders. The Economic Intelligence Bureau was revamped to coordinate action against tax evaders and black money operators. During the current financial year, particular emphasis was laid on improving the quality of searches carried out by the investigative machinery of the Income Tax Department. Consequently during 1990-91, 5474 search operations were conducted in which assets worth Rs. 227.87 crores were seized as against Rs.128.02 crores seized in 3984 searches during the year 1989-90. Similarly, the income disclosed as a result of the searches also rose from Rs. 193.44 crores during 1989-90 to Rs.328 crores in 1990-91. The average value of assets seized per search during this period worked out to Rs. 4.16 lakhs as against Rs.3.21 lakhs in 1989-90 thus indicating a qualitative improvement. A drive was also launched for bringing the maximum number of new assessees in the tax net. As a result, the number of new assessees brought into tax net during 1990-91 was 5,23,052 as against 4,67,711 new assessees registered in 1989-90. The total number of premises surveyed was 8,92,438 as againt 8,17,803 surveyed during 1989-90. The drive against smuggling activities was also intensified during the year and the efforts of the Directorate of Revenue Intelligence and Customs Collectorates resulted in seizures valued at Rs. 736 crores in 62392 cases as against seizure of Rs. 566 crores in 61394 cases during 1989-90. Further 4878 cases of excise duty evasion were unearthed involving duty of Rs.547.66 (provisional) crores as compared with Rs.995 crores detected during 1989-90.

7.65 In view of the immediate need to earn more foreign exchange, certain tax concessions were announced by the Government during the course of the year. The entire profit earned from export of computer software was proposed to be exempted from income tax on the same lines as in the case of merchandise exports. The concession would, however, be reviewed in the light of actual export performance in the next few years. As a measure to reduce consumption of oil products, the rate of depreciation for motor cars, purchased on or after April 1, 1990 (other than taxis) was brought down from 33.33 per cent to 20 per cent. To encourage development of tourist infrastructure it was decided that the expenditure incurred on new approved hotels set up in hilly and other remote areas would be exempt from expenditure tax for a period of ten years, and such hotels would be allowed enhanced deduction of 50 per cent under section 80-I subject to certain conditions.

7.66 Some adjustments in the excise and customs duties were also made during the course of the year in the light of changes in international prices of commodities, balance of payment situation, and growing deficit finance. Needs of the domestic industry were also kept in view.

7.67 In case of excise duties, concessional rates and exemptions were prescribed on a number of items. Full exemption was provided on capital goods when supplied to manufacturers/exporters holding an import license under specified conditions. Further, the facility to set off excise/countervailing duties was extended to duty paid on dimethyl acetamide used in the manufacture of acrylic fibre. The excise duty on motor cars was also raised from 40 per cent to 50 per cent with a view to curbing consumption of petroleum products.

7.68 In case of customs duty, basic rate was raised in respect of titanium sponge when imported for the manufacture of titanium and titanium alloy products. Import duty on certain grade of LDPE imported for specified purpose was reduceed subject to certain conditions. In case of polyvinyl chloride and copolymers of vinyl chloride, auxiliary duty was further changed to ad valorem duty of 50 per cent. A basic concessional customs duty of 30 per cent ad valorem was prescribed in respect of high raw ground sponge iron for the manufacture of iron powder. In this case however, the auxiliary duty was raised to 50 per cent. The existing import duty concession on membranes for replacement available to caustic soda plants was extended to other industrial plants. In case of cotton yarn, cotton terry towel and fabrics, basic duty was reduced to 25 per cent with nil additional and auxiliary duty. The customs duty concession for sub-components of specified components of fuel efficient two wheelers was extended. Similarly, concessional import duty was prescribed on import of machinery and equipments by a project exporter. Some additions were also made in the list of equipments in respect of gems and jewellery industry. In case of computer equipments, software accompanying computer equipments, start-up spares, basic duty was reduced to 25 per cent and these were exempted from additional duty. Further, application software was fully exempted from customs duties and additional duty. Substantial duty relief was also given to specified items used in food processing industry.

Interim Budget : 1991-92

7.69 The Interim Budget for the year 1991-92 was presented to the Parliament on 4th March, 1991 for the purpose of a Vote-on-Account to to enable the Government to meet essential expenditure during the first four months of the financial year. The Interim Budget envisaged a deficit of Rs. 9977 crores for 1991-92 compared with Rs. 10,772 crores in the revised estimates for 1990-91. Centre's gross tax revenue, at the existing rates of taxation, is expected to increase by Rs. 6203 crores or by 10.8 percent over the revised estimates for 1990-91. Non-tax revenue is estimated to grow by 8.8 percent. Capital receipts are estimated to be lower by Rs. 1958 crores mainly because of the transfer of collections under the National Savings Scheme to the Bharat Bachat Bank proposed to be set up. Total expenditure, taking revenue and capital together is estimated at Rs. 110,167 crores as against the revised estimate of Rs. 106,717 crores in 1990-91, showing a marginal increase of 3.2 per cent. Non-Plan expenditure is estimated to increase by a marginal amount from Rs. 76,761 crores in 1990-91 (RE) to Rs. 76,907 crores in 1991-92. The Interim Budget has provided for an outlay of Rs. 42,148 crores for the Central Plan. Out of this, an amount of Rs. 14,710 crores is earmarked for assistance to State and Union Territory Plans. The internal resources of public enterprises available for Central Plan are estimated at Rs. 23,598 crores which are 15.3 per cent higher than the revised estimates for 1990-91. In the final Budget for 1991-92, it is likely that revenue as well as expenditure estimates may undergo revisions both dimensionally and sectorally.

7.70 The Interim Budget for 1991-92 proposed disinvestment upto 20 per cent of Central Government's, equity in selected public sector undertakings, in favour of mutual funds and financial or investment institutions in the public sector. Another proposal mooted in the Interim Budget relates to the transfer of the National Savings Scheme to the Bharat Bachat Bank to be set up.

The Ninth Finance Commission

7.71 The second report of the Ninth Finance Commission covering the period 1990-95 was presented to the Parliament on March 12, 1990. The basic objectives underlying the Commission's approach and methodology were (a) phasing out the revenue deficit of the Centre and the States in such a manner that the deficit is reduced to zero or a relatively small figure by March 31, 1995; (b) equity in the distribution of fiscal resources both vertically and horizontally; and (c) promotion of fiscal discipline and efficiency in the utilisation of resources.

7.72 The Commission had made an analysis of the trends in revenue and expenditure and pointed out that over the period 1974-75 to 1986-87, while the revenue receipts of the Union Government grew at 14.4 per cent per annum, its revenue expenditure grew at 16.8 per cent per annum. Over the same period, the revenue expenditures of the States grew at 17.1 per cent and their revenue receipts at a lower rate of 15.7 per cent. As a result of the divergence between the rates of growth of receipts and expenditure, the Central Government had been incurring a revenue deficit in all the years since 1979-80 and the States as a whole since 1984-85 (except for 1985-86). The Commission observed that incurring of revenue deficits on a large scale year after year implied an infraction of one of the fundamental principles of sound public finance in any economy, particularly in a developing economy.

7.73 The Commission had recommended transfer of Rs. 106,036 crores to the States by way of share in Central taxes and duties, grants-in-aid and grants towards meeting relief expenditure. It recommended that the share of the States in the proceeds of income tax should be 85 per cent and that in Union excise duties should be 45 per cent. It further recommended that 10 per cent of the shareable proceeds of income tax should be distributed among the States on the basis of contribution, 45 per cent on the basis of distance of the per capita income of the State from that of the

State with the highest per capita income, 22.5 per cent on the basis of the population of the State in 1971, 11.25 per cent on the basis of composite index of backwardness and the remaining 11.25 per cent on the basis of the inverse of per capita income multiplied by the population of the State in 1971. The Commission recommended a separate formula for the distribution of States' share in Union excise duties. This formula envisaged that 25 per cent of shareable proceeds of Union excise duties should be distributed among the States on the basis of 1971 population, 12.5 per cent on the basis of Income Adjusted Total Population (IATP), 12.5 per cent on the basis of index of backwardness, 33.5 per cent on the basis of 'distance' of per capita income and the remaining 16.5 per cent among the States with deficits, in proportion of deficit of each State to the total of all States' deficit. In respect of additional excise duties in lieu of sales tax on textiles, sugar and tobacco, the Commission recommended that 1.903 per cent of the proceeds should be retained by the Centre as the share of Union Territories and the remaining proceeds distributed among the States. It also recommended that the quantum of grant in lieu of tax on railways passenger fares for 1990-95 shall be Rs. 150 crores annually.

7.74 The Commission recommended the constitution of a Calamity Relief Fund for each State to which the Centre would contribute 75 per cent in the form of non-Plan grant and the balance of 25 per cent shall be contributed by the State Government out of its own resources. To cover the net five-year deficits on non-Plan revenue account and partly of the deficits on Plan revenue accounts as assessed by the Commission, grants-in-aid to States under Article 275 of the Constitution of specified amounts were recommended.

7.75 The Commission pointed out that one of the disquieting features of recent public finances in India was the rapidly growing public debt. As a result of the growth of debt on the one hand and inadequate returns from the use of borrowings on the other, the burden of interest payments had naturally been rising. It felt that the solution to the government debt problem lied in borrowed funds (a) not being used for financing revenue expenditure and (b) being used efficiently and productively for capital expenditure. It held that in future rescheduling of the loans should be avoided and that the terms on which funds were lent by the Centre to the States must be reasonable and equitable.

7.76 The Commission recommended that composition of asistance for State Plans should remain 70 per cent loan and 30 per cent grant in respect of non-Special Category States. But the loan components so worked out might be contributed from two sources—an amount equal to grant portion might be in the form of Central loan and the balance made available by way of additional market borrowings. It recommended that from 1990-91, the direct Central loans for State Plans should have a maturity period of 20 years with 50 per cent of loan enjoying a grace period of 5 years. Other recommendations made by the Commission in respect of debt relief included (i) consolidation of State Plan loans advanced during the five year period 1984-89 and outstanding as on March 31, 1990 and its rescheduling to 15 years, (ii) write-off of certain Central loans, and (iii) moratorium of two years (1990-92) on repayment of principal and payment of interest in respect of the special loans granted to Punjab.

7.77 The recommendations of the Finance Commission regarding devolution of taxes and duties, grants-in-aid to cover non-Plan revenue gap, grants-in-aid to cover part of deficits on Plan revenue account, financing of relief expenditure have been accepted by the Government. In regard to debt relief, Government have accepted the recommendations of the Commission relating to rescheduling/write-off of certain Central loans outstanding against State Governments and elongation of the maturity period of future Central loans for State Plans from 15 years to 20 years with 50 per cent loans enjoying a grace period of 5 years. The other recommendations of the Commission on debt relief requiring in depth examination and remaining recommendations not requiring immediate action would be considered in due course.

Central Government Departmental Enterprises

Railways

7.78 The hikes in rates of goods traffic, parcel and luggage effected by the Railways and the increment of 7.96 million tonnes in originating traffic enabled the Railways to improve gross traffic receipts to Rs. 10,732 crores in 1989-90 (RE) from Rs. 9,259 crores in 1988-89. The working expenses increased to Rs. 9890 crores in 1989-90 (RE) compared with Rs. 8633 crores in 1988-89. Consequently, net traffic receipts increased from Rs. 626 crores in 1988-89 to Rs. 842 crores in 1989-90 (RE). Net of payment of Rs. 815 crores to General Revenues, the Railways earned a net surplus of Rs. 140 crores. The payments to General Revenues during 1989-90 is substantially higher than those made in any single year since 1980-81. The net surplus of Railways as a percentage of capital at charge increased from 0.2 in 1988-89 to 1.0 in 1989-90 This is a marked departure from the declining trend witnessed since 1986-87.

7.79 The gross traffic receipts were estimated at Rs. 12,060 crores in 1990-91, of which Rs. 892 crores were proposed to be earned from additional resource mobilisation through hikes in passenger fares and freight rates. The working expenses were estimated at Rs. 11,091 crores in 1990-91. Net traffic receipts, therefore, were estimated to increase to Rs. 969 crores in 1990-91 from Rs. 842 crores in 1989-90 (RE). With contribution to General Revenues estimated at Rs. 932 crores, the resultant net surplus was estimated at Rs. 186 crores. There is a marginal improvement in the ratio of net surplus to capital at charge from 1.0 in 1989-90 to 1.2 per cent. The proposed hikes in tariffs and freights were as under :—

— The freight rates except for certain essential commodities were increased in phases by 7 per cent from April 1, 1990 and 10 per cent from October 1, 1990.

— The rates for parcels and luggage were increased by 10 per cent.

— The fares of higher classes, namely AC first class, AC sleeper, First class and AC chair car were increased by 17 per cent. There was no increase upto 25 Kms.

— The fare for the second class ordinary was increased by Re. 1 at the lowest slab with a progressive rise to a maximum of Rs. 4 for distance beyond 300 kms. There was no increase upto 25 Kms.

— The fare for second class mail/express trains was increased by Re. 1 to Rs. 15 depending upon the distance. There was no increase upto 25 Kms.

— The fares for the second class monthly season tickets were increased by Rs. 3 to Rs. 9 depending upon the distance. The increase in the case of first class monthly season tickets ranged from Rs. 12 to Rs. 36.

— The second class sleeper charges were increased from Rs. 10/- to Rs. 15/- for distances upto 500 Kms, from Rs. 15/-, to Rs. 20/- for distances from 501 to 1000 Kms. and from Rs. 15/- to Rs. 25/- for distances beyond 1000 Kms.

7.80 The outlay for the Railway Plan in 1990-91 was envisaged at Rs. 5,000 crores as against Rs. 4,450 crores in 1989-90. The outlay was proposed to be financed on the basis of budgetary support of Rs. 1694 crores, internal resources of Rs. 2136 crores and issue of bonds of Rs. 1170 crores. The level of budgetary support at Rs. 1694 crores or 33.9 per cent of the total plan outlay was the lowest ever so far. An amount of Rs. 371 crores was provided for new railway lines which denotes an increase of Rs. 105 crores over the allocation of Rs. 266 crores in 1989-90. The plan priority continued to remain on replacement of overaged assets, modernisation and completion of on-going projects.

Posts

7.81 The gross receipts of posts in 1989-90 decreased marginally to Rs. 703 crores from Rs. 742 crores in 1988-89. With the working expenses at Rs. 966 crores, the net outcome was a deficit of Rs. 263 crores. The gross receipts in 1990-91 (RE) were expected to increase by Rs. 197 crores to Rs. 900 crores, mainly on account of additional resource mobilisation to the extent of Rs. 172 crores. Working expenses were estimated at Rs. 1059 crores. The net result was expected to materialise in a smaller deficit of Rs. 159 crores in 1990-91 (RE). As in the previous years, no dividend was proposed to be paid to General Revenues.

Telecommunications

7.82 The gross receipts of Telecommunications amounted to Rs. 2841 crores in 1989-90.

This was Rs. 482 crores more than the gross receipts in 1988-89. The net working expenses of Telecommunications increased from Rs. 1375 crores in 1988-89 to Rs. 1603 crores in 1989-90. A dividend of Rs. 180 crores was paid to the General Revenues. The net outcome was a surplus of Rs. 1058 crores in 1989-90 compared with Rs. 823 crores in 1988-89.

7.83 The gross receipts of Telecommunications amounted to Rs. 3570 crores in 1990-91 (RE), while net working expenses were estimated to increase to Rs. 1935 crores. Dividend to be paid to General Revenues was estimated at Rs. 204 crores in 1990-91 (RE). With these, the year-end result was expected to show a surplus of Rs. 1431 crores, compared with a surplus of Rs. 1058 crores in 1989-90.

Central Government Public Enterprises

7.84 Net profits (after tax) of Central Government public enterprises increased substantially from Rs. 2,994 crores in 1988-89 to Rs. 3,782 crores in 1989-90 (Table 7.11). The rate of return, as measured by the ratio of net profits to capital employed, rose to 4.5 per cent in 1989-90, which is the highest achieved in the decade. However, as in the previous years, the petroleum sector accounted for the bulk of these profits, i.e., Rs. 2,900 crores out of the total Rs. 3,782 crores in 1989-90. The non-petroleum sector enterprises numbering about 200 contributed a meagre sum of Rs. 882 crores. While this reflected an improvement over the net profit of Rs. 430 crores made in 1988-89, the ratio of the net profits to capital employed in non-petroleum sector enterprises was only 1.3 per cent in 1989-90. Clearly, there is a substantial scope for improving the financial performance of non-petroleum Central Government public enterprises.

7.85 The overall working results of the Central Government public enterprises for the first half of 1990-91 showed a net profit of Rs. 481 crores as against a net profit of Rs. 1103 crores during the corresponding period of 1989-90. Substantial increase in losses or decrease in profits have been reported by the Steel, Coal and Lignite, Chemicals and Pharmaceuticals, Minerals and Metals, Telecommunication Services, Heavy Engineering and Transportation Equipment sectors. On the other hand, Petroleum, Power, Trading and Marketing and Financial Services sectors have either reported increased profits or decreased losses.

7.86 The Seventh Plan envisaged generation of internal resources to the extent of Rs. 23,013 crores and additional resource mobilisation to the extent of Rs. 11,490 crores at 1984-85 prices for financing the Plan outlays. Against this, during the Seventh Plan, the public enterprises have generated gross internal resources of Rs. 37,715 crores at current market prices. About 32 per cent of the Plan investment in Central public enterprises during the Seventh Plan was financed by generation of net internal resources, 28 per cent by extra-budgetary resources and 40 per cent by the budgetary support.

TABLE 7.11

Profile of Centre's Public Enterprises

	Units	1980-81	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90
1	2	3	4	5	6	7	8	9	10	11
1. Number of running Public Enterprises	Number	163	193	201	207	211	214	221	226	233
2. Capital Employed	Rs. Crore	18207	26526	29851	36382	42965	51835	55554	67629	84437
3. Turnover	Rs. Crore	28635	41989	47272	54784	62360	69088	81271	93137	106078
4. Gross Margin (Profit before depreciation, interest and tax)	Rs. Crore	2401	5184	5771	7386	8230	9897	11134	13438	16410
5. Depreciation*	Rs. Crore	983	1719	2205	2758	2983	3376	4150	4866	5787
6. Gross profit before interest and tax	Rs. Crore	1418	3465	3565	4628	5287	6521	6984	8572	10623
7. Interest	Rs. Crore	1399	1923	2086	2529	3115	3420	3595	4167	5341
8. Net Profit before tax	Rs. Crore	19	1542	1480	2099	2172	3101	3389	4405	5282
9. Tax	Rs. Crore	222	928	1239	1190	1000	1330	1329	1411	1500
10. Net Profit after tax	Rs. Crore	—203	614	240	909	1172	1771	2060	2994	3782
11. Internal Resources generated (Gross)	Rs. Crore	1225	2753	3278	4251	5068	6014	6947	8915	10772
12. Net Profit (after tax) to Capital employed	Percent	—1.1	2·3	0.8	2.5	2.7	3.4	3.7	4.4	4.5

*Includes deferred revenue expenditure.

7.87 As on March 31, 1990, 23.17 lakh people including about 81,000 casual/daily rated workers were employed in 244 Central public enterprises. The total number of regular employees on the strength of public enterprises had gone up from 17.03 lakhs in 1978-79 to 22.36 lakhs in 1989-90.

State Governments' Commercial Undertakings

7.88 The working results of departmentally run commercial undertakings of States and Union Territories have continued to remain poor. Their net losses have been rising continuously. The net losses were estimated at Rs. 1928 crores in 1990-91, as against Rs. 1898 crores in the revised estimates for 1989-90 and Rs. 1578 crores in 1988-89. With the exception of forest and mines which have been showing net surplus, all others have been incurring losses. While profits from forests and mines have been showing only a marginal increase, losses of loss making undertakings increased substantially from Rs. 1086 crores in 1985-86 to Rs. 2522 crores in the Budget Estimates for 1990-91. Total losses of loss making undertakings amounted to Rs. 8579 crores during the Seventh Plan period. Details are given in *Table* 7.12.

TABLE 7.12

Financial Results of Departmental Commercial Undertakings of States & UTs
[Profit. (+)/Loss (—)]

(Rs. crores)

	1985-86	1986-87	1987-88	1988-89	1989-90 (R.E.)	1990-91 (B.E.)
1. Depart. Comm. Undertakings						
(i) Forest	497.70	516.21	543.69	414.35	447.94	536.49
(ii) Power projects	—75.04	—93.81	—116.40	—84.19	—48.34	—48.55
(iii) Road & Water Tpt. Services	—25.65	—36.59	—110.76	—56.51	—77.66	—79.67
(iv) Dairy Development	—99.29	—40.45	—43.91	—52.38	—380.48	—393.74
(v) Industries	—14.10	—16.46	—20.51	—10.09	—130.28	—77.18
(vi) Mines & Minerals	40.06	35.05	27.02	51.83	53.57	57.59
(vii) Irrigation Projects (Commercial) } (viii) Multipurpose River Projects }	—871.60	—1225.95	—1344.50	—1840.79	—1763.00	—1922.96
2. Profit of Profit making Undertakings	537.76	551.26	570.71	466.18	501.51	594.08
3. Loss of loss making Undertakings	—1085.68	—1413.26	—1636.08	—2043.96	—2399.76	—2522.10
4. Net Financial Results of Departmental Undertakings	—547.92	—862.00	—1065.37	—1577.78	—1898.25	—1928·02

7.89 The dividends and profits from non-departmental undertakings of the States and Union Territories showed a marginal deterioration from Rs. 48 crores in 1989-90 to Rs. 46 crores in 1990-91. The working of two major non-departmental undertakings, *viz.*, State Electricity Boards (SEBs) and the State Road Transport Corporations, continued to remain highly unsatisfactory. The commercial losses of all the SEBs taken together amounted to Rs. 2825 crores in 1988-89, and Rs. 3517 crores in 1989-90. The losses are further estimated to increase to Rs. 4354 crores in 1990-91. The performance in terms of rate of return on capital (after depreciation and interest) was negative, being about (—)12.8 per cent in 1988-89 and (—) 13.8 per cent in 1989-90, which is estimated to further deteriorate to (—) 14.4 per cent in 1990-91. The Electricity Supply Act, 1948 enjoins on the SEBs to earn a return of not less than 3 per cent by way of net surpluses after providing for depreciation and interest. The losses or negative rates of return of SEBs shown above do not take into account the claims of SEBs for subsidies for rural electrification from the State Governments. If these subsidies are taken into account, the position would show some improvement.

7.90 The financial performance of State Road Transport Undertakings (SRTUs) was also not satisfactory. Their commercial losses at Rs. 359 crores in 1989-90 (Pre-Actuals) were higher than 1988-89 actuals of Rs. 283 crores. The losses in 1990-91 (RE) are estimated at Rs. 355 crores. It was estimated that during the Seventh Plan period, SRTUs would incur a commercial loss of Rs. 1434 crores at 1984-85 fare levels. SRTUs were expected to raise additional fare revenue of Rs. 2200 crores and, thus, have a net profit of Rs. 766 crores. On present reckoning, this expectation is unlikely to be achieved. On the other hand, provisional estimate shows that anticipated losses would amount to Rs. 1242 crores during the Seventh Plan period, even after taking into account additional revenue of Rs. 2213 crores from fare increases. This is due to the fact that the increases in input costs have been much higher than the earlier estimates.

Outlook

7.91 The outlook on the fiscal front is serious but not unmanageable. The fiscal imbalances accumulated over several years cannot be eliminated in a short period. In the present context, soft options have either a limited effect or no effect at all in the correction of macro-economic imbalances. The measures introduced during 1990-91, which aimed at better revenue collections and containment of public expenditure have had a limited effect as evidenced by the revised budget deficit which is estimated to be considerably higher than the Budget Estimate. It is essential that a serious effort is made to introduce corrective measures through hard decisions and difficult choices. Any beginning at fiscal correction should aim at strict control over Government expenditure, particularly the revenue and non-Plan expenditure, rationalisation of subsidies so that they are better directed towards the poor and improvement in revenue collections. Continued efforts on the part of the Government, may provide the basis for a transition to a sustainable fiscal regime over the next few years.

CHAPTER 8

MONETARY AND CREDIT DEVELOPMENTS

Money Supply recorded an average annual growth rate of about 17 per cent during the first four years of the Seventh Five Year Plan and reached a peak of 19.7 per cent growth in the terminal year of the Plan, creating a liquidity overhang in the economy. However, in 1990-91 all the components of money supply recorded lower rates of growth mainly due to large and originally unplanned draw down of external reserves although the absolute growth in both Net Bank Credit to Government (NBCG) and Net Reserve Bank Credit to Central Government (NRCCG) was very large because of the expanded budgetary deficits of the Governments. While there was larger growth in food credit to finance the higher food procurement as a consequence of the bumper crop in 1990-91, growth in non-food credit was noticeably smaller. The expansion of total bank credit from the commercial banks has, therefore, been modest during 1990-91 as compared with 1989-90.

8.2 During 1990-91 particularly towards its end Reserve Bank had to initiate specific and substantive credit policy measures to restrict bank finance for imports since balance of payments situation deteriorated leading to massive draw down of foreign exchange reserves.

8.3 In the context of the liquidity overhang and inflationary pressures menifest in the economy, the Reserve Bank of India (RBI) maintained its basic policy stance of moderating the expansion in money and credit. It aimed at meeting the genuine requirements of credit for production and trade; seeking at the same time to prevent bank advances from being used for speculative purposes and to moderate excessive growth of liquidity.

8.4 Among the general credit control measures, the Cash Reserve Ratio (CRR) was left unchanged at its existing legal maximum of 15 per cent of all net demand and time liabilities of scheduled commercial banks, (as stipulated from July, 1989) and the Statutory Liquidity Ratio (SLR) was raised from 38 percent to 38.5 per cent of all net demand and time liabilities of scheduled commercial banks, except for Non-Resident External (Rupee) Accounts and Foreign Currency Non-Resident Accounts and made effective from September 22, 1990. The SLR for the latter two categories of account was also raised from 25 per cent to 30 per cent with effect from the fortnight beginning July 28, 1990.

8.5 Though the selective credit controls on bank advances were tightened against the stocks of oilseeds and vegetable oils (including vanaspati) by raising margins on advances on July 2, 1990 such controls were relaxed in the case of wheat and later on withdrawn (including advances for roller flour mills) from July 2, 1990 in response to improved supply situation. Minimum margins on advances against the stocks of paddy/rice and 'other foodgrains' (other than wheat and pulses) which were also brought down by 15 percentage points across-the-board, effective october 10, 1990 in view of good kharif foodgrain production in 1990-91 season, were raised again with effect from January 8, 1991 because of spurt in their prices and restored to the levels prescribed prior to October 10, 1990. Keeping in view the urgent need for export promotion, the export credit refinance was liberalised by the Reserve Bank effective from January 1, 1991 from 75 per cent to 100 per cent refinance of the increase in export credit over the monthly average level of export credit for the financial year 1988-89.

8.6 An important step towards rationalisation of the interest rates structure was taken by Reserve Bank of India when it introduced a new regime of lending rates for scheduled commercial banks with effect from 22nd September, 1990 and replaced the earlier programme-specific, sector-specific and region-specific interest rates for advances by interest rates related to the size of advances, except for export credit and the Differential Rates of Interest (DRI) Scheme.

8.7 During 1990-91 Reserve Bank of India took some further steps to promote the growth of the money market. Guidelines for the issue of Commercial Paper (CP) and Certificates of Deposit (CD) were relaxed to broad-base their primary markets and also to enlarge the scope of the secondary market. General Insurance Corporation of India (GIC), Industrial Development Bank of India (IDBI) and National Bank for Agriculture and Rural Development (NABARD) were permitted to participate in the call/notice money market only as lenders, effective May 2, 1990. Subsequently, effective October 20, 1990 all the participants in the bills rediscounting market (who were not then operating in call/notice money market) were also allowed to enter the call market as lenders. To encourage the bill culture, interest rate at two percentage points above the relevant cash credit interest rate has been prescribed with effect from January 1, 1991 for the book debt-finance which exceeds the prescribed norm of 75 percent of limits sanctioned to borrowers of scheduled commercial banks for financing inland credit sales.

TABLE 8.1

Average Annual Rate of Growth in monetary aggregates

(Percentage)

Item	1980-81 to 1984-85	1985-86 to 1989-90
I. M3*	16.7	17.6
(a) Currency with the public	14.3	15.4
(b) Demand Deposits with Banks	16.1	15.8
(c) Time Deposits with Banks	18.1	18.9
Sources of M3*		
(i) Net Bank credit to Government of which :	20.5	18.4
Net RBI credit to Central Govt.	22.2	17.8
(ii) Bank Credit to Commercial Sector	18.3	16.5
(iii) Net Foreign Exchange Assets of the Banking Sector	(—)1.1	16.7
(iv) Government's Currency liabilities to the public	5.6	15.2
(v) Net Non-Monetary Liabilities of the banking sector	19.9	15.7
II. Reserve Money*	16.5	17.2
III. Money Multiplier (Values are in absolute number)	3.44	3.41

Note : 1. On 31st March basis after the closure of Government accounts.
*Values are in per cent.

Monetary Trends in the Last Decade

8.8 The last decade covering the Sixth and Seventh Five Year Plans was indeed a period of significant monetary expansion, Broad money supply (M3) increased by 16.7 per cent per annum on an average in the Sixth Five Year Plan (1980-81 to 1984-85) and further by 17.6 per cent per annum in the Seventh Plan (Table 8.1). The acceleration in the rate of monetary growth was attributable to the rise in the annual average rate of growth of Reserve Money (RM) from 16.5 per cent in the Sixth Five Year Plan to 17.2 per cent in the Seventh Five Year Plan. The money multiplier remained more or less stable at 3.4 during this decade, Among the components of money supply, the currency with the public and the time deposits with banks registered higher growth rates during the Seventh Plan, although there was some deceleration in the growth rate of demand deposits with banks during the Seventh Plan.

8.9 The last decade, however, was very important from the angle of institutional and policy developments in the financial sector. Network of branches of the scheduled commercial banks recorded significant expansion in this period rising from 35,548 on June 30, 1981 to 60,101 on March 31, 1991. Aggregate deposits mobilised by them grew from Rs. 40,413 crores to Rs. 2,00,062 crores in this period. Similarly large expension is found in total bank credit which rose to Rs. 1,19,888 crores from a level of Rs. 21,332 crores in this period. Disbursement of financial assistance by financial institutions rose from Rs. 1,603 crores in 1980–81 to Rs. 10,002 crores in 1989–90. The money market which was quite narrow at the beginning of the decade witnessed not only a steep increase in the scale of turnover but also in the number of participants and instruments traded. The capital market became both more broadbased and active than before with the increase in number of scrips, size of issues and number of investors buying them. The growing importance of middle-class and small investors who made mutual funds a force to reckon with in the capital market is another landmark of the decade. The Discount and Finance House of India was set up as a specialised institution entrusted with the task of the development of the money market and the Securities Exchange Board of India was also established as the agency for

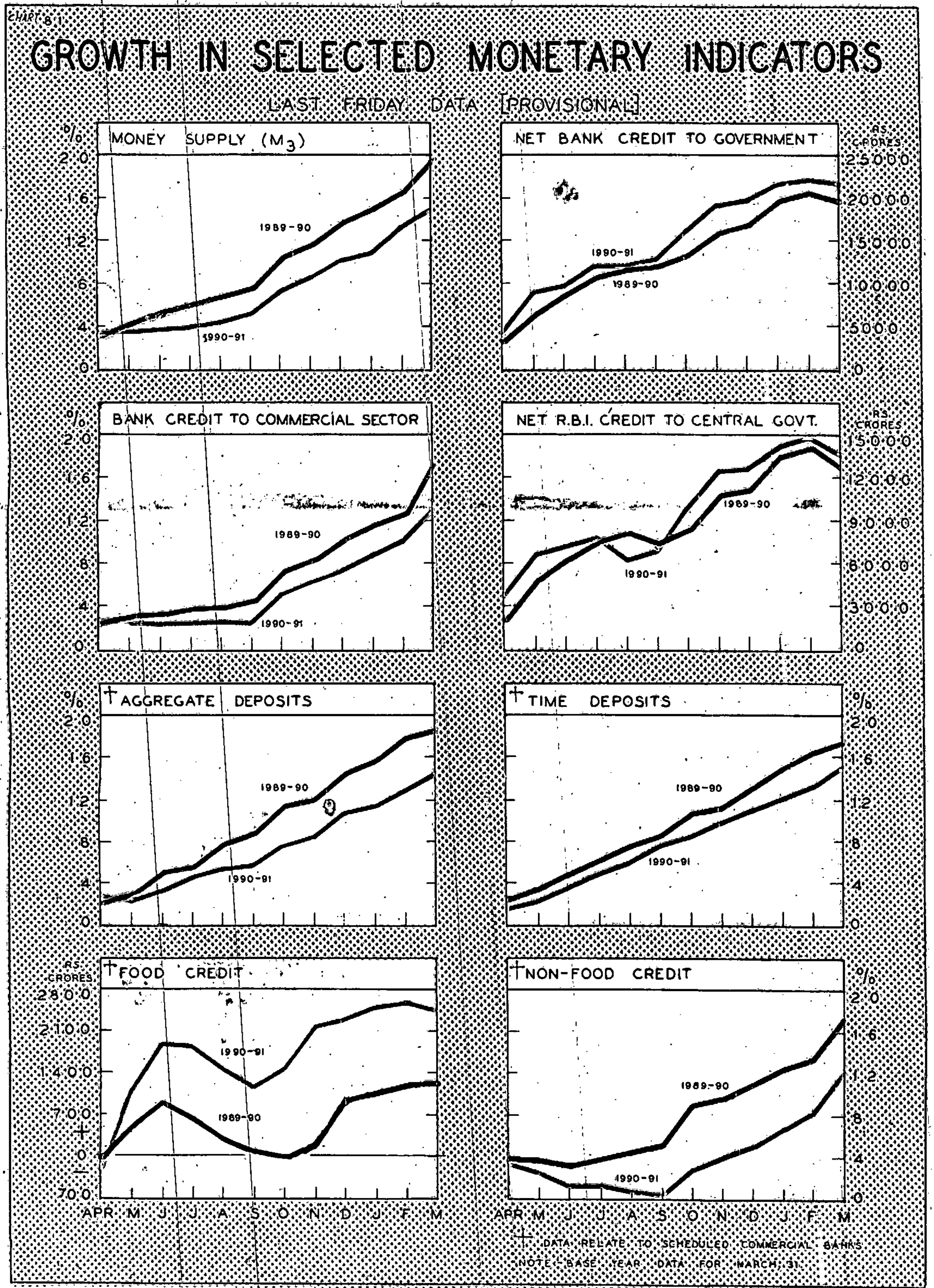


CHART 8.1
GROWTH IN SELECTED MONETARY INDICATORS
LAST FRIDAY DATA [PROVISIONAL]
MONEY SUPPLY (M3)
NET BANK CREDIT TO GOVERNMENT
BANK CREDIT TO COMMERCIAL SECTOR
NET R.B.I. CREDIT TO CENTRAL GOVT.
† AGGREGATE DEPOSITS
† TIME DEPOSITS
† FOOD CREDIT
† NON-FOOD CREDIT
1989-90
1990-91
%
RS. CRORES
APR M J J A S O N D J F M
† DATA RELATE TO SCHEDULED COMMERCIAL BANKS
NOTE:- BASE YEAR DATA FOR MARCH 31.

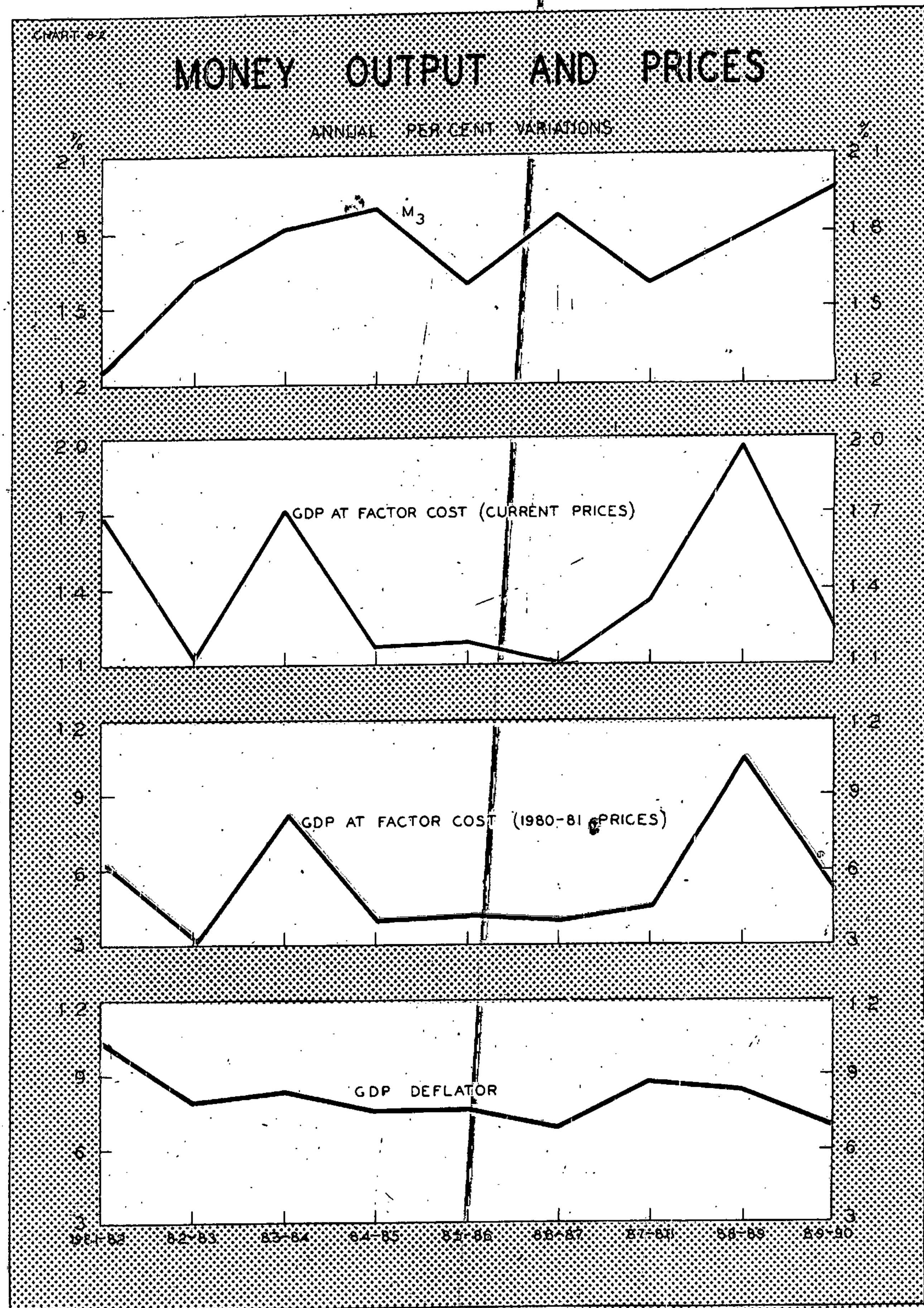


CHART 8.2
MONEY OUTPUT AND PRICES
ANNUAL PER CENT VARIATIONS
%
M3
GDP AT FACTOR COST (CURRENT PRICES)
GDP AT FACTOR COST (1980-81 PRICES)
GDP DEFLATOR
1981-82
82-83
83-84
84-85
85-86
86-87
87-88
88-89
89-90

supervising the functioning of the stock exchange. Housing finance al got a fillip with the setting up of the National Housing Bank by the RBI as the apex institution to promote housing finance and stipulate financial and management codes for the new housing finance institutions. The Credit Rating Information Services of India Limited (CRISIL) was set up as the first rating agency in India.

8.10 As regards monetary policy, emphasis on supporting production and trade activities continued with the efforts to prevent the growth of excess liquidity and speculative use of bank advance. With this end in view both CRR and SLR were revised upwards from time to time. In this process CRR rose from 6 per cent in 1980-81* to 15 per cent in 1989-90 and SLR from 34 per cent to 38 per cent.

Monetary trends during 1989-90

8.11 There was considerable acceleration in the growth of money supply in 1989-90. Not only did narrow money (M1) record a growth of 21.4 per cent in 1989-90, compared with only 14.1 per cent growth in the previous financial year, broad money (M3) also registered a growth of 19.3 per cent which has been the highest in the eighties. A higher rate of growth in money supply relative to that in the year 1988-89 was reflected in higher order of growth of two of its major components, viz. currency with the public and demand deposits [Table 8.2] However, time deposits with banks registered a some what lower rate of growth of 18.3 percent than that of 19.8 percent in 1988-89.

8.12 In the Economic Survey for 1989-90, mention was made of an unusual year-end bulge in bank deposits and credit with the change of accounting year in 1988-89 from calendar year to the financial year. Towards the end of the bank's financial year 1989-90 there were again sharp and unusual increases in aggregate deposits and credit, even though Reserve Bank sought to prevent this by declaring a fortnight shut-out period (March 24 to April 6, 1990) for availing its discretionary refinance without prior sanction. These increases in aggregate deposits and credit of the banks distort the end-March data for assessing the basic underlyig monetary and credit developments in 1989-90, particularly considering the fact that the decline in deposits and credit in the first week of 1990-91, viz., week ending April 6,1990, was nearly one-half of the increase in deposits and credit during March 23 and March 31, 1990. The Reserve Bank again announced shut-out period for discretionary refinance without prior sanction and this time for three fortnights (March 9 to April 9, 1991) Banks were again advised by the Reserve Bank to avoid window-dressing by inflating deposits (with the help of volatile deposits).

8.13 On the sources side, the continued acceleration in money supply growth (17.8 per cent in 1988-89 and 19.3 percent in 1989-90) may to a large extent be attributed to persistent fiscal imbalances. In 1989-90 the Reserve Bank Credit to Government recorded a large growth of Rs. 14,068 crores which is nearly double the increase of Rs. 6,928 crores in 1988-89. RBI's Net Credit to Central Government accounted for major share of this increase.

Monetary Trends during 1990-91

8.14 Money supply growth was somewhat subdued during 1990-91. Accordng to data available upto March 22, 1991 Narrow Money (M1) increased by 15.4 per cent upto March 22, 1991 as against a much higher rise of 22.2 per cent upto March 23,1990. In 1990-91 Broad Money (M3) also registered a lower growth of 15.1 per cent, compared with higher growth of 19.4 per cent in the relevant period of 1989-90. As the Table 8.2 will show, all the components of M3 showed a smaller rates of growth in 1990-91 than those in 1989-90. Quite significant was the deceleration in the growth of deposits, both demand and time, in 1990-91. There was a deceleration in the growth of time deposits from 19.8 per cent in 1988-89 to 18.3 per cent in 1989-90. During 1990-91 also the increase was 15.0 per cent upto March 22, 1991 as against 17.3 per cent in the correspondig period of 1989-90. Demand deposits also registered a significantly lower growth of 11.2 per cent in the 1990-91, as compared with 23.3 per cent in 1989-90.

8.15 As in 1989-90 one of the major sources of money supply growth in 1990-91 was the Net Bank Credit to Government (NBCG). It recorded an expansion of Rs. 21,138 crores in 1990-91 up to

* The cash balances held under the earlier incremental cash reserve ratio which was discontinued remained impounded and as such the effective CRR was much higher at a little over 10.5 per cent.

TABLE 8.2

Sources of Change in Money Stock

(Rs. crores)

	Variations during$			
	1988-89 March 31, to March 31	1989-90 March 31, to March 31 (P)	1989-90 March 31, 1989 to March 23, 1990 (P)	1990-91 March 31, 1990 to March 22, 1991 (P)
1	2	3	4	5
I. M_1 (Money supply with the Public)	8231	14274	14822	12497
	(14.1)	(21.4)	(22.2)	(15.4)
II. M_3 (Aggregate monetary resources)	28959	37160	37291	34693
	(17.0)	(19.3)	(19.4)	(15.1)
(i) Currency with the Public	4770	7971	8237	7060
	(14.2)	(20.8)	(21.5)	(15.2)
(ii) Demand deposits with banks	3164	6399	6473	3825
	(12.9)	(23.8)	(23.3)	(11.2)
(iii) Time deposits with banks	20728	22886	22469	22196
	(19.8)	(18.3)	(17.9)	(15.0)
(iv) 'Other' deposits with RBI	297	—96	112	1612
III. Sources of change in M_3 (1+2+3+4—5)				
1. Net Bank Credit to Government (a+b)	12105	20676	20137	21138
	(14.3)	(21.4)	(20.9)	(18.0)
(a) RBI's net credit to Goverment £ (i+ii)	6928	14068(a)	13434(a)	12960(b)
(i) to Central Government	6503	13813	14344	14486
(ii) to State Governments	425	255	—910	—1526
(b) Other Banks' credit to Government	5177	6608	6703	8178
2. Bank Credit to Commercial Sector (a+b)	20395	23822	20911	18253
	(19.0)	(18.6)	(16.4)	(12.0)
(a) RBI's credit to commercial sector*	1734	825	—317	—837
(b) Other banks' credit to commercial sector	10661	22997	21228	19090
3. Net Foreign Exchange Assets of the Banking Sector	1128	—133	—212	1350@
	(19.9)	(—2.0)	(—3.1)	(20.2)
4. Government's Currency Liabilities to the Public	95	80	19	27
	(6.9)	(5.4)	(1.3)	(1.7)
5. Banking Sector's Net Non-monetary Liabilities other than time Deposit (a+b)	4764	7285	3564	6075
	(13.3)	(18.0)	(8.8)	(12.7)
(a) Net non-monetary liabilities of RBI	2711	600	1310	8648@
(b) Net non-monetary liabilities of other Banks (residual)	2053	6685	2254	—2573

P —Provisional.

* —Excludes, since the establishment of NABARD, its refinance to Banks.

£ —Includes as amount of (a) Rs. 722 crores (b) Rs. 325 crores representing the replacement of non-negotiable non-interest bearing securities issued to IMF by RBI claims no Central Government for facilitating repurchases from the fund.

$ —While variations in respect of scheduled commercial banks are worked out on the basis of their data for the last reporting Friday of March, i.e. March, 24, 1989 and March 23, 1990, those for the RBI and others are based on the data for March 31, 1989 and March 31, 1990.

@ —Inclusive of appreciation in the value of gold (Rs. 6,304 crore) following its revaluation close to international market price since October 17, 1990. Such appreciation has a corresponding effect on a RBI's net non-monetary liabilities.

Notes: 1. Figures may not add up to totals because of rounding.
2. Figures in brackets are percentage variations.
3. Reserve Bank data are on the basis of closure of Government accounts.

March 23, 1991 in contrast to a lower expansion of Rs. 20,137 crores in the corresponding period of 1989-90. However, in percentage terms. the rate of expansion in NBCG in 1990-91 at 18·0 per cent was lower than that of 20.9 per cent in 1989–90. The net foreign exchange assets of the banking sector has declined, consequent upon the worsening of the balance of payments situation in the economy and tended to moderate the growth of money supply in 1990–91. Though revaluation of gold holding of Reserve Bank close to international market price with effect from October 17, 1990 enhanced the rupee value of net foreign exchange assets of the Reserve Bank by Rs 6.304

crores in 1990-91, it had a corresponding effect on net non-monetary liabilities of the Bank, neutralising thereby the effect on money supply. Inclusive of gold revaluation net foreign exchange assets of the banking system recorded an increase of Rs. 1350 crores in 1990-91 in contrast to a decline of Rs. 212 crores in 1989-90. But excluding effect of the revaluation of gold holdings, net foreign exchange assets of the banking system, showed a decline of Rs. 5,023 crores.

8.16 Another factor responsible on the sources side for the modest growth rate in M3 in 1990-91 was the lower expansion in bank credit to the commercial sector by the commercial and co-operative banks i.e. other bank credit to the commercial sector it recorded an increase of Rs. 19,090 crores, in 1990-91 as compared with Rs. 21,228 crores in 1989-90, mainly due to smaller growth in bank credit by the commercial banks in 1990-91 as a result of waiver of loans under the Agricultural and Rural Debt Relief Schemes.

TABLE 8.3

Scheduled Commercial Banks—Variations in Selected Indicators

(Rs. crores)

Items	Variations during 1988-89 (March 31, 1988 to March 24, 1989)	1989-90 (March 24, 1989 to March 23, 1990)	1989-90 (March 24, 1989 to March 23, 1990*)	1990-91 (March 23, 1990 to March 22, 1991*)
1	2	3	4	5
1. Aggregate Deposits (a+b)	21897	26809	25915	24230
(a) Demand Deposits	2569	5514	5548	3518
(b) Time Deposits	19328	21295	20367	20712
2. Borrowings from R.B.I.	1303	—1128	—1128	1069
3. Cash in hand and balances with R.B.I.	3761	2291	2273	545
(a) Cash in hand	145	204	186	147
(b) Balances with R.B.I.	3616	2087	2087	398
4. Net Balances with R.B.I. [3(b)—2]	2313	3215	3215	—671
5. Money at call and short notice	1499	—1172	—1209	—615
6. Bank Credit (a+b)	12470	16734	15820	14731
(a) Public food procurement credit	—1490	1237	1237	2500
(b) Non-food bank credit	13960	15497	14583	12231
of which: to Priority Sector@	5149	6168	..	..
7. Investments in Government and other approved securities	7674	9707	9695	10697
(a) Government securities	4954	6477	6535	7995
(b) Other approved securities	2720	3230	3160	2702
8. Balances with other banks in current account	180	247	181	183
9. Credit-Deposit Ratio †	60.4	60.8	60.5	60.8
10. Non-food Credit Deposit Ratio †	59.9	59.6	59.3	58.4
11. Investment-Deposit Ratio †	39.0	38.6	38.8	39.3

*Provisional. ..Not available.

† Percentage at the end of the period.

@ Data relate to 50 banks (49 from March 1990 due to merger) which account for 95 per cent of bank credit, and variations relate to last reporting Fridays of March.

Note : Variations are based on last reporting Friday data.

8.17 Data relating to the operations of the scheduled commercial banks (as presented in Table 8.3) indicate that in 1990–91 from March 23, 1990 to March 22, 1991, the growth of their aggregate deposits (particularly demand deposits) decelerated relative to their growth in 1989–90, mainly because of noticeably smaller growth of demand deposits. There was, however a sharp increase (Rs. 2,500 crores) in food credit by the scheduled commerial banks in 1990–91 compared with an increase of Rs. 1,238 crores in the same period of 1989–90. On the other hand, non-food credit recorded a lower order of growth partly because of the modest growth of deposits with the commercial banks, and larger increase in food credit and partly the larger internal generation of resources and recourse to non-bank sources in financing of its activities by the corporate sector. It is also attributable to the waiver of loans under the Agricultural and Rural Debt Relief Scheme, 1990.

Reserve Money

8.18 As in earlier years, net RBI Credit to Government was the single most important source of growth in reserve money which hold the key to large monetary expansion in 1989–90. It accounted for 96.1 per cent of the expansion in reserve money in 1989–90, compared with 73.2 per cent in 1988–89 and 73.7 per cent in 1987–88. Among the components, increase in net RBI credit to Central Government amounted to 98.2 percent and 93.9 per cent of the increase in net RBI credit to Government in 1989–90 and 1988–89 respectively.

8.19 In 1989–90 reserve money registered a higher growth of 23.2 per cent than that of 17.7 per cent recorded in 1988–89. Reserve money growth and consequent monetary expansion would have been still higher in 1989–90, had not there been a fall in net foreign exchange assets of the Reserve Bank by 2.1 per cent in that year in contrast to its positive growth in 1988–89 by 14.5 per cent.

8.20 Net Reserve Bank credit to Govenment, the most important source of reserve money recorded a very high order of growth of 23.6 per cent in 1989–90 as compared with 13.1 per cent in 1988–89. On the other hand, an increase in RBI credit to commercial and cooperative banks and to commercial sector in 1989–90 was lower at 5.6 per cent and 14.9 percent compared to the increase of 59.4 per cent and 45.8 per cent respectively in 1988–89.

8.21 An important characteristic of the reserve money growth in 1989-90 is that one of its major sources, namely, Net RBI Credit to Central Government (NRCCG) at the end of most of the fortnights showed much larger increases over its March 31, 1989, level than the increase of Rs. 7,337 crores estimated for the full financial year in the Central Budget for 1989–90. The increase in NRCCG over March 31, 1989 level came to exceed budget estimates right from the end of fifth fortnight as against seventh fortnight in 1988–89. While in 1988–89 there were several fortnights after the eight fortnight at the end of which increase in NRCCG over March 31, 1988 level was lower than the budget estimates (Rs. 7484 crores), in 1989–90 after the fifth fortnight increase in NRCCG (over March 31, 1989 level) at the end of each fortnight always exceeded the budget estimate of Rs. 7,337 crores and finally at the end of the financial year reached a level of Rs. 13,813 crores, which was 88.3 per cent higher than the budget estimate. As the Centre's budget deficit is the principal factor explaining the expansion in NRCCG, it also behaved in a similar manner. It exceeded the budgetary estimate at the end of fifth fortnight and generally kept on rising till it reached a peak of Rs. 14,273 crores at the end of the twenty sixth fortnight and finally reached a level of Rs. 10,624 crores at the end of 1989–90 as per RBI's accounts.

8.22 During 1990-91 from March 31, 1990 to March 22, 1991, rate of growth in reserve money was substantially lower at 6.0 per cent than its growth by 16.1 per cent in the corresponding period of 1989-90. Almost all the sources of reserve money have shown similar trend in 1990-91. For instance, its principal source *viz.* Net RBI Credit to Government rose by Rs. 12,960 crores (17.6 per cent) which was lower than the increase of Rs. 13,434 crores (22.5 per cent) in 1989-90. Decline in RBI credit to commercial sector was also larger in 1990-91 (Rs. 837 crores as against Rs. 317 crores in 1989-90). Details of changes in reserve money have been presented in Table 8.4.

CHART 8.3

INCREASE IN NRCCG AND CENTRAL BUDGETARY DEFICIT

(FORTNIGHTLY DEVIATIONS — 1989-90)

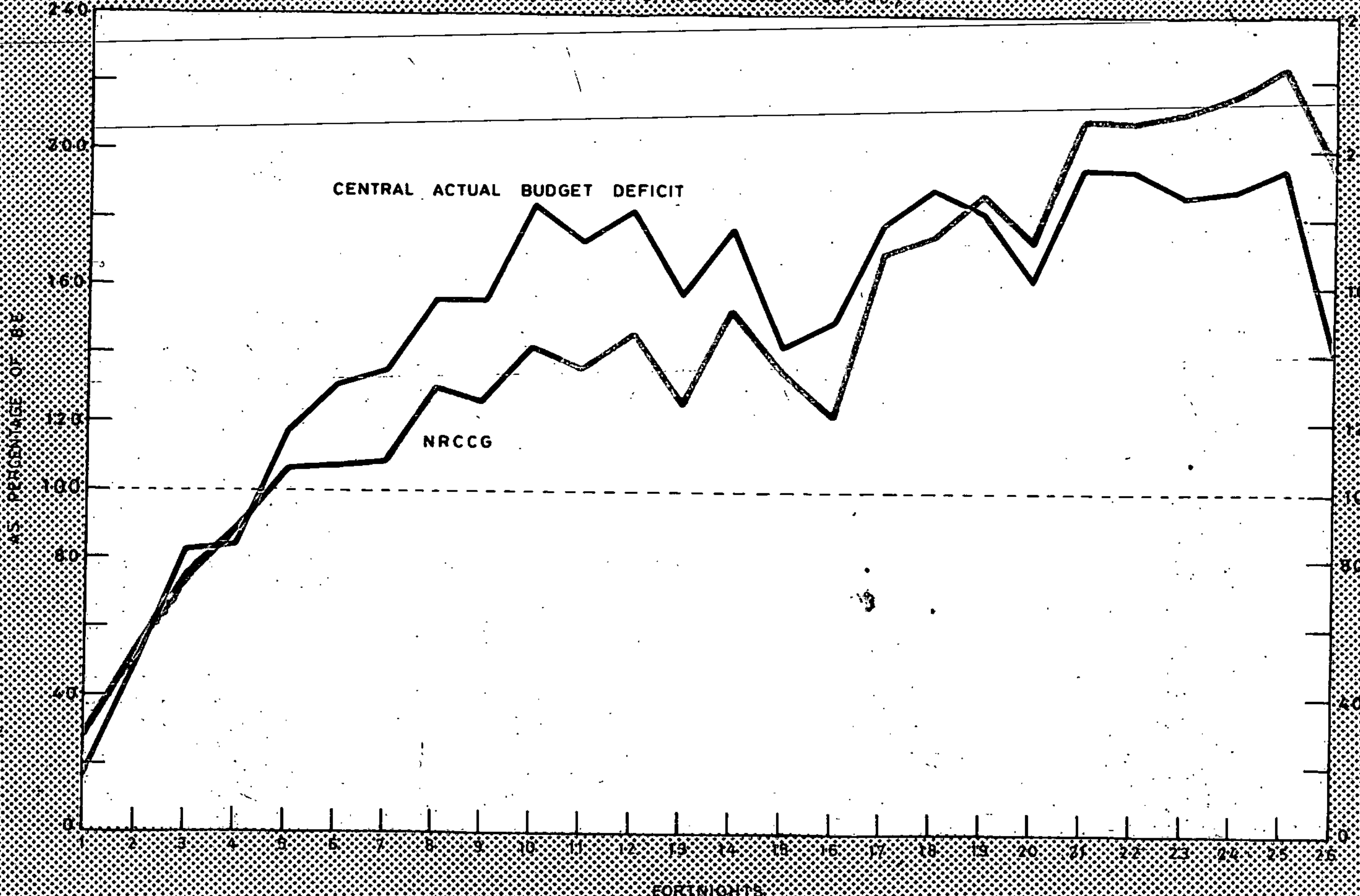


TABLE 8.4

Source of Change in Reserve Money

(Rs. crores)

	Outstanding as on March 31, 1987	Variations during†				
		1987-88	1988-89	1989-90@	1989-90 March 31, 1989 to March 23, 1990@	1990-91 March 31, 1990 to March 22, 1991@
1	2	3	4	5	6	7
1. Net RBI credit to Government$	46,285	6,402	6,928	14,068 (a)	13,434 (a)	12,960(b)
		(13.8)	(13.1)	(23.6)	(22.5)	(17.6)
2. RBI credit to Banks£ . . .	2,760	1,681	2,638	393	—1,448	—214
		(60.9)	(59.4)	(5.6)	(—20.5)	(—2.9)
3. RBI credit to commercial sector* . .	3,394	396	1,734	825	—317	—837
		(11.7)	(45.8)	(14.9)	(—5.7)	(—13.2)
4. Net foreign exchange assets of RBI	4,621	795	785	—133	—212	1,350**
		(17.2)	(14.5)	(—2.1)	(—3.4)	(22.2)
5. Government's currency liabilities to the public	1,192	188	95	80	19	27
		(15.8)	(6.9)	(5.4)	(1.3)	(1.7)
6. Net non-monetary liabilities of RBI	13,444	781	2,711	600	1,310	8,648**
		(5.8)	(19.1)	(3.5)	(7.7)	(49.3)
7. Reserve Money (1+2+3+4+5—6)	44,808	8,681	9,469	14,633	10,166	4,638
		(19.4)	(17.7)	(23.2)	(16.1)	(6.0)

†Variations are worked out on the basis of March 31 data after closure of Goverment accounts.

@ Provisional.

£Includes claims on NABARD.

*Excludes, since the establishment of NABARD its refinance to banks.

$Includes an amount of (a) Rs. 722 crore (b) Rs. 325 crore representing the replacement of non-negotiable non-interest bearing securities issued to IMF by RBI claims on Central Government for facilitating repurchases from the Fund.

**Inclusive of appreciation in the value of gold (Rs. 6,304 corore) following its revaluation close to the international market price since October 17, 1990. Such appreciation has a corresponing effect on RBI's net non-monetary liabilities.

Sectoral Deployment of Bank Credit

8.23 The Sectoral distribution of bank credit by scheduled commercial banks is set out in Table 8.5. These data relate to credit deployed by 50 scheduled commercial banks (49 from March, 1990, and 48 from August, 1990 because of merger) constituting about 95 per cent of bank credit. During 1989-90 gross bank credit as a whole registered a lower rate of expansion (19.8 per cent) than 22 per cent growth in 1988-89, though in absolute terms the expansion in gross bank credit was larger in 1989-90 (Rs. 16,943 crores) than that (Rs. 15,468 crores) in the previous financial year. Food credit recorded an increase in 1989-90 in contrast to its decline in 1988-89.

TABLE 8.5

Sectoral Deployment of Gross Bank Credit

(Rs. crores)

On the Last reporting Friday basis	Variations during									
	1987-88		1988-89		1989-90		April—January 1989-90		April—January 1990-91	
	Rs. crores	per cent	Rs. crores	per cent	Rs. crores	per cent	Rs. crores	per cent	Rs. crores	per cent
I. Gross Bank Credit	7691	12.3	15468	22.0	16943	19.8	12036	14.0	104.24	10.2
1. Public Food Procurement . .	—2914	—57.1	—1421	—64.9	1237	160.9	1043	135.6	2532	126.2
2. Gross Non-food credit (a+b+c+d)	10605	18.5	16889	24.8	15706	18.5	10993	12.9	7892	7.8
(a) Priority Sector (i+ii+iii)	4020	16.0	5149	17.7	6168	18.0	4505	13.2	1716	4.2
(i) Agriculture	1439	13.6	1941	16.2	2584	18.5	1914	13.7	59	0.4
(ii) Small Scale Industry	1712	18.8	2315	21.4	2415	18.4	1796	13.7	1200	7.7
(iii) Other Priority Sectors	869	16.2	893	14.3	1169	16.4	795	11.1	457	5.5
(b) Industry (Medium & Large) . .	3797	17.8	7032	28.0	6087	18.9	4585	14.2	3841	10.0
(c) Wholesale Trade (Other than food Procurement) (i+ii+iii+iv)	518	16.8	1169	32.5	705	14.5	495	1034	103	1.9
(i) Cotton Corporation of India .	—18	—16.5	—54	—59.3	103	278.4	—4	—10.8	—39	—27.9
(ii) Food Corporation of India (Fertilizer) . .	22	14.8	31	18.1	28	13.9	30	14.9	—19	—8.3
(iii) Jute Corporation of India .	—56	—28.3	—44	—31.0	—44	—44.9	—28	—28.6	20	37.0
(iv) Other Trade	570	21.7	1236	38.7	618	14.0	497	11.2	141	2.8
(d) Other Sectors .	2270	28.4	3539	34.5	2746	19.9	1408	10.2	2232	13.5
II. Export Credit (Included under item 2) . .	771	24.5	2224	56.8	2104	34.3	1740	28.3	446	5.4
Priority Sector Advances as percentage of Net Bank Credit (including inter-bank participations) in the last month of the period)		44.1		43.2		42.4	42.7		40.1	

Note : Date are provisional and relate to 50 (49 from March 1990 and 48 from August, 1990 due to marger) scheduled commercial banks which account for about 95 per cent of the bank credit of all scheduled commercial banks. Gross Bank Credit data include bills rediscounted with RBI, IDBI, Exim Bank and other approved financial institutions and inter-bank participantions. Net Bank credit data are exclusive of bills rediscounted with RBI, IDBI, Exim Bank and other approved financial institutions.

8.24 There was a significant increase in credit to priority sector in 1989-90 (Rs. 6,168 crores) which formed 42.4 per cent of net bank credit at the end of March, 1990, as against 43.2 per cent a year ago. Credit to agriculture recorded a rise of Rs. 2,584 crores (18.5 per cent) as compared with that of Rs. 1,941 crores (16.2 per cent) in 1988-89. Advances to small scale industries expanded by Rs. 2415 crores, higher than the expansion of Rs. 2315 crores in 1988-89, though in percentage terms increase in 1989-90 was lower than in 1988-89 (18.4 per cent as against 21.4 per cent).

8.25 Large and medium industries too received additional bank credit to the tune of Rs. 6,087 crores (or 18.9 per cent) as against a very high order of increase of Rs. 7,032 crores (or 28 per cent) in 1988-89. The advances to wholesale trade (other than food procurement) recorded an expansion of Rs. 705 crores (or 14.8 per cent) in 1989-90, as against that of Rs. 1,169 crores (or 32.5 per cent) in 1988-89. Export credit also grew by lower margin of Rs. 2,104 crores (or 34.3 per cent) as against Rs. 2,224 crores (or 56.8 per cent) in 1988-89.

8.26 Data on sectoral deployment of bank credit during 1990-91 are available for the ten month period i.e. April 1990–January 1991. In this period medium and large industries received additional credit of Rs. 3,841 crores (10.0 per cent) as against Rs. 4,585 crores (14.2 per cent) in April 1989–January 1990. However, it accounted for nearly 49 per cent of the additional gross non-food credit (Rs. 3,841 crores) disbursed in the first ten months of 1990-91. The growth of priority sector credit in this period of 1990-91 has been considerably lower at Rs. 1716 crores (4.2 per cent) than that of Rs. 4,505 crores (13.2 per cent) in the corresponding period of 1989-90 Credit to agriculture, small-scale industry and other priority sectors recorded lower growth in April 1990–January 1991 than those in April 1989–January 1990. Export credit rose only by Rs. 446 crores (5.4 per cent) against a rise of Rs. 1,740 crores (28.3 per-cent) in the corresponding period of 1989-90. There has been a sizeable increase in credit for public food procurement by Rs. 2,532 crores as against expansion of Rs. 1,043 crores in corresponding period of 1989-90.

Structure of Interest Rates

8.27 In overall economic management and regulation of money supply and credit, interst rates play a vital role. Interest rates can act as a potent tool not only for promotion of savings and direction of investment in desired channels but also in curbing excess liquidity in the system and moderating the pace of inflation in fact, interest rate changes often signal change in the complexion and thrust of monetary policy. In India lending and borrowing rates of banks and financial institutions vis-a-vis the non-financial companies and government are adminstered in the interest of planned economic growth; the administered interest rates have, however, been modified from time to time in the light of broad macro-economic trends in recent years, money market rates and certain commercial lending rates of banks have been freed.

8.28 The most significant step taken with regard to the administered interest rates in 1990-91 Reserve Bank of India has been the rationalisation of lending rates of the scheduled commercial banks. For a long time there prevailed a complex structure of lending rates marked by multiplicity of rates. The structure of interest rates on bank advances taking into account all stipulations had a plethora of different rates prescribed for differentiated characteristics of loans such as type of loan activity, location size, class and efficiency of borrowers. Plethora of interest rates often meant uncertainty and posed difficulties in administration. It, therefore, became necessary to undertake a rationalisation of the existing structure of interest rates on bank advances.

8.29 Reserve Bank, accordingly, made a review of these rates and introduced a new structure of interest rates which links interest rate to the size of advance rather than to its purpose with a view to both rationalizing and simplifying the interest rate structure. However, the existing rates have been retained for Differential Rate of Interest (DRI) Scheme (4 per cent) meant for weaker sections as also for export credit which is subject to an entirely different regime of lending rates supplemented by interest subsidy from the Government.

8.30 The revised structure of lending rates (other than for DRI advaces and export credit) for the scheduled commercial banks, was introduced with effect from September 22 1990(and made applicable equally to working capital and term loans (excluding term loans exceeding Rs. 25,000 to agriculture, small scale industries and road transport operators owning upto two vehicles for whom separate rates have been stipulated). As will be evident from the Table 8.6 the commercial interest rate of 16 per cent (minimum) was retained but made applicable only to loans over Rs. 2 lakhs, while the lowest lending rate has been stipulated at 10 per cent for advances upto and inclusive of Rs. 7,500. The new rate structure would mean that public sector food procurement agencies will have to pay 16 per cent per annum as against 14 per cent charged earlier. The effective interest rate for discounting of bills foı boıτowers in the category of 16 peı cent (minimum) will be 1 percentage point lower than lending rate charged to borrowers in this category. As such the effective interest rate on discounting of bills of exchange for such categories of borroweıs will be 15 per cent (minimum).

TABLE 8.6

Structure of Interest Rates: Some Selected Categories

(Per cent per annum)

	Rates as on March 31, 1991	Existing Rates
I. Scheduled Commercil Banks		
A. Term Deposit Rates		
(a) Domestic Deposits		
(i) 46 days and above but less than one year	8.0	9.0
(ii) One year and above but less than two years	9.0	10.0
(iii) Two years and above but less than three years	10.0	11.0
(iv) Three years and above	11.0	13.0
(b) Non-Resident (External) Rupee Accounts		
(i) 46 days and above but less than one year	8.5	8.5
(ii) One year and above but less than two years	10.5	10.5
(iii) Two years and above but less than three years	11.0	11.0
(iv) Three years and above but less than five years	12.0	13.0
(v) Five years and above	13.0	14.0
(c) Foreign currency (Non-Resident) Accounts (Effective February 8, 1991)		

	Pound sterling	U.S. Dollar	Deutsche Mark	Japanese Yen
(i) For deposits for 6 months and above but less than 1 year	13.25	7.50	10.00	8.50
(ii) For deposits for 1 year and above but less than 2 years	13.25	8.00	10.25	8.50
(iii) For deposits for 2 years and above but less than 3 years	13.25	8.50	10.50	8.50
(iv) For deposits for 3 years only	13.25	9.00	10.50	8.50

B. Interest Rate Structure for Loans of Scheduled Commercial Banks

(X) General rates on short and long-term loans — Size of limit	Rates as on March 31, 1991	Existing Rates
1. Upto Rs. 7,500	10.0	10.0
2. Over Rs. 7,500 and Upto Rs. 15,000	11.5	11.5
3. Over Rs. 15,000 and upto Rs. 25,000	12.0	12.0
4. Over Rs. 25,000 and Upto Rs. 50,000	14.0	14.0
5. Over Rs. 50,000 and Upto Rs. 2 lakhs	15.0	15.0
6. Over Rs. 2 lakhs	16.0 (Minimum)	18.5 (Minimum)
(Y) Other Lending rate stipulations		
1. DRI advances	4.0	4.0
2. Term loans to agriculture SSI, transport operations owning upto 2 vehicles Size of limit		
(i) over Rs. 25,000 and upto Rs. 50,000	13.0	13.0
(ii) over Rs. 50,000 and upto Rs. 2 lakhs	14.0	14.0
(iii) over Rs. 2 lakhs	14.0	14.0
3. (i) Loans for purchase of consumer durables; (ii) Loans to individuals against shares and debentures/bonds; (iii) Personal loans and other non-priority sector advances	banks are free to determine the rates of interest	
4. Export Credit		
(a) Pre-shipment credit		
Upto 180 days	7.50	7.50
Beyond 180 days and in all upto 270 days (wth prior approval of RBI)	9.50	9.50
Against cash incentives, etc. covered by E.C.G.C. Guarantee upto 90 days	7.50	7.50

	Exist Rates as on March 31, 1991		Existing Rates
(b) Post-shipment credit			
Demand Bills for transit period (as specified by FEDAI)	8.65		7.0
Usance Bills			
Usance bills up to 180 days comprising usance period of export bills/transit period as specified by FEDAI and grace period wherever applicable	8.65	(a) upto 45 days	7.00
		(b) beyond 45 days & upto 90 days	8.6
		(c) beyond 90 days and upto 6 months	18.00@
		(d) beyond 6 months@@	25.00@
Against retention money (for supplies portion only) payable within 1 year from the date of shipment (upto 90 days)	8.65		8.65
(c) Deferred Credit			
Deferred Credit for period beyond 180 days	8.65		8.65
(d) Duty Draw-back Credit Scheme, 1976			
Against duty drawback as provisionally certified by the Customs Authorities upto 90 days	Free of interest		free of interest
(e) Export Credit not otherwise specified	14.00 to 15.50		18.0
II. Post office savings schemes			
(i) One year time deposits	9.5**		9.5
(ii) Two year time deposits	10.0		10.0
(iii) Three year time deposits	10.5		10.5
(iv) Five year time deposits	11.0		11.0$
(v) Five year recrurring	11.0$		11.0
(vi) National Savings Certificates (VIII Issues)	12.0£		12.0£
III. Other financial instruments:			
(a) Convertible debentures (Ceiling Interest Rate)			
(i) FERA & MRTP	12.5		
(ii) Non-FERA & Non-MRTP Cost.	14.0		
(b) Non-convertible debenture	14.0		

* The effective interest rate on bills discounting facilities to these category of borrowers is one percentage point below the lending rate charged. As such the rate is 15.0 per cent (minimum).

**Compounded half yearly

$ compounded quarterly

£ compounded half yearly

@From the date of advance

@@From the date of shipment.

8.31 Subsequently, effective october 10, 1990, scheduled commercial banks were permitted to freely determine the rates of interest applicable to the following categories of loans: (i) Loans for purchase of consumer durables; (ii) Loans to individuals against shares and debentures/bonds; and (iii) other non-priority sector personal loans.

Banks were advised to ensure that while granting loans for purchase of consumer durables they should insist that a reasonable proportion of the cost was met out of the resources of the borrower. Again, while granting loans against share/debenture/bonds, banks were ensure that appropriate margins were imposed. Considering the needs of the priority sector and exports, it is essential that credit to the above three categories of borrowers is kept to a moderate proportion of total credit.

8.32 In recent years, a number of saving instruments have appeared in the market offering attractive rates of interest and the banks had increasingly felt that they were becoming uncompetitive in the changing environment. A new category of deposits of three years and abow was, therefore, introduced with effect from October, 10, 1990 at an interest rate of 11 per cent per annum. The revised interest rate would apply only to fresh deposits and on renewals of maturing deposits. All other deposits rates were left unaltered. The new category of bank deposits is expected to help the banks in their deposit mobilisation efforts in the competitive financial market and offer a better rate on the savings to the bank depositors.

8.33 In tune with the rationalisation of interest rates and maturities of domestic term deposits for period under one year initiated in 1988-89, the term deposit rates and maturities of Non-Resident (External) Rupee (NRE) accounts were also rationalised. The maturity range of 15 days to 45 days for these accounts was abolished and a uniform rate of 8.5 per cent was stipulated on all NRE deposits for maturities of 46 days to less than a year. The interest rates for NRE deposits of longer maturities have remained unchanged.

8.34 The scheduled commercial banks used to receive 10.5 per cent per annum interest rate on all of their eligible cash balances held with the Reserve Bank. With a view to stemming the erosion of the effectiveness of CRR consequent upon the increasing interest payments on 'eligible' CRR balances maintained by banks and at the same time to avaoid any drastic reduction in such interest income of banks, the Reserve Bank replaced the flat interest rate by a 2-tier formula with effect from the fortnight beginning April 21, 1990. Interest is now paid (a) at a rate of 10.5 per cent per annum on eligible cash balances based net demand and time liabilities (DTL) as on March 23, 1990; and (b) at a rate of 8 percent on eligible cash balances maintained on the increase in net demand and time liabilities after March 23, 1990.

8.35 Along with the reduction in the interest rate payable on eligible cash balances based on net DTL, the Reserve Bank also brought about marginal modification in the scheme of graduated penalties on the shortfalls of CRR payable by Scheduled commercial banks. The modification made the graduated loss of interest less steel and the scheme of graduated penalties was extended from 5 per cent to10 per cent of the absolute amount of CRR required to be maintained. However, in cases where the shortfall exceeded 10 per cent, no interest would be paid on any portion of the eligible cash balances and the penalty was also applicable on the amount of default. Provided the CRR shortfall was within reasonable limits, the new scheme of graduated penalties provided for a softening of the cost of CRR shortfall for the banks. The above scheme was revised with effect from December 29, 1990, in the light of the experience of continued satisfactory compliance by banks. Accordingly, under the amended scheme, banks would earn interest at the normal rate (i.e., 10.5 per cent per annum on 'eligible' cash balances maintained on net DTL as on March 23, 1990 and 8 per cent per annum on 'eligible' cash balances maintained on incremental net DTL thereafter) but the amount of interest so arrived at would be reduced by an amount calculated at a rate of 25 per cent per annum on the amount of the shortfall. By smoothening the decline in the effective interest rate on 'eliglble' cash balances as the shortfall increases, the revised scheme is expected to moderate sharp increaes in call money rates.

8.36 Interest rates on Foreign Currency (Non-Resident) Accounts, for four designated currencies *viz*, namely, Pound qterling, US Dollar, Japanese Yen and Deutsche Mark were revised several times during 1990-91 in consonance with changes in the interest rates on these currencies in overseas markets. The existing structure of interest rates for selected categories of deposits and financial instruments as also for advances of the scheduled commercial banks is indicated in Table 8.6.

Development in Credit Policy

8.37 The monetary Policy adopted by the Reserve Bank of India during 1990-91 as also in the first quarter of 1991-92 has had the basic thrust on controlled expansion of money and credit. It sought to achieve the twin objective s of meeting in full the genuine credit needs of the production and trade sectors and moderating at the same time the liquidity, growth in the system and preventing the speculative use of bank advances so as to contain inflationary pressures in the economy. It has also tried to promote growth, diversification and better health of the financial sector by bringing about institutioal and structural changes and introducing new instruments and revamping the old ones.

8.38 Both general and selective credit control measures were adopted to implement the objectives of the monetary policy. Among the general credit control measures it may be recalled that the Cash Reserve Ratio (CRR) was raised in July, 1989 uniformly for the entire net demand and time liabilities to 15 per cent. In 1990-91 Reserve Bank also took recourse to another potent instrument of general credit control, namely, Statutory Liquidity Ratio (SLR). With the primary objective of moderating the pace of reserve money creation and monetary expansion, effective from the fortnight beginning September 22, 1990, the SLR for net demand and time liabilities of the scheduled commercial banks (excludng FCNR and NRE accounts) was raised by one-half of one percentage point to 38.5 per cent and the SLR on FCNR and NRE accounts was also raised from 25 per cent to 30 per cent effective from the fortnight beginning July 28, 1990. It was estimated that the upward revision of SLR for both domestic and foreign accounts will mean additional Rs. 1800 crores of SLR requirement equivalent to about one percentage point of net demand and time liabilities for the banking system as a whole.

8.39 In the recent period refinance policy has been used as an effective tool of overall monetary control. In November, 1989 export credit refinance was reduced to 75 per cent of the increase as the growth base in export credit from 100 per cent earlier. Furthermore, with effect from August 25, 1990 the base for deciding export credit refinance limit was shifted from the monthly average level of export credit for calender year 1987 to the monthly average level for the financial year 1988-89. With the moderation in monetary growth and the paramount need to promote exports, effective January 1, 1991, the proportion of refinance was raised from 75 per cent to 100 per cent of the increase in export credit over the above base.

8.40 Among other measures of general credit control, adopted in 1990-91 a mention may be made of extension of the stipulation of incremental non-food credit-deposit ratio at 60 per cent. This stipulation which was introduced in 1989-90 entailed additional interest charge of three percentage points for banks (which exceeded the stipulated ratio) on refinance drawn by them from the Reserve Bank under all facilities to the extent of the excess non-food bank credit or the refinance drawn, whichever was lower.

8.41 Another important measure introduced in 1990-91 financial year by the Reserve Bank is the introduction of a commitment charge on the unutilised portion of credit limits for the large size borrowers of scheduled commercial banks. Banks have been facing problems of large unutilised credit limits which also pose several difficulties in implementing macro-credit policy. Accordingly, for all borrowers with working capital limits of Rs. 1 crore and above, banks would be required to levy minimum commitment charge of one per cent per annum on the unutilised portion of the quarterly operating limit, subject to a tolerance level of 15 per cent of such limit.

8.42 Suitable use has been made by RBI also of selective credit control measures in respect of bank credit for price-sensitive commodities in its credit management during 1990-91 as also in 1991-92 so far. With effect from December 30, 1989 higher ceiling at 100 per cent of the peak level of credit based on three year period 1984-85, 1985-86 and 1986-87 (November–October) was stipulated for bank advances against wheat, cotton and *kapas*. The minimum margin on bank advances against cotton and kapas was brought down from 45 per cent to 30 per cent. In the case of others *i.e.* other than mills/processing units/which are expected from selective credit controls Likewise bank advances against unreleased stocks of sugar with mills was subjected to a lower minimum margin of 20 per cent as against 25 per cent stipulated earlier.

8.43 With effect from April 16, 1990 for commodities having credit ceilings, the three year base period noted above was brought forward by two years to the three year period of 1986-87, 1987-88, 1988-89 (November–October) for deciding credit ceiling for bank advances against a particular commodity. The minimum margins on all bank advances against wheat (including advances to roller flour mills) were reduced by 15 percentage points across-the-board. Further in the context of distinct improvement in supply position, all advances against cotton and kapas were also exempted from all provisions of selective credit control effective from April 16, 1990. Similarly, all advances against wheat (including to roller flour mills) came to be exempted from all provisions of selective credit control with effect from July 2, 1990 on a review of price output developments relating to that commodity.

8.44 The commodities which came particularly under strict selective credit control measures were oilseeeds and vegetable oils (including vanspati), minimum margins on bank advances against which were raised twice in succession by 15 percentage points each time across-the-board with effect from May 4, 1990 and July 2, 1990.

8.45 With the harvesting of a good kahrif foodgrains production in 1990-91 and rise in public sector foodgrains stock to a comfortable level following much larger procurement in the year, minimum margins on advances against paddy/rice and "other foodgrains" were reduced by 15 percentage points across-the-board with effect from October 10, 1990. However, in view of subsequent rise in prices, these minimum margins were raised by 15 percentage points, effective January 8, 1991. The minimum margin and level of credit stipulations for all commodities covered under selective credit controls are indicated in Table 8.7.

TABLE 8.7

Minimum Margins and level of Credit Ceilings on Bank advances against commodities subject to selective credit controls (effective April 13, 1991)

(Percentages)

Commodities	Minimum Margins			Level of Credit Ceiling (Base years Three years ending 1988-89 Nov-Oct.)
	Mills/ Processing units	Others	Warehouse Receipts	
1. Paddy/Rice	45	60	45	85
2. Pulses	45	60	45	85
3. Other foodgrains	45	60	45	85
4. Oilseeds (viz., groundnut, rapeseed mustard, cottonseed, linseed, castorseed and all imported oilseeds)	60	75	60	85
5. Vegetable Oils (Viz. groundnut oil, rapeseed/mustard oil, cottonseed oil, linseed oil, castor oil, vanaspati and imported vegetable oils)	60@	75	60	85
6. Sugar				
(a) Buffer		—	—	—
(b) Unreleased stock	20*	—	—	—
(c) Released	75	75	60	—
7. Gur and Khandsari	45	75	60	—

*Reduced to 17.5 per cent, effective May 9, 1991 for a period of 3 months upto August 8, 1991.

@Applicable to registered oil mills.

—Not applicable.

Note : 1. Advance against cotton and kapas were fully exempt from the controls with effect from April 16, 1990.

2. Advances against wheat were fully exempt from the controls with effect from July 2, 1990.

8.46 In view of the difficulties faced by trade and industry in Jammu & Kashmir and Punjab, banks have been permitted by RBI to extend certain concessions/relaxations to bank borrowers and customers in these areas. Such concessions relate to margin, service charges, re-scheduling of repayment, non-levy of penal interest or compound interest in deserving cases, grant need-based additional credit limits, etc.

8.47 Decision of the Government of India to implement a 'debt relief' scheme for farmers, artisans and weavers was announced by the Finance Minister while presenting the Central Budget for 1990-91. In line with the announcement the Government of India approved the Agricultural and Rural Debt Relief Scheme, 1990. The Central Government's scheme covered borrowers of public sector commercial banks and Regional Rural Banks (RRBs). State Governments were advised to formulate a debt relief scheme for the benefit of borrowers in the co-operative sector on the lines of the Central scheme. Public sector commercial banks, RRBs and co-operatives are now implementing the debt relief scheme. The salient features of the Debt Relief Scheme which came into effect on May 15, 1990 are as follows :

(i) The scheme will apply to all eligible loans of banks and co-operative societies. Eligible loan means that part of short-term loans, including converted/rescheduled medium term loan, availed of by an individual borrower on or after April 1, 1986 and instalments of a term loan fall in due after October 2, 1986 which was overdue to a bank on the effective date (October 2, 1989), including overdue interest.

(ii) In the case of public sector banks and RRBs, the Government of India will bear the amount of relief that will be provided by these institutions to the eligible beneficiaries. In respect of State Government schemes for co-operatives approved by Government of India, the burden will be shared equally by the Central and State Governments.

(iii) The relief will be available only to non-wilful defaulters who had borrowed loans from one or more banks irrespective of the quantum of the amount borrowered. However, the relief available will be restricted to a maximum amount of Rs. 10,000 per eligible beneficiary. Non-wilful defaulter is a borrower who did not repay loans and experienced two or more bad crop years, not necessarily consecutive ones, one of which was the year in which the default occurred. In the case of artisans, non-repayment on account of loss of assets will be treated as non-wilful default. A borrower with chronic overdues for over 3 years as on *the effective* date will also be considered a non-wilful defaulter.

(iv) The cut-off date for determining the beneficiary will be October 2, 1989. The terminal date for the scheme was fixed on March 31, 1991.

8.48 The Reserve Bank of India and the National Bank for Agriculture and Rural Development estimated initially that the quantum of debt relief would be of the order of Rs. 2842 crores. The Government of India earmarked Rs. 1000 crores for this scheme in the Budget for 1990-91. It decided to underwrite in full the burden of debt relief borne by the public sector commercial banks and Regional Rural Banks as also to provide 50 per cent of the assistance to the co-operative banks which would provide debt relief (the remaining 50 per cent to be borne by the State Governments) under the scheme formulated for waiver of co-operative credit by the respective State Governments on the lines of the Central Scheme.

8.49 It is pertinent to note here that the Agricultural and Rural Debt Relief Scheme 1990 underwent several changes in the last financial year after its announcement in the Central Budget for 1990-91. These changes in the scheme included; inter alia, consideration of 'chronic overdues' (overdues even prior to October 2, 1986), debt of farmers who had filed insolvency petitions, extension of the scheme to cover all borrowers, irrespective of the size of their loans and inclusion of fisheries in the purview of the Scheme. These changes, in effect, increased the Government of India's liability in this sphere and led to a greater fiscal burden on the exchequer than originally provided for in the Budget.

8.50 Position reported up to May 4, 1991 indicate that a total of Rs. 7802 crores of debt relief had been provided by the public sector banks, Regional Rural Banks and co-operative banks. Of this Central Government's liability is to the tune of Rs. 5776.67 crores while the concerned State Governments would have to incur an expenditure of Rs. 2025.00 crores to meet their commitments in this regard. The final liability of the Govt. of India will be known only after full data is received of actual loan waiver upto March 31, 1991 from public sector banks, RRBs and co-operative banks. In the Revised Estimates for 1990-91 a supplementary provision of Rs. 500 crores has been made towards the scheme, raising thereby the budget provision of Rs. 1500 crores for the scheme upto the end of that financial year. In Interim Budget 1991-92 the Govt. of India has provided Rs. 1500 crores for the scheme. This will put the cumulative budgetary support to the scheme by the Govt. of India at Rs. 3000 crores. Given the scale of debt relief scheme, it could affect both the profitability and credibility of the Indian banking system. unwittingly, it could also affect the farmer's incentive towards prompt repayment of bank debts in the future. It also contributed significantly to the deterioration in the fiscal situation in 1990-91. It also puts a constraint on supply of credit for productive purposes and in turn may affect the rural credit delivery system.

8.51 In view of the increasing pressure on the balance of payments of the country, importance of credit given by the banks to export assumed great urgency. RBI accordingly advised banks specifically in October 1990 to make substantive efforts to support exports. It was also been decided to increase the access of banks to its export credit refinance by permitting 100 per cent (as against 75 per cent earlier) refinance of increase in export credit over its monthly average level in 1988-89 at the rate of 9 per cent per annum, effective from January 1, 1991. Higher export credit refinance was estimated to increase bank's access to such refinance by Rs. 1,000 crores during 1990-91.

Credit by Financial Institutions

8.52 Over the three financial years, i.e., 1987-1988 to 1989-1990 there has been an increasing trend in aggregate sanctions and disbursements by all financial institutions. Aggregate assistance sanctioned by them recorded a rise from Rs. 9,171.8 crores in 1987-88 to Rs. 14,073.4 crores in 1988-89 and further to Rs. 15,631.4 crores in 1989-90. Data show an annual average growth rate of 34 per cent in aggregate sanction over these three years. Disbursements of assistance by the financial institutions show a similar rising trend of 22 per cent over the same three years period (Rs. 10001.7 crores in 1989-90 as against Rs. 6788.4 crores in 1987-88). All India Financial Institutions viz., Industrial Development Bank of India (IDBI), Industrial Credit and Investment Corporation of India (ICICI), Industrial Finance Corporation of India (IFCI), Life Insurance Corporation (LIC), General Insurance Corporation (GIC), Industrial Reconstruction Bank of India (IRBI) and Unit Trust of India (UTI) accounted for the major portion of total assistance sanctioned by all financial (term lending) institutions in 1989-90 as also in previous two years.

8.53 Industry-wise major beneficiries during these last three years were textiles, rubber, machinery, food products, cement, transport equipment, electricity generation, fertilizer, iron & steel, electrical and electronic equipments, non-ferrous metals, chemicals and chemical products. Disbursements recorded very significant growth rates in the case of iron & steel, food products, textiles, rubber and machinery.

8.54 Purpose-wise, sanctions of direct assistance by all India financial institutions between 1987-88 and 1989-90 recorded an annual average growth rate of 28 per cent for new project, 76 per cent expansion/diversification existing projects and 29 per cent for modernisation/rehabilitation of existing projects and 33 per cent for supplemental assistance.

8.55 During 1990-91 total assistance sanctioned by all financial institutions including Small Industries Development Bank of India (SIDBI) was to the tune of Rs. 20,140 crores which is 28.8 per cent higher than the assistance of Rs. 15163 crores during 1989-90. Disbursements also recorded an increase of 23.0 per cent in 1990-91 stood at Rs. 12,299 crores as against Rs. 10,001.7 crores disbursed in 1989-90. In 1990-91 to the All-India financial institutions accounted for the lion's share in the sanctions and disbursements made by the all financial institutions Table 4.8 in the Appendix presents institution-wise details of sanctions and disbursements right from 1980-81 to 1990-91.

8.56 During the year 1989-90 various new schemes of assistance were introduced by the term-lending institutions. They include Mahila Udyam Nidhi Scheme, Mahila Vikas Nidhi Scheme, Equipment Credit and Buyers Credit, Asset Credit Scheme. IFCI lent support to the setting up of Rashtriya Gramin Vikas Nidhi at Guwahati. UTI and ICICI together set up their second Venture Capital Fund (VECAUS-II) of Rs. 100 crores. UTI also set up the UTI Institute of Capital market at New Bombay in order to promote advanced professional education training and research in the field of capital market.

8.57 It is also important to note that all-India financial institutions and public sector banks have been promoting some specialised financial institutions in the past two to three years. ICICI along with other financial institutions and nationalised banks promoted in 1986 Shipping Credit and Investment Company of India Ltd. (SCICI) which has been entrusted with the responsibility of extending finance for the acquisition of ships and fishing trawlers, apart from acting as an agent of the Government for rehabilitation of sick companies in the shipping and fishing sector. On cumulative basis, assistance sanctioned by SCICI sanctioned assistance of Rs. 1108.58 crores and disbursed assistance to the tone of Rs. 591.20 crores upto March 31, 1991, IFCI along with other all-India Financial Institutions, State Bank of India, Canara Bank and Bank of India has set up in 1989 the Tourism Finance Corporation of India (TFCI) which will provide both rupees and foreign currency assistance underwrite/directly subscribe to share/debentures, provide facilities of suppliers 'credit, equipment leasing/procurement to enterprises in the field of tourism and related activities. Upto the end of March, 1991, TFCI sanctioned cumulative assistance aggregating at Rs. 137.8 crores out of which a sum of Rs. 52.0 crores were disbused. Similarly thet Stock Holding Corporation of India Ltd., was set up in 1987 by the seven all-India financial institutions to service the securities transaction of these institutions. Government have recently approved the extension of the jurisdiction of this Corporation to cover all public finance institutions and public sector banks.

8.58 Another remarkable development is the entry of these institutions into the area of venture capital. Venture capital funds provide an alter native way of raising resources, suitable to the specific risk needs of the company. Venture capital assistance is now more readily available with the promotion of venture capital funds by IDBI, ICICI and IFCI. Jointly with the Department of Biotechnology, these three all India financial institutions have promoted during 1990-91 a venture capital company known as Biotech Consortium India Limited, with the specific intention of making venture capital available for commercialisation of biotechnology.

8.59 Maintenance and construction of road has since been declared as an industrial concern eligible to financial assistance by IDBI. Energy conservation schemes have been given greater support by linking rebate on interest to the extent of energy saved and raising the limit of assistance from Rs. 4 crores to Rs. 5 crores per unit. Consortium financing arrangements among all India financial institution were modified during last financial year. Besides assistance by way of leasing finance, bills discounting etc. which are already outside these arrangements, assistance to project costing upto Rs. 20 crores has been brought out of the perview of consortium arrangements.

8.60 Effective from August 1, 1990, interest rate structue for industrial finance by term lending institution was liberalised. Earlier to this basic lending rate for term loans of the financial institutions was set at 14 per cent per annum. With the revision a two-tier interest rate structure was introduced, according to which for the first two years or till the completion of the project (whichever is earlier) the interest rate on term loans has been fixed at 14 percent (Tier 1) and for the remaining period basic lending rate would be 15 per cent (Tier 2) the concession rates generally range from 11.5 per cent to 12.5 per cent for Tier 1 and from 12.5 per cent to 13.5 per cent for Tier 2.

8.61 Along with the diversification in the activity of financial institutions and increasing variety of such institutions, there is an on-going trend of encouraging public financial institutions to be more autonomous and self-sufficient in their resources and in accessing the capital market. During 1990-91 for the first time ICICI offered a public issue for Rs. 50 crores. SCICI noted earlier also offered a public issue of Rs. 82 crores including a premium of Rs. 41 crores. ICICI also offered a rights issue of Rs. 18 crores including a premium of Rs. 9 crores. Greater transparency is also being expected of these institutions in the manner in whih they conduct their market operations in the shares of the companies. In the interest of such transparency for any sales of over 1 per cent of the paid-up capital of a company the concerned financial institution is required to provide the general public with information regarding such transaction and the price at which it has been made.

8.62 Any review of the financial operations of the term-lending institutions will indicate that they have a very important role in the credit market of the country and their liabilities and assets have grown quite fast. In addition, they are acting quite closely with the scheduled commercial banks and their earlier compartmentalisation/segmentation into term-loan and working capital categories have been blurred rather significantly and replaced by a degree of continium. In this background it is important to ensure not only that business of these non-bank financial institutions is conducted prudently and their sound financial health is maintained, but also that their credit policies are consistent with the overall monetary policy pursued by RBI.

Developments in the Money Market

8.63 The Indian money market is becoming more and more diversified, as a result of various measures taken over the past several years by RBI and Government Trading in various instruments like 182 Days Treasury Bills, commercial bills and commercial paper had also expanded considerably. The volume of inter-bank call money, short notice money and term money transactions has grown considerably in recent years.

8.64 Until recently only scheduled commercial banks, co-operative banks and the Discount and Finance House of India (DFHI) were permitted to participate both as lenders and borrowers in the call/notice money market, while

Life Insurance Corporation of India (LIC) and Unit Trust of India (UTI) were already allowed to operate as lenders. Effective May 2, 1990 the General Insurance Corporation of India (GIC) the Industrial Development Bank of India, (IDBI), and the National Bank for Agriculture and Rural Developmfnt (NABARD) were permitted to participate in this market as lenders. These institution have augmented the flow of funds in the call money market. With a view to further widening the call and notice money market and bringing about a greater integration of various segments of the money market all the participants in the bills/rediscounting market who were till then not operating in the call/notice money market, were granted access into this market as lenders with effect from October 20, 1990.

8.65 Banks with over-extended credit positions have been advised to undertake structural adjustments to correct their chronic and large dependence on the call money market. Revised schedule of graduated penalties on CRR shortfalls, which had softened the penalties, would help to moderate interest rates in the call money market.

8.66 Among the money market instruments, 182 Days Treasury Bills have become most important. Regular fortnightly auctions are being held for these bills. Banks in particular have appreciated the obvious advantages of this versatile money market instrument and are both increasingly participating in the primary auctions and dealing actively in the secondary market for these bills. Inter-bank participations (IBPs) with risk sharing have been issued only by a few banks for small amounts, no bank had so far issued IBPs without risk sharing.

8.67 It may be recalled that Certificates of Deposit (CDs) were introduced by RBI in June 1989 to give investors greater flexibility in the deployment of their short-term funds. The primary market was sought to be expanded by the RBI with the enhancement of the limit for issue of CDs by scheduled commercial banks (excluding RRBs) in the beginning of 1990-91 (effective May 23, 1990) from one per cent of the fortnightly average outstanding aggregate deposits in 1988-89 to two per cent of the fortnightly average outstanding aggregate deposits in 1989-90. This meant a rise in the overall limit for the issue of CDs for the banking system from Rs. 1,264 crores to Rs. 3,018 crores. The denomination of CDs would be in multiples of Rs. 10 lakhs (as against Rs. 25 lakhs stipulated earlier), subject to the minimum size of an issue to a single investor being Rs. 50 lakhs. The limit had been further enhanced to 3 per cent of the banks fortnightly average aggregate deposits and denomination reduced to multiples of Rs. 5 lakhs subject to the minimum size of issue to a single investor being Rs. 25 lakhs, effective December 29, 1990. Consequently, the overall limit for the issue of CDs for the banking system rose to Rs. 4,522 crores. However, secondary market in CDs has not grown very much. The DFHI has begun offering quotas for purchase of CDs.

8.68 Similar relaxations were also made in the guidelines for issue of Commercial Paper (CP) introduced in the market in 1990-91. The relaxed guidelines made effective from April 24, 1990 aimed at broad-basing the primary market as also widening the scope for secondary market and provide, inter alia, that (a) the tangible networth of the company issuing CP should not be less than Rs. 5 crores (Rs. 10 crores earlier), (b) working capital (fund based) limit of the company should not be less than Rs. 15 crores (Rs. 25 crores earlier), (c) minimum credit rating from Credit Rating Information Services of India Limited (CRISIL) can be P1 (instead of P1+ earlier) and (d) the CP can also be in multiples of Rs. 10 lakhs (instead of Rs. 25 lakhs earlier) subject to the minimum of an issue to a single investor being Rs. 50 lakhs (as against Rs. 1 crores earlier). It may be appreciated however, that prescription of strict standards for the issue of CPs had been consciously done with a view to preventing the incidence of failure and as the market matures, wider access may be permitted. The CP is meant to be an instrument to provide flexibility to borrowers rather than additionality of funds over and above the eligible credit limit. Furthermore, at the initial stages of its devlopment, it is necessary to regulate an orderly queue for issue.

8.69 Development of bill culture is important for establishment of an efficient payments system. An active secondary market in commercial bills will develop only if the primary market for these bills expands sufficiently. In order to encourage the bill culture, RBI advised, as early as in March 1987 that effective April 1, 1988 the credit limits sanctioned by a bank to the erstwhile Credit Authorisation Scheme (CAS) borrowers against book debts should not be more than 75 per cent of the aggregate limits sanctioned to such borrowers for financing inland credit sales. More than three years had lapsed since this advice was tendered. RBI has therefore, recently advised the scheduled commercial banks that in the case of fund-based working capital limits of Rs. 5 crores and over, with effect from January 1, 1991, interest at 2 percentage points higher than the interest rates on relevant cash credit should be levied on that portion of the book debt finance which exceeds the stipulated norm of 75 per cent of the limits sanctioned to borrowers for financing inland credit sales. It is intended to bring about a reduction in a phased manner in the proportion of permissible level of book debt financing from the current level of 75 per cent and accordingly the banks have been informed to advise their constituents to reduce their reliance on book debt financing.

8.70 As noted earlier, call money rates show considerable volatility. With the freeing of call money rates from May 1, 1989, many banks have been alternating between lending and borrowing and thus are contributing to a reduction in the lopsidedness of the market. Even than it is observed that call money rates generally rise sharply in the first week of the reporting fortnight and subside in the second week after the banks have met their CRR requirements. The rate rose to as high as 58 per cent (on April 6, 1990) and declined to as low as 6.5 per cent (on February 9, 1990). However, though not regulated, interest rate on Commercial Paper ranged between 11.87 per cent and 15.63 per cent. In the case of CDs the rates typically offered for three months were in the range of 11 per cent to 12.5 per cent and for maturity of one year the typical rates ranged between 12.00 per cent and 13.00 per cent. The interest rates offered on CDs appear relatively high, considering the fact that they are subject to reserve requirements.

8.71 The Reserve Bank has initiated further measures to introduce greater flexibility in cash management by banks. At present they are permitted to maintain the stipulated cash balances as an average of a fortnight. With the implementation of the modified scheme of graduated Interest Rate on eligible cash balances of banks and wider access now being provided to them under the discretionary refinance facility, banks should be able to bring about an improvement in their funds management and money market rates would then reflect better the underlying liquidity conditions.

8.72 During recent years the DFHI was able to moderate the stringency in the money market by leaning agains the wind. While DFHI does attempt to provide additional liquidity when stringency develops in the market, in the interest of overall monetary policy it has to limitits dependence on the Reserve Bank. A money market, however, well developed, should not be a source of over-coming structural disequilibria in the sources and uses of funds of the participants. The DFHI should be considered primarily as an agency for evening out short-term dis equilibria in the money market and not as a source for meeting long-term fund requirements.

Institutional Developments in the Financial Sector

8.73 The Discount and Finance House of India Limited (DFHI) has been playing an important role as the appex agency in the Indian money market ever since its inception. It has continued its efforts at fostering the active participation of the scheduled commercial banks and their subsidiaries, state and urban co-operative banks and all India financial institutions in the money market with a view to ensuring that their short-term surpluses and deficits are equilibrated at market-related rates through inter-bank transactions and various money market instruments. During 1990-91 DFHI opened branches at Delhi, Calcutta, Madras, Ahmedabad, and Bangalore in order to decentralise its activities and provide money market facilities at the major money market centres in the country. Apart from its paid up capital of Rs. 150 crores, it has lines of refinance from RBI and a line of credit from the consortium of public sector banks.

8.74 Through its money market operation beginning from April 25, 1988 DFHI has been successful not only in developing 182 Days' Treasury Bills into a highly liquid instrument but also in creating a secondary market for these bills. During 1989-90 cumulative turnover of these bills nearly doubled as compared with the level in 1988-89 and reached a figures Rs. 21,953 crores. In 1990-91 it had increased to Rs. 32,329 crores.

8.75 DFHI's turnover in the inter-bank call (overnight) and short notice (upto 14 days) and term money (over 14 days and upto 90 days) money market has also grown significantly in 1990-91. Its turn-over in the inter-bank call money market amounted to Rs. 1,98,960 crores in 1990-91 as against a turnover of Rs. 87,927 crores during 1989-90. The daily average turnover in this market has significantly increased from Rs. 241 crores in 1989-90 to Rs. 545 crores during the 1990-91. The turnover in short notice money and term money during 1990-91 amounts to Rs. 3,832 crores and Rs. 3,532 crores respectively.

8.76 DFHI started its operations in the secondary market of commercial bills and commercial paper (CP) in 1989-90. The turnover in commercial bills totalled at Rs. 10,682 crores in 1989-90 and stood at Rs. 12,675 crores in 1990-91. Turnover in commercial paper has, however, remained at a modest level of only Rs. 107 crores in 1990-91.

8.77 The secondary market for Certificates of Deposit (CD) has not yet developed because investors in CDs who purchased them at atractive rates, preferred to hold them till maturity. As such there was a nominal turnover in CDs of Rs. 8 crores during 1990-91.

8.78 The National Housing Bank (NHB) which started its operations from July 1988 has been actively involved in the development of housing finance in the country. It is interested not only in the promotion of a sound institutional framework for such finance but has also been striving to augment the supply of real resources i.e., land and building materials, with the accent placed on savings specific to meet the housing needs. These initiatives were continued in the year under review with appropriate modifications and additions in the light of field level exprience and feedback.

8.79 In co-operation with the scheduled commercial banks and co-operative banks, NHB launched Home Loan Account Scheme (HLAS) on July 1, 1989 with a view to mobilising resources from the households, specifically for construction of houses/flates. On the basis of information received, more than 4 lakh people have become HLA member till the end of March, 1991. The amount of deposits totalled Rs. 68 crores. The scheme has since been extended to select housing finance companies.

8.80 In consultation with RBI and Government of India NHB introduced certain changes in the scheme to make it more attractive. These changes include, inter alia, linking of amount of loan to accumulated savings as their multiple instead of linking to the size of accomodation earlier, extension of part withdrawal facility, earlier available only for paying registration fees for specific schemes of housing agencies etc., to purchase of a plot allotted in any land development and shelter project refinanced by NHB, reduction in minimum saving period to 3 years from 5 years (in case of allotment of a house/flat in any project financed by the Bank)., permission to withdraw accumulate savings in case of a decision by the saver not to acquire house/flat. The ceiling of Rs. 3 lakhs loan under HLAS has also been removed.

8.81 In 1990-91 provisions of the refinance scheme of NHB introduced in 1989 for eligible housing loans were liberalised in March 1990 and again in October 1990 consequent to the restructuring of the lending rates of scheduled commercial banks by RBI with effect from September 22, 1990. Accordingly, the ceiling for 100 per cent refinance has been increased to Rs. 2 lakhs on housing loans for construction/acquisition of new housing units with built up area not exceeding 40 sqm. In respect of loans for units with more than 40 sqm. built up area, costing not more than Rs. 1.50 lakhs and for major repairs and upgradation, refinance will be 100 per cent upto Rs. 1 lakhs and upto Rs. 30,000 respectively.

8.82 By May, 1991 refinance provided by NHB to all categories of eligible primary lenders amounted to about Rs. 480 crores. NHB also participates in the equity of the housing finance companies to the extent of 20 per cent of their paid up capital on merits of each case. Till now, equity participation/commitment has been of the order of Rs. 4.55 crore in 4 housing finance companies.

8.83 Guidelines have been formulated by NHB to involve public agencies, co-operative housing societies and professional developers in land development and shelter projects (LDSPs) in order to ensure that basic thrust towards housing construction of smaller dwelling units in keeping with its motto "small man first" is maintained. The guidelines, inter alia, prescribe certain parameters, compliance with which would enable agencies to avail of financial support from NHB. Refinance schemes covering loans given by scheduled commercial banks and housing finance companies for execution of LDSPs as also rental housing schemes conforming to NHB's guidelines were introduced. To facilitate timely adjustment of project loans given by banks and housing finance companies, a separate refinance scheme covering housing loans to allottees of plots developed or dwelling units constructed thereunder was also introduced. Till middle of May 1991 it has approved 42 detailed project reports costing Rs. 297.85 crores to enable the development of 17,803 plots and construction of 38,401 dwelling units of various categories. It also has approved projects for the manufacture of low cost building materials with total project cost of around Rs. 17 crores for equity participation of Rs. 76 lakhs under its policy to support building material industry as a part of real sector intervention.

8.84 Several steps have been taken recently to augment the resources of NHB. The paid-up capital of the Bank has been raised to Rs. 200 crores by the contribution of RBI who have also sanctioned a long term loan of Rs. 125 crores to NHB out of the National Housing Credit (Long Term Operations) Fund established by RBI. The bank has also issued 20 year bonds (with 11.5 per cent interest) worth Rs. 160 crores with guarantee from the Government of India. NHB has launched in July 1990 three year non-transferable/non-negotiable Capital Gains Bond Scheme carrying 9 per cent interest rate per annum and providing 100 per cent tax exemption on capital gains arising out of sale/transfer of long term capital assets like land, building, shares and securities, jewellery etc. Under this scheme NHB has collected a sum of Rs. 61.44 crores till middle of April, 1991. The United States Agency for International Development (USAID) has approved a programme to provide loan guarantee for US $50 million to NHB under the USAID Government Housing Guarantee Programme in terms of which developing countries can borrow in the US capital market with US Government guarantee for periods upto 30 years. Under this NHB has raised as first tranche US $25 million (approx. Rs. 48.74 crores). Lastely, it has also succeeded in securing a loan agreement with Overseas Economic Co-operation Fund (OECF) of Japan for 2.97 billion Yen (approx. Rs. 50 crores).

8.85 An important institutional development in the financial sector in 1990-91 has been the setting up of an apex bank for small-scale industries, known as the Small Industries Development Bank of India (SIDBI). With its Headquarter at Lucknow, SIDBI has a network of 26 regional and branch offices. It commenced its operations from April 2, 1990 with a portfolio of Rs. 4,200 crores and it has taken over from IDBI the responsibility of administering Small Industries Development Fund and the National Equity Fund. As the principal financial institution for the promotion, financing and development of small scale industries it will work towards co-ordinating the functions of existing institutions engaged in similar activities. Among its new initiatives are introduction of new schemes to fill the gap existing in the system, technological upgradation and modernisation of existing units, extension of support services for the healthy growth of the small sector and strengthening of the credit delivery system for the sector. Besides, it has schemes for direct assistance to specialised marketing enterpreneur and for the development of industrial areas, direct discounting and rediscounting of trade bills.

8.86 In the Economic Survey 1989-90 it was mentioned that the Reserve Bank decided to initiate steps for establishing domestic factoring services as a first priority and promoting legislative measures to introduce factoring services on a full-fledged basis. Factoring has since been notified as a form of business in which banks/ subsidiaries of banks can engage, under the Banking Regulation Act, 1949. For all the four regions of the country, western, eastern, northern and southern, scheduled banks have applied for launching factoring services and these applications are under consideration. These factoring agencies will help units not only in removing the constraints of working capital but also in credit management and also offer protection to the units by providing necessary expertise in assessing risks. Factors will in turn have the benefit of readily available business from the small scale sector. Persuant of this Government notification, the State Bank of India set up, on February 26, 1991, a new subsidiary called the SBI Factors and Commercial Services Private Limited (SBIFACS), for rendering factoring services to the industrial units in Western India, covering the States of Maharashtra, Madhya Pradesh, Gujarat and Goa and the Union Territories of Dadra, Nagar Haveli, Daman and Diu. While the Bank will have the majority shareholding of 54 per cent, Small Industries Development Bank of India (SIDBI), Union Bank of India, State Bank of Saurashtra and State Bank of Indore will contribute the balance share in the total capital of Rs. 25 crore.

8.87 The Credit Rating Information Services of India Limited (CRISIL), the first credit rating agency of the country, which started its operations in January, 1988, continued to make steady progress in its operations during 1990-91. CRISIL rates debt obligations of Indian companies like debentures, fixed deposit programme, short-term instruments and preference shares at the request of a company . It takes into account various factors like industry risk, market position, financial position, accounting quality profitability operating efficiency and track record of the management of the compnay in assigning credit ratings. CRISIL has developed, initially for State Bank of India, a special product known as 'CREDIT ASSESSMENT' for small-sized finance companies this service is now being used by some of the nationalised banks also as an additional input in their decision making process on the terms of lending to such companies. CRISIL also launched its quarterly publication, CRISIL RATINGSCAN which presents the rationale for ratings assigned, the list of ratings in use as well as ratings reviewed during a quarter and instruments placed under RATINGWATCH for possible review in the rating. During 1990-91 CRISIL also developed a new service called the CRISIL CARD services which provides information on Indian companies. By March, 1991, CRISIL had rated 176 debt instruments issued by 124 companies (including three belonging to public sector) covering a total debt volume of Rs. 4,357 crores. Apart from fixed deposit programmes, convertible and non-convertible debentures, CRISIL had rated 44 commercial paper programmes covering a total volume of Rs. 423 crores. In addtion, CRISIL had completed 'credit assessment' of 44 companies. During 1990-91 the Government has given permission for a second credit rating agency known as the Investment Information and Credit Rating Agency of India Limited (ICRA) to be set up. The new credit rating agency to be promoted by IFCI has accordingly been incorporated and will begin operations shortly.

New Trends in the Financial Sector

8.88 Demand for various types of financial services such as new issues management, corporate counselling, capital structuring and loan syndication is growing in the financial sector. New and risky lines of business also look for support in the nature of venture capital. With the introduction of suitable legislative changes, financial institutions and bank subsidiaries have been permitted to enter this activity. In the context of growing competitive environment in the financial market, commerciai banks have diversified into fresh areas of business.

8.89 Over the years mutual funds have grown both in size and importance in the financial market. These funds play a pivotal role in mobilizing savings of the community particularly from middle-class and small investors by providing them the benefits of expert portfolio management aimed at both minimizing risks by spread-

ing them across a large number of securities and realising a fair return on investment. In recent years the Unit Trust of India (UTI) has also been playing a stabilising role in the capital market by intervention at appropriate junctures. As the leading institution in mutual funds industry active since 1964, the UTI mobilized Rs. 18,104.82 crores as on 31st December, 1990 out of which sales mobilised during April-December, 1990 aggregated at Rs. 2,783.86 crores. During full financial year 1990-91 UTI mobilised Rs. 3926 crores. The thrust of its policy has been to convert many potential small investors across the country into actual investors by offering various new attractive schemes.

8.90 Since 1987 some public sector commercial banks viz., State Bank of India (1987), Canara Bank (1987), Indian Bank (1989), Punjab National Bank (1990) and Bank of India (1990) have also set up mutual funds through their merchant banking subsidiaries. The Life Insurance Corporation of India (LIC), also launched its mutual fund in 1989. These mutual funds are reported to have raised over Rs. 1,500 crores in 1989-90. In 1990-91, General Insurance Corporation of India (GIC) has also set up its mutual fund. It is estimated that total resources raised so far through various mutual funds (including UTI) crossed Rs. 20,000 crores mark.

8.91 State Bank of India has taken a further step to raise foreign exchange resources by issuing two series of three year bonds known as NRI bonds (repatriable in Rupees only) that carry an interest rate one percentage point higher than that on FCNR US dollar deposits of three years.

8.92 Another important area in which Indian banks have entered recently is offshore funds. Unit Trust of India took the lead in the field of offshore funds by starting two funds viz., (a) India Fund, launched in July 1986 in collaboration with Merrill Lynch of London and (b) India Growth Fund in August 1989 in collaboration with Merrill Lynch and Nomura Securities International Incorporated, registered as investment company in USA. These funds to which non-resident Indians and foreigners had subscribed, are quoted in the London and New York Stock Exchanges respectively. In 1989-90. State Bank of India has also launched two tranches of its offshore funds, known as Indian Magnum Fund (September, 1989). The Fund listed on the Amsterdam Stock Exchange and managed by a wholly owned subsidiary of the State Bank of India. Further, this subsidiary will be the investment manager for the Indian portfolio (20 per cent) of the multi-country offshore fund called Asian Convertible and Income Fund launched by Asian Development Bank (ADB) in January, 1990. Lastly, Canara Bank came up with its offshore fund called Himalayan Fund NV on June 19, 1990 registered as a limited company in the Netherlands in collaboration with Banque Indosuez, Paris. Fund shares are proposed to be listed in major international stock exchanges.

Recent Policy Developments

8.93 In the financial year 1990-91 money supply (M3) recorded a subdued growth rate of 15.1 per cent while the growth of gross domestic product is expected to have been of the order of 5 per cent (as against 5.2 per cent in 1989-90) particularly because of a slow-down in the performance of the industrial sector. Deteriorating balance of payments position and lagged effect of the liquidity built- up caused by high order of monetary growth in 1988-89 and 1989-90 contributed to the acceleration of inflationary pressure in 1990-91. Both on point-to-point basis and on average annual rate basis price-inflation rate as measured by the wholesale price index has been much higher in 1990-91 than in 1989-90 (12.1 and 10.3 per cent as against 9.1 and 7.5 per cent respectively). Large loss of foreign exchange reserves reflecting the balance of payments crisis has made the import control and export promotion as important an objective of monetary and credit policy as the price stability.

8.94 In matters of credit policy, a development of considerable importance during 1990-91 and the first quarter of 1991-92 has been the deployment of monetary and credit policy measures to curb aggregate demand in general and to restrain in particular demand for the imports of capital goods and other categories of goods in the wake of an acute balance of payments crisis and precipitious loss of foreign exchange reserves. Based on the emerging situation, the Reserve

Bank of India has been undertaking stiffer and stiffer measures so much so that finally cash margins of as much as 200 per cent on imports of good under OGL and 150 per cent on imports under specific licences were imposed. Besides, a levy of 25 per cent interest surcharge on a bank lendings for all import finance was also introduced. A number of specific measures, as also general credit policy measures impinging on the use of bank credit for import purposes as under taken by the Reserve Bank, have been described in subsequent paragraphs of this chapter. In this otherwise restrictive policy stance, care has been taken to ensure that export efforts are not jeopardised and towards that end, the Reserve Bank of India has exempted export credit from the purview of the above regulations. Simultaneously opportunity has been taken to build into the policy package sufficient incentive for the faster realisation of export proceeds. Besides, export refinance facility from the Reserve Bank has been enhanced and export credit stands exempted from the stipulation regarding incremental non-food credit deposit ratio which, excluding export credit, has been set at 45 per cent for 1991-92 (as against 60 per cent including export credit in the previous years).

8.95 Against the above background the monetary and credit policy announced by RBI for the first half of 1991-92 (slack season) reflected the concern of the Reserve Bank for conserving the acutely scarce foreign exchange resources of the country through restriction on credit of the commercial banks for import as also for ensuring that adequate amount of credit is supplied to meet the genuine demands for credit for production, export and internal trade, even as preventing at the same time the speculative use of bank advances. Simultaneously, the credit policy has also sought to enhance the competitive position of the banks in deposit mobilisation and promote money market development.

8.96 As explained in the initial paragraphs, the Reserve Bank has sought to restrict the commercial bank's finance for imports with a view to conserving scarce foreign exchange. Some measures were initiated during the months of September-December, 1990. However, as the foreign exchange situation deteriorated particularly since mid-March 1991, the credit policy measures concerning import finance, were progressively tightened by the Reserve Bank. Thus there were restrictions on the sale of foreign exchange for import of capital goods which are now required to be channelled through the foreign currency lines of credit available with the financial institutions. After March 19, 1991 banks have been advised to insist on margin requirements of 133⅓ per cent and 110 per cent for imports under OGL and for imports under specific licence respectively at the time of opening of Letters of Credit (LC) for import of goods other than capital goods. Effective April 22, 1991, the minimum required cash margin for LC for OGL import has been further raised to 200 per cent and for import under specific licence to 150 per cent. These restrictions will not however, apply to departmental imports of Government, imports of POL, fertilizer, foodgrain, edible oil, newsprint, life saving drugs and life saving equipments upto Rs. 2 lakhs. Further, with effect from April 23, 1991, RBI has waived the requirement of minimum cash margin against post-payment import replenishment licences as Government of India decided to issue such licence after the export proceeds have been realised.

8.97 Since it is also necessary to encourage early repatriation of export proceeds by the exporters and make delayed repatriation costly in the month of April, 1991. RBI has therefore, twice revised upwards the interest rate on post-shipment credit of more than 90 days. The interest rate will be 18 per cent (as against 8.5 per cent earlier) on such credit, if proceeds are repatriated after 90 days. The applicable interest rate will rise to 25 per cent for the entire period from the date of advance, if the proceeds are repatriated after 180 days.

8.98 Major reforms introduced and initiatives taken by RBI in its credit policy announced on April 12, 1991 for the first half of the current financial year 1991-92 include:

(a) An upward revision in the interest rate on deposits of three years and above from 11 per cent to 12 per cent. This would bring the maximum deposit rate of the commercial banks into better alignment with the yield on alternative savings instruments and reflect the current inflation rate. Interest rates on the Non-Resident (External) Rupee Deposits for maturities of (i) 3 years to less than 5 years and (ii) 5 years and above were also similarly raised from 12 per cent and 13 per cent to 13 per cent and 14 per cent respectively.

(b) upward revision of interest rate on bank advances of over Rs. 2 lakhs from 16 per cent (minimum) to 17 per cent (minimum) and on discounting of bills for this category of borrowers from 15 per cent (minimum) to 16 per cent (minimum) with effect from April 13, 1991 in line with the upward revision of the highest deposit rate and keeping in view the urgent need to control monetary expansion. Interest rates on term loans to agriculture, small-scale industry and transport operators (upto two vehicles) have been left unaltered.

(c) Stipulation of non-food credit (excluding export credit)—deposit ratio at 45 per cent in place of the incremental net non-food credit deposit ratio of 60 per cent. The base date for this ratio has been fixed at March 22, 1991 and the ratio would be monitored cumulatively on a fortnightly basis and the defaulting banks will be charged additional 3 percentage points interest rate with effect from the forthight beginning April 20, 1991 on refinance drawn from the RBI under all facilities (export, stand-by, discretionary and 182 Days Treasury Bill).

(d) Introduction of a new formula for determining export credit refinance limit for the scheduled commercial banks:—effective July 27, 1991 banks will be provided export refinance to the extent of 50 per cent of the increase in export credit over the monthly average level of 1988-89 upto the monthly average of 1989-90 plus 100 per cent of the increase over the monthly average level of export credit in 1989-90. This would help the banks in catering to the additional credit needs of the export sector without facing resource constraints.

(e) The three-year base period—1986-87, 1987-88 and 1988-89 (November—October) shifted to new base of 1987-88 through 1989-90 (November—October) for determining credit ceilings of banks advances subject to selective credit controls April 13, 1991, the level of credit ceilings applicable on oilseeds/vegetable oils has been reduced to 85 per cent from 100 per cent of the peak level of credit in the base period mentioned above, in view of adverse price-output developments in respect of these commodities. Effective the same date, the interest rate on all advances against the commodities covered under the selective credit control was changed to 17 per cent (minimum).

8.99 Among the initiatives taken for the development of money market under this new credit policy are:

(a) To enable banks to effectively compete with other institutions for raising bulk funds from the market and to give them flexibility to raise funds from the market in need, CD limits for banks have been enlarged to 5 per cent of their fortnightly average outstanding aggregate deposits in 1989-90. Guidelines for the issue of Commercial Paper (CP) have been relaxed to facilitate wider participation and also to ensure a greater degree of flexibility of operation. Inter alia, the working capital (fund-based) limit of the company has been reduced to Rs. 10 crores (instead of Rs. 15 crores earlier) the ceiling on issue of CP has been raised to 30 per cent from the limit noted above, and the denomination of CP could be in multiples of Rs. 5 lakhs (Rs. 10 lakhs earlier) subject to the minimum size of an issue to a single investor being Rs. 25 lakhs (face value) instead of Rs. 50 lakhs (face value) earlier. The proposals for issue of CP by eligible com panies will not be required to be approved by Reserve Bank of India from May 30, 1991.

(b) Such entities as can observe a minimum size of operations of Rs. 20 crores per transaction (permitted only through DHFI) will be allowed access as lenders to the call/notice money and bills rediscounting market.

(c) Decision to permit scheduled commercial banks and their subsidiaries to set up Money Market Mutual Fund:—This would provide an additional short-term avenue to investors and bring money market instruments within the reach of individuals and small bodies. A broad framework of the scheme for Money Market Mutual Fund (MMMF) has also been set out. The minimum size of investment for MMMF would be Rs. 1 lakh and repurchases could be subject to a minimum lock-in period of 3 months. The funds mobilised by MMMFs would not be subject to reserve requirements and could be invested in specified short-term money market instruments with a priority attached to 182 Days Treasury Bills (minimum 20 per cent of the funds to be held in these bills). A Task Force consisting of representatives of banks and the RBI will work out the detailed operative guidelines and the documentation for these Funds.

8.100 Another recently adopted measure by RBI towards the moderation of monetary demand in order to contain the overall demand is the reintroduction of Incremental Cash Reserve Ratio (ICRR) for the scheduled commercial banks over and above the usual CRR of 15 per cent. With effect from May 4, 1991 the scheduled commercial banks are required to maintain an ICRR of 10 per cent on their increase in net demand and time liabilities over the level reached on May 3, 1991. The effect of this stipulation will vary from bank to bank depending upon a particular bank's rate of growth of such liabilities. A rate of interest of 8 per cent will be paid on these additional cash balances maintained under the Incremental Cash Reserve Ratio.

8.101 Due to the difficulties experienced by banks in effectively implementing measures of credit restraint under the existing cash credit system, there was a sizeable gap between the limit sanctioned and the actual utilisation. In view of the imperative need to restrain credit expansion in the immediate few months particularly in the context of the need to conserve foreign exchange reserves, banks were advised that, in the case of all accounts of borrowers with aggregate credit limits of Rs. 1 crore and over from banks, the effective drawing power under the limits for cash credit and inland bills for the period May 9, 1991 upto September 30, 1991 was limited to 100 per cent of the peak levels of actual utilisation during the corresponding period of May 9—September 30 in the past three years. Banks were required to ensure that this method of arriving at the effective drawing limit did, in no case, result in raising the cash credit limits as they stood on May 8, 1991. However, limits authorised by the Reserve Bank of India, as also export credit, (export finance limits sanctioned for pre-shipment and post-shipment purpose) and sick/weak units where rehabilitation packages have been sanctioned would be outside the framework of this stipulation. Some flexibility has been allowed in their application of the peak utilisation in case of newly-established units which are due to start production and in case of existing units undergoing the process of expansion, diversification or modernisation. In case of sugar industry, the banks would sanction need-based credit limits not exceeding 110 per cent of the peak level of actual utilisation.

8.102 On May 8, 1991, the Reserve Bank of India announced some fresh restrictions on credit expansion in order to conserve foreign exchange reserves. It is stipulated that for a bank borrower charged a rate of 17 per cent (minimum), the use of bank credit to finance imports should be earmarked under a separate sub-limit of his total cash credit limit and the outstandings under this import credit sub-limit will attract also an additional interest surcharge of 25 per cent (thus implying an interest rate of 21.25 per cent for drawals of import finance). This surcharge, which will be levied on finance of all imports subject to "nil" cash margin as well as imports subject to prescribed margin, will however not be applicable to bank finance provided to meet the cost of imported inputs covered by export packing credit. The surcharge will be applicable to: (a) drawal of bank finance for providing cash margin; and (b) past commitments or transactions in the pipeline for finance of capital goods imports. While the outstandings under the import sub-limit will stand reduced, when the cash margin on import is released, repayment to the import sub-limit will be allowed from sale-proceeds only after a minimum interval of one month. Effective May 31, 1991 the Reserve Bank advised the banks to exempt import of goods other than capital goods, under suppliers' credit for one year and above from the requirement of prescribed minimum cash margin of 50 per cent (imposed on March 19, 1991). Effective June 6, 1991, in the interest of export promotion, manufacturer—exporters of finished leather/leather products, chemical and pharmaceuticals, engineering goods, garments and marine products have been permitted to import other than capital goods without any cash margin to the extent of 10 per cent of their actual export realisation from the General Currency Area subject to the ceiling of Rs. 2.5 crore in a year. Imports of hides and skins from USSR have been fully exempt from the requirement of prescribed cash margins. The above relaxation, however, will be available where no export bill remains outstanding beyond a period of six months from the date of export. Opening of Letter of Credit for import of capital goods from USSR, Czechoslovakia and Romania (during the valid period of the agreements with each of them) have been permitted, effective June 13, 1991.

8.103 In view of the likely shortage of funds for the scheduled commercial banks consequent upon the stipulation of the incremental CRR, RBI has formally advised the banks to freeze, for the period May 9 to September 9, 1991, drawing powers of borrowers with aggregate cash credit and bills limits of Rs. 1 lakh and above to 100 per cent of the peak levels of actual utilisation during May 9 through September 30 of first three years 1988-89, 1989-90 and 1990-91.

8.104 In consideration of increase in the arrears of cane price paid to sugarcane farmers and need to provide relief to them with effect from May 9, 1991, RBI has lowered the minimum margin applicable on bank advances against the unreleased stocks of sugar in the case of processing units/mills from 20 per cent to 17.5 per cent for a period of 3 months, i.e., upto August 8, 1991 after which the minimum margin would revert back to 20 per cent.

8.105 With effect from July 4, 1991, the Reserve Bank introduced a fresh set of monetary measures in a bid to curb imports and reduce aggregate demand. These measures seek to reinforce the cautious monetary policy stance of the Reserve Bank and are consistent with other instruments of policy being recently activated to achieve a speeder adjustment in the imbalances in external payments.

8.106 The important changes are as follows :— First there is an upward revision in the Bank Rate from 10 per cent to 11 per cent. The Bank Rate had remained at 10 per cent for quite a long time. Some interest rates on RBI credit are linked to this rate and consequent upon this rise in the Bank Rate these interest rates will also go up by one percentage point. Secondly, RBI has also enhanced the interest rate on its refinance facilities. Thirdly, RBI has raised interest rate on bank advances of over Rs. 2 lakhs from 17 per cent (minimum) to 18.5 per cent (minimum). However the term loans to agriculture, small scale industry and transport operators (upto two vehicles) will continue to be covered by the rates prescribed earlier. Finally the interest rates on term deposits of the scheduled commercial banks have also been raised across-the-board by one-percentage point to enable them to compete more effectively with alternative savings instruments in market. The new interest rates on the term deposits of the scheduled commercial banks and refinance facilities of the RBI are indicated below :

	Rate of interest (Per cent)	
	Old	Revised
I. Term Deposits		
(a) 46 days to less than one year	8.0	9.0
(b) One year to less than two years	9.0	10.0
(c) Two years to less than three years . . .	10.0	11.0
(d) Three years and above .	12.0	13.0
II. Refinance facilities of the Reserve Bank		
(a) Export refinance . .	9.0	9.5
(b) Standby refinance . .	12.5	13.5
(c) Discretionary refinance .	14.0 (minimum)	17.0 (minimum)
(d) Food refinance . .	11.5	14.0

OUTLOOK

8.107 The current environment in the financial sector is more open and competitive than before. The recent measures taken by the RBI and Government in the financial sector are in consonance with the economic liberalisation measures introduced in the fields of industry, foreign trade and technology. The money market is no longer segmented and regulated as it used to be earlier. Both the commercial banks and the financial institutions have diversified from their traditional areas of operation and their business has become more competitive. Greater stress has, therefore, been laid on efficiency in banks and financial institutions.

8.108 Liberalisation and competition generate pressures on the profitability of banks and financial institutions. Therefore, there is a need to pay greater attention to improvement in their financial viability. It is particularly urgent that the capital of banks and financial institutions is increased to enable them to absorb shocks. While Reserve Bank of India is continuously striving for improvement in technology in financial operations, institutional development and liberalisation of the regulatory framework, these banks and institutions should gear themselves to meet the challenges of the changing market environment.

8.109 To conclude the review of monetary and credit developments during in 1990-91 and thereafter a word of caution appears necessary that although monetary growth was comparatively modest in 1990-91, relative to 1989-90 there is a liquidity overhang in the economy with strong inflationary potential and that the country has too meagre a stock of foreign exchange to augment the aggregate supply of goods and services signficantly through imports. As noted earlier, net RBI credit to Government and particularly to Central Government, the principal source of reserve money growth, holds the key to monetary expansion. Since the budget deficit is the major component of Net Reserve Bank Credit to Central Government (NRCCG), moderation of monetary expansion will require control of the budget deficit. Fiscal discipline is, therefore, an important pre-requisite for monetary discipline.

CHAPTER 9

THE EXTERNAL SECTOR

The Gulf crisis, which led to a disruption in supplies and a sharp increase in prices of crude oil and petroleum products, has had a serious adverse impact on the balance of payments situation. The problems of adjustment in response to this oil shock have been accentuated by the fact that the balance of payments has been under severe pressure for the past five years, and even at the beginning of 1990-91 the situation was very difficult. The impact of the Gulf crisis is clearly reflected in the balance of trade situation. During 1990-91, imports were 21.9 per cent higher than in 1989-90, largely on account of POL imports, while exports rose by just 17.5 per cent, as a result of which, the trade deficit, at Rs. 10,644 crores, was 38 per cent higher than in 1989-90. Consequently, there was a rapid drawdown of foreign exchange reserves during 1990-91. Foreign currency assets held by the Reserve Bank of India declined by Rs. 1,399 crores during the year despite the balance of payments support received from the IMF. There has been further decline in reserves during 1991-92.

9.2 The medium-term factors identified in the previous Economic Surveys, viz., declining self-sufficiency in POL, erosion of surpluses in the invisibles account, unfavourable climate for external assistance, increasing recourse to external commercial borrowings and bunching of debt service obligations have continued to put pressure on the external payments position, while the problem has been exacerbated by a number of short-term factors. The third oil shock during 1990-91 was sudden, severe and volatile leaving little room for manoeuvre. The cost of POL imports during 1990-91 which was estimated in early part of the year at Rs. 6,400 crores, escalated to Rs. 10,820 crores. There was a decline in the approvals for commercial borrowings during 1990-91 in comparison with the preceding year.

9.3 A number of measures were initiated during 1990-91 to deal with the balance of payments situation. Efforts were directed towards conservation of energy in general, and POL in particular. Several measures were initiated to generate additional exports and moderate the pace of import growth. Economy measures were announced to reduce administrative expenditures, particularly foreign exchange expenditures. Apart from the Gulf surcharge of 25 per cent on the domestic prices of petroleum products, additional revenue measures were put in place in the sphere of both direct taxes and indirect taxes including auxiliary customs duty on a number of items. Steps were also taken to mobilise quick-disbursing external loans from multilateral and bilateral sources and to speed up the rate of utilisation of external assistance in the pipeline. In January 1991, the IMF approved immediate use of its financial resources by India totalling SDR 1,268.83 million which is equivalent of about U.S. $ 1,786 million or Rs. 3,334 crores under the Compensatory and Contingency Financing Facility (CCFF) and the first credit tranche of a Stand-by Arrangement. In view of growing external payments difficulties import licensing and credit facilities for imports were tightened during the early months of 1991-92. In order to enhance international competitiveness, improve export performance, contain imports and curb destabilising market expectations characterising a situation of growing misalignment of exchange rates, there were adjustments in the exchange rate of the rupee on 1st and 3rd July, 1991. On 4 July, 1991 the Government announced significant structural changes in the export and import policy with a view to eliminating or reducing import licensing, promoting exports and effecting import savings.

Trends in the Balance of Payments (BOP) during the 1980's

9.4 Recent developments in the balance of payments are best analysed in a longer-term perspective. As we enter the Eighth Five Year Plan period, it would be appropriate to review the trends during the Sixth and Seventh Plan periods.

BOP Trends during Sixth and Seventh Plans

9.5 Table 9.1 summarises trends in the key variables (as a proportion of GDP) during the Sixth and Seventh Five Year Plan periods. The trade deficit averaged 3.4 per cent of GDP during the Sixth Plan. It increased to 3.7 per cent of GDP in 1985-86 due to a decline in volume growth in exports and showed a declining trend during 1986-87 and 1987-88 due to an acceleration in volume growth of exports and a contraction in volume growth of imports. Net earnings on invisibles account (including official grant assistance) fell from an average of 2.2 per cent of GDP during the Sixth Plan period to less than half at 1.0 per cent of GDP in the Seventh Plan. Erosion of net invisible earnings thus exacerbated the current account deficit during the Seventh Plan period. As a percentage of GDP, the current account deficit averaged around 2.2 per cent during the Seventh Plan as against the projection of 1.6 per cent and the average of 1.3 per cent during the Sixth Plan period. Chart 9.3 presents the trend graphically. In absolute terms, the current account deficit averaged around Rs. 7,772 crores (U.S. $ 5,539 million) per annum during the Seventh Plan compared with an annual average of Rs. 2,227 crores (U.S. $ 2,334 million) for the Sixth Plan.

TABLE 9.1

Key Indicators of India's Balance of Payments
(As per cent of GDP)

Year	Exports	Imports	Net Invisibles	Trade Balance	Current Account Balance
1	2	3	4	5	6
1980-81	4.8	9.2	3.2	—4.4	—1 2
1981-82	4.9	8.7	2.4	—3.8	—1.5
1982-83	5.1	8.4	2.0	—3.2	—1.3
1983-84	4.9	7.7	1.7	—2.8	—1.1
1984-85	5.2	8.1	1.7	—2.9	—1.2
Average 1980-85	5.0	8.4	2.2	—3.4	—1.3
1985-86	4.4	8.1	1.4	—3.7	—2.3
1986-87	4.5	7.7	1.2	—3.2	—2.0
1987-88	4.9	7.7	0.9	—2.8	—1.9
1988-89	5.3	8.9	0.8	—3.5	—2.7
1989-90	6.4	9.3	0.6	—2.9	—2.3
Average 1985-90	5.1	8.3	1.0	—3.2	—2.2

Note : The ratios have been computed on the basis of the country's balance of payments data as given in appendix table 6.2 and the CSO estimates of GDP at current market prices. Official grant receipts and US embassy expenditure in India out of PL-480 Rupee Fund are taken as current account receipts in conformity with the balance of payments statistics published by the RBI.

9.6 The large and sustained current account deficits in the balance of payments had to be financed by substantial inflows of capital in the form of loans from multilateral and bilateral sources, commercial borrowings, and inflow of funds from non-resident Indians under the Non-Resident (External) Rupee Accounts (NRERA) and the Foreign Currency Non-Resident Accounts (FCNRA). Over the last two Plan periods, the average cost of multilateral assistance has been rising as IDA assistance has declined and recourse to the IBRD, which supplies funds at market rates, has risen. Net availability of assistance from bilateral concessional sources has also been declining. Though annual commitment of assistance is still quite high, most of it is tied to projects and actual utilisation has been slow. These factors have led to larger reliance on external commercial borrowings and non-resident deposits, which are costlier sources of finance to meet current account deficit during the Seventh Plan. This is amply reflected in contrasting modes of financing the current account deficit during the Sixth and Seventh Plans. During the Seventh Plan, loans under external assistance from multilateral and bilateral sources provided 29 per cent of the financing need, commercial borrowings provided 25 per cent, non-resident deposits 23 per cent and other capital transactions about 13 per cent. The balance of 11 per cent of financial need was met by the use of reserves. In contrast, the current account deficit during the Sixth Plan period was financed to the extent of 55 per cent by external assistance and 28 per cent by use of IMF resources. Non-resident deposits provided finance to meet 17 per cent of the financing needs.

9.7 The successful adjustment in the balance of payments during the Sixth Plan period in the backdrop of a dismal export performance, reflected in a volume growth of less than 3 per cent per annum, is attributed to a variety of factors. These include trebling of domestic crude oil production from around 10.5 million tonnes in 1980-81 to 30.2 million tonnes in 1985-86 with concomitant decline in net POL imports from 23.5 million tonnes to 16.5 million tonnes over the same period, good agricultural performance which

CHART 9.1

FOREIGN TRADE

RS. IN '000 CRORES

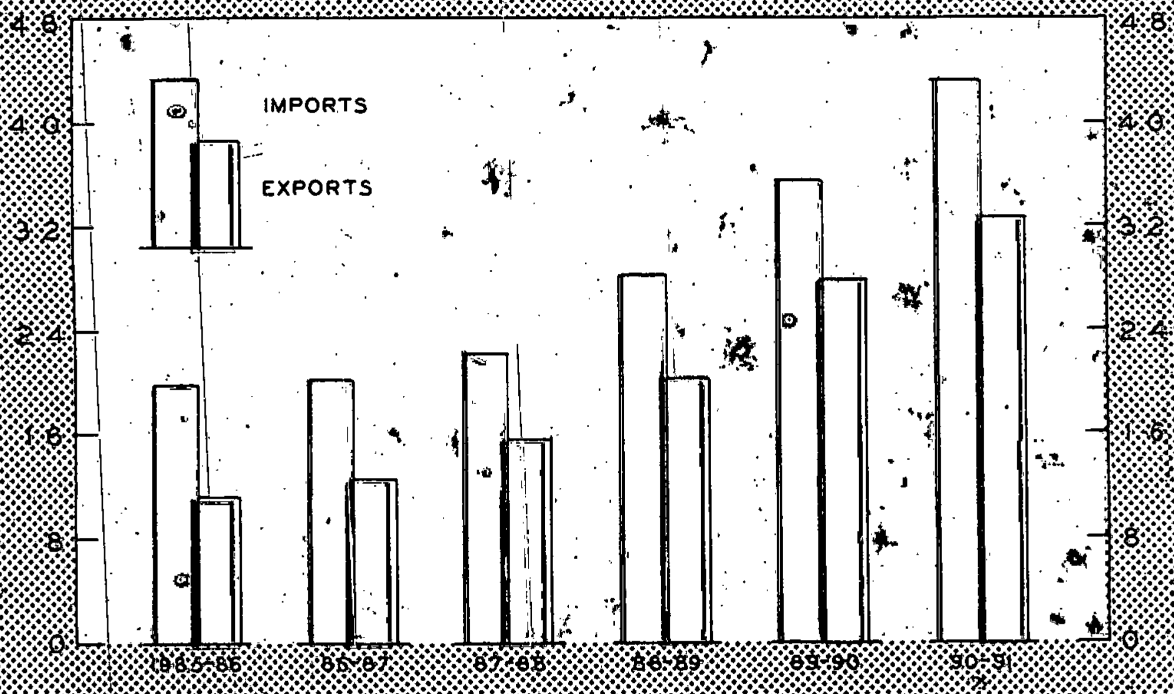
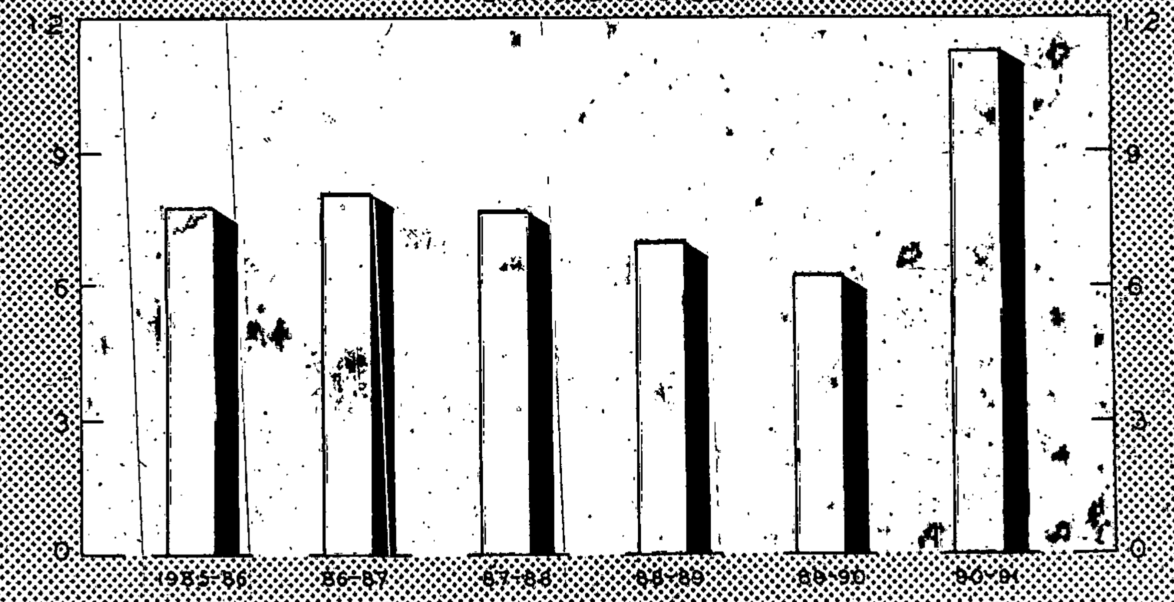


CHART 9.2

FOREIGN EXCHANGE RESERVES

(INCLUDING GOLD & SDRs)

RS. IN '000 CRORES



* PROVISIONAL

CHART 9.3

TRADE AND CURRENT A/C DEFICITS
AS PER CENT OF GDP

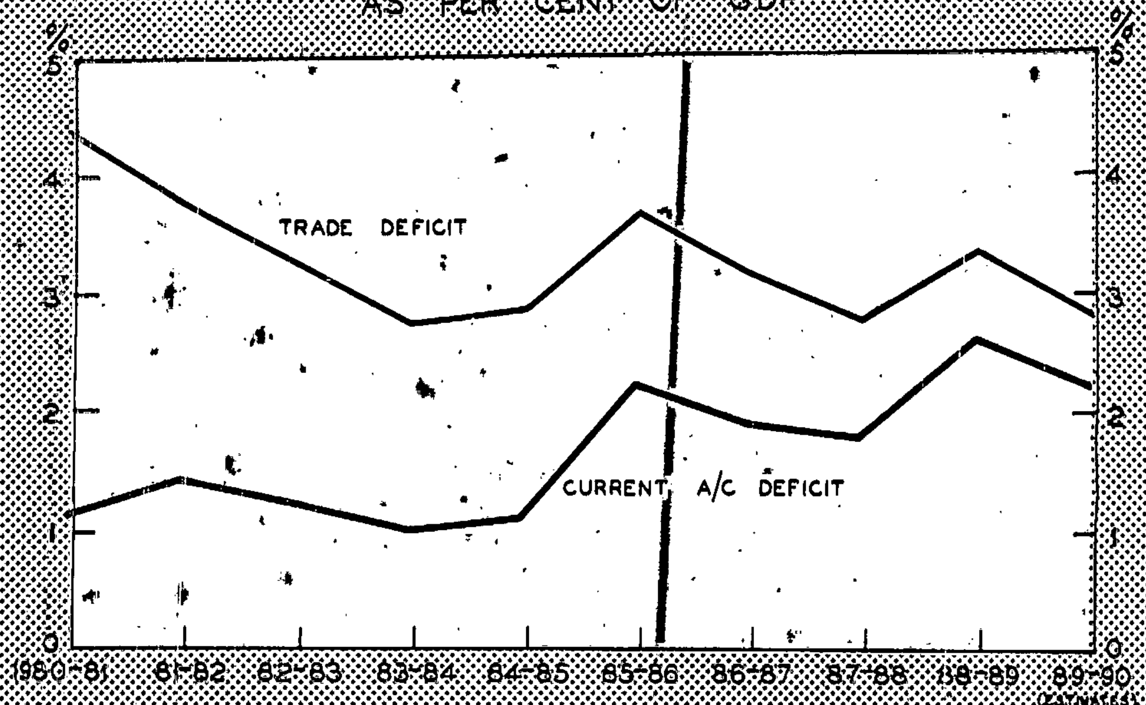
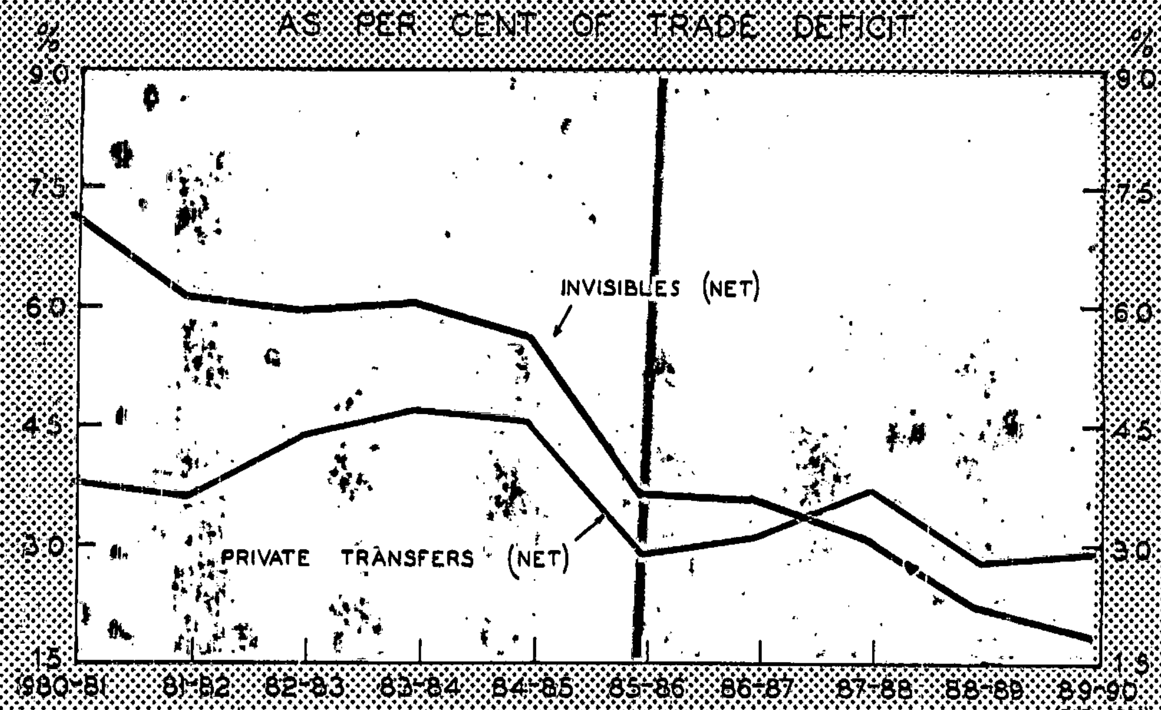


CHART 9.4

INVISIBLES (NET) AND PRIVATE TRANSFERS (NET)
AS PER CENT OF TRADE DEFICIT



obviated the need for large-scale food imports, high levels of net invisible earnings especially on account of private remittances from Indian workers in West Asia, and recourse to a large EFF loan from the IMF to tide over the financing problem.

9.8 *Export* performance improved substantially in the Seventh Plan with average volume growth exceeding 6 per cent. However, the balance of payments continued to be under strain on account of a combination of several medium and short term adverse factors. There was no significant growth in indigenous oil production while domestic demand for POL went on rising. The domestic production of crude oil rose marginally from around 30 million tonnes in 1985-86 to around 34 million tonnes in 1989-90 necessitating a rising volume of net imports of POL from 16.5 million tonnes to 23.4 million tonnes over the same period. The average annual growth in POL consumption during the Seventh Plan was 6.7 per cent compared with 5.4 per cent during the Sixth Plan period. There was a steep rise in debt service payments associated with earlier borrowings from diverse sources, particularly the IMF. In fact, during the Seventh Plan period SDR 2,752 millions was repaid to the IMF on account of the EFF drawings of SDR 3,900 million availed of during the preceding Plan period. The share of net invisible earnings in financing trade deficit declined from 62.6 per cent during the Sixth Plan to 29.5 per cent during the Seventh Plan as can be seen in Chart 9.4. In the sphere of invisibles, private transfers were not as buoyant as they were during the Sixth Plan period and there was a sharp escalation in interest payments on long and medium-term loans. The widening investment-savings gap over this period, which reflected the steady deterioration in the budgetary position, had the expected cumulative impact on the trade balance and overall balance of payments. The gradual import liberalisation, set in motion since 1978-79, contributed to the emergence of a trade gap in combination with other growing macro-economic imbalances. Short-term factors have also been no less important. There were substantial imports of foodgrains after the drought of 1982 and the countrywide drought of 1987-88 entailed large imports of food and other essential commodities besides constraining agricultural exports.

BOP Developments since 1989-90

9.9 Despite strong export growth, the external payments position did not improve during 1989-90 as evidenced by reserve use of Rs. 1,232 crores. During 1988-89, import growth, based on balance of payments data, was much higher than the growth in exports. Preliminary estimates suggest that this trend was reversed in 1989-90. Net income both from tourism and private transfers recorded improvements during the year but the gains were more or less offset by losses in other components of invisibles, particularly investment income. As a result of these trends, the current account deficit is estimated to have declined to 2.3 per cent of GDP in 1989-90 from 2.7 per cent in 1988-89. Movements in the country's foreign exchange reserves, given in Table 9.2, capture the net result of transactions in the external sector of the economy since 1980-81.

TABLE 9.2

Movements in Foreign Exchange Reserves

(Rs. Crores)

Year	Foreign currency assets of RBI at the end of year	Foreign exchange reserves at the end of the year@	Movements in foreign exchange reserves	Net drawals on IMF
1	2	3	4	5
1980-81	4822	5544	– 390	814*
1981-82	3355	4024	– 1520	637
1982-83	4265	4782	758	1893
1983-84	5498	5972	1190	1342
1984-85	6817	7243	1271	63
1985-86	7384	7820	577	– 327*
1986-87	7645	8151	331	– 840*
1987-88	7287	7687	– 464	–1388*
1988-89	6605	7040	–647	– 1749*
1989-90	5787	6251	– 789	–1688*
1990-91	4388	11416**	5165**	–2043*

@Includes foreign currency assets of RBI, gold holdings of RBI and SDR holdings of Government.

*Includes Trust Fund loan drawals and repayments.

**Effective October 17, 1990 gold is revalued closer to international market price at the end of every month. For earlier periods gold is valued at official rate of Rs. 84.39 per 10 grammes.

9.10 Foreign exchange reserves comprising foreign currency assets of the RBI, gold and SDR holdings were Rs. 11,416 crores at the end of March,1991 and showed an increase of Rs. 5,165 crores over the end-March 1990 level. This large increase in reserves reflects, *inter alia*, revaluation of gold effected on October 17, 1990. Gold held by the RBI as a part of the country's foreign exchange reserves was earlier valued at the rate of Rs. 84.39 for 10 grammes under the RBI Act 1934. Following amendment to the RBI Act to revalue gold closer to its international market price, the value of gold at the end of March 1991 stood at Rs. 6,828 crores. It needs to be emphasized that the earlier valuation of monetary gold understated India's total foreign exchange reserves and the revised valuation of gold presents a more realistic picture of the reserves.

9.11 Foreign currency assets of the RBI stood at Rs. 4,388 crores at the end of March 1991 and showing a decline of Rs.1,399 crores during 1990-91 in spite of recource to IMF resources discussed later in the chapter. The heavy draw-down of reserves in nominal terms reflects a combination of worrisome trends in current and capital sides of BOP transactions. Export growth during 1990-91 in rupee terms at 17.5 percent was lower than export growth achieved in the preceding year. Although import growth at 21.9 percent was lower than the growth during 1989-90, there was a further deterioration in the trade deficit which at Rs. 10,644 crores was higher by Rs. 2,913 crores compared with preceding year's level.

9.12 In regard to invisibles, rise in earnings from tourism is likely to have moderated during 1990-91 due to a marginal decline in tourist arrivals. Private transfers, representing mainly remittances from non-resident Indians, have also shrunk as a result of the Gulf crisis. Receipts under official transfers (including food assistance but excluding other commodity grants) during 1990-91 have provisionally been estimated at Rs. 571 crores against Rs. 665 crores during 1989-90. Interest payments on loans under external assistance during 1990-91 provisionally estimated at Rs. 1,955 crores are higher by more than 15 per cent. Outward remittances on account of fees for technicians, technical know-how and professional services are expected to be higher. On balance, net receipts from invisibles are likely to be lower during 1990-91.

9.13 In the capital account, net aid disbursements, excluding official transfers, during 1990-91 provisionally estimated at Rs. 3,694 crores were higher than net disbursements of Rs. 3,151 crores during 1989-90. According to provisional data, net inflow under FCNRA scheme during 1990-91 amounted to Rs. 255 crores only against Rs. 2,179 crores in 1989-90 and Rs. 2,230 during 1988-89. There was a net outflow of Rs. 54 crores under NRER deposits during 1990-91 . In 1989-90 net outflow from this account had amounted to Rs. 4 crores.

BOP Impact of the Gulf Crisis

9.14 The Gulf crisis which began with the invasion of Kuwait by Iraq on August 2, 1990 lasted for about seven months with the end of combat on February 28, 1991. The crisis has had serious economic implications for both industrial and developing countries.

9.15 This Gulf crisis has been different, in terms of its impact, from the earlier two episodes of sharp spurts in petroleum prices. First, it did not have some of the compensating features of the earlier two oil shocks, viz., large inflows of remittances, surge in exports and tendency of non-fuel commodity prices to rise in sympathy with oil prices. Secondly, it imposed an additional cost of repatriating non-resident Indians from the affected countries of the region. Thirdly, the crisis is likely to adversely impact on international capital markets. This is in sharp contrast to the earlier oil shocks which required more adjustment in the goods market as a result of a rise in the relative price of oil.

9.16 The immediate impact of the conflict in the Gulf region and the events following its termination was primarily in terms of a rise in the POL import bill consequent to the rise in the price of oil; decline in workers' remittances; and an additional burden of repatriating and rehabilitating non-resident Indians from the affected zone in West Asia. Besides, there was secondary impact as well. The conflict generated adverse expectations and uncertainties inimical to the health of the world economy in general, and that of the developing countries in particular. The crisis hampered world trade flows and generated a market perception of adverse prospects for economic growth, inflation and interest rates.

It produced a flight towards more liquid, short term and safer assets leading to tightening of market conditions/access for borrowers from developing countries facing adverse balance of payments position. In addition, the prospect for larger current account imbalances would increase the financing requirements of many countries and put further pressure on interest rates. Developing countries like India are likely to face increasing scarcity of capital flows and the burden of higher rates of interest as competition for surplus funds for reconstruction and rehabilitation in West Asia and, to some extent, Eastern Europe and search for safe havens and higher returns intensifies.

9.17 The turmoil in the world oil market arose from the trade embargo on Iraq and Iraqi-occupied Kuwait, which together contributed 4.5 million barrels per day or about 7 per cent of world oil consumption. Given that in the short run the price elasticities of both supply and demand are rather low, increase in oil prices in response to supply decreases was inevitable.

9.18 The Gulf crisis had a serious impact on India's POL import bill. First, alternative sources for imports of crude oil and petroleum products had to be identified to substitute for imports earlier obtained from Iraq and Kuwait. Second, since contracts for crude oil and products were market related, higher prices entailed a sharp escalation in India's import bill of POL. The level and volatility of oil prices increased sharply after the invasion of Kuwait by Iraq on August 2, 1990. From an average of about $15 per barrel during April-July 1990, the average prices paid by India for crude in the world market rose to $30 per barrel during August-November 1990 and then declined to an average of $ 19 per barrel during the remainder of the 1990-91. Similarly, the average price of petroleum product rose from about $ 182 per tonne to $ 354 per tonne and then declined to $ 313 per tonne over the same, period. The prices, both of product and crude, softened during December 1990 to March 1991. However, whilst crude oil prices collapsed, product prices declined relatively slowly. The fall in crude prices was more than 36 per cent during December 1990—March 1991 over the preceding four months, while product prices declined by only about 12 per cent revothe same period.

9.19 The spurt in price of crude oil and petroleum products brought about a massive surge in the POL bill. The POL bill during 1990-91 is estimated around Rs. 10,820 crores ($6.0 billion) as against Rs. 6,273 crores ($3.8 billion) for 1989-90. This shows an increase of about 72 per cent in rupee terms and 58 per cent in dollar terms. Assuming that the price of oil and products had remained at the same level ($14.77 per barrel for crude and $ 181.5/MT for products) prevailing during April-July 1990 for the remainder of the year, the direct additional cost of POL imports would have been around Rs. 3,900 crores ($2.2 billion). After adjusting for exports of petroleum products, the net POL burden is estimated at Rs. 3,625 crores ($2.0 billion).

9.20 Evacuation of about 180,000 Indians working in Kuwait and Iraq is estimated to have cost $200 million or Rs. 360 crores.

9.21 The Gulf crisis had a significant adverse impact on flows of remittances into India. From 1982 to 1986 Iraq and Kuwait accounted for 12 per cent of annual labour outflows from India. In 1987, these two countries accounted for about 14 per cent of the estimated migrant population of about one million in West Asia. In 1988-89, about 8.5 per cent and 0.2 per cent of total private transfer receipts (remittances) came from Iraq and Kuwait respectively. Based on some preliminary rough estimates the loss in private remittances from Kuwait and Iraq is placed at Rs. 490 crores ($273 million) during 1990-91.

9.22 The Gulf crisis constrained India's export performance during 1990-91 in more than one way. In 1989-90, West Asian countries accounted for 7.2 per cent of India's exports with Kuwait, accounting for 0.7 per cent, and Iraq, about 0.5 per cent. The immediate impact of the Gulf crisis arising out of trade embargo on Iraq and occupied Kuwait and dislocation of trade to other countries in West Asia, led to significant loss in exports. The total loss of exports in the Gulf region is estimated at Rs. 500 crores, including Rs. 270 crores on account of loss of exports to Kuwait and Iraq alone. Besides, India could not realise dues to the extent of $64 million under deferred payments arrangement and about $50 million under the projects outside deferred payments arrangement during 1990-91.

9.23 The overall impact of the recent oil shock on the industrial countries is not expected to be as severe as during the earlier shocks of 1973-74 and 1979-80 because of the reduced dependence of these countries on oil and their geographically diversified sources of energy imports. Nevertheless, some deceleration in growth rates in major industrial countries is discernible which is expected to slow down the pace of expansion in world trade. The impact of this slowing down in world trade is beginning to affect offtake of a wide spectrum of commodities from India.

9.24 Based on the above analysis, the direct overall adverse impact of the recent Gulf crisis lasting for about seven months from August 1990 to February 1991 on the current account of India's balance of payments for the fiscal year 1990-91 is estimated at $2,887 million equivalent to Rs. 5,180 crores (Table 9.3). It must be emphasized that this impact assessment is relative to a normal situation free of the Gulf crisis.

TABLE 9.3

Direct BOP Impact of the Gulf Crisis during 1990-91

Item	Rs. Crores	$ Million
1. Additional POL import bill (net of POL exports)	3625	2020
2. Export loss to West Asia (of which Iraq and Kuwait)	500 (270)	280 (150)
3. Non-realisation of other export dues from Iraq	205	114
4. Loss in remittances from Iraq and Kuwait	490	273
5. Foreign exchange costs of emergency repatriation	360	200
TOTAL	5180	2887

9.25 The Gulf crisis had adverse impact on the capital account also. The fall in capital inflows compounded the problem of financing the rising level of current account deficit. Inflows into non-resident accounts and external commercial borrowings have been the two major components of the capital account which have suffered most under the impact of the Gulf crisis.

9.26 The Gulf countries supplied about 35 percent of FCNRA flows with Kuwait contributing 2 to 3 percent of these and Iraq only negligible amount during recent years. Net inflows into these accounts from all sources declined to $142 million (Rs. 255 crores) in 1990-91 from $1,309 million (Rs. 2,179 crores) in 1989-90. The Gulf countries have in recent years supplied about 65 percent of NRERA flows with Kuwait accounting for 18 per cent and Iraq an insignificant amount. During the past two years there have been net outflows from the NRERA amounting to $2.4 million (Rs. 4 crores) in 1989-90 and $30 million (Rs. 54 crores) in 1990-91. It is estimated that the Gulf crisis might have been responsible for shortfall of atleast $500 million (Rs. 897 crores) under the non-resident accounts.

9.27 In 1990 there was a marked slowdown in borrowings from the international capital markets by the developing countries as a group. All major market sectors experienced a contraction during the year against the background, inter alia, of deteriorating global conditions and uncertainties arising from the political and economic consequences of the Gulf war. Since the second half of 1990 markets have become increasingly selective and reluctant to take on new risk, creditworthiness considerations have become of paramount interest and capital adequacy requirements have constrained banks' lending activity. These adverse conditions have persisted so far in 1991. Against the above background, India's commercial borrowings, in terms of commitments, dropped sharply to $1,903 million (Rs. 3,414 crores) in 1990-91 from $3,291 million (Rs. 5,479 crores) in 1989-90. An additional and important adverse factor in the Indian context has of course been the market's perception of the Indian risk during the year. The difficult borrowing conditions created by the Gulf crisis have nonetheless played an important part in the reduced availability of commercial funds to India during 1990-91.

9.28 These estimates of balance of payments shock imposed by the Gulf crisis are based on preliminary/provisional data available. Further, the analysis is limited to attempting an impact assessment on the balance of payments in the short run—fiscal year 1990-91—and does not take into account indirect effects like higher costs of external commercial borrowings, loss in export to industrial countries and loss in tourism receipts. The loss in tourism receipts is not expected to be negligible as the Gulf crisis overlapped with the tourism season in India.

9.29 It may be pertinent to recall India's adjustment to the two earlier oil shocks. The economy was able to adjust to the first oil shock of 1973-74 in a remarkably short time. Although the import bill rose by over 50 per cent within a year during the first oil shock, it was compensated by a strong growth in exports and demand for labour from oil-exporting countries in West Asia which generated huge private remittances. As a consequence, the current account as a proportion of GDP turned from a deficit of 0.9 per cent in 1974-75 to a surplus of 1.8 per cent by 1977-78. India also drew under various IMF facilities, including the Oil Facility during 1973-74 to 1975-76. Also, the average rate of increase in wholesale price index during 1975-76 to 1978-79 was only 2 per cent per annum. The second oil shock of 1979 brought tremendous pressure on India's balance of payments as reflected in a widening of the current account deficit from 0.2 per cent in 1979-80 to 1.5 per cent in 1981-82. Thus, while the current account turned into a surplus within two years after the first oil shock, the deficit increased substantially in the two years after the second oil shock. To meet the difficult balance of payments situation in the aftermath of the second oil shock, India drew Rs. 274 crores under the IMF's Compensatory Financing Facility and Rs. 545 crores under the Trust Fund in 1980-81. In order to meet any unforseen developments, India also negotiated with the IMF an Extended Fund Facility of SDR 5 billion in November 1981 out of which only SDR 3.9 billion was actually used.

9.30 Earlier during 1990-91 India made use of the reserve tranche position in the IMF amounting to SDR 487.26 million (equivalent of Rs. 1,173 crores) from July to September, 1990. Confronted with the serious external payments situation posed by the Gulf crisis we approached the IMF for access to resources under its modified Compensatory and Contingency Financing Facility (CCFF), discussed later in the chapter, and the first credit tranche of a Stand-by Arrangement which was approved on 18 January, 1991. The Fund approved use of its resources by the Government of India amounting to SDR 716.9 million (equivalent of $1,009 million or Rs. 1884 crores) under the oil element of the amended CCFF and SDR 551.93 million (equivalent of $777 million or Rs. 1,450 crores) under the first credit tranche of a three-month Stand-by Arrangement. The entire amount of SDR 1,268.83 million (equivalent of $1,786 million or Rs. 3,334 crores) was made available for immediate drawal and was received during 1990-91. Repurchases (repayment) of these credits have to be made in five years' time in eight quarterly instalments, the first instalment falling due at the end of the first quarter after the completion of three years.

9.31 Initiatives taken by the Government to deal with the third oil shock have been discussed at length later in this chapter. Briefly speaking, measures were introduced to reduce consumption of petroleum products to contain the POL import bill. A set of measures were put in place to cut Government expenditure and, more particularly, its import and foreign exchange component. Judicious import management geared to curtailment of non-essential/low priority imports, without at the same time introducing sharp changes in existing policies governing imports, was emphasised. Measures to generate additional exports were initiated which included exports of surplus agricultural commodities and certain manufactured items. Efforts were initiated to mobilise quick-disbursing assistance from bilateral and multilateral sources, accelerate the utilisation of the authorised but undisbursed external assistance, tap surpluses in the oil-exporting Gulf countries and attract inflow of resources through special investments, particularly from NRIs. Measures were taken to raise revenue and improve fiscal balance of the Government. Short-term administrative measures were introduced to defer outflows and advance inflows in foreign exchange. During the early months of 1991-92 initiatives were taken to tighten the import regime and credit facilities for imports in the face of a worsening balance of payments situation.

Exchange Rate of the Rupee

9.32 The Indian rupee is linked to a basket of important currencies of the country's major trading partners. The major objective of exchange rate policy is to adjust exchange rates in such a way as to promote the competitiveness of Indian exports in the world market. Adjustments in the external value of the rupee are therefore made from time to time. The Reserve Bank of India effected an exchange rate adjustment on 1 July, 1991 in which the value of the rupee declined by about 7 to 9 per cent against the major currencies (the pound sterling, the US dollar, the deutsche mark, the French franc and the yen). There was another exchange rate adjustment on 3 July, 1991 in which the value of the rupee declined by about 10 to 11 per cent against the major currencies. Between 28 June and 3 July, 1991, the rupee depreciated by about 18 per cent vis-a-vis the basket of 5 currencies while this basket appreciated vis-a-vis the rupee by about 22 per cent. These adjustments had been necessitated by the growing external and internal imbalances in the economy. The balance of payments situation had become very critical and that was reflected in the sharp drawdown on, and low level of, foreign exchange reserves. Since October, 1990 there has been an appreciation in the real exchange rate of the rupee as a result of a relatively high rate of inflation in the country and a much slower rate of depreciation in the nominal exchange rate leading to an erosion in the international competitiveness of the economy. It was equally necessary to curb destabilising market expectations which were generated by perceptions of a growing misalignment of the exchange rate. It is expected that these exchange rate adjustments will stop further deterioration in the country's balance of payments in the short run and improve it in the medium term by improving the trade balance.

Imports

9.33 Imports at Rs. 35,416 crores in 1989-90 showed an increase of 25.4 per cent in rupee terms and 9.1 per cent in US dollar terms. During 1990-91 imports at Rs. 43,171 crores were higher by 21.9 per cent in rupee terms and 13.1 per cent in US dollar terms over the previous year. Analysis of import growth during 1989-90 and 1990-91 has been made after a discussion of trends in overall imports and structural changes in the composition of imports during the Sixth and Seventh Five Year Plans.

Import Trends during Sixth and Seventh Plans

9.34 Table 9.4 presents a synoptic view of import growth during the Sixth and Seventh Plan periods.

TABLE 9.4

Import Trends during Sixth and Seventh Plans

	Sixth Plan (1980-85)	Seventh Plan (1985-90)
(a) Imports as per cent of GDP	8.1	7.3
(b) Value growth (Per cent per annum)		
In Rupees	13.9	16.0
In Dollars	6.2	8.2
In SDRs	11.4	3.4
(c) Volume growth (Per cent per annum)		
Target	9.5	5.8
Actuals	6.9	9.8*
(d) Level of imports (Annual average)		
In Rupees crores	14,683	25,129
In Dollars million	15,110	17,943
In SDRs million	13,571	14,489

*Average growth in the first four years of Seventh Plan for which DGCI&S data are available.

9.35 The volume growth of imports during the Sixth Plan was much lower at 6.9 per cent as compared with the target rate of 9.5 per cent. The subdued growth in import volume to a large measure reflected the success of the import substitution effort in the petroleum sector. In contrast, import volume growth during the first four years of the Seventh Plan at 9.8 per cent was substantially higher than the target growth of 5.8 per cent envisaged for the Plan period as a whole. This to a large measure was the outcome of a near stagnation in domestic crude oil production neccessitating substantial volume of POL imports. Table 9.4 further suggests that although the rate of growth in both the value (except in SDRs) and volume of imports as well as average level of imports was higher during the Seventh Plan period as a whole than in the Sixth Plan, the ratio of imports to GDP declined from 8.1 per cent during the Sixth Plan to 7.3 per cent during the Seventh Plan period.

9.36 There was a substantial change in the composition of imports during the Seventh Plan period in comparison with the Sixth Plan as can be seen in Chart 9.5. The shares of capital goods, pearls and precious stones and chemicals in total imports increased during the Seventh Plan period while those of POL, edible oils, fertilisers and iron and steel declined in comparison with the Sixth Plan period.

TABLE 9.5

Imports by Major Commodity Groups

(Rs. Crores)

Item	1988-89 (P)	1989-90 (P)	1990-91 (P)	Percentage Change 1989-90 / 1988-89	Percentage Change 1990-91 / 1989-90
1	2	3	4	5	6
I. Bulk Imports	11678.6	14684.6	19686.8	25.7	34.1
1. Cereals & cereals preparations	773.6	378.1	150.7	—51.1	—60.2
2. Pulses	383.5	227.9	473.2	—40.6	107.7
3. Edible oils	729.7	210.9	322.2	—71.1	52.8
4. Fertilisers	933.7	1776.4	1696.8	90.3	—4.5
5. POL	4357.6	6273.5	10819.7	44.0	72.5
6. Coal	419.7	562.0	780.0	33.9	38.8
7. Paper, paperboard & pulp	563.1	661.7	916.8	17.5	38.5
8. Iron and steel	1933.3	2304.5	2209.6	19.2	—4.1
9. Non-ferrous metals	776.0	1253.2	1108.7	61.5	—11.5
10. Ores & metal scrap	808.5	1036.4	1209.3	28.2	16.7
II. Non-Bulk Imports	14192.3	17896.6	19781.0	26.1	10.5
11. Capital goods	6955.6	8830.5	10415.7	27.0	18.0
12. Professional Instruments etc.	679.3	885.8	1082.1	30.4	22.2
13. Chemicals	2409.1	2774.7	3243.8	15.2	16.9
14. Plastic material & artificial resins	808.6	996.2	1096.1	23.2	10.0
15. Non-metallic minerals	164.2	168.0	211.1	2.3	25.7
16. Pearls and precious stones	3175.5	4241.5	3732.3	33.6	—12.0
III. Unclassified	2364.3	2830.7	3703.1	19.7	30.8
IV. Total	28235.2	35411.9	43170.8	25.4	21.9

(P)—Provisional.

NOTES : 1. Item (4) includes fertiliser crude, manufactured & fertiliser material.

2. Item (13) includes organic, inorganic, pharmaceutical & dyeing & colouring material.

Imports since 1989-90

9.37 Imports have been shown by major categories and commodities since 1988-89 in Table 9.5. Imports have been broadly divided into three major categories of bulk, non-bulk and unclassified.

9.38 The category of bulk imports largely consists of consumption goods as well as raw materials and some key universal intermediates. The value of bulk imports which rose by 25.7 per cent during 1989-90, went up further by 34.1 per cent during 1990-91.

9.39 Under bulk imports, energy imports comprising POL and coal have surged. POL imports showed a substantial expansion of 44 per cent in 1989-90 and a further rise of 72.5 per cent during 1990-91. The high increase in value of POL imports during 1989-90 despite a modest increase in import volume of 6.7 per cent was the result of an appreciation in the unit value of these imports by 35 per cent. During 1990-91 the massive increase in POL imports was mainly the result of a sharp upsurge in crude oil and petroleum product prices in the world market consequent to the Gulf crisis. Coal imports in recent years have shown a rising trend. Coal imports amounted to 6 million tonnes valued at Rs. 780 crores during 1990-91 compared with 4.9 million tonnes valued at Rs. 562 crores in 1989-90. The large increase of 34 per cent in the value of coal imports during 1989-90 reflected escalation in unit value of coal imports by 32 per cent. The rising trend in the import of coal continued during 1990-91 reflected by a value increase of 38.8 percent and unit value increase of about 14 percent. During 1989-90 energy imports (POL and coal) accounted for roughly one fifth of total value of imports but contributed more than one fourth of the incremental imports. During 1990-91 the share of energy imports in incremental imports rose to a high level of 61 per cent.

9.40 Imports of iron and steel increased in volume by 63 per cent but only 19.2 per cent in value during 1989-90 owing to a steep fall of 27 per cent in unit value. In 1990-91 iron and steel imports declined in value by 4.1 per cent and by about 20 percent in volume.

9.41 There was a substantial increase in the import value of fertilisers and non-ferrous metals in 1989-90 largely on account of high volume of imports of these commodities. During 1990-91 imports of both fertilisers and non-ferrous metals showed declines of 4.5 and 11.5 per cent respectively.

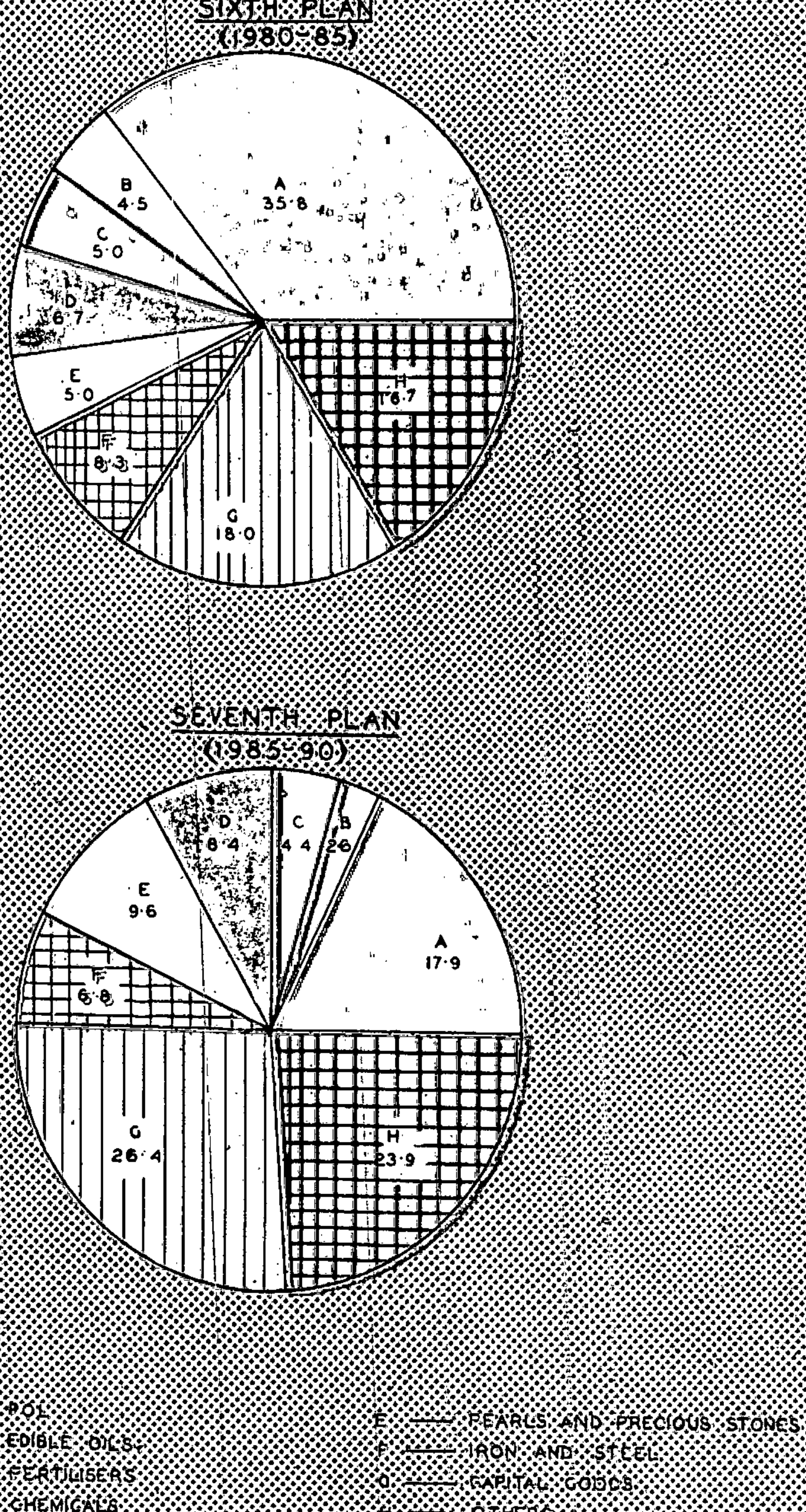
9.42 Substantial import saving was achieved in edible oils and pulses during 1989-90. During 1989-90 imports of edible oils and pulses, at 2.9 lakh tonnes and 4.3 lakh tonnes respectively, were at one third and half of their respective imports in the preceding year. The large increase in import bill of pulses and edible oils during 1990-91 reflects a massive increase in their import volume. Imports of pulses and edible oils at 7.9 lakh tonnes and 4.8 lakh tonnes during 1990-91 were higher by about 84 per cent and 66 per cent respectively over 1989-90. Unlike edible oils and wheat, pulses can be procured from only a few overseas sources. Large scale purchases of pulses by India has the effect of pushing up their prices in the world market. Need for a durable import substitution effort in edible oils and pulses is being felt more strongly than ever in view of the difficult balance of payments position.

9.43 Import growth in the non-bulk category decelerated from over 26 per cent in 1989-90 to 10.5 per cent during 1990-91 largely on account of a fall in the import of gems and jewellery which is export related. Import growth in capital goods also decelerated from 27 per cent in 1989-90 to 18 per cent during 1990-91.

9.44 The share of bulk imports which amounted to about 41.4 per cent of total imports during 1988-89 and 41.5 per cent in 1989-90 increased to 45.6 per cent in 1990-91. The five largest items/groups of items which include POL, iron and steel, fertilisers, non-ferrous metals and ores and metal scrap together accounted for over 86 per cent of bulk imports in 1989-90 and 86.6 percent during 1990-91. Non-bulk imports constituted about half of total imports in 1989-90 and about 46 per cent in 1990-91. The three largest items in this category, accounting for over 88 per cent of non-bulk imports in 1989-90 and 1990-91, are capital goods, pearls and precious stones and chemicals.

CHART 9.5

COMPOSITION OF IMPORTS
PLAN AVERAGE IN PER CENT



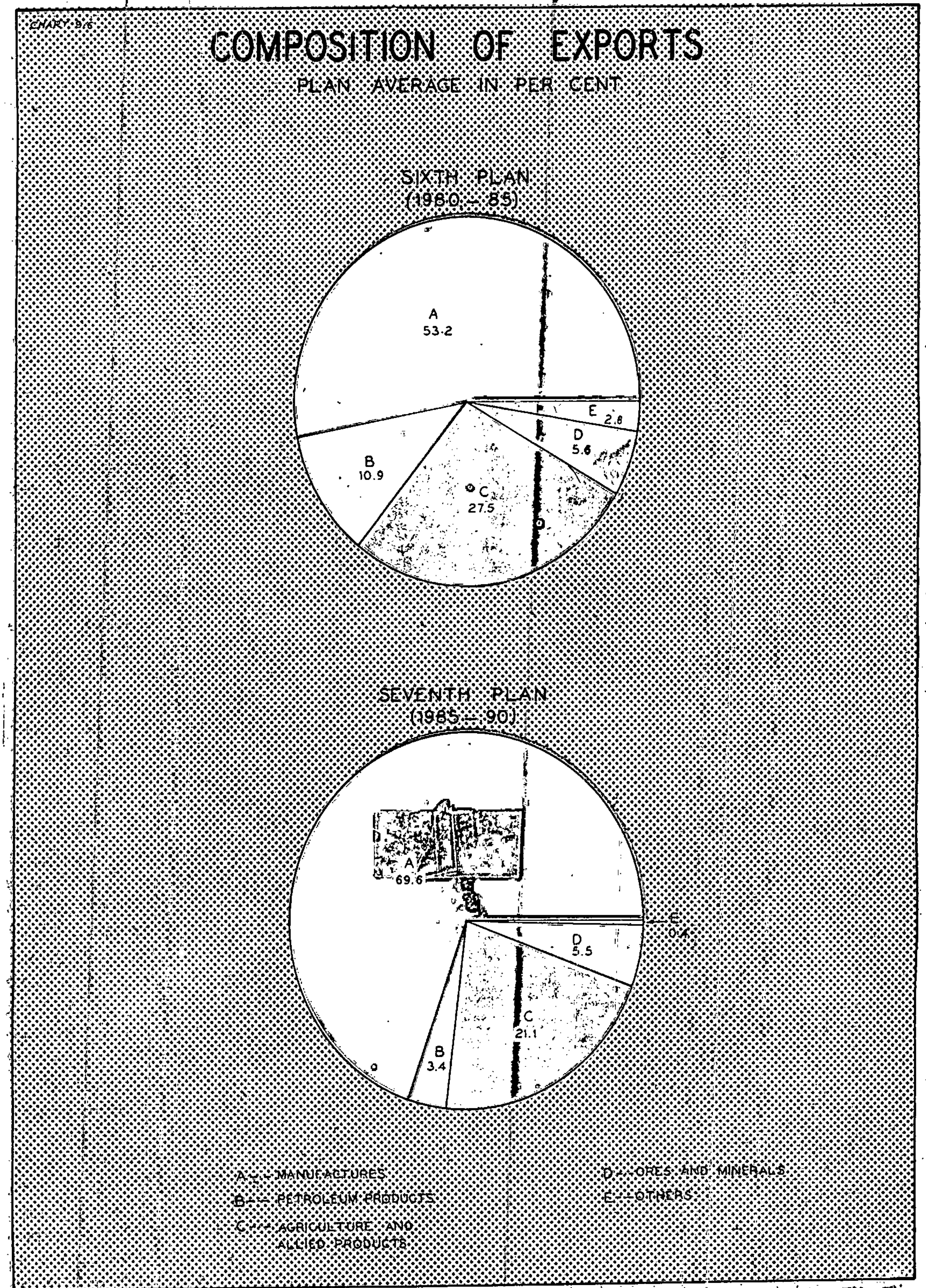


CHART 9.6
COMPOSITION OF EXPORTS
PLAN AVERAGE IN PER CENT
SIXTH PLAN
(1980—85)
A
53.2
B
10.9
C
27.5
D
5.6
E
2.8
SEVENTH PLAN
(1985—90)
A
69.6
B
3.4
C
21.1
D
5.5
E
0.4
A—MANUFACTURES
B—PETROLEUM PRODUCTS
C—AGRICULTURE AND ALLIED PRODUCTS
D—ORES AND MINERALS
E—OTHERS

Exports

9.45 The momentum of export growth achieved in recent years was further strengthened in 1989-90 when they rose by 36.8 per cent in rupee terms and 19 percent in US dollar terms. During 1990-91, there was a marked deceleration in the pace of export growth to 17.5 per cent in rupee terms and 9 per cent in US dollar terms.

Export Performance during the Sixth and Seventh Plan Periods

9.46 Export performance in terms of volume growth of less than three per cent per annum during the Sixth Five Year Plan considerably fell short of the target annual growth of nine per cent. By contrast, volume growth in exports accelerated during the Seventh Plan and averaged 6.3 per cent per annum during the first four years as against the target annual growth of 7 per cent. The strong volume growth in exports is reflected in average additional exports of Rs. 8,420 crores (US $ 3.1 billion) per annum over the average level of exports during the Sixth Plan. Although the share of exports in GDP has shown a rising trend since 1986-87, the performance for the Seventh Plan period as a whole has not been distinctly better than during the Sixth Plan period from this perspective. As can be seen in Chart 9.6, the composition of export basket shifted further in favour of manufactures. The share of manufactures which was around 53 per cent in terms of value during the Sixth Plan rose to about 70 per cent on an average during the Seventh Plan period.

TABLE 9.6

Export Performance during Sixth and Seventh Plans

	Sixth Plan (1980—1985)	Seventh Plan (1985—1990)
(a) Exports as per cent of GDP	4.9	5.0
(b) Value growth (Per cent per annum)		
In Rupees	13.0	19.8
In Dollars	4.5	11.6
In SDRs	10.0	6.6
(c) Volume growth (Per cent per annum)		
Target	9.0	7.0
Actuals	2.7	6.3*
(d) Level of exports (Annual average)		
In Rupee crores	8,967	17,387
In Dollars million	9,125	12,267
In SDRs million	8,251	9,871

*Growth rate for the first four years oef Sventh Plan for which DGCI& S ata are available.

Export Performance since 1989-90

9.47 Export data for 1988-89, 1988-90 and 1990-91 are given in Table 9.7. Available commodity-wise data for 1989-90 reveal that the major impetus for a good performance on the export front came from manufactured goods which showed an impressive growth of 39.2 per cent in rupee terms. Exports of manufactured products accounted for more than three-fourths of the increase in total exports during the year. Exports of agriculture and allied products rose by about 33 per cent over those in the preceding year and contributed 16 per cent of the total increase in exports. During 1990-91, agriculture and allied products showed a lower increase of 30.1 per cent and export of manufactures posted an increase of 13.6 per cent only. The lower growth in manufactures is attributed to the setback suffered in the exports of gems & jewellery and jute manufactures and deceleration in the export growth of chemicals, engineering goods and readymade garments.

9.48 Cashew exports showed a substantial increase of 33.2 per cent in earnings during 1989-90 supported by a volume increase of a similar magnitude (30.5 per cent). During 1990-91, cashew exports of about 49,876 tonnes valued at Rs. 447 crores were higher by 10.3 per cent in volume and 21.5 per cent in value. Lately, cashew exports have been facing stiff competition from Indonesia and China and other tree nuts in the world market leading to weakening of export value realisation despite robust volume growth. Export of spices which amounted to 96,700 tonnes valued at Rs. 246.5 crores in 1989-90 showed a drop in volume of 3.5 per cent accompanied by a larger fall in earnings of 9.3 per cent in comparison with 1988-89. The declining trend in export earnings from spices continued during 1990-91 with a further fall in value of 5.4 per cent in spite of a volume growth of 3.8 percent. Export of spices has suffered because of erosion of export surpluses available and fall in unit value realisation. Pepper is a major item of export from India. Small cardamom, which till recently was a coveted export item, has dipped into low levels of export due to increase home consumption and competition from other sources. Exports of rice rose from 3,49,600 tonnes valued at Rs. 331.4 crores in 1988-89 to

TABLE 9.7

Exports by Major Commodity Groups

(Rs. Crores)

Commodity	1988-89	1989-90 (P)	1990-91 (P)	Percentage Change	
				1989-90/ 1988-89	1990-91/ 1989-90
1	2	3	4	5	6
I. Agriculture and Allied Products	3672.8	4878.8	6345.5	32.8	30.1
Of which :					
1. Cashew kernels(incl. CNSL)	275.9	367.6	446.8	33.3	21.5
2. Coffee	293.5	342.6	253.3	16.7	—26.1
3. Marine products	630.0	686.5	959.7	9.0	39.8
4. Oil meals	408.7	546.2	624.9	33.6	14.4
5. Raw cotton	21.4	128.4	854.7	500.7	565.8
6. Rice	331.4	426.5	440.0	28.7	3.1
7. Spices	271.9	246.5	233.2	—9.3	—5.4
8. Sugar	9.6	32.5	37.4	237.0	15.2
9. Tea & mate	609.4	904.6	1074.8	48.4	18.8
10. Tobacco	125.9	175.0	263.4	39.0	50.5
II. Ores and Minerals	1164.3	1363.3	1686.0	17.1	23.7
Of which :					
11. Iron ore	673.1	927.6	1049.9	37.8	13.2
III. Manufactured Goods	14838.5	20659.6	23471.7	39.2	13.6
Of which :					
12. Engineering goods	2311.2	3284.4	3901.6	42.1	18.8
13. Chemicals and allied products	1296.3	2157.6	2528.6	66.5	17.2
14. Cotton yarn, fabrics, made-up etc.	1133.3	1479.6	2065.2	30.6	39.6
15. Jute manufactures	235.3	297.5	299.9	26.5	0.8
16. Leather & leather mfrs.	1522.3	1950.9	2553.9	28.2	30.9
17. Readymade garments	2099.1	3224.2	4042.4	53.6	25.4
18. Handicrafts	5190.0	6284.9	6247.5	21.1	—0.6
Of which :					
19. Gems and jewellery	4392.0	5295.5	5210.0	20.6	—1.6
IV. Mineral Fuels and Lubricants	518.0	713.5	946.7	37.7	32.7
Of which :					
20. POL	505.0	696.7	937.8	38.0	34.6
V. Others	38.0	40.3	92.3	6.1	129.2
TOTAL	20231.5	27681.5	32527.3	36.8	17.5

(P)—Provisional.

NOTES : 1. Item 12 includes machinery, transport equipment, metal manufactures (including iron and steel), electronic goods and computer software.

2. Group IV includes coal.

3. The group totals pertaining to I, II, III, IV & V are provisional tentative estimates based on preliminary details.

4. Item 13 excludes rubber, glass, paints and other products.

5. Item 18 includes handicrafts, carpets (handmade) & gems and jewellery.

6. Group totals may not add up to the totol due to errors and omissions.

4,21,700 tonnes valued at Rs. 426.5 crores in 1989-90, which meant a 20.6 per cent increase in volume and 28.7 per cent increase in value. During 1990-91, earnings from rice exports increased by 3.1 per cent. This marginal increase in value despite a substantial volume increase of over 25 per cent was on account of a substantial drop in unit value realisation of about 18 per cent.

9.49 Earnings from tea have shown impressive increase of the order of 48.4 percent in 1989-90 and 18.8 per cent during 1990-91 valued at Rs. 1,074.8 crores. During 1989-90 there was a boom in unit value realisation of around 38 percent and a modest volume growth of 8 percent. The boom in unit value of tea exports persisted during 1990-91 with an increase of about 23 percent to sustain a high level in export earnings in the face of a 3.5 percent drop in the volume of exports. The export effort in tea has been constrained by reduced surpluses for export. The difficult law and order situation in Assam adversely affected the production and exports of tea during 1990-91. World market for coffee has been characterised by falling prices. With suspension of quotas since July, 1989 market forces have shaped the fortunes of the world coffee market. The present International Coffee Agreement has been extended upto September 1992 without any economic clause. This means there is no restriction on exports of any quantity to any destination. Despite an impressive jump of 36.5 percent in volume of coffee exported, export earnings rose by 16.7 percent only in 1989-90. Coffee exports at 86 million kgs. valued at Rs. 253.3 crores were lower by 25.3 percent in volume and 26.1 percent in value during 1990-91.

9.50 Exports of marine products have continued to grow from 1,15,600 tonnes valued at Rs.630 crores in 1988-89 to 1,24,600 tonnes valued at Rs. 686.5 crores in 1989-90. This represented an increase of about 9 per cent in earnings mainly brought about by a 7.8 per cent increase in volume in the face of almost stagnant export unit values. During 1990-91, export earnings have expanded by 39.8 per cent mainly on account of strong volume growth of 27 per cent accompanied by appreciation in unit value realisation by about 10 per cent. Marine exports are expected to perform well with the placement of sea-food processing machinery under OGL and reduction of duty thereon.

9.51 Iron ore exports during 1989-90 at 35.6 million tonnes valued at Rs. 927.6 crores showed an increase of 7.9 per cent in volume and a larger expansion of 37.8 per cent in earnings due to a spurt in unit value realisation of 28 per cent over 1988-89. However, during 1990-91 there was a modest increase in earnings of 13.2 percent because of a volume decline of 10 percent accompanied by an increase of about 26 percent in unit value realisation The main reasons for the substantial contraction in export volume have been lower offtake by Romania and the erstwhile GDR and supply dislocation from Bailadila. The cyclone in Andhra Pradesh also affected the movement of ores and minerals seriously during the year.

9.52 In the case of readymade garments, there was a substantial growth of 53.6 per cent in export earnings during 1989-90 but the pace slackened to 25.4 per cent during 1990-91 to Rs. 4042.4 crores. The bulk of Indian readymade garments is exported to countries with which India has entered into bilateral agreements under the Multifibre Arrangement (MFA). Significant and sustained increase in garment exports can come only if MFA is liberalised or phased out and efforts are directed towards non-quota countries. Diversification of fabric base leading to export of higher value-added items of synthetic and blends, silk and woollen fabrics is necessary to sustain the momentum of growth in this sector.

9.53 Exports of engineering goods continued to perform well in 1990-91 at Rs. 3,902 crores although the growth rate at 18.8 percent was much lower than in 1989-90 when it was over 42 percent. Exports of chemicals and allied products also decelerated substantially during 1990-91 to 17.2 per cent from 66.5 per cent during 1989-90. In the case of chemicals a large number of them are petroleum-based and have probably suffered owing to adverse price and supply factors. Exports of chemicals did not pick up also because of a subdued growth of India's exports to the USSR and East European countries during the year.

9.54 Exports of gems and jewellery which showed an increase of 20.6 per cent in 1989-90 suffered a setback when they declined by 1.6 per cent in 1990-91 to Rs. 5,210 crores. The reversal of trends in this area is attributed to a narrow specialisation of the Indian gem sector in small and medium-size diamonds for which the demand is slack in contrast to large size diamonds for which demand conditions are good.

9.55 The recent Gulf crisis coupled with the recessionary trends discernible in some major industrial economies has constrained our export growth during 1990-91. Besides, some of the developments affecting a large number of commodities in our export basket give ground for concern. As stated earlier, export of gems and jewellery has suffered a reversal. This export sector, though import-intensive, is highly labour-intensive in content. Therefore, a drop in its exports has adverse implications for employment and income generation for a vast majority of people engaged in the processing of gems and jewellery for export. Unit value realisation in dollar terms has also fallen during 1990-91 for a large number of commodities which include rice, spices and Jute manufactures. In commodities where international market have been buoyant, we have not been able to reap benefits due to contraction in export volumes. The world market for tea and iron ore has shown buoyancy as reflected in sharp appreciation in unit value of exports in dollar terms by about 23 per cent and 26 per cent respectively during 1990-91. Export earnings in these items would have been much larger but for the contraction in export volumes. The last one year or so has witnessed political and economic upheavals in Eastern Europe. These economics had earlier provided a sheltered market for a large variety of Indian goods. The sheltered market condition prevail no more due to opening of these economies and their ongoing transition to market-based system. The world economy was marked by recessionary conditions during 1990 and the Gulf war seriously affected world trade flows. India had its share of the impact of these adverse factors. Our export growth decelerated as a whole during 1990-91 following the simultaneous operation of a large number of adverse factors.

Direction of Trade

9.56 The direction of India's foreign trade has been presented in Chart 9.7 for the Sixth and Seventh Five Year Plans period as a whole. The shares of the EEC and North America in our exports increased during the Seventh Plan period while those of the OPEC and East European countries declined in comparison with the Sixth Plan period as a whole. As regards imports, the shares of the EEC, OECD countries other than North America, and developing countries were higher during the Seventh Plan period as a whole while those of North America, OPEC and Eastern Europe were lower in comparison with those during the Sixth Plan period.

External Capital Flows

External Assistance

9.57 External assistance constitutes the most important component of external capital flows. Gross disbursement of external assistance rose from Rs.2,162 crores in 1980-81 to Rs.5,802 crores in 1989-90, recording an annual average rate of growth of 17.4 per cent during the decade. The disbursement of assistance seems to have accelerated during the Seventh Plan period when it increased by about 20.3 per cent annually compared with an yearly growth of 14.3 per cent during the Sixth Plan. External assistance is composed of loans and grants. However, the grant component of external assistance has been declining over time. In 1980-81 grants accounted for 18.3 per cent of total assistance; in 1989-90 this proportion was 11.4 per cent only.

9.58 The composition of external assistance shows that roughly 60 per cent is on account of multilateral aid and the remaining 40 per cent on account of bilateral aid. The main source of multilateral aid is the World Bank which accounts for more than 90 per cent of total multilateral assistance and more than 50 per cent of total external assistance. Charts 9.8 and 9.9 show utilisation of multilateral and bilateral assistance by major sources during the 1980s.

9.59 The World Bank Group has, since its inception, committed 134 loans through the IBRD and 178 development credits through the IDA to India totalling \$ 18.3 billion and \$ 17

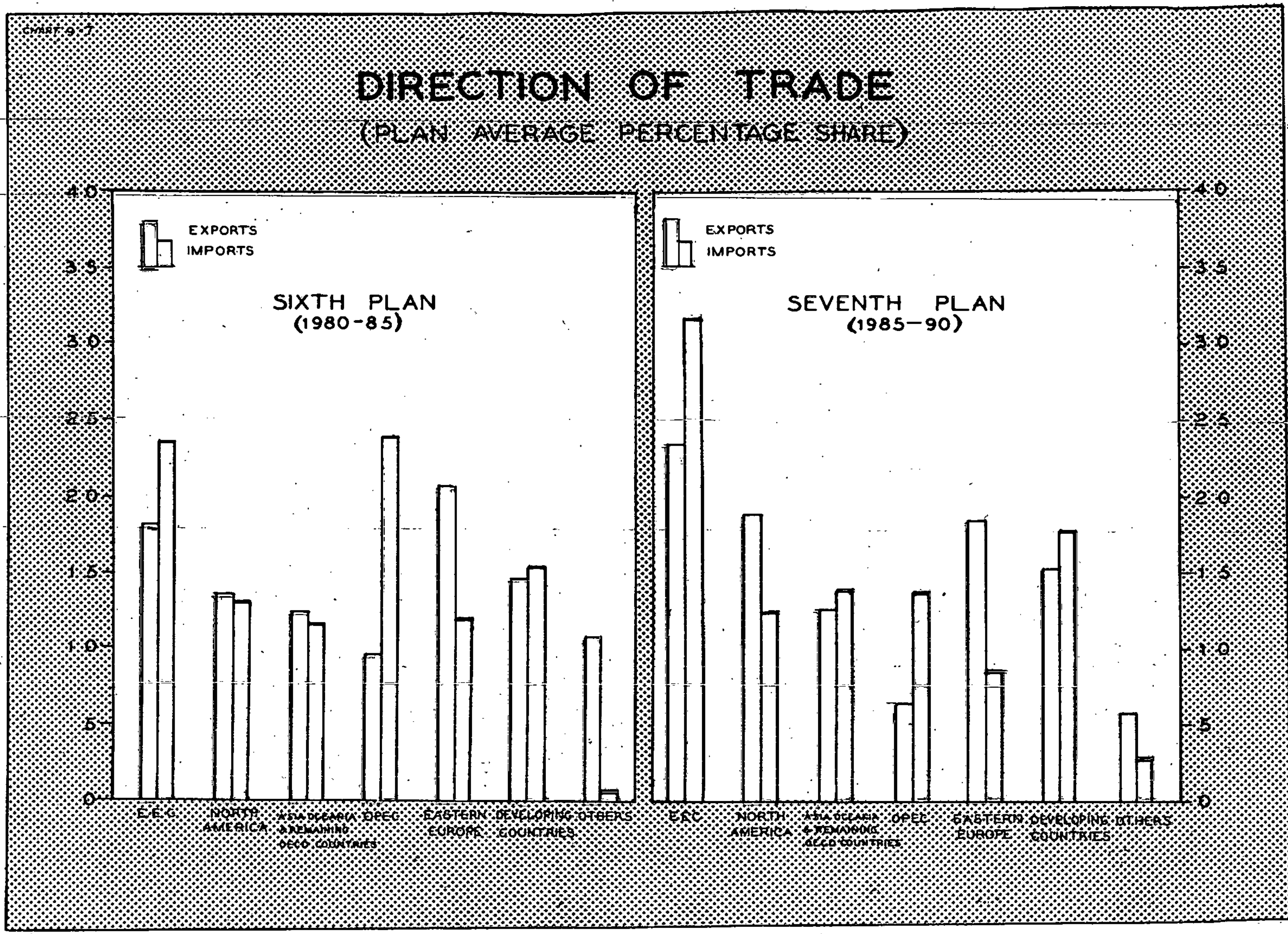


CHART 9-7
DIRECTION OF TRADE
(PLAN AVERAGE PERCENTAGE SHARE)
EXPORTS
IMPORTS
SIXTH PLAN
(1980-85)
SEVENTH PLAN
(1985–90)
4.0
3.5
3.0
2.5
2.0
1.5
1.0
.5
0
E.E.C.
NORTH AMERICA
ASIA OCEANIA & REMAINING OECD COUNTRIES
OPEC
EASTERN EUROPE
DEVELOPING COUNTRIES
OTHERS

billion respectively for a cumulative of $ 35.3 billion upto June, 1990. While the share of India in the Bank's lending portfolio during the 1980s has been in the range of 14~~—16~~ per cent, the decade also witnessed a gradual relative hardening of the Bank's lending profile to India. This could be seen from the IBRD-IDA blend proportion which has increased from 25 : 75 in the World Bank's fiscal year (FY) 1981 to 63 : 37 in FY 1984 and further to 70 : 30 in FY 1989. There was some improvement in the ratio of IBRD-IDA loans to 57:43 during FY 1990. Additionally, since 1987 the terms of IDA assistance have become stiffer and credits are now available with a lesser maturity period of 35 years. Considering India's continuing requirements of concessional assistance for investment needs, these trends are a matter of concern to us.

9.60 Since 1986 India has started borrowing from the Asian Development Bank (ADB). Authorised borrowings from the ADB by the public sector amounted to $250 million in 1986, $ 377.6 million in 1987, $ 493 million in 1988, $ 498 million in 1989, and $699 million in 1990. Including the private sector, cumulative loan commitments by the ADB to India upto the end of calendar year 1990 has amounted to $2,361.30 million. About 47 per cent of these loans have been approved for transport and communications, a little over 32 per cent for energy, about 10 per cent for finance and around one per cent for industry and non-fuel minerals. Cumulative disbursements have totalled $ 354 million or 22 per cent of the total net effective loan amount.

9.61 Bilateral sources have been an important source of external assistance. The annual average utilisation of bilateral assistance during the past five years (1985-90) amounted to Rs. 1,780 crores compared with the average utilisation of Rs. 2,759 crores during the same period in respect of multilateral aid. The major bilateral donors during recent years have been the USSR, the UK, the FRG, France and Japan. These five countries together have accounted for over 68 per cent of total bilateral aid utilised by India during the past five years (1985-90). During the past five years, taken together, Japan has led the group of India's bilateral donors having accounted for 22.5 per cent of bilateral aid utilised by India, followed by the FRG (13.8 per cent), France and the USSR (11.2 per cent each) and the U.K. (9.6 per cent).

9.62 Details of external assistance from all sources during the Seventh Plan period and also for 1990-91 are presented in Table 9.8. The annual average commitment of aid amounted to Rs. 8,994 crores and that of utilisation (gross disbursement) Rs. 4,540 crores during the Seventh Plan period. Because of rising debt service liabilities, net inflow (defined as gross disbursement minus amortisation) averaged only Rs. 3,107 crores and net transfer (defined as gross disbursement minus amortisation and interest payments) only Rs. 2,009 crores per year. The position was somewhat better during 1990-91 in respect of aid utilisation and net inflow in comparison with the preceding year and the Seventh Plan average. However, aid commitments during the year suffered a serious setback.

TABLE 9.8

External Assistance

(Rs. Crores)

	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91(P)
1. Authorisations	5650	6160	9265	13070	10826	6252
2. Gross disbursements	2936	3605	5052	5304	5802	6660
3. Debt service payments	1367	2029	2624	2946	3686	4350
(a) Amortisation	776	1176	1581	1646	1987	2395
(b) Interest payments	591	853	1043	1300	1699	1955
4. Net capital inflow (2—3a)	2160	2429	3471	3658	3815	4265
5. Net capital transfer (2—3)	1569	1576	2428	2358	2116	2310

P—Provisional

Note : The data include Government and non-Government loans and grants (including food assistance but excluding other commodity grant assistance). These figures do not include suppliers' credits, commercial borrowings and IMF credits other than Trust Fund loans.

9.63 A problem often discussed in the context of external assistance is the low level of utilisation resulting in a substantial part of authorised loans being in pipeline. The main factor for under-utilisation of assistance is believed to be the time lag between commitments and conclusions of specific credit arrangements, time-consuming procedures governing procurement of stores and equipment, delays in land acquisition for construction work and domestic budgetary constraints in providing counterpart funds. Given the present shortage of foreign exchange, high priority has been given to utilisation of unused external assistance in pipeline.

9.64 In the Aid-India Consortium meeting held in Paris in June 1990, donors decided to maintain commitments for 1990-91 in the range of $ 6.1 to $ 6.5 billion. The donors also noted that given the increasing weight of debt on commercial terms in India's debt structure, it was essential that special efforts be made to increase the concessional component of assistance to the maximum possible extent. Among bilateral donors, Japan led other countries with a pledge of loan commitment totalling $ 681 million, followed by the U.K. with a commitment between $ 474 and $ 647 million, and Germany with a pledge of $ 404 million. The World Bank promised a commitment between $ 2,750 and $ 3,000 million, including $ 950 million from IDA during 1990-91 while commitment made by ADB amounted to $ 704 million. An additional amount of US $ 100 million has been allocated to India by the IDA in the wake of the Gulf crisis. Ninety per cent of the aid pledges were project-tied and the balance of the amount was accounted for by technical co-operation and non-project aid.

External Commercial Borrowings

9.65 India's reliance on external commercial borrowings as a source of external financing has increased considerably in the past few years. Public sector undertakings and financial institutions together accounted for about 90 per cent of the approvals of external commercial borrowings in recent years. Starting initially with the conventional syndicated loans managed by foreign banks, India has been raising funds in various international bond markets during the last few years. Japan has emerged as an important source of commercial credits to India both in the commercial bank loan market and bond issues in the Tokyo capital market.

9.66 Table 9.9 provides a picture of India's external commercial borrowings during the Seventh Five Year Plan and for 1990-91. External commercial borrowings are defined to include loans from commercial banks and other financial institutions, suppliers' credits, bonds, FRN and loans from semi-governmental export credit agencies, IFC(W), DEG Germany, CDC U.K. and Nordic Investment Bank. The gross disbursements rose from about Rs. 1,800 crores in 1985-86 to Rs. 4,196 crores in 1989-90. The average gross disbursements during the Seventh Five Year Plan work out to Rs. 3,000 crores per annum with an average net inflow of about Rs. 2,000 crores per annum. In 1990-91, both authorisation and disbursement, gross and net, of external commercial borrowing were low.

TABLE 9.9

*External Commercial Borrowings**

(Rs. crores)

	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91(P)
I. Authorisations	1700	1396	2654	4314	5479	3414
II. Gross disbursements	1799	2474	2252	4069	4196	3050
III. Debt service payments	1175	1565	1736	2224	3041	4006
(a) Amortisation	565	796	871	1103	1455	2137
(b) Interest payments	610	769	865	1121	1586	1869
IV. Net capital inflow. [2—3(a)]	1234	1678	1381	2966	2741	913

P—Provisional

*Excludes borrowings upto 1 year maturity. The estimates are based on data base of the ECB Division of the Dept. of Economic Affairs, Ministry of Finance.

9.67 The increasing trend in approvals of external commercial borrowings witnessed during 1987-88 to 1989-90 was reversed in 1990-91 with approvals amounting to Rs. 3,414 crores. There were a number of contributory factors responsible for the decline in the availability of commercial credit to India. A major reason has been the fall in the overall availability of international credit due to capital adequacy requirements of the Bank for International Settlements. In order to meet the requirement, banks are diverting their attention from credit expansion to strengthening of their capital base. Another factor has been the Gulf crisis which has created an atmosphere of uncertainty in the international capital market with adverse consequences for developing countries especially those with a high dependence on imported oil, like India. A third factor has been the downgrading of India's credit rating for long-term funds by international rating agencies. By March, 1991 the credit rating of India has slipped to the bottom of the investment grade. There has since been further deterioration in the country's credit rating severely restricting its access to commercial sources of finance.

9.68 The International Finance Corporation, Washington (IFC-W) is the major multilateral agency promoting productive private investment in developing countries by providing long-term loans and risk capital at commercial rates for maturities of 7 to 12 years. Since 1959, the IFC(W) has approved investments in India amounting to about $ 925 million, bulk of which ($804 million or 87 per cent of total) has been in the form of long term loans. Investments approved for India were particularly high during 1989-90 and 1990-91 when they amounted to $ 117 million and $ 226 million respectively. IFC(W) investments in India have been mainly in sectors like power, iron and steel, automobiles, chemical and petrochemicals, and general manufacturing.

Non-Resident Deposits

9.69 Non-resident deposits have been a source of considerable support to India's balance of payments. While the annual inflow under NRER accounts has been decelerating since 1985-86 that under FCNR accounts has been higher in successive years till 1989-90. This difference is not surprising in the context of depreciation of the rupee. The NRER deposits are not protected against exchange risk whereas the FCNR deposits are. In fact, during 1990-91 there was a net withdrawal of Rs. 54 crores (excluding estimated interest element) under NRER accounts in comparison with an outflow of Rs. 4 crores in the previous year. Under the FCNR accounts, there was net inflow of Rs. 255 crores during 1990-91 as against Rs. 2,179 crores in 1989-90. As a result, the share of deposits under the NRER accounts in total non-resident deposits has been declining. The outstanding deposits under the two non-resident accounts as on 31st March, 1991 amounted to Rs. 20,542 crores of which the share of NRER deposits was only about 35 per cent. Outstanding amounts under the two deposit schemes since 1984-85 are given in Table 9.10.

9.70 A Special FCNR Deposit Scheme was introduced with effect from August 21, 1990 with facility for withdrawal of full or part of the sum deposited without notice and with provision for exchange protection for non-resident Indians as well as overseas corporate bodies resident in the Gulf region. Deposits under the scheme are designated only in U.S. dollars. These deposits are open-ended in terms of the period and, therefore, do not have a definite term. There are no restrictions on the number of withdrawals from the account. While no interest is payable on balances under the scheme, the exemptions with regard to wealth tax and gift tax as applicable to balances under the existing FCNR Scheme would also be applicable to balances held under this scheme. There has been an inflow of about Rs. 1 crore during 1990-91 under the Scheme. The second issue of NRI Bonds was launched by the State Bank of India in November, 1990, carrying interest 1 per cent above the FCNR rate on the date of opening. The issue closed on January 31, 1991 and a sum of about $215 million has been subscribed. These bonds have a validity period of 7 years from the date of opening. The first issue of NRI bonds was launched in 1988 which netted 92 million. The RBI has now started permitting, on a case by case basis, acceptance of larger deposits under FCNRA from non-NRI sources. These deposits are accorded similar treatment as the FCNRA scheme, including tax exemption for large value deposits.

TABLE 9.10

Outstanding Balances under Non-Resident Accounts

(Rs. Crores

As at end-March	NR(E)RA*	Foreign Currency Non-Resident Account					Grand Total (2 + 7)
		US Dollar	Pound Sterling	DM	Yen	Total@ (3 to 6)	
1	2	3	4	5	6	7	8
1985.	2864	618 (499)	337 (218)	—	—	955	3819
1986.	3461	1759 (1419)	430 (236)	—	—	2189	5650
1987.	4336	3047 (2360)	464 (224)	—	—	3511	7847
1988.	5107	4406 (3410)	541 (222)	—	—	4947	10054
1989.	5899	6648 (4245)	535 (203)	700 (848)	372 (31571)	8255	14154
1990.	6507	9304 (5409)	337 (119)	1028 (1013)	655 (60327)	11324	17831
1991**	7137	11270 (5754)	305 (89)	1005 (874)	825 (59403)	13405	20542

*Inclusive of accrued interest.

@Exclusive of accrued interest.

**Provisional.

Note : Figures in brackets are outstandng deposits in the relevent currencies in million.

9.71 Interest rates on non-resident deposit schemes continued to be kept above the rates applicable to domestic deposits of comparable maturities during the year. Some rationalisation of interest rates on the NRER deposits were made effective April 16, 1990 in line with what was already prevalent in the case of domestic deposits. The maturity range of 15 days to 45 days was abolished and a uniform rate of 8.5 per cent was made applicable on the NRER term deposits for maturities of 46 days to less than one year as against 8 per cent for domestic deposits. In alignment with increase in the maximum interest rates on domestic deposits, effective 13 April, 1991, interest rate on NRER deposits with maturities of 3 years and above but less than 5 years and of 5 years and above have been raised by one percentage point to 13.0 per cent and 14.0 per cent respectively. The rates of interest on deposits under the FCNR accounts are continuously adjusted keeping in line with prevailing interest rates in international capital markets. The last change in interest rates on term deposits in the NRER and the FCNR accounts effected in financial year 1990-91 is given in Table 9.11.

TABLE 9.11

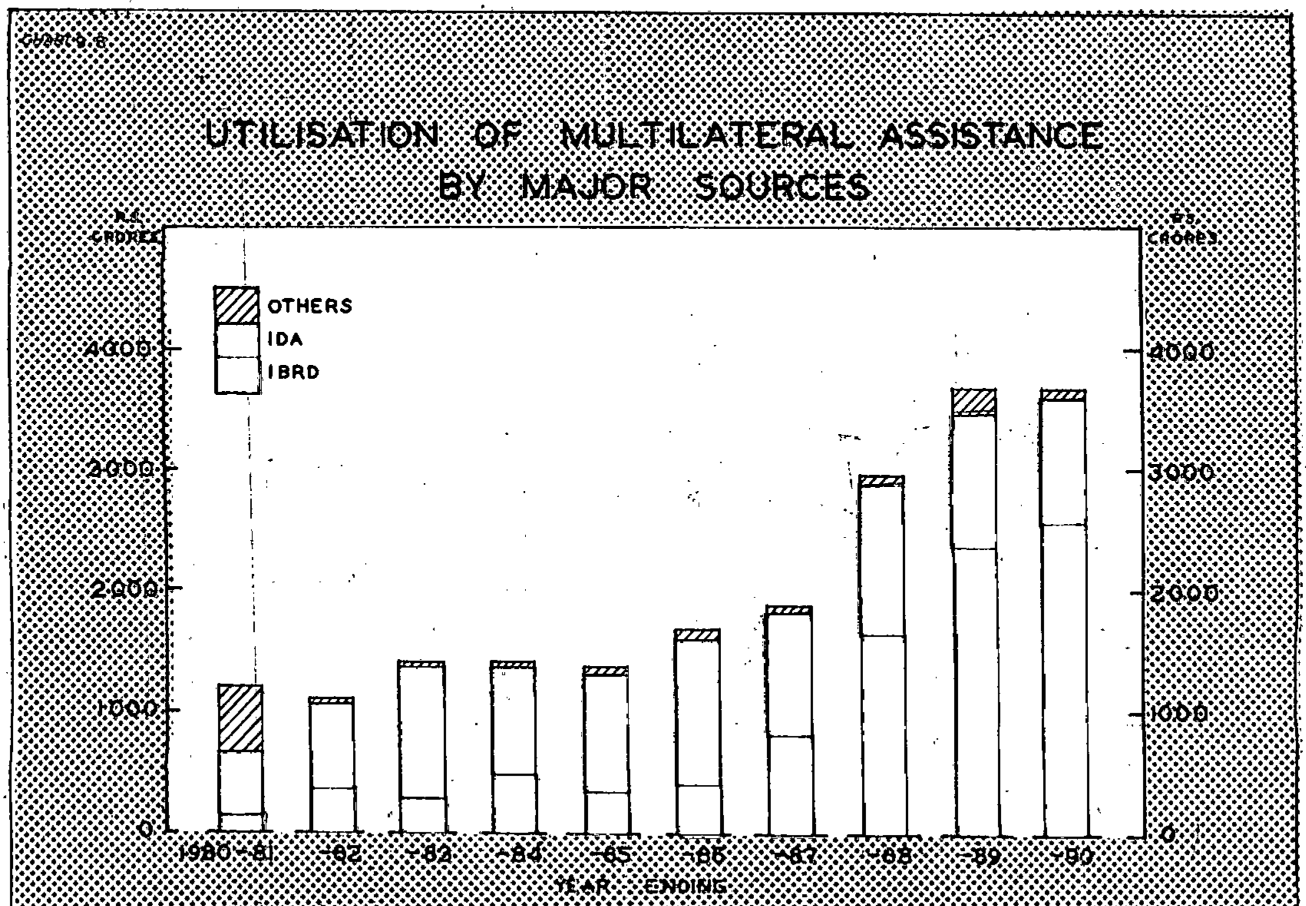
Rates of Interest on Term Deposits under Non-Resident External Rupee (NRER) and Foreign Currency Non-Resident (FCNR) Accounts

(Per cent per annum)

Maturity	Rate of Interest@				
	NRER	FCNR			
		Pound Sterling	US Dollar	DM	Yen
1	2	3	4	5	6
(a) One year and above but less than two years	10.50	13.25	8.00	10.25	8.50
(b) Two years and above but less than three years . . .	11.00	13.25	8.50	10.50	8.50
(c) Three years and above but less than five years . . .	12.00	13.25*	9.00*	10.50*	8.50*
(d) Five years only	13.00	—	—	—	—

@As on February 8, 1991.

*Three years only.


UTILISATION OF MULTILATERAL ASSISTANCE BY MAJOR SOURCES
Rs. CRORES
OTHERS
IDA
IBRD
4000
3000
2000
1000
0
1980-81
-82
-83
-84
-85
-86
-87
-88
-89
-90
YEAR ENDING

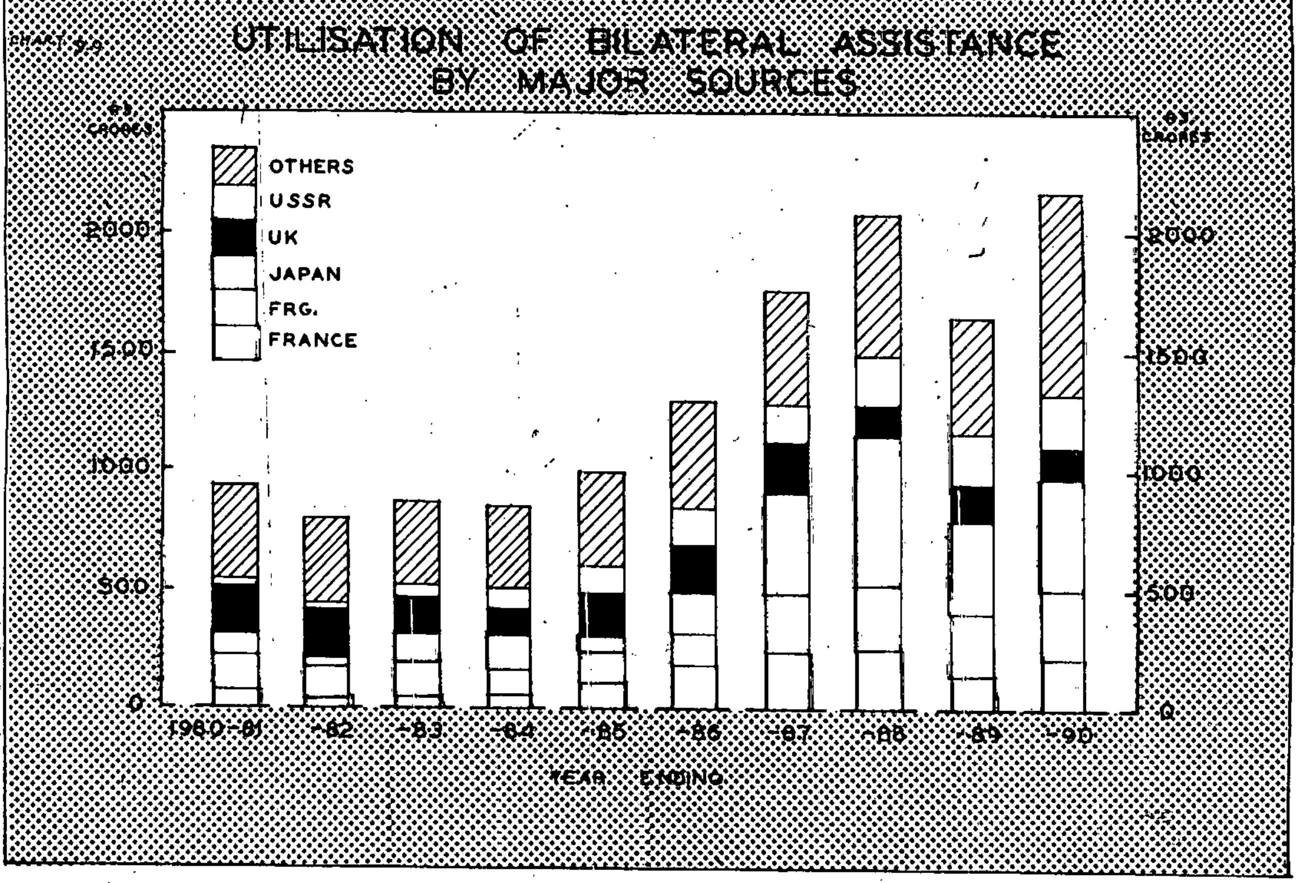

UTILISATION OF BILATERAL ASSISTANCE BY MAJOR SOURCES
Rs. CRORES
OTHERS
USSR
UK
JAPAN
FRG.
FRANCE
2000
1500
1000
500
0
1980-81
-82
-83
-84
-85
-86
-87
-88
-89
-90
YEAR ENDING

CHART 9.10

STOCK OF EXTERNAL DEBT AS A RATIO OF GDP

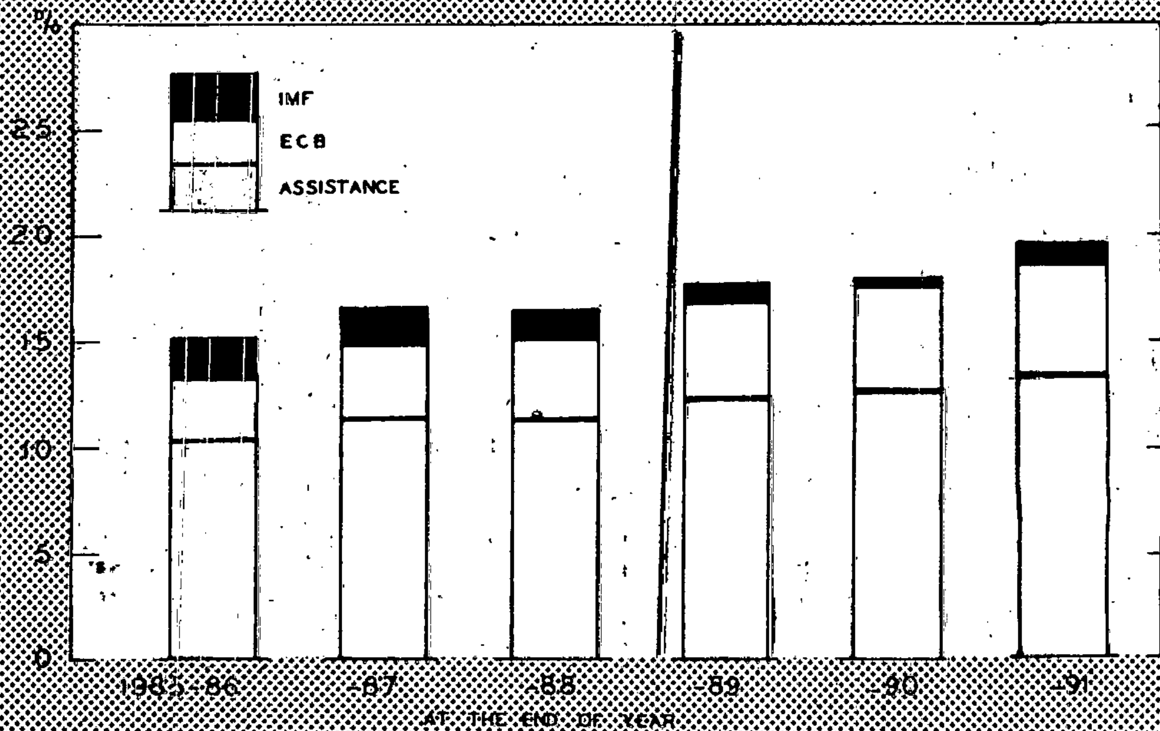
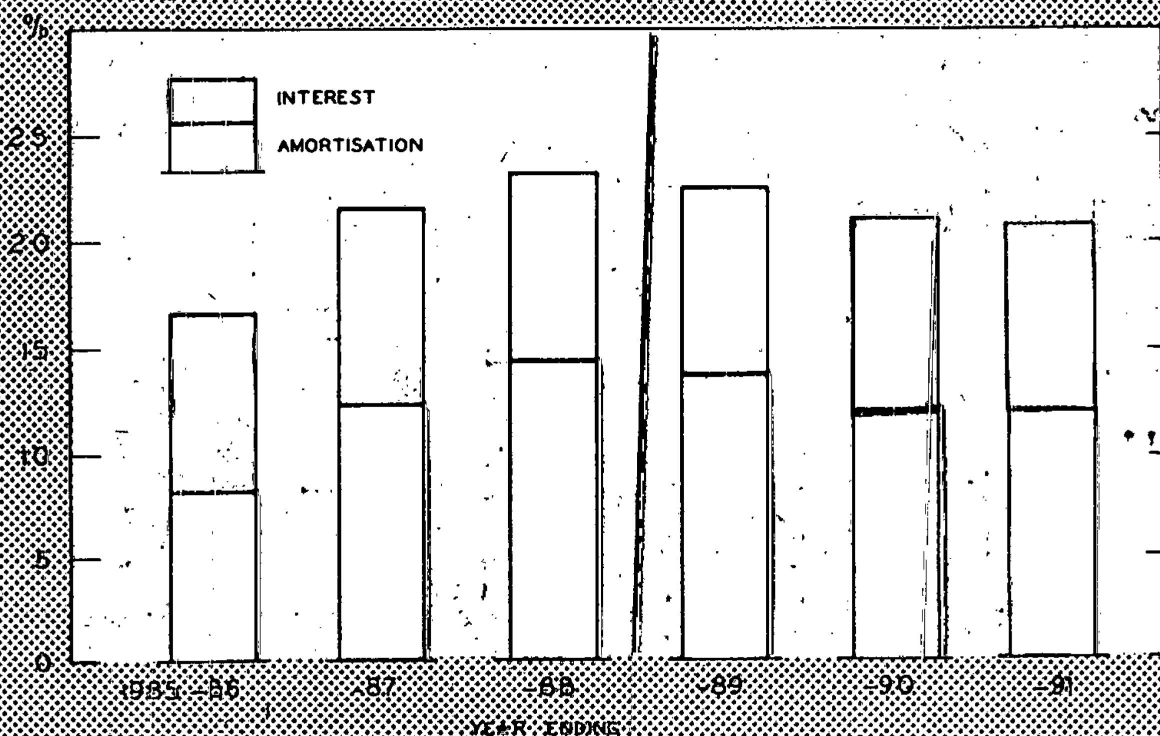


CHART 9.11

DEBT SERVICE PAYMENTS AS A RATIO OF CURRENT RECEIPTS



Foreign Investment

9.72 Foreign investment in India has played only a minor role as a source of external finance. The bulk of foreign capital flows to India is in the form of loans, suppliers' credits, portfolio investment in equity shares, debentures, etc. and only a very small part is in the form of direct foreign investment. As regards the policy relating to direct foreign investment, changes have been made from time to time in response to the changing economic environment. A number of procedural simplifications have been introduced in recent years. The areas of procedural liberalisation include industrial licensing, procedures for collaboration approvals, appointment of directors and technicians, visa requirements, customs procedures, repatriation of funds, etc.

9.73 In recent years, there has been a greater emphasis on encouragement of increased flow of technology from abroad and more equity participation by foreign companies. With a view to facilitating investments from some of the major investing countries, informal inter-ministerial groups have been set up. These are popularly known as "fast track" groups. Under the existing policy, foreign investments are generally welcome in areas of hi-tech, sophisticated technologies and substantial exports.

9.74 During the last six calendar years (1985 to 1990), more than 5,000 foreign collaborations were approved. Of these, 1390 collaborations (27.6 per cent of total) were financial involving foreign investment amounting to Rs. 1,025 crores. Six countries together accounted for more than 73 per cent of total foreign collaboration approvals during these six years; USA (20.4 per cent), FRG (18.5 per cent), U.K. (13.9 per cent), Japan (9.8 per cent), Italy (5.8 per cent) and France (4.9 per cent).

External Debt

9.75 India's medium and long term external debt consisting of external assistance on Government and non-Government accounts, external commercial borrowings and IMF liabilities amounted to Rs. 80,135 crores (about 18 per cent of GDP) at the end of 1989-90. Including outstanding NRI deposits, the country's aggregate debt stock stood at Rs. 97,966 crores at the end of 1989-90 amounting to over 22 per cent of GDP. Preliminary estimates suggest outstanding medium and long term debt as on 31 March, 1991 at Rs. 99,458 crores excluding NRI deposits and Rs. 1,20,000 crores including NRI deposits.

9.76 The compound growth rate of aggregate debt stock from 1980-81 to 1989-90 has been 20 per cent in rupee terms and 10 per cent in terms of US dollars. External assistance which forms a major part of the debt stock recorded a lower growth during the period amounting to 17 per cent in rupee and 7.4 per cent in dollar terms, thus implying a much faster accretion in stock of debt on account of external commercial borrowings, IMF liabilities and non-resident deposits.

9.77 There has been a notable change in the composition of debt stock as can be seen from Chart 9.10. At the beginning of the Sixth Five Year Plan, external debt stock consisted mainly of external assistance which constituted almost 90 per cent of debt stock. Since then, the share of external assistance in debt stock has declined to less than 70 per cent in 1989-90. External commercial borrowing has registered the fastest growth and accounted for 27 per cent of debt stock in 1989-90.

9.78 The declining share of external assistance in inflow of external capital, hardening of terms of such assistance and rapidly rising rates of interest in the international capital markets contributed to a 'bulge' in the debt service payments in the late 1980s. In the latter half of the decade debt stock grew at a compound rate of about 17.5 per cent whilst the growth in debt service payments amounted to about 28 per cent per annum. Also, the growth in interest payments at about 24 per cent since 1985-86 was slower than that of amortisation at about 32 per cent per annum. Chart 9.11 brings out the composition of debt service payments.

9.79 The debt service ratio, defined as the proportion of amortisation and interest payments to exports and gross invisibles, rose during the decade from about 9.4 per cent in 1980-81 to reach a peak of 23.3 per cent in 1987-88. The ratio declined thereafter and in 1989-90, it stood at about 21 per cent. Preliminary estimates for 1990-91 also indicate the debt service ratio of about the same order. The declining trend is partly on account of a substantial growth in the value of exports during recent years and partly due to progressive termination of liability towards the IMF on account of the EFF loan.

Policy Responses in the External Sector

The EXIM Policy—1990-93

9.80 The Import-Export Policy 1988-91 was terminated a year earlier than scheduled and a new Import Export Policy 1990-93 was put in place effective April 1, 1990. This policy seeks to encourage rapid and sustained export growth including export of services with special emphasis on exports which generate higher net foreign exchange, facilitate availability of necessary imported inputs for sustaining industrial growth including essential imported capital goods for modernisation and technological upgradation, simplify and streamline procedures for import licensing and export promotion, support recognised R&D institutions for building up their scientific and technological capacities for technology absorption and development and to promote efficient import substitution and self-reliance. The policy represented a substantial shift towards easing the burden of discretionary controls on actual users and exporters by allowing them to import a broad range of capital goods, instruments, raw materials and components against REP and Additional Licences which have been earned on past export basis.

9.81 One of the main features of the policy was a simplified Import Replenishment Licensing (REP) scheme endowed with greater flexibility in terms of categories of items that could be imported. Under the scheme, exporters, except those in the gems and jewellery sector, could avail of the facility of REP licences to replenish raw materials, components, consumables and packing materials used in the manufacture of products exported, so long as such inputs were in Appendices 3 (list of limited permissible items) and 5A (items of imports canalised through public sector agencies). This provision was designed to ensure greater flexibility to the exporters in the import of required inputs in line with the international marketing requirements. To encourage export of electronic products, import of restricted items was permitted on the REP licences earned against such exports made to GCA countries only.

9.82 Recognising the need for encouraging exports of higher value-added products, the replenishment rates were so modified that higher value-added products were given an advantage under the scheme. Furthermore, the number of replenishment rates were reduced to just four basic rates (i.e. 20%, 15%, 10% and 5%), excepting handicrafts and newspapers/journals/periodicals which were entitled for replenishment rate of 40% and 50% respectively. In the case of manufacturer exporters, import of second-hand capital goods (CGs), including second-hand CGs listed in the Open General Licences (OGL), were also allowed against REP licences issued to them against their own exports.

9.83 Flexibility on Additional Licences was provided so that such licences could be used for import of raw materials and components listed in Appendices 3 and 5A. The flexibility on Additional Licences was also valid for import of permissible non-OGL CGs upto Rs. 15 lakhs. The flexibility limits were also increased to 15 per cent of the value of licence in the case of Export Houses and 20 per cent in the case of Trading Houses. This enhanced scope of flexibility on Additional Licences was designed to enable the indigenous industry to import raw materials, components and capital goods through a fast track mechanism without undergoing the procedural delay in Actual Users licensing policy.

9.84 The policy continued to give special recognition to exporters exhibiting a high export performance. The concept of giving recognition to such exporters through grant of Export Trading Houses status on the basis of the net foreign exchange earnings (NFE) was continued. The threshold limit for the grant of Export House status was placed at Rs. 4 crores while that for Trading House was prescribed at Rs. 20 crores during the base period. A new scheme of Star Trading Houses for exporters exhibiting exemplary performance on export front was introduced. For being eligible for recognition as a Star Trading House, the average annual net foreign exchange carned during the base period should be not less than Rs. 75 crores.

9.85 Recognised Export/Trading Houses could avail of Additional Licences at the rate of 10 per cent of the net foreign exchange carned. Such licences were freely transferable and provided further incentives for export promotion. Recognised Star Trading Houses were eligible for Special Additional Licence for import of raw materials and components listed in Appendices 3 and 5A of the policy. Special Additional Licences were granted to Star Trading House at the rate of 15 per cent of the net foreign exchange carned and were valid for import of non-OGL capital goods upto a single item value limit of Rs. 50 lakhs.

9.86 To enable exporters to be competitive in the world market, a scheme for import of capital goods (CGs) at concessional rate of customs duty was introduced. Under this scheme, regular manufacturer-exporters are eligible to import CGs upto a value of Rs. 10 crores (cif) with an obligation to undertake additional exports of products related to the CGs imported for a value equal to three times the value of the imported CGs plus maintenance of the past average performance of exports. This scheme was further modified to include manufacturer-exporters who do not fulfil the past 3 years export performance criteria and to cover import of CGs for a value exceeding Rs. 10 crores during the licensing year, subject to specific conditions.

9.87 The Exim policy gave for the first time due recognition to the important role played by service exports in earning foreign exchange. Service exports like software exports, computer consultancy, management consultancy abroad in connection with various utility managements, were recognised for benefits under this scheme. Such exports were entitled for a REP licence at the rate of 10 per cent of the net foreign exchange earned. Furthermore, such exports are also considered, in accordance with the relevant policy, for the benefit of Export/Trading/Star Trading House status.

9.88 The Duty Exemption Scheme, introduced some 15 years ago, permits the import of raw materials, components, consumables and spares meant for export production on a duty-free basis. Over the years, this scheme has developed into an important instrument in facilitating export production. Given its importance, an attempt has been made to remove procedural irritants that have hampered the smooth operation of the scheme. To this end, the Blanket Advance Licensing Scheme in favour of established manufacturer-exporters was introduced with a greater amount of flexibility, so that such established exporters could avail of the benefit of the scheme without being subject to some of the present procedural irritants. Also, the scheme of Intermediate Advance Licensing was made operationally simpler so as to ensure that the potential industrial infrastructure of the country was fully tapped for export of higher valued-added products. With the introduction of the Blanket Advance Licensing Scheme, the Import-Export Pass Book Scheme was abolished. So as to avoid the depreciating effect of Rupee, it was decided that all licences issued under the Duty Exemption Scheme shall carry the export obligation in terms of US dollars.

Reform of Exim Policy

9.89 The new Government undertook a review of the export and import policy 1990—93 and introduced major reforms on 4th July, 1991 aimed at vigorous elimination and reduction of import licensing, export promotion and optimal import saving.

9.90 A key feature of the policy reform is the enlargement and liberalisation of the replenishment licence system (REP), which will be called the EXIM SCRIP. All exports, other than gems and jewellery, certain metal-based handicrafts, books and journals will now have a uniform REP rate of 30 per cent of the f.o.b. value of exports. This represents a substantial increase over the existing rates which range from 5 per cent to 20 per cent except for certain items which have a larger rate. Special rates for gems and jewellery, certain metal-based handicrafts, and books and journals will continue. The new scheme with a uniform 30 per cent entitlement provides maximum incentive to exports where import intensity is low. All items now listed in the Limited Permissible List (Appendix 3A and 3B), OGL items imported by units subject to the Phased Manufacturing Programme (Appendix 6) and all items listed in Appendix 4 (list of goods the manufacturers of which are eligible for special import facility) and Appendix 9 (list of machinery and equipment the manufacturers of which are eligible to import spares for after-sales service) will now be imported through the REP route. The category of Unlisted OGL has been abolished and items falling under this category may now be imported only through the REP scheme.

9.91 With this change, Supplementary Licences for raw materials/components in Appendix 3 have been abolished. However, considering the special nature of small scale industry and the producers of life-saving drugs/equipments, these sectors will continue to be eligible for Supplementary Licences for Appendix 3 items.

9.92 With the substantial liberalisation of the trade regime, and the exchange rate adjustment that occurred in early July 1991 the Cash Compensatory Support (CCS) scheme has now become redundant and was suspended with effect from 3 July, 1991. All imports actually effected until the mid-night of 2/3 July, 1991, will, however, be entitled to the benefits of CCS.

9.93 The scheme for grant of Additional Licences to Export Houses/Trading Houses/Star Trading Houses was abolished and in lieu of such additional licences, these houses will be eligible for REP licences at lower rates, 5 per cent instead of 10 per cent for Export Houses/Trading Houses and 10 per cent instead of 15 per cent for Star Trading Houses. The Advance Licensing route will remain open for exporters who wish to go through this route. The REP rate for advance licence exports is being increased from 10 per cent of NFE to 20 per cent of NFE. The policy towards canalised imports is being reviewed with a view to eliminating unnecessary canalisations.

Import Management

9.94 In spite of severe strains imposed by the Gulf crisis on the country's external payments position, recourse to discretionary and quantitative measures of import control has been avoided to the extent possible. The overall approach to import management continues to be selective and geared to curtailment of non-essential and low-priority imports, with particular emphasis to discourage inventory build-up of imported inputs through use of fiscal and monetary modes of regulation, some of them being in the nature of response to the strains imposed on the economy by the Gulf crisis.

9.95 In the realm of monetary modes of regulation, the RBI took several measures. The level of inventory holdings of imported raw materials is restricted to the levels already prescribed or upto a level of three months, whichever is less. Earlier, a maximum of six months' inventory level of imported raw materials was permissible.

9.96 In order to moderate import growth and contain outflow of foreign exchange reserves, the RBI announced some measures in March, 1991. It enhanced cash margins on imports other than capital goods effective March 19, 1991. Importers were required to deposit 133 1/3 per cent of the import value as cash margin for opening Letters of Credit (LCs) for imports under OGL, as against 50 per cent margin earlier. Margins of LCs for imports under other categories were also raised. Where the import is against a specific licence, the cash margin was specified at 110 per cent. Cash margins for imports under suppliers' credit for one year and above were maintained at 50 per cent. For imports other than capital goods, not covered by letters of credit, importers will be required to place with their banks, cash margins for a minimum period of three months at the rates prescribed for imports under letters of credit at the time of placement of orders on overseas suppliers. The new margin stipulations are applicable to all importers including public sector undertakings. Imports by Government departments, imports of petroleum oil and lubricants, fertilizers, foodgrains, edible oils, newsprint and life saving drugs, however, are exempt from the new stipulations.

9.97 Imports of all capital goods are to be allowed only under foreign currency lines of credit available with the financial institutions.

9.98 Banks were directed not to grant any additional limits to their constituents for meeting cash margin requirements. Besides, all letters of credit other than those under foreign lines of credit, for Rs. 25 lakhs and above will require approval from the Head Offices of the banks and letters of credit for Rs. 50 lakhs and above will require clearance from the Exchange Control Department of the R.B.I. Similar approval will be required for remittances in respect of imports not covered under letters of credit.

9.99 Subsequently from 22 April, 1991 the RBI raised further the cash margin requirements for imports other than capital goods under OGL and under specific licences. Thus the cash margin requirement under OGL was raised from 133.3 per cent to 200 per cent and under specific licences from 110 per cent to 150 per cent. Effective 23 April, 1991 the issue of REP licences was made conditional on realization of export proceeds and the RBI exempted the imports under such post-realization REP licences from the cash margin requirements. Further, with a view to providing incentives to exporters to repatriate export proceeds early and, at the same time, making credit costly to those who delay repatriation of export earnings, the RBI revised the interest rates on post-shipment export credit with effect from 23 April, 1991. Under the revised interest rate structure, demand bills and usuance bills upto 45 days carry an interest rate of 7 per cent only whilst usance bills beyond 45 days and upto 90 days carry an interest rate of 8.65 per cent, beyond 90 days and upto six months 18 per cent, and beyond six months 26 per cent. Again effective 9 May, 1991 the RBI imposed a 25 per cent interest rate surcharge on bank credit for imports subject to commercial rate of interest of a minimum of 17 per cent, to discourage the use of bank credit to finance imports.

9.100 Necessary relaxations regarding curbs on financing of imports by exporters have also been provided with effect from 1 April, 1991. For 100 per cent Export Oriented Units, Units located in Export Processing Zones/Free Trade Zones, 50 per cent cash margin requirement (stipulated earlier) for own consumption will not be required, where exports are made to General Currency Area (GCA) and provided that the exporter has no outstanding export bills beyond six months. If exports are being made both to GCA as well as Rupee Payment Area, then the extent to which the margin requirements will be exempt will be determined by the proportion of exports to the GCA in the total exports made during the previous year. In case of imports against advance licences, blanket advance licences, advance intermediate licences, imprest licences and special imprest licences for own-consumption, exporters will be exempt from the margin requirement of 50 per cent, provided they have no export bills outstanding beyond six months from the date of export. Cash margin requirement of 110 per cent for imports under REP licences, additional licences and special additional licences has been reduced to 50 per cent subject to the export proceeds against which the relative licences have been issued have been fully realised. These relaxations will not only soften the incidence of enhanced margin requirements on exporters but will also act as a disincentive to exporters who do not repatriate their foreign exchange earnings.

9.101 Import of components by manufacturing units which do not contribute sufficiently to the export effort is continuously reviewed. The Phased Manufacturing Programme (PMP), wherever laid down by the Ministry of Industry for any manufacturing unit, is required to be adhered to. A cut of 15 per cent in the requirement of such units for import of components as well as raw materials has been made to those in the automobiles, electronics and consumer durables sector. An additional cut of 10 per cent has been imposed in the case of passenger vehicles and consumer durables sectors. The units will have to meet this part of the requirement either from their own import entitlement or through the use of REP licences of other exporters as per the provisions of the import policy. Similarly, import-intensive and high-cost projects will be expected to meet their foreign exchange requirements through exports.

9.102 Thirty four items of capital goods and thirteen items of raw materials which were allowed under OGL have been shifted to the licensing category. The residual category of imports comprising unlisted items of raw materials, components, consumables, spares, etc. under OGL were shifted to the limited permissible list with effect from 6 November, 1990. The import of gold for use by jewellery exporters by the State Bank of India has been stopped and such gold imports are sought to be substituted by confiscated gold lying idle with the mints.

Other Macroeconomic Measures

9.103 Imbalances in the domestic fiscal situation not only affect the prospects for growth and price stability but have a vital bearing on the balance of payments situation. A strategy for ensuring a viable balance of payments requires correction of the fiscal imbalance as well. A reduction in the current account deficit amounts to a reduction in the overall savings-investment gap of the economy. With a view to ensuring a better aggregate demand management. a series of measures to contain overall government expenditure, particularly its foreign exchange content, and raise revenues were implemented during 1990-91.

9.104 The Government decided to reduce administrative expenditure by 10 per cent. Several measures to effect economy in expenditure in Central Government offices were introduced in November 1990. With a view to containing foreign exchange expenditure of Government departments, it was decided to close foreign offices of promotional agencies and India Supply Missions in Washington and London; reduce foreign travel budget of Ministries and foreign exchange expenditure of Ministry of External Affairs by 20 per cent and 10 per cent respectively. The Central Government raised auxiliary customs duty on all items, except crude oil, and basic duty on a number of items in December 1990, increased surcharge on income tax and reduced the limit of depreciation allowance which are estimated to yield additional revenue of over Rs. 1,200 crores during the current financial year.

9.105 The Gulf crisis brought about a sharp spurt in international prices of crude and petroleum products. In response to the price increases a temporary "Gulf surcharge" of 25 per cent on all petroleum products, except domestic LPG cylinders, was imposed. An additional one time surcharge of 7 per cent was levied on corporate income tax for the assessment year 1991-92. The receipts from this surcharge will go towards meeting the expenditure incurred on evacuation and the provision of other essential facilities for Indian citizens in the affected Gulf region.

9.106 With a view to containing petrol consumption, a cut of 25 per cent in petrol consumption by Central Government and public sector undertakings was imposed and several other measures to conserve the use of POL were introduced.

International Economic Developments

World Economy during 1980*s*

9.107 World output and trade expanded during the 1980s as a whole at a much slower pace than in the preceding decade. The IMF estimates show that during the 1980s, real output in the world economy expanded at an annual rate of 2.9 per cent against 3.9 per cent during the 1970s. For industrial countries, the growth rate was 2.7 per cent during 1980s against 3.3 per cent during 1970s and for developing countries, the respective growth rates were 3.2 per cent and 5.6 per cent. Real per capita income increased by over 2 per cent per annum in industrial countries during 1980s, but in developing countries the annual growth rate was just one per cent. During the 1970s, real per capita income in developing countries had increased by 3 per cent per annum. Disparities in the growth of real GDP and GDP per capita among various groups of developing countries widened during the decade. In fact, in a number of developing countries real per capita income declined from earlier levels.

9.108 According to the IMF Staff estimates, the growth in the volume of world trade decelerated from 6.2 per cent per annum during the 1970s to 4.1 per cent during the 1980s. For industrial countries, volume growth of exports decelerated from 6.6 per cent to 4.7 per cent and for developing countries from 4.1 per cent to 3.1 per cent per annum during the same period. Likewise, there was deceleration in the growth of import volume in both groups of countries. Dollar prices of non-oil primary commodities declined at an annual rate of 0.5 per cent during the eighties against an annual increase of over 11 per cent during the seventies. A fast growth of protectionism, with bilateral export restraints playing an increasingly important role, marked the international trading environment during the decade. According to the UNCTAD, the number of export restraints grew from about 50 in 1978 to 263 in 1989. These protective policies were introduced mainly by developed countries and applied mainly against developing countries.

9.109 A declining volume of flow of real resources to developing countries was another feature of the 1980s. In real terms, official development assistance (ODA) did not show any growth and non-concessional official finance declined substantially during the latter half of the decade. The decline in private flows, which include commercial bank loans and direct foreign investment, was particularly sharp after 1982. As a result, the net flow (gross disbursements minus amortisation) of aggregate resources to developing countries declined progressively from $ 201.9 billion in 1981 to $111.5 billion in 1989 at 1988 prices and exchange rates. Because of mounting debt service burden, there was a net transfer (gross disbursements minus debt service payments) of real long-term resources from the developing countries during the last three years of the decade.

9.110 The decade was characterised by emergence of the external debt problem of developing countries. The problem has continued to occupy the centre stage of international economic relations since 1982 and defied a satisfactory solution despite various initiatives. According to the World Bank, total stock of developing countries' debt at the end of 1989 amounted to $1,147 billion and servicing of these debts $136 billion during that year; and are projected to rise to $1,221 billion and $141 billion respectively in 1990. Major debt indicators suggest some improvement in the situation since 1986-87, yet the debt problem is likely to bedevil international economic relations during the 1990s.

Single EEC Market

9.111 The unification of the EEC into a single market by 1992 is expected to improve productivity and competitiveness and, therefore, economic growth and welfare within the Community. If integration is accompanied by strengthening of multilateralism, creation of new trade will benefit the trading partners, but if it leads to fortification of the EEC market, trade diversion is bound to harm the trading partners.

9.112 The completion of the single market will have both trade-creating and trade-reducing effects. However, the net impact, some studies suggest, on developing countries would be small. The net effects will, of course, vary widely among developing countries depending upon the product composition of their exports to the EEC market. The UNCTAD believes that the main beneficiaries of trade creation would be fuel exporters because of the high income elasticity of demand for fuel but the impact on the clothing and textiles sector will be marginal because of the advanced state of integration already achieved in this sector in the EEC countries.

9.113 It is important to note that the EEC has a complex system of trade preferences and import restrictions with developing countries. Developing countries in Asia and Latin America have a lower preferential status in the EEC market than ACP and the Mediterranean developing countries. Then, there are disparities in the application of trade barriers among EEC member countries. A unified market will naturally require fully unified import rules towards third world countries. The key issue is whether the trade policy stance of EEC will evolve in a liberal or non-liberal direction. Developing countries will gain from trade creation only if liberal tendencies dominate the trade policy of the EEC after 1992, although some redistribution of gains among developing countries may occur.

9.114 The EEC market which accounts for 37 per cent of the global trade is likely to emerge as one of the largest markets after 1992. India's share in EEC import is as small as 0.3 per cent. In order to maintain and increase our share in the EEC market in the post-1992 period, we will have to be far more competitive in price, quality, design, marketing methods, packaging, adherence to delivery schedules, etc. than now.

Economic Reforms in East Europe

9.115 In most East European countries there has, over the past one year or so, been a move towards economic reforms and a market-oriented economic system. In regard to the content, pace, sequencing and costs of economic reform measures, however, there continues to be a great deal of uncertainty among various countries in the region. These reforms are likely to have far-reaching impact on world trade and financial flows.

9.116 Economic reforms in East Europe will require new inflows of financial resources in convertible currencies on an unprecedented scale. Many OECD Governments have already formulated programmes to support economic reforms in East European countries in the form of grants, loans, debt forgiveness, technical assistance, export credits, food aid, etc. Despite reassurances from DAC Aid Ministers regarding their determination to continue to give high priority to their development co-operation with the Third World, there are apprehensions that, at least in the short run, there may be diversion of funds from development aid budgets. For the longer run, however, there is a speculation that the 'peace dividend', i.e., the reduction in arms expenditures following relaxation of East-West tensions, would ensure additionally in aid programmes.

9.117 To accommodate the need for financial resources of East European countries, multilateral institutions such as the World Bank, will need a general capital increase in the medium term so that their planned financial assistance to developing countries is maintained. Hopefully, the recently constituted European Bank for Reconstruction and Development (EBRD) will meet a large part of the expanded financial requirement of the East European economies. The extent to which economic reforms in East European countries will affect flows to developing countries of official/officially guaranteed export credits, finances from commercial banks in industrial countries and direct foreign investments is by no means easy to assess at this stage.

9.118 Developing countries may get new opportunities for trade in countries of Eastern Europe where reforms are taking place. But they may, at the same time, have to compete with these countries for their exports to the OECD markets, particularly in the EEC. Export prospects of developing countries may be affected in the medium term when structural changes are possible. The prospects will, to a great extent, depend on economic policies pursued by the OECD and the East European countries with respect to each other and towards the developing countries. The emerging trade and investment relations between Western European countries and the reforming countries of East Europe will, in particular, affect export prospects of developing countries in Western European markets.

9.119 India has had special economic and trade relations with the socialist countries of East Europe. At the beginning of the 1990-91 financial year, India had bilateral clearing arrangements providing for trade on the basis of payments in non-convertible Indian rupee and on a balanced basis with five out of eight countries in the region, namely, the USSR, Romania, Poland, Czechoslovakia and the GDR. The rupee payment arrangement with the GDR ended in December, 1990 with the unification of the Germanys. Trade with Poland also is in convertible currencies since January 1, 1991. However, to liquidiate the rupee balances remaining in favour of Poland and GDR as on 31 December, 1990 export from India of certain mutually agreed goods and commodities upto specified limits would be against payment in Indian rupees. Trade with the remaining countries, namely, Yugoslavia, Hungary and Bulgaria is being conducted on the basis of payments in any freely convertible currency. The bilateral rupee trading arrangement has avoided the balance of payments implications and provided benefits to both the partner countries. The arrangement has provided for stability, growth and diversification of the country's structure of trade. The country has been able to import critical inputs like POL, petrochemicals, fertilizers, non-ferrous metals, steel and steel products, sulphur, capital goods and newsprint from the rupee payment area.

9.120 The wave of economic reforms in Eastern Europe will have an impact on the rupee trade. Both the Governments of India and the USSR have decided to continue with the rupee trade arrangement for another five years beyond January 1, 1991. Agreement has been reached with Czechoslovakia to extend the rupee trade arrangement for a further period of two years beyond January 1, 1991 further extendable by another three years by mutual consent. An agreement of similar extension has also been finalised in the case of Romania. These bilateral trading arrangements may face considerable strain on account of internal economic changes taking place in these countries. Notwithstanding these developments, the process of change in East Europe also promises further enhancemnt of trade and economic cooperation for India in the medium and long term. These countries could open a major market for our exports of textiles, electronics, light engineering goods, consumer durables and consumer goods, provided we are able to maintain the requirements of good quality, timely delivery and competitive prices.

World Economic Situation and Prospects

9.121 According to the latest IMF staff estimates, global economic growth is expected to decline from 2.1 percent in 1990 to 1.2 percent in 1991 before picking up by about 3 per cent in 1992. For industrial countries, output growth is estimated to have slowed down to 2.6 per cent in 1990 and is projected to slide further to 1.3 per cent in 1991 and then accelerate to 2.8 per cent in 1992. In developing countries, output growth in 1990 is now estimated at 0.6 per cent. This is expected to marginally improve to 0.8 per cent in 1991 before rising by 3.4 per cent in 1992. As regards Eastern Europe and the USSR, the IMF staff estimates indicate a decline in output by 3.8 per cent in 1990 with a further fall of 4.1 per cent in 1991 and 2.2 per cent in 1992. These developments in global activity are reflected in the growth of world trade as well. The volume of world trade is estimated to have fallen from 7.1 per cent in 1989 to 3.9 per cent in 1990 and is projected to decline further to 2.4 per cent in 1991, the slowest rate of expansion since 1985, before rising to 5.5 per cent in 1992.

9.122 The slowdown in growth in the industrial countries has contributed to the recent declines in nominal and real non-fuel commodity prices. As per the IMF staff forecasts, in 1991 and 1992, prices for metals and minerals are projected to decline further in real terms, while the real prices of food, beverages, and agricultural raw materials are expected to remain broadly stable. The terms of trade for the non-fuel exporting developing countries, which declined by about 3 per cent in 1990, are not expected to turn significantly positive during 1991-92.

9.123 The economic impact of the sharp rise in oil prices arising out of the Gulf crisis has been significant for both industrial and the developing countries in the assessment of the IMF staff. Since most of the industrial countries are net importers of oil, the rise in the price of oil has led to the deterioration in the terms of trade and a decline in real disposable income which, together with the rise in interest rates, have lowered private consumption and investment. As a result, the level of real GNP in the industrial countries is estimated to have been reduced by one fourth of one per cent in 1990, and a further reduction is foreseen in 1991. Developments in the Gulf region are estimated to have reduced real GNP in the net debtor developing countries taken as a group by one fourth of one per cent in 1990 and a further reduction in output is expected in 1991. The impact on real GNP in the indebted, fuel-exporting countries other than Iraq is estimated to have been an increase of 3 per cent in 1990. In contrast, the real GNP in 1990 in the net debtor, oil-importing developing countries is estimated to have been lowered by 1/2 of one per cent in 1990, and would be lowered by 3/4 of one per cent in 1991. This reduction reflects a deterioration in the terms of trade, the deterimental effect on exports of the reduced demand for imports in the industrial countries, and the rise in debt service obligations resulting from higher world interest rates.

9.124 The IMF staff estimates of the losses in workers' remittances and exports of goods and services suffered by some developing countries as a result of the Gulf crisis are placed at around $3 billion in 1990 and $9 billion in 1991 for the group of most severely affected countries, with particularly large losses for some individual countries. Notwithstanding the sharply higher prices for imported oil in 1990, the simulated effects on the current account position of oil-importing developing countries are relatively small. This result of the IMF simulation exercise reflects the assumption that most developing countries have limited access to external finance, and therefore, an incipient deterioration in the current account would be largely offset by cutting back imports. In recognition of the difficulties some countries might face in making this adjustment, the Fund made some amendments in the CCFF (Compensatory and Contingency Financing Facility) designed to provide additional financing to member countries seriously affected by the Gulf crisis.

9.125 Simulation exercises undertaken by the IMF staff suggest that, in general, higher oil prices will raise industrial countries' producer and consumer prices and lower their domestic demand and output. For net debtor developing countries as a group, higher oil prices would have a small, net positive impact because a number of such countries are net exporters of oil. For majority of net debtor countries that import oil, however, the terms of trade deterioration would lower income, their export growth will be lower and debt servicing obligations will rise. Oil price increase will improve the terms of trade and income of net creditor developing countries which consist mainly of oil exporting countries. As a net importer of oil, a rise in oil prices have serious implications for India.

The Gulf Crisis—Multilateral Response

9.126 In response to the above developments, the Executive Board of the IMF decided to introduce an oil import element into its already existing Compensatory and Contingency Financing Facility (CCFF) for a temporary period upto the end of 1991. Access to purchases under this oil import facility is provided within the present total access limit of 122 per cent of quota for CCFF. This includes access equivalent to 40 per cent of quota under the contingency element and the remaining 82 per cent of quota under compensatory element which could be used for oil. The Fund also decided to expand the coverage of the CCFF. Whereas previously only workers' remittances and travel receipts could be included in the calculation of export shortfalls under compensatory financing, under the new policy losses resulting from shortfalls in other services such as receipts from pipelines, canals, shipping, transportation, construction and insurance could also be included. As mentioned earlier, India has been provided access to Fund resources under the amended CCFF amounting to SDR 716.9 million in January 1991.

9.127 The above measures are expected to have only a marginal impact on those developing countries which have been performing well in the export sector. This is so because the access on oil imports is netted against any export excess. Furthermore, the cost of the compensatory element for the developing countries is very high as the funds made available under this facility are on non-concessional terms. It had therefore been suggested that an interest subsidy scheme should be made an indispensable component of modified CCFF but the proposal did not receive the majority support in the IMF Executive Board.

Ninth General Review of IMF Quotas

9.128 Members of the IMF are assigned quotas which determine their subscriptions to the IMF, their relative voting power, their maximum access to Fund resources and also their shares in SDR allocations. In June 1990, the Board of Governors adopted a resolution proposing a 50 per cent increase in total quotas for the Ninth Review from SDR 90.1 billion to SDR 135.2 billion.

9.129 Under the Ninth Review, 60 per cent of the overall increase in quotas will be distributed to all members in proportion to their existing individual quotas and the remaining 40 per cent are distributed selectively on the basis of each member's share in the total of "calculated" quotas. The "calculated" quotas, in turn, are derived from a set of formulas considered to broadly reflect members' relative positions in the world economy based on variables such as GDP at current prices, annual average current receipts, annual average current payments, variability of current receipts and official reserves. The Review which has yet to be operational would lead to a decline in the share of developing countries in the IMF quotas from 36.89 per cent to 36.43 per cent, and that of India from 2.45 per cent to 2.26 per cent. As a result, India's position in the IMF quota would come down from 11th to 12th. In absolute terms, India's quota would increase from SDR 2207.7 million at present to SDR 3055.5 million.

The Uruguay Round

9.130 The Uruguay Round of Multilateral Trade Negotiations launched in September, 1986 to bring about further liberalisation and expansion of world trade cover a wide range of issues which were not part of earlier Rounds held under the auspices of the General Agreement on Tariffs and Trade (GATT). They include trade in agricultural products, and textiles and clothing, which have remained largely outside the mainstream of liberalisation in the past. The negotiations have further undertaken a thorough going review of the existing rules relating to commercial policy instruments as well as systemic issues pertaining to the functioning of the GATT system. They encompass certain new areas, *viz.*, trade-related investment measures (TRIMs), trade-related aspects of intellectual property rights (TRIPs) as well as trade in services.

9.131 In market access areas, the participating countries have proposed further reduction of tariffs which will result in global expansion of trade. On its part, India has made an initial offer envisaging 30 per cent reduction of the basic customs duty on capital goods, raw materials and intermediates covering approximately half of its annual imports. Maintenance of the offer is subject to a satisfactory overall package of results of the Uruguay Round. India has placed particular emphasis on the proposal for dismantling the discriminatory and restrictive regime of the Multifibre Arrangement (MFA) which governs world trade in textiles and clothing. There is consensus among the importing and exporting countries for the phase out of MFA and negotiations are continuing on the modalities and the time span of the phase out. With regard to agricultural trade most developing countries including India support proposals for liberalisation by the industrialised countries in which subsidy and protection of agriculture have reached pheno-[illegible]al levels. India has proposed deferment of [illegible]bligation of enhanced disciplines in respect [illegible]veloping countries, until they have [illegible] levels with respect to certain criteria, *viz.*, the share of agriculture in GDP, employment and the percentage share of average household budget accounted for by the foodstuffs.

9.132 In the rule making areas, an important proposal made by the developing countries including India is to strengthen multilateralism by reaffirming the most favoured nation principle for taking emergency safeguard action and outlawing grey area measures. Developing countries have also sought to improve the rules so as to lessen the opportunity of anti-dumping and countervailing duty procedures being used as tools of protectionism. On their part the industrialised countries have made proposals to curtail the use by the developing countries of quantitative restrictions for balance of payments purposes and of subsidies for promotion of exports. In these areas India and other developing countries have proposed that the existing flexibilities in GATT rules should be continued.

9.133 New areas have received disproportionate attention in the Uruguay Round from the developed countries. On TRIMs, the industrialised countries have proposed prohibition of certain measures such as local manufacturing requirements and export obligation which are used by developing countries to promote industrialisation and technological upgradation and to help alleviate the balance of payments problem. On TRIPs, the developed countries have advocated adoption of a high level of standards for protection of intellectual property rights uniformly by all countries irrespective of their levels of development. India has taken the general position that the standards for intellectual property rights have to respond to the levels of economic and technological development of individual countries and cannot be set at a uniformly high level for all of them. In trade in services, a major problem is that while the industrialised countries have proposed to enlarge market access opportunities in sectors in which they have overwhelming superiority (e.g. banking, insurance, telecommunications and informatics) they are averse to liberalisation of labour and labour-related services where developing countries possess comparative advantage. India, like many other developing countries, also has a major difficulty with the proposal made by some developed countries for creating a unified dispute settlement machinery covering GATT and the new areas, whereby it would be permissible for them to use the leverage of access to markets in goods for obtaining changes in the domestic policies of developing countries on investment, intellectual property rights and services.

9.134 Although the Uruguay Round was scheduled to conclude in December 1990, the Ministerial meeting held at Brussels ended in a stalemate because of widely divergent positions of the United States and the EEC on the issue of domestic support to agriculture. The United States has obtained renewal of its Fast Track Authority for negotiations from the US Congress. Only technical work had been continuing at Geneva till January, 1991. Negotiations are expected to resume shortly.

Outlook

9.135 The balance of payments position continued to remain difficult throughout the Seventh Plan period. In fact, the situation turned out to be much more difficult with current account deficit averaging over 2 per cent of GDP for the Plan period as a whole against the expectations of 1.6 per cent at the time of preparing the Plan. The Gulf crisis has strained the external payments position further in the first year of the Eighth Plan. The outlook of the external sector in the short term is quite grim.

9.136 The prospect for the external sector of the economy in the short and long run will, to a great extent, depend on the outlook of the global economy in the years ahead. The growth rate of real GDP of the global economy is projected to drop further in 1991. Volume growth of world trade, and that of developing country exports, is also projected to fall further in 1991. Dollar prices of manufactures and oil rose sharply and those of non-fuel primary commodities declined in 1990; the outlook for 1991 is by no means encouraging. The terms of trade are expected to move against developing countries in 1991. A reversal in the declining trend in real financial flows to developing countries seems unlikely. Overall, the external environment is likely to be far from supportive in the short-term for the Indian economy.

9.137 It is difficult to arrest the declining role of invisibles earnings in financing trade deficit in the face of a rising burden of external debt service payments and stagnation in private remittances. It will be unrealistic to expect any substantial increase in external assistance. It will also not be by any means easy to mobilise NRI investments and external commercial borrowings on a substantial scale.

9.138 In the event, the present momentum in export growth will have to be not only sustained but further strengthened to manage the balance of payments. A close scrutiny of imports will also be necessary to contain their growth without adversely affecting export performance. Much will depend on the course oil prices take in the short term since our balance of payments is highly sensitive to oil price changes. Redoubled efforts will have to be made to utilise the committed but undisbursed external assistance in the pipeline. Greater fiscal restraint will have to be exercised. The balance of payments situation will continue to remain critical and demand careful management in the short term.

CHAPTER 10

PROBLEMS AND PROSPECTS

10.1 It is a difficult conjuncture for the economy. The large fiscal imbalances persist : the postponement of the budget has accentuated the problem further. The balance of payments situation is fragile : there has been an acute foreign exchange crisis for the past few months. The inflationary pressures on the price level are considerable : the people are faced with double-digit inflation. The problems associated with these macro-economic imbalances, highlighted in the Economic Survey during the past few years, were sharply accentuated by the crisis and the war in the Gulf during 1990-91. Yet, the momentum of growth was sustained. The growth in agricultural production is estimated to be around 4.5 per cent, while industrial growth turned out to be 8.4 per cent. It is estimated that GDP growth, in real terms, would be in the range of 5 per cent in 1990-91. However, the combined impact of the growing fiscal deficit and the external deficit created serious doubts about the future sustainability of the growth process.

10.2 Even at the beginning of 1990-91 the economy was in a serious fiscal crisis and faced a very difficult balance of payments situation. It is, therefore, not surprising that the impact of the Gulf crisis on an already vulnerable economy turned out to be dramatic. It led to a deterioration in the fiscal situation because the Oil Coordination Committee surplus did not materialise; the burden on account of fertiliser subsidies increased; the cost of repatriation of Indian citizens from Kuwait was borne by the exchequer; and there were shortfalls in revenue attributable to the squeeze on non-oil imports and the contraction of output. The impact of the Gulf crisis on the balance of payments was also very large. The cost of POL imports which was estimated at Rs. 6400 crores in April increased to Rs. 10,820 crores during 1990-91. What is more, the economy lost approximately Rs. 965 crores in remittances from, and exports to, Kuwait and Iraq. In addition, the growing fiscal deficit and the uncertainty generated by the Gulf crisis, and the political situation at home exacerbated inflationary pressures and expectations in the economy.

10.3 Developments in some important sectors of the economy accentuated the difficulties of economic management. The shortfall in the domestic production of crude oil during 1990-91 is estimated at 2.4 million tonnes, attributable in particular to disturbances in Assam, which, depending on world oil prices, cost us as much as Rs. 1000 crores in foreign exchange. The disturbed law and order situation during the second and third quarters of 1990-91 affected revenues in the form of excise duties, while disruption of transport facilities may have led to localised shortages and thus accentuated the pressure on prices.

10.4 The price situation, which is of immediate concern to the people, turned out to be difficult, as inflation reached a double digit level. Inflation hurts everybody, particularly the poorer and weaker segments of the population, whose incomes are not indexed. The major concern about inflation in 1990-91 was that it was concentrated in essential commodities. But that is not all. In most years, there is a seasonal pattern to price bahaviour. There is an increase in prices during the first and second quarters in every financial year, which is followed by a seasonal decline during the third quarter and a slight increase in the fourth quarter. The year 1990-91 turned out to be an exception to this rule. The depar-

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ture from past trends may be attributable to the unavoidable increase in domestic prices of petroleum products in mid-October, which almost coincided with the period when the normal seasonal down-turn begins, and a contra-seasonal increase in prices of commodities such as foodgrains, fruits and vegetables, tea, coffee and edible oils. The acceleration in the rate of inflation during 1990-91 is also a cause for concern because: there were three good monsoons in a row and hence three successive bumper harvests; the scope for supply management through imports was limited in view of the difficult balance of payments situation; and there was a large liquidity overhang that was inherited from the rapid growth in money supply during the Seventh Plan period. Control of inflation is, therefore, a high priority on the agenda of the Government. It is clear that the restoration of fiscal balance is essential to resolve this problem and provide the foundations for economic growth with price stability during the next few years.

10.5 The implications and consequences of the macro-economic imbalances, which have persisted for several years, are serious. First, the fiscal deficit of the Central Government, which was more than 8 per cent of GDP throughout the Seventh Plan period, had to be met by borrowing; this led to a sharp increase in public debt as a proportion of GDP, so that the burden of servicing the debt, just in terms of interest payments, has now become onerous. Second, the revenue deficit of the Central Government widened significantly during the Seventh Plan period; a large part of the market borrowing was used to finance this deficit and some unremunerative capital expenditure; thus, what was left over for investment expenditure simply could not yield high enough rates of return for a net income inflow to the Government. Third, the budget deficit of the Central Government, which was more than double the expected level in the Seventh Plan period, was the major reason underlying the high rates of monetary expansion that reinforced inflationary pressures and expectations. These problems persisted through 1990-91.

10.6 The time has come to start making the necessary macro-economic adjustments. There should be no illusion that fiscal imbalances accumulated over several years can be eliminated at one stroke. But it is imperative to introduce correctives. Even this will mean hard decisions and difficult choices, because the soft options have been exhausted. In view of the high priority attached to fiscal consolidation, at the end of December, 1990, a commitment was made in Parliament that the fiscal deficit of the Central Government would be reduced significantly from an expected 8.3 per cent of GDP in 1990-91 to about 6.5 per cent of GDP in 1991-92. Such a reduction would provide the beginning of the transition to a sustainable fiscal regime over a period of three years. The process of fiscal correction during 1991-92 and beyond, must be directed both at the expenditure and the income of the Government. It must be recognised, however, that the postponement of the regular budget has made a formidable task even more difficult because four months of the current financial year would have elapsed by the time the budget is presented in Parliament.

10.7 It is now widely recognised that the fiscal imbalances are, to a significant extent, attributable to the excessive growth of Central Government expenditure. Some effort to redress this problem was made during 1990-91 but, given the dimensions of the problem, this was not enough. The Government announced a series of austerity measures. Attempts were made to curb the growth of Government expenditure but only limited gains were achieved. Among other things, the rural debt relief scheme imposed a large fiscal burden and accentuated the expenditure overrun. Thus it is clear that a much stronger effort will be needed in 1991-92 to limit the growth in expenditure. This would mean economies in both plan and non-plan expenditure. Apart from interest payments, the major components of non-plan expenditure are defence and subsidies. Austerity measures cannot be allowed to compromise national security. At the same time, it is important to ensure that defence expenditure is commensurate with the availability of resources. For this purpose, it is necessary to programme defence expenditure on the basis of a realistic assessment of the strategic environment and assumptions of maximum cost effectiveness. It is also essential to rationalise the major subsidies on exports, fertilisers and food which have reached levels that are unsustainable. An important beginning has already been made with the discontinuation of cash compensatory support for exports, with effect from 3rd July 1991, following the adjustment in the exchange rate and the introduction of the enlarged REP system. In addition to these specific corrections, it should also be possible to effect some economies in the current expenditure of Government departments by maintaining and reinforcing some of the austerity measures introduced last year.

10.8 Budget support to public enterprises provides another possible area for economies in expenditure. A major effort is necessary to improve the performance of the public sector, and in particular to improve the productivity and profitability of large investment already made therein so that it increases the generation of internal surpluses for investment and provides a higher rate of return on investment to the revenue receipts of the Government. In this context, it would be desirable to ensure that such surpluses originate from an increase in productivity and a decrease in costs of production, rather than from higher administered prices, in excess of normative costs, which simply pass on the burden of inefficiency to consumers. However, it has also become necessary to consider ways and means of curtailing plan and non-plan budgetary support to these enterprises. Of course, this must be attempted without compromising in any way either the accumulation programme or the basic objectives of the public sector.

10.9 The process of fiscal correction requires not only a close scrutiny of expenditure, but also an increase in the income of the Government which is based on revenue receipts rather than capital receipts in the form of borrowing. For this prupose, it is essential to improve tax compliance and to mobilise additional resources in such a manner that it reduces the present degree of reliance on indirect taxes.

10.10 In the sphere of revenue, special attention must be paid to increase the yield from direct taxes which have hardly increased as a proportion of GDP in recent years. This is also the one area where the revenue targets of the Long Term Fiscal Policy were not realised. It should be the endeavour of the Government to broaden the base for direct taxes. Large scale tax evasion has remained a serious problem. This generates black money, weakens revenue buoyancy, and undermines fiscal equity which, taken together, have far reaching implications and consequences for the economy. The resolution of this problem would need a more effective tax administration and enforcement system, in conjuction with reasonable tax rates that would need to be combined with simplicity in tax laws, regulations and procedures. In the medium term, these efforts should be situated in the wider context of a comprehensive tax reform.

10.11 While it is essential that the yield from direct taxes is augmented, indirect taxes such as customs duties and excise duties will continue to be the major sources of tax revenue for some time to come. Increases in indirect taxes can be inflationary in so far as they have a cascading effect on costs of próduction and regressive in so far as they put pressure on the price level. It is, therefore, important to ensure that the buoyancy of these taxes is improved in a manner which minimises the adverse effect on efficiency and equity. Given these parameters, it should be possible to improve tax compliance and widen the net through a rationalisation and simplification of the system of indirect taxes.

10.12 Non-tax revenues are an important source of income for the Government which have not been adequately tapped so far. The delivery of a wide range of social, economic and infrastructural services below costs of production, even when these services are not directed towards the poorer segments or the disadvantaged groups in the population, constitutes an important source of unrecognised subsidies to unintended beneficiaries. The time has come for a close scrutiny of the prices charged for services provided by the Government. It is possible, indeed likely, that a better recovery of user charges from some of these services can contribute significantly to the income of the Government.

10.13 The balance of payments has been under pressure for several years. To a significant extent, this problem is attributable to the large and persistent fiscal deficits. This origin of the problem, at a macro level, has been stressed by Economic Surveys in the recent past. During the Seventh Plan period, the current account deficit was 2.2 per cent of GDP as compared to 1.3 per cent of GDP during the Sixth Plan period. The persistence of such large current account deficits, which were inevitably financed by borrowings from abroad, led to a continuous increase in external debt, which rose from 15.2 per cent of GDP at the end of 1985-86 to 18.1 per cent of GDP at the end of 1989-90. In 1990-91, the counrty's external debt is estimated to have risen further to 19.4 per cent of GDP. The outstanding NRI deposits which are also medium-term external liabilities rose from 2.2 per cent of GDP in 1985-86 to 4 per cent of GDP in 1989-90 and remained at that level in 1990-91. Consequently, the debt service burden (excluding interest on NRI deposits) registered a significant increase from 16.5 per cent of current account receipts in 1985-86 to 21 per cent of current account receipts in 1989-90 and is estimated to have remained at the same level in 1990-91.

10.14 Despite the robust export performance during the Seventh Plan period, a number of medium-term factors such as the declining self-sufficiency in crude oil and petroleum products, the erosion of surpluses in the invisibles account, an unfavourable climate for external assistance, and the bunching of debt service obligations, have continued to strain the external payments position, while the problem has been exacerbated by a number of short-term factors. The already fragile balance of payments situation came under intolerable strain in 1990-91 because of the Gulf crisis. This is reflected in the rapid erosion of foreign exchange reserves during 1990-91.

10.15 The balance of payments situation will continue to be very difficult in 1991-92 despite the softening of oil prices in the world market. The respite offered by the IMF loan, under the CCFF and the first credit tranche of a stand-by arrangement for three months was shortlived. The crisis of credit-worthiness and the erosion of international confidence during the past few months has accentuated the problem by limiting the access to medium-term borrowing in international capital markets. Hence, even with a substantial import compression, the pressures on the balance of payments are likely to persist through the current financial year.

10.16 In managing the balance of payments situation, it is essential to reduce the current account deficit in the medium-term and to finance the current account deficit in the short-term. It is not possible to achieve a sustainable solution to the problem without either. At a macro level, in the medium-term, it would be possible to reduce the current account deficit only by reducing the fiscal deficit. But a reduction in the fiscal deficit would lead to a reduction in the current account deficit with a time lag. In the interim, it would be necessary to manage the balance of trade situation and to finance the current account deficit.

10.17 The balance of trade would continue to be the most important determinant of the capacity of the economy to manage the problem both in the short-term and in the medium-term. It is imperative that a strong emphasis is placed on a rapid and sustained growth in the volume and value of exports. The policies necessary to assure such a performance must command the highest priority. At the same time, it is necessary to formulate trade policies in a manner that discourages import intensive industrialisation and fosters efficient import substitution. Even though the planned fiscal correction should help in reducing import demand, it will remain necessary to continue with prudence in the sphere of non-oil imports. The same restraint would have to be exercised in respect of canalised bulk imports. In this context, it is also of utmost importance that the growth in the domestic consumption of petroleum products in 1991-92, as also beyond, is curbed as much as possible. There is a danger that the decline and stabilisation of world oil prices could create a sense of complacency. Given the near stagnation in the domestic production of crude oil, in recent years, and the expected shortfall in 1991-92, any rapid increase in the domestic consumption of petroleum products is simply not sustainable.

10.18 It is expected that the adjustment in the exchange rate and the reform in import-export policy, at the beginning of July 1991, would help to stabilise the balance of payments situation in the short-term and improve the balance of trade situation in the medium-term. The exchange rate adjustment should facilitate the realisation of outstanding export receipts, as also remittances, and, at the same time, stem the destabilising market expectations which were generated by perceptions about the exchange value of the rupee. With a time lag, it would also improve the balance of trade by stimulating the growth in exports and curbing the increase in imports. The enlargement and liberalisation of the replenishment licensing system would provide a new impetus to exports and create a mechanism for the needed import compression. In conjunction with the fiscal adjustment during current financial year, these measures would make an exceedingly difficult balance of payments situation manageable.

10.19 There are major new developments in the world economy which are exceedingly important for the external sector, whether trade or payments, during the next few years. The international trade environment is also characterised by uncertainties attributable to the stalemate in the Uruguay Round of Multilateral Trade Negotiations, the unification of the European Community into a single market by 1992, and the process of reform in the Eastern Europe, which may lead to a major restructuring of these economies. The shape of things to come in the international monetary system and in the international capital markets would also be influenced by these developments. There is both opportunity and challenge in this process of change. The Indian economy, in particular its external sector, must respond and adapt to structural changes in the world economy promptly rather than slowly and with flexibility rather than rigidity.

10.20 In the agricultural sector, it is estimated that the production of foodgrains reached another peak in 1990-91 while the growth in total output was sustained, following an excellent monsoon for the third year in succession. In spite of the resilience that Indian agriculture has developed in recent years, it remains dependent on the monsoon. Although the monsoon is expected to be normal during 1991-92, there should be no complacent assumption. Fortunately, the level of stocks of foodgrains is comfortable at 17.3 million tonnes on 31st March, 1991. This would provide the necessary food security. At the same time, policies must be geared to reduce the dependence of agricultural production on rainfall behaviour. Apart from attaching high priority to the expansion of appropriate forms of irrigation cover, these policies must also place due emphasis on the development of drought resistant crop varieties for regions which cannot be easily brought under irrigation. The maintenance of a viable ecology and the adoption of adequate measures to reverse the depletion of forest cover in the country is closely related to this objective. In the medium-term, there must be an endeavour to address the problems of disparities between regions and imbalances among crops which characterise Indian agriculture. It is only a broad based agricultural development that can create employment and alleviate poverty in the rural sector.

10.21 The pattern of industrial growth needs a greater balance not only in terms of regional disparities but also in terms of labour absorption and import intensity. Rapid industrial growth during the 1980s has not been associated with a commensurate growth in employment and has been characterised by an increase in import intensity. The macro-economic adjustment during 1991-92 may be expected to reduce the rate of inflation. But it could also lead to some deceleration in the rate of growth of production due to a reduction in demand. Such tendencies may be reinforced by the impact of the import compression on the manufacturing sector. In this context, it is disturbing to note the deceleration, or even absolute decline, in the output of some key infrastructure sectors which, unless corrected, may constrain the growth of industrial production in 1991-92. Hence, it is important to formulate precautionary measures to ensure that there is no significant deceleration in industrial growth. Nevertheless, it would be prudent to be prepared for a down-turn in the rate of growth of industrial production as a consequence of the combined effects of the foreign exchange crisis, the infrastructural constraints and the fiscal adjustment.

10.22 The energy crisis has highlighted the dependence of the economy on oil imports. The need for energy conservation and the development of non-conventional energy sources is clear. Although there is scope for energy conservation and inter-fuel substitution, the possibilities are limited in the short-run. In such a context, the utilisation of associated natural gas, which is flared, needs immediate attention. This should be an integral part of the management and the development of the energy sector in the medium-term.

10.23 It would be essential to ensure that the process of macro-economic adjustment, in response to the oil shock, does not place a disproportionate burden on the poor and the costs are borne to a large extent by those who are relatively better off. It is fortunate that the tempo of economic activity in the agricultural sector is not very sensitive to processes of fiscal adjustment, since the bulk of the population below the poverty line is dependent on this sector and the poor may actually experience some relief on account of reduced inflation. Nevertheless, the thrust of public policy should be directed at protecting the poor from short-run adverse effects of any contraction of output, incomes and consumption. There should be explicit programmes to protect the poor during the adjustment process, in the form of enhanced outlays in the social sectors. To this end, high priority must continue to be attached to programmes designed to expand rural employment, to widen access of the poorer sections to social services such as health and education, to ensure the provision of basic necessities at stable prices through the public distribution system, and to improve coverage of nutrition and health care programmes for women and children.

10.24 The centre-piece of the strategy for the macro management of the economy would be a fiscal adjustment during the current financial year, to be followed by fiscal consolidation thereafter. Such a macro-economic adjustments alone would enable us to manage the balance of payments situation and keep inflation within limits of tolerance. The restoration of fiscal balance is imperative because neither the Government nor the country can continue to live beyond its means. The economy has reached a stage where borrowing is not a solution. It only accentuates the problem. The time has come to adjust. This would require a reduction in the internal debt of the Government, through a reduction of the fiscal deficit which would, in turn, reduce the burden of interest payments over time and help in a reduction of the revenue deficit. In the medium-term, the endeavour must also be to reduce external debt as a proportion of GDP, and rely on our own resources to finance the process of development.

10.25 It must be recognised that even with a normal monsoon, stable oil prices and the proposed fiscal adjustment, macro-economic management in 1991-92 is going to be a difficult task. It would need to be supported by essential reforms in economic policy and economic management, as an integral part of the adjustment process, which eliminate waste and inefficiency. The thrust of the reform process should be to increase the efficiency and international competitiveness of industrial production, to increase the productivity of investment, to ensure that India's financial sector is rapidly modernised and to substantially improve the performance of public sector enterprises, so that the key sectors of our economy are enabled to maintain their technological and competitive edge in fast changing market conditions. This process would have to be based on the resilience and the strength of the economy in terms of a potential for sustained growth in the agricultural sector and the industrial sector, supported by the physical infrastructure and the human resources. It would then become possible to move the economy on to a higher growth path while maintaining our national commitment to policies and programmes that protect the vulnerable sections of society.

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APPENDIX

STATISTICAL TABLES

TABLES

1. National Income and Production

2. Budgetary Transactions

3. Employment

4. Monetary Trends

5. Prices

6. Balance of Payments

7. Foreign Trade

8. External Assistance

9. Population Census, 1991

SELECTED INDICATORS 1950-51 TO 1990-91

	1950-51	1960-61	1970-71	1980-81	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91
1	2	3	4	5	6	7	8	9	10	11	12
ECONOMIC INDICATORS											
GDP at factor cost:											
(i) At current prices (Rs. crores)	8,979	15,254	39,708	122,427	208,577	233,476	259,055	294,266	351,724	395,143[3]	
(ii) At 1980-81 prices (Rs. crores)	42,871	62,904	90,426	122,427	150,469	156,600	162,711	170,041	187,725	197,419[3]	..
Per capita-net national product at (1980-81) prices (Rupees)	1,127	1,350	1,520	1,630	1,811	1,842	1,866	1,903	2,078	2,142[3]	..
Index of Industrial Production (Base: 1980-81)	18.3[1]	36.2	65.3	100.0	130.7	142.1	155.1	166.4	180.9	196.4	212.9
Index of agricultural Production (Base: Triennium ending 1969-70)	58.5	86.7	111.5	135.3	154.6	158.4	152.5	151.3	183.2 (P)	186.4 (P)	..
Gross domestic capital formation (As per cent of GDP)	10.2	15.7	16.6	22.7	19.6	22.1	20.6	22.4	23.9	24.1[3]	..
Gross domestic savings (As per cent of GDP)	10.4	12.7	15.7	21.2	18.2	19.7	18.4	20.3	21.1	21.7[3]	..
Output											
(a) Foodgrains (Million Tonnes)	50.8	82.0	108.4	129.6	145.5	150.4	143.4	140.4	169.9	170.6	177.2 (P)
(b) Finished Steel (Million Tonnes)	1.04	2.39	4.64	6.82	7.78	9.49	9.55	11.68	12.84	13.00	13.40
(c) Cement (Million Tonnes)	2.7	8.0	14.3	18.6	30.2	33.1	36.5	39.6	44.3	45.8	48.7
(d) Coal (including lignite) (Million Tonnes)	32.3	55.2	76.3	119.0	155.2	162.3	175.2	190.9	207.0	213.7	223.5
(e) Crude oil (Million Tonnes)	0.3	0.5	6.8	10.5	29.0	30.2	30.5	30.4	32.0	34.1	33.0
(f) Electricity generated (Utilities only (Billion kwh)	5.1	16.9	55.8	110.8	156.9	170.4	187.7	202.1	221.4	245.4	264.2
Wholesale price index** (Base:1970-71)	47.5	55.1	100.0	256.2	120.1	125.4	132.7	143.6	154.3	165.7	182.7
Consumer Price Index (Base:1960)@@	83	102	186	401	582	620	674	736	803	173	193
Plan Outlay (Rs. crores)	260[2]	1,117	2,524	15,023	30,032	33,421	39,705	44,034	48,645	57,117 (RE)	64,717 (BE)
Centre's budgetary deficit (Rs. crores)	(−)33[2]	(−)117	285	2,576	3,745	4,937	8,261	5,816	5,642	10592	10772 (RE)
Foreign Trade:											
(i) Exports (Rs. crores)	606	643	1,535	6,711	11,744	10,895	12,452	15,674	20,232	27681	32527 (P)
(ii) Imports (Rs. crores)	608	1122	1,634	12,549	17,134	19,658	20096	22,244	28,235	35416	43171 (P)
Foreign exchange reserves (excluding gold and SDRs) (Rs. crores)	911	186	438	4,822	6,817	7,384	7,645	7,287	6605	5787	4388
SOCIAL INDICATORS											
I. Population											
(i) Population in millions	361.1	442.4	551.3	690.1	750.9	766.1	781.4	796.6	811.8	827.1	..
(ii) Birth Rate (per 1000)	39.9	41.7	36.9	33.9	33.9	32.9	32.6	32.2	31.58 (P)	30.5 (P)	..
(iii) Death Rate (per 1000)	27.4	22.8	14.9	12.5	12.6	11.8	11.1	10.9	11.0	10.2 (P)	..
(iv) Life Expectancy at Birth (in years)											
(a) Male	32.45	41.89	46.40	54.1	55.6(b)	..	..	58.1(c)	..	..	..
(b) Female	31.66	40.55	44.70	54.7	56.4(b)	..	..	59.1(c)	..	..	..
II. Education											
Literacy Rate (percentage)	16.7	24.0	29.5	36.2	..	..	..	..	..	..	..

1	1950-51	1960-61	1970-71	1980-81	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91
1.	2	3	4	5	6	7	8	9	10	11	12
III. Health & Family Welfare											
(i) Registered Medical practitioners (RMP) (Thousand)	61.8	80.1	151.1	268.7	308.2	320.1	331.6	..	..	..	..
(ii) RMP Per 10,000 population	1.7	1.8	2.7	3.9	4.1	4.1	4.2	..	..	..	..
(iii) Beds (All types)* per 10,000	3.2	5.7	6.4	8.3	8.6	9.0	9.1	9.2	9.2	9.1	..

1 Relate to the calender year 1950.
2 Relates to 1951-52.
3 Quick Estimates.
* Includes Beds in Hospitals, Dispensaries, P.H.C's Clinics, Sanitories, etc.
RE: Revised Estimate.
PR: Partially revised.
BE: Budget Estimate.
—Not available.
P—Provisional.
(b) Relates to the year 1981-86.
(c) Relates to the year 1986-91.

NOTES: (i) The annual population estimates given at item I(i) are based on Medium Projection of the Expert Committee on Population Projections from 1982 onwards.

(ii) Figures relating to foreign exchange reserves after the year 1965-66 are not comparable with those of the earlier years due to devaluation of the rupee in June 1966.

** Relates to the base 1981-82 = 100 from 1984-85 onwards.
@@ Relates to the base 1982 = 100 from 1989-90 onwards.

1.1: GROSS NATIONAL PRODUCT AND NET NATIONAL PRODUCT (i.e. National Income)

Year	Gross National Product at factor cost (Rs. Crores)		Net National Product at factor cost (Rs. Crores)		Per Capita Net National Product (Rs.)		Index Number of Net National Product (1950-51=100)		Index Number of Per Capita Net National Product (1950-51=100)	
	At Current Prices	At 1980-81 Prices	At Current Prices	At 1980-81 Prices	At Current Prices	At 1980-81 Prices	At Current Prices	At 1980-81 Prices	At Current Prices	At 1980-81 Prices
1	2	3	4	5	6	7	8	9	10	11
1950-51	8938	42644	8525	40454	237.5	1126.9	100.0	100.0	100.0	100.0
1951-52	9445	43730	8988	41443	246.2	1135.4	105.4	102.4	103.7	100.8
1952-53	9324	45002	8837	42613	237.6	1145.5	103.7	105.3	100.0	101.7
1953-54	10161	47768	9651	45293	254.6	1195.1	113.2	112.0	107.2	106.1
1954-55	9534	49750	8974	47111	232.5	1220.5	105.3	116.5	97.9	108.3
1955-56	9707	51119	9106	48288	231.7	1228.7	106.8	119.4	97.6	109.0
1956-57	11583	54002	10915	50955	272.2	1270.7	128.0	126.0	114.6	112.8
1957-58	11839	53304	11114	50051	271.7	1223.7	130.4	123.7	114.4	108.6
1958-59	13231	57311	12336	53869	296.3	1288.7	145.3	133.2	124.8	114.4
1959-60	13877	58434	12960	54775	304.2	1285.8	152.0	135.4	128.1	114.1
1960-61	15182	62532	14160	58602	326.3	1350.3	166.1	144.9	137.4	119.8
1961-62	15999	64359	14857	60168	334.6	1355.1	174.3	148.7	140.9	120.3
1962-63	17104	65657	15844	61165	349.0	1317.2	185.9	151.2	147.0	119.6
1963-64	19559	69006	18141	64216	391.0	1384.0	212.8	158.7	164.6	122.8
1964-65	22836	74121	21245	68942	448.2	1454.5	249.2	170.4	188.7	129.1
1965-66	23899	71338	22107	65734	455.8	1355.3	259.3	162.5	191.9	120.3
1966-67	27159	72092	25065	66089	506.4	1335.1	294.0	163.4	213.2	118.5
1967-68	31929	77845	29597	71519	584.9	1413.4	347.2	176.8	246.3	125.4
1968-69	33688	79945	31160	73285	601.5	1414.8	365.5	181.2	253.3	125.5
1969-70	37057	85149	34259	78177	647.6	1477.8	401.9	193.2	272.7	131.1
1970-71	39424	89465	36362	82211	672.1	1519.6	426.5	203.2	283.0	134.8
1971-72	41957	90281	38583	82675	696.4	1492.3	452.6	204.4	293.2	132.4
1972-73	46171	89997	42382	81991	747.5	1446.0	497.1	202.7	314.7	128.3
1973-74	56629	94395	52241	86010	900.7	1482.9	612.8	212.6	379.2	131.6
1974-75	66748	95885	61194	87116	1031.9	1469.1	717.8	215.3	434.5	130.4
1975-76	70946	104660	64531	95433	1063.1	1572.2	757.0	235.9	447.6	139.5
1976-77	76303	105996	69408	96253	1119.5	1552.5	814.2	237.9	471.4	137.8
1977-78	87118	113903	79671	103670	1256.6	1635.2	934.6	256.3	529.1	145.1
1978-79	93724	120302	85255	109466	1315.7	1689.3	1000.1	270.6	554.0	149.9
1979-80	102595	114379	92314	102937	1390.3	1550.3	1082.9	254.5	585.4	137.6
1980-81	122772	122772	110685	110685	1630.1	1630.1	1298.4	273.6	686.4	144.7
1981-82	143256	129928	128797	117140	1855.9	1687.9	1510.8	289.6	781.4	149.8
1982-83	158761	133299	141875	119704	2001.1	1688.3	1664.2	295.9	842.6	149.8
1983-84	185779	143861	166550	129392	2300.4	1787.2	1953.7	319.8	968.6	158.6
1984-85*	207153	149292	185062	133844	2504.2	1811.2	2170.8	330.9	1054.4	160.7
1985-86*	232047	155399	205810	139059	2726.0	1841.8	2414.2	343.7	1147.8	163.4
1986-87*	257250	160975	227427	143682	2953.6	1866.0	2667.8	355.2	1243.6	165.6
1987-88*	291647	167703	257961	149408	3286.1	1903.3	3025.9	369.3	1383.6	168.9
1988-89*	349105	185543	310015	166200	3875.2	2077.5	3636.5	410.8	1631.7	184.4
1989-90@	392524	195237	346994	174798	4252.4	2142.1	4070.3	432.1	1790.5	190.1

*Provisional

@ Quick Estimates

Source: Central Statistical Organisation

1.2: GROSS NATIONAL PRODUCT AND NET NATIONAL PRODUCT (i.e. National Income) (ANNUAL GROWTH RATES)

Year	Gross National Product at factor cost		Net National Product at factor cost		Per Capita Net National Product	
	At Current Prices	At 1980-81 Prices	At Current Prices	At 1980-81 Prices	At Current Prices	At 1980-81 Prices
1	2	3	4	5	6	7
1951-52	5.7	2.5	5.4	2.4	3.7	0.8
1952-53	−1.3	2.9	−1.7	2.8	−3.5	0.9
1953-54	9.0	6.1	9.2	6.3	7.2	4.3
1954-55	−6.2	4.1	−7.0	4.0	−8.7	2.1
1955-56	1.8	2.8	1.5	2.5	−0.3	0.7
1956-57	19.3	5.6	19.9	5.5	17.5	3.4
1957-58	2.2	−1.3	1.8	−1.8	−0.2	−3.7
1958-59	11.8	7.5	11.4	7.6	9.1	5.3
1959-60	4.9	2.0	4.6	1.7	2.7	−0.2
1960-61	9.4	7.0	9.3	7.0	7.3	5.0
1961-62	5.4	2.9	4.9	2.7	2.5	0.4
1962-63	6.9	2.0	6.6	1.7	4.3	−0.6
1963-64	14.4	5.1	14.5	5.0	12.0	2.7
1964-65	16.8	7.4	17.1	7.4	14.6	5.1
1965-66	4.7	−3.8	4.1	−4.7	1.7	−6.8
1966-67	13.6	1.1	13.4	0.5	11.1	−1.5
1967-68	17.6	8.0	18.1	8.2	15.5	5.9
1968-69	5.5	2.7	5.3	2.5	2.8	0.1
1969-70	10.0	6.5	9.9	6.7	7.7	4.5
1970-71	6.4	5.1	6.1	5.2	3.8	2.8
1971-72	6.4	0.9	6.1	0.6	3.6	−1.8
1972-73	10.0	−0.3	9.8	−0.8	7.3	−3.1
1973-74	22.7	4.9	23.3	4.9	20.5	2.6
1974-75	17.9	1.6	17.1	1.3	14.6	−0.9
1975-76	6.3	9.2	5.5	9.5	3.0	7.0
1976-77	7.6	1.3	7.6	0.9	5.3	−1.3
1977-78	14.2	7.5	14.8	7.7	12.2	5.3
1978-79	7.6	5.6	7.0	5.6	4.7	3.3
1979-80	9.5	−4.9	8.3	−6.0	5.7	−8.2
1980-81	19.7	7.3	19.9	7.5	17.2	5.1
1981-82	16.7	5.8	16.4	5.8	13.9	3.5
1982-83	10.8	2.6	10.2	2.2	7.8	0.0
1983-84	17.0	7.9	17.4	8.1	15.0	5.9
1984-85	11.5	3.8	11.1	3.4	8.9	1.3
1985-86	12.0	4.1	11.2	3.9	8.9	1.7
1986-87	10.9	3.6	10.5	3.3	8.3	1.3
1987-88	13.4	4.2	13.4	4.0	11.3	2.0
1988-89	19.7	10.6	20.2	11.2	17.9	9.2
1989-90	12.4	5.2	11.9	5.2	9.7	3.1
ANNUAL COMPOUND GROWTH RATES						
FIRST PLAN (1951-56)	1.7	3.7	1.3	3.6	−0.5	1.7
SECOND PLAN (1956-61)	9.4	4.1	9.2	3.9	7.1	1.9
THIRD PLAN (1961-66)	9.5	2.7	9.3	2.3	6.9	0.1
THREE ANNUAL PLANS (1966-69)	11.6	2.4	11.7	2.2	9.3	−0.1
FOURTH PLAN (1969-74)	10.9	3.4	10.9	3.3	8.4	0.9
FIFTH PLAN (1974-79)	10.6	5.0	10.3	4.9	7.9	2.6
ANNUAL PLAN (1979-80)	9.5	−4.9	8.3	−6.0	5.7	−8.2
SIXTH PLAN (1980-85)	15.1	5.5	14.9	5.4	12.5	3.2
SEVENTH PLAN (1985-90)	13.6	5.5	13.4	5.5	11.2	3.4

NOTE: Based on data in Table 1.1

1.3 GROSS DOMESTIC PRODUCT AT FACTOR COST BY INDUSTRY OF ORIGIN

(At 1980-81 prices) (Rs. crores)

Year	Agriculture, forestry and logging, fishing, mining and quarrying	Manufacturing, construction, electricity, gas and water supply	Transport, communication and trade	Banking and insurance, real estate and ownership of dwellings and business services	Public administration & defence and other services	Gross domestic product at factor cost (2 to 6)
1	2	3	4	5	6	7
1950-51	24204	6451	4718	3870	3628	42871
1951-52	24615	6719	4842	3959	3737	43872
1952-53	25387	6790	5001	4125	3814	45117
1953-54	27309	7250	5188	4184	3932	47863
1954-55	28119	7839	5527	4337	4073	49895
1955-56	27890	8642	5931	4511	4199	51173
1956-57	29404	9372	6365	4585	4360	54086
1957-58	28149	9408	6560	4758	4557	53432
1958-59	30941	10025	6884	4893	4744	57487
1959-60	30670	10732	7315	5080	4948	58745
1960-61	32793	11790	7945	5185	5191	62904
1961-62	32866	12685	8462	5408	5435	64856
1962-63	32329	13532	8956	5590	5821	66228
1963-64	33091	14932	9592	5763	6203	69581
1964-65	36068	16013	10244	5921	6612	74858
1965-66	32310	16418	10420	6100	6874	72122
1966-67	31892	16874	10692	6207	7191	72856
1967-68	36501	17288	11146	6376	7474	78785
1968-69	36478	18219	11650	6687	7807	80841
1969-70	38805	19821	12280	6965	8238	86109
1970-71	41385	20209	12884	7256	8692	90426
1971-72	40661	20793	13175	7630	9080	91339
1972-73	38752	21545	13449	7925	9377	91048
1973-74	41468	21966	14014	8119	9625	95192
1974-75	40919	22361	14843	8093	10081	96297
1975-76	46183	23507	16190	8651	10437	104968
1976-77	43656	25658	16902	9337	10727	106280
1977-78	47929	27437	18044	9794	11015	114219
1978-79	49039	29959	19529	10486	11491	120504
1979-80	43005	28963	19349	10588	12331	114236
1980-81	48536	29828	20437	10791	12835	122427
1981-82	51547	32092	21684	11284	13282	129889
1982-83	51190	33471	22826	12114	14314	133915
1983-84	56531	36541	24109	12859	14825	144865
1984-85*	56583	38844	25475	13714	15853	150469
1985-86*	56875	40602	27600	14708	16815	156600
1986-87*	56313	43274	29346	15916	17862	162711
1987-88*	56627	46172	31016	16980	19246	170041
1988-89*	65128	49905	33813	18456	20423	187725
1989-90@	66902	53263	36062	19533	21659	197419

*Provisional
@ Quick Estimates

Source: Central Statistical Organisation

1.4: GROSS DOMESTIC SAVING AND GROSS

(At Current Prices)

Year	Gross Domestic Saving				Gross Domestic			
					Gross Fixed Capital Formation			Change
	House hold Sector	Private Corporate Sector	Public Sector	Total (2+3+4)	Public Sector	Private Sector	Total (6+7)	Public Sector
1	2	3	4	5	6	7	8	9
1950-51	718	89	168	975	224	650	874	35
1951-52	621	132	252	1005	262	702	964	41
1952-53	601	60	145	806	281	605	886	−25
1953-54	709	86	127	922	327	566	893	−35
1954-55	789	114	151	1054	394	627	1021	42
1955-56	1128	130	172	1430	533	750	1283	−34
1956-57	1217	151	231	1599	615	1006	1621	51
1957-58	1008	117	245	1370	643	1049	1692	190
1958-59	1046	136	227	1409	701	1006	1707	114
1959-60	1349	180	236	1765	884	986	1870	16
1960-61	1362	276	425	2063	1055	1101	2156	87
1961-62	1284	315	494	2093	1107	1303	2410	40
1962-63	1572	338	566	2476	1312	1352	2664	133
1963-64	1730	387	709	2826	1562	1587	3149	119
1964-65	1937	381	817	3135	1824	1835	3659	124
1965-66	2586	396	809	3791	2046	2086	4132	170
1966-67	3432	414	668	4514	2047	2554	4601	88
1967-68	3431	399	667	4497	2012	3072	5084	319
1968-69	3412	427	858	4697	2111	3265	5376	56
1969-70	4475	536	1033	6044	2190	3708	5898	69
1970-71	4873	657	1253	6783	2394	3911	6305	414
1971-72	5477	753	1278	7508	2802	4282	7084	488
1972-73	5713	788	1332	7833	3619	4511	8130	121
1973-74	8562	1063	1807	11432	4009	5060	9069	742
1974-75	8610	1440	2676	12726	4272	6731	11003	1285
1975-76	10534	1055	3339	14928	5600	7730	13330	1983
1976-77	12698	1147	4185	18030	7048	8255	15303	1536
1977-78	14686	1376	4168	20230	7697	9522	17219	149
1978-79	17747	1611	4780	24138	8376	10500	18876	1507
1979-80	17379	2352	4967	24698	9974	11333	21307	1844
1980-81	21848	2284	4654	28786	11693	14583	26276	74
1981-82	23728	2496	7254	33478	14598	16857	31455	2183
1982-83	23338	2908	7822	34068	18586	17183	35769	1514
1983-84*	29018	3172	6781	38971	20450	19541	39991	−69
1984-85*	31641	3991	6526	42158	23396	22172	45568	1519
1985-86*	37999	5208	8457	51664	27501	26754	54255	1555
1986-87*	40696	5040	8002	53738	33254	28006	61260	766
1987-88*	54718	5594	7249	67561	34561	36277	70838	105
1988-89*	67439	8116	7743	83298	39542	43663	83205	−393
1989-90@	78913	9379	7625	95917	46067	48770	94837	1384

* Provisional

@ Quick Estimates

DOMESTIC CAPITAL FORMATION

(Rs. Crores)

Capital Formation in Stocks		Gross Domestic Capital Formation					Gross domestic product at market price	Year
Private Sector	Total (9+10)	Public Sector	Private Sector	Total (12+13)	Errors & Ommissions	Adjusted Total (14+15)		
10	11	12	13	14	15	16	17	18
125	160	259	775	1034	−80	954	9366	1950-51
157	198	303	859	1162	26	1188	9966	1951-52
−2	−27	256	603	859	−87	772	9774	1952-53
6	−29	292	572	864	45	909	10638	1953-54
25	67	436	652	1088	−18	1070	10073	1954-55
167	133	499	917	1416	53	1469	10258	1955-56
219	270	666	1225	1891	68	1959	12217	1956-57
58	248	833	1107	1940	−97	1843	12598	1957-58
−84	30	815	922	1737	48	1785	14034	1958-59
228	244	900	1214	2114	−118	1996	14793	1959-60
340	427	1142	1441	2583	−39	2544	16201	1960-61
230	270	1147	1533	2680	−242	2438	17177	1961-62
254	387	1445	1606	3051	−135	2916	18476	1962-63
261	380	1681	1848	3529	−263	3266	21237	1963-64
286	410	1948	2121	4069	−334	3735	24765	1964-65
125	295	2216	2211	4427	−37	4390	26145	1965-66
627	715	2135	3181	5316	121	5437	29571	1966-67
304	623	2331	3376	5707	−373	5334	34611	1967-68
108	164	2167	3373	5540	−427	5113	36674	1968-69
509	578	2259	4217	6476	−191	6285	40387	1969-70
660	1074	2808	4571	7379	−202	7177	43163	1970-71
974	1462	3290	5256	8546	−560	7986	46257	1971-72
472	593	3740	4983	8723	−593	8130	51005	1972-73
1518	2260	4751	6578	11329	495	11824	62007	1973-74
2187	3472	5557	8918	14475	−1096	13379	73235	1974-75
1093	3076	7583	8823	16406	−1595	14811	78761	1975-76
937	2473	8584	9192	17776	−1055	16721	84894	1976-77
1649	1798	7846	11171	19017	−252	18765	96067	1977-78
2835	4342	9883	13335	23218	1048	24266	104190	1978-79
2994	4838	11818	14327	26145	−867	25278	114356	1979-80
2103	2177	11767	16686	28453	2427	30880	136013	1980-81
6375	8558	16781	23232	40013	−3924	36089	159760	1981-82
3501	5015	20100	20684	40784	−4150	36634	178132	1982-83
3139	3070	20381	22680	43061	−1573	41488	207589	1983-84
1701	3220	24915	23873	48788	−3338	45450	231387	1984-85
7136	8691	29056	33890	62946	−5048	57898	261920	1985-86
5204	5970	34020	33210	67230	−7137	60093	291974	1986-87
4443	4548	34666	40720	75386	−1000	74386	332616	1987-88
11555	11162	39149	55218	94367	65	94432	394992	1988-89
8175	9559	47451	56945	104396	2105	106501	442769	1989-90

Source: Central Statistical Organisation

1.5: GROSS DOMESTIC SAVING AND GROSS
(As Percent of GDP at

Year	Gross Domestic Saving				Gross Domestic		
					Gross Fixed Capital Formation		
	House hold Sector	Private Corporate Sector	Public Sector	Total (2+3+4)	Public Sector	Private Sector	Total (6+7)
1	2	3	4	5	6	7	8
1950-51	7.7	1.0	1.8	10.4	[illegible]	6.9	9.3
1951-52	6.2	1.3	2.5	10.1	2.6	7.0	9.7
1952-53	6.1	0.6	1.5	8.2	2.9	6.2	9.1
1953-54	6.7	0.8	1.2	8.7	3.1	5.3	8.4
1954-55	7.8	1.1	1.5	10.5	3.9	6.2	10.1
1955-56	11.0	1.3	1.7	13.9	5.2	7.3	12.5
1956-57	10.0	1.2	1.9	13.1	5.0	8.2	13.3
1957-58	8.0	0.9	1.9	10.9	5.1	8.3	13.4
1958-59	7.5	1.0	1.6	10.0	5.0	7.2	12.2
1959-60	9.1	1.2	1.6	11.9	6.0	6.7	12.6
1960-61	8.4	1.7	2.6	12.7	6.5	6.8	13.3
1961-62	7.5	1.8	2.9	12.2	6.4	7.6	14.0
1962-63	8.5	1.8	3.1	13.4	7.1	7.3	14.4
1963-64	8.1	1.8	3.3	13.3	7.4	7.5	14.8
1964-65	7.8	1.5	3.3	12.7	7.4	7.4	14.8
1965-66	9.9	1.5	3.1	14.5	7.8	8.0	15.8
1966-67	11.6	1.4	2.3	15.3	6.9	8.6	15.6
1967-68	9.9	1.2	1.9	13.0	5.8	8.9	14.7
1968-69	9.3	1.2	2.3	12.8	5.8	8.9	14.7
1969-70	11.1	1.3	2.6	15.0	5.4	9.2	14.6
1970-71	11.3	1.5	2.9	15.7	5.5	9.1	14.6
1971-72	11.8	1.6	2.8	16.2	6.1	9.3	15.3
1972-73	11.2	1.5	2.6	15.4	7.1	8.8	15.9
1973-74	13.8	1.7	2.9	18.4	6.5	8.2	14.6
1974-75	11.8	2.0	3.7	17.4	5.8	9.2	15.0
1975-76	13.4	1.3	4.2	19.0	7.1	9.8	16.9
1976-77	15.0	1.4	4.9	21.2	8.3	9.7	18.0
1977-78	15.3	1.4	4.3	21.1	8.0	9.9	17.9
1978-79	17.0	1.5	4.6	23.2	8.0	10.1	18.1
1979-80	15.2	2.1	4.3	21.6	8.7	9.9	18.6
1980-81	16.1	1.7	3.4	21.2	8.6	10.7	19.3
1981-82	14.9	1.6	4.5	21.0	9.1	10.6	19.7
1982-83	13.1	1.6	4.4	19.1	10.4	9.6	20.1
1983-84	14.0	1.5	3.3	18.8	9.9	9.4	19.3
1984-85	13.7	1.7	2.8	18.2	10.1	9.6	19.7
1985-86	14.5	2.0	3.2	19.7	10.5	10.2	20.7
1986-87	13.9	1.7	2.7	18.4	11.4	9.6	21.0
1987-88	16.5	1.7	2.2	20.3	10.4	10.9	21.3
1988-89	17.1	2.1	2.0	21.1	10.0	11.1	21.1
1989-90	17.8	2.1	1.7	21.7	10.4	11.0	21.4

Note:— (i) Based on data in Table 1.4.
(ii) Ratios of Saving and Capital Formation of individual sectors may not add to total because of rounding.

DOMESTIC CAPITAL FORMATION
current market prices)

Capital Formation								
Change in Stocks			Gross Domestic Capital Formation					
Public Sector	Private Sector	Total (9+10)	Public Sector	Private Sector	Total (12+13)	Errors & Ommissions	Adjusted Total (14+15)	Years
9	10	11	12	13	14	15	16	17
0.4	1.3	1.7	2.8	8.3	11.0	−0.9	10.2	1950-51
0.4	1.6	2.0	3.0	8.6	11.7	0.3	11.9	1951-52
−0.3	0.0	−0.3	2.6	6.2	8.8	−0.9	7.9	1952-53
−0.3	0.1	−0.3	2.7	5.4	8.1	0.4	8.5	1953-54
0.4	0.2	0.7	4.3	6.5	10.8	−0.2	10.6	1954-55
−0.3	1.6	1.3	4.9	8.9	13.8	0.5	14.3	1955-56
0.4	1.8	2.2	5.5	10.0	15.5	0.6	16.0	1956-57
1.5	0.5	2.0	6.6	8.8	15.4	−0.8	14.6	1957-58
0.8	−0.6	0.2	5.8	6.6	12.4	0.3	12.7	1958-59
0.1	1.5	1.6	6.1	8.2	14.3	−0.8	13.5	1959-60
0.5	2.1	2.6	7.0	8.9	15.9	−0.2	15.7	1960-61
0.2	1.3	1.6	6.7	8.9	15.6	−1.4	14.2	1961-62
0.7	1.4	2.1	7.8	8.7	16.5	−0.7	15.8	1962-63
0.6	1.2	1.8	7.9	8.7	16.6	−1.2	15.4	1963-64
0.5	1.2	1.7	7.9	8.6	16.4	−1.3	15.1	1964-65
0.7	0.5	1.1	8.5	8.5	16.9	−0.1	16.8	1965-66
0.3	2.1	2.4	7.2	10.8	18.0	0.4	18.4	1966-67
0.9	0.9	1.8	6.7	9.8	16.5	−1.1	15.4	1967-68
0.2	0.3	0.4	5.9	9.2	15.1	−1.2	13.9	1968-69
0.2	1.3	1.4	5.6	10.4	16.0	−0.5	15.6	1969-70
1.0	1.5	2.5	6.5	10.6	17.1	−0.5	16.6	1970-71
1.1	2.1	3.2	7.1	11.4	18.5	−1.2	17.3	1971-72
0.2	0.9	1.2	7.3	9.8	17.1	−1.2	15.9	1972-73
1.2	2.4	3.6	7.7	10.6	18.3	0.8	19.1	1973-74
1.8	3.0	4.7	7.6	12.2	19.8	−1.5	18.3	1974-75
2.5	1.4	3.9	9.6	11.2	20.8	−2.0	18.8	1975-76
1.8	1.1	2.9	10.1	10.8	20.9	−1.2	19.7	1976-77
0.2	1.7	1.9	8.2	11.6	19.8	−0.3	19.5	1977-78
1.4	2.7	4.2	9.5	12.8	22.3	1.0	23.3	1978-79
1.6	2.6	4.2	10.3	12.5	22.9	−0.8	22.1	1979-80
0.1	1.5	1.6	8.7	12.3	20.9	1.8	22.7	1980-81
1.4	4.0	5.4	10.5	14.5	25.0	−2.5	22.6	1981-82
0.8	2.0	2.8	11.3	11.6	22.9	−2.3	20.6	1982-83
0.0	1.5	1.5	9.8	10.9	20.7	−0.8	20.0	1983-84
0.7	0.7	1.4	10.8	10.3	21.1	−1.4	19.6	1984-85
0.6	2.7	3.3	11.1	12.9	24.0	−1.9	22.1	1985-86
0.3	1.8	2.0	11.7	11.4	23.0	−2.4	20.6	1986-87
0.0	1.3	1.4	10.4	12.2	22.7	−0.3	22.4	1987-88
−0.1	2.9	2.8	9.9	14.0	23.9	0.0	23.9	1988-89
0.3	1.8	2.2	10.7	12.9	23.6	0.5	24.1	1989-90

1.6 GROSS DOMESTIC PRODUCT AT FACTOR COST BY INDUSTRY OF ORIGIN
(At 1980-81 prices)
(Annual Growth Rates)

Year	Agriculture, forestry and logging, fishing mining and quarrying	Manufacturing, construction, electricity, gas and water supply	Transport, communication and trade	Banking and insurance, real estate and ownership of dwellings and business services	Public administration & defence and other services	Gross domestic product at factor cost (2 to 6)
1	2	3	4	5	6	7
1951-52	1.7	4.2	2.6	2.3	3.0	2.3
1952-53	3.1	1.1	3.3	4.2	2.1	2.8
1953-54	7.6	6.8	3.7	1.4	3.1	6.1
1954-55	3.0	8.1	6.5	3.7	3.6	4.2
1955-56	−0.8	10.2	7.3	4.0	3.1	2.6
1956-57	5.4	8.4	7.3	1.6	3.8	5.7
1957-58	−4.3	0.4	3.1	3.8	4.5	−1.2
1958-59	9.9	6.6	4.9	2.8	4.1	7.6
1959-60	−0.9	7.1	6.3	3.8	4.3	2.2
1960-61	6.9	9.9	8.6	2.1	4.9	7.1
1961-62	0.2	7.6	6.5	4.3	4.7	3.1
1962-63	−1.6	6.7	5.8	3.4	7.1	2.1
1963-64	2.4	10.3	7.1	3.1	6.6	5.1
1964-65	9.0	7.2	6.8	2.7	6.6	7.6
1965-66	−10.4	2.5	1.7	3.0	4.0	−3.7
1966-67	−1.3	2.8	2.6	1.8	4.6	1.0
1967-68	14.5	2.5	4.2	2.7	3.9	8.1
1968-69	−0.1	5.4	4.5	4.9	4.5	2.6
1969-70	6.4	8.8	5.4	4.2	5.5	6.5
1970-71	6.6	2.0	4.9	4.2	5.5	5.0
1971-72	−1.7	2.9	2.3	5.2	4.5	1.0
1972-73	−4.7	3.6	2.1	3.9	3.3	−0.3
1973-74	7.0	2.0	4.2	2.4	2.6	4.6
1974-75	−1.3	1.8	5.9	−0.3	4.7	1.2
1975-76	12.9	5.1	9.1	6.9	3.5	9.0
1976-77	−5.5	9.2	4.4	7.9	2.8	1.2
1977-78	9.8	6.9	6.8	4.9	2.7	7.5
1978-79	2.3	9.2	8.2	7.1	4.3	5.5
1979-80	−12.3	−3.3	−0.9	1.0	7.3	−5.2
1980-81	12.9	3.0	5.6	1.9	4.1	7.2
1981-82	6.2	7.6	6.1	4.6	3.5	6.1
1982-83	−0.7	4.3	5.3	7.4	7.8	3.1
1983-84	10.4	9.2	5.6	6.1	3.6	8.2
1984-85	0.1	6.3	5.7	6.6	6.9	3.9
1985-86	0.5	4.5	8.3	7.2	6.1	4.1
1986-87	−1.0	6.6	6.3	8.2	6.2	3.9
1987-88	0.6	6.7	5.7	6.7	7.7	4.5
1988-89	15.0	8.1	9.0	8.7	6.1	10.4
1989-90	2.7	6.7	6.7	5.8	6.1	5.2

NOTE : Based on data in Table 1.3

1.7 NET STATE DOMESTIC PRODUCT AT CURRENT PRICES
1980-81 to 1988-89
(NEW SERIES)

(Rs. crores)

S.L. No.	State	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88 (P)	1988-89 (Q)
1	2	3	4	5	6	7	8	9	10	11
1.	Andhra Pradesh	7324.0	8974.3	9701.7	11516.1	11961.9	13411.5	14241.5	16597.7	19793.1
2.	Arunachal Pradesh	97.2	129.1	148.2	167.5	196.4	249.0	288.1	302.6	358.2
3.	Assam	2356.1	2977.8	3398.2	3765.7	4725.1	5117.6	5475.5	5992.9	6524.8
4.	Bihar	6206.4	7135.6	8007.6	9402.2	11157.5	12231.1	14258.1	15350.3	18621.3
5.	Goa	315.5	343.4	418.1	441.9	541.7	554.6	656.8	709.7	748.9
6.	Gujarat	6658.6	8313.7	8845.8	11375.7	11489.1	11655.2	13453.7	14006.0	18730.3
7.	Haryana	3032.0	3497.5	4004.3	4350.8	4747.2	5642.6	5935.4	6576.8	8279.4
8.	Himachal Pradesh	705.9	846.3	917.9	1055.2	1056.7	1262.6	1408.1	1538.6	1775.8
9.	Jammu & Kashmir*	857.3	948.0	1066.0	1259.6	1378.6	1523.6	1614.2	—	—
10.	Karnataka	5923.4	6774.2	7627.0	8947.3	10070.6	10556.9	12218.6	13699.0	15655.3
11.	Kerala	3702.2	3929.6	4567.2	5359.6	5913.8	6223.2	7099.3	7829.8	8869.8
12.	Madhya Pradesh*	6121.7	6768.4	7732.2	9640.8	9453.8	11191.9	11771.4	14266.9	16796.1
13.	Maharashtra	15113.9	16966.4	18278.0	21521.5	22950.9	26215.8	27996.5	32478.3	37481.1
14.	Manipur	204.1	245.8	261.8	311.1	359.2	383.4	429.8	458.8	499.1
15.	Meghalaya	179.6	205.8	227.1	263.1	302.3	345.8	386.0	414.6	—
16.	Mizoram	62.2	70.1	77.7	94.7	122.0	147.1	194.1	—	—
17.	Nagaland	104.9	132.4	161.0	194.3	231.5	261.2	293.9	338.2	361.2
18.	Orissa	3225.3	3676.9	3764.8	4893.3	4800.8	5935.5	6206.4	6520.8	7925.0
19.	Punjab	4523.3	5328.3	5917.9	6509.0	7451.4	8500.8	9356.0	10863.4	12299.0
20.	Rajasthan	4050.6	4785.9	5525.5	6921.5	6865.1	7669.3	8254.5	8976.5	12253.0
21.	Sikkim	49.0	55.1	64.9	74.7	95.4	113.3	134.8	—	—
22.	Tamil Nadu	7218.2	8676.7	8820.9	10222.2	12027.8	13935.3	15319.3	18235.7	19600.0
23.	Tripura	267.8	290.0	351.6	360.4	441.5	485.4	511.6	—	—
24.	Uttar Pradesh	14078.9	15046.9	17578.5	19432.6	21135.7	24291.5	26989.7	30147.7	35025.5
25.	West Bengal	8901.3	9777.2	10688.3	12832.0	14778.0	15186.1	17186.0	19521.3	22023.6

Q : Quick Estimates P : Provisional.

— : Not available (The figures have not been supplied by the concerned State Government).

* : Based on old (1970-71) series.

Source : Directorates of Economic & Statistics of respective State Govts.

Note : Owing to difference in source material used, the figures for different States are not strictly comparable.

1.8 PER CAPITA NET STATE DOMESTIC PRODUCT AT CURRENT PRICES 1980-81 to 1988-89 (NEW SERIES)

(Rs. crores)

S.L. No.	State	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88 (P)	1988-89 (Q)
1	2	3	4	5	6	7	8	9	10	11
1.	Andhra Pradesh	1380	1657	1756	2046	2086	2296	2394	2734	3211
2.	Arunachal Pradesh	1557	2007	2243	2463	2805	3464	3899	3986	4599
3.	Assam	1200	1474	1641	1777	2182	2313	2420	2589	2756
4.	Bihar	896	1008	1107	1272	1479	1587	1811	1908	2266
5.	Goa	3145	3365	4003	4127	4931	4927	5702	6027	6231
6.	Gujarat	1970	2410	2513	3160	3131	3116	3531	3610	4742
7.	Haryana	2370	2664	2967	3133	3325	3849	3950	4278	5274
8.	Himachal Pradesh	1664	1954	2079	2344	2305	2705	2964	3184	3614
9.	Jammu & Kashmir*	1455	1568	1719	1979	2111	2270	2344	—	—
10.	Karnataka	1612	1800	1982	2275	2508	2576	2922	3213	3602
11.	Kerala	1463	1528	1745	2010	2178	2251	2519	2739	3054
12.	Madhya Pradesh*	1183	1281	1432	1746	1675	1941	1999	2373	2739
13.	Maharashtra	2427	2669	2813	3241	3384	3789	3974	4535	5155
14.	Manipur	1449	1702	1765	2046	2301	2395	2619	2728	2897
15.	Meghalaya	1361	1516	1625	1831	2046	2279	2478	2588	—
16.	Mizoram	1289	1383	1471	1724	2139	2486	3165	—	—
17.	Nagaland	1383	1666	1941	2251	2579	2800	3034	3363	3463
18.	Orissa	1231	1380	1388	1772	1707	2072	2128	2194	2625
19.	Punjab	2724	3134	3407	3668	4110	4590	4944	5619	6227
20.	Rajasthan	1199	1374	1543	1881	1818	1978	2074	2197	2923
21.	Sikkim	1571	1701	1926	2136	2635	3023	3472	—	—
22.	Tamil Nadu	1498	1776	1777	2024	2341	2668	2888	3386	3593
23.	Tripura	1323	1390	1641	1640	1962	2108	2177	—	—
24.	Uttar Pradesh	1284	1341	1532	1659	1768	1991	2167	2371	2698
25.	West Bengal	1612	1735	1860	2189	2473	2597	2769	3089	3423

Q : Quick Estimates P : Provisional.

— : Not made available by the concerned State Governments.

* : Based on old (1970-71) series.

Source : Directorates of Economic & Statistics of respective State Governments.

Note : Owing to difference in source material used, the figures for different States are not strictly comparable.

1.9 : INDEX NUMBERS OF AGRICULTURAL PRODUCTION

(Base : Triennium ending 1969 – 70 = 100)

Group/Commodity	Weight	1970-71	1975-76	1980-81	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90
1	2	3	4	5	6	7	8	9	10	11
A. Foodgrains	68.1	112.9	127.2	137.5	154.3	161.9	154.0	149.8	182.5	183.3
(a) Cereals	60.1	114.1	128.8	143.1	160.5	167.5	160.4	156.5	190.2	192.5
Rice	34.0	107.4	124.7	137.2	149.2	163.7	155.3	145.8	180.8	189.9
Wheat	12.2	132.1	159.9	201.2	244.1	260.6	245.5	255.7	299.7	275.0
Coarse-Cereals	13.9	114.7	111.8	106.7	115.1	95.6	98.6	95.9	117.3	126.7
(b) Pulses	8.1	104.4	115.3	95.8	108.4	120.1	105.7	99.5	125.2	114.4
Gram	3.6	99.7	112.9	83.2	87.6	111.2	87.1	69.7	98.5	81.3
B. Non-Foodgrains	31.9	108.6	120.5	130.5	155.3	150.9	149.2	154.5	184.8*	193.1*
(a) Oilseeds	11.0	116.1	123.8	113.6	144.6	126.7	125.1	139.1	192.5	185.3
Groundnut	4.8	118.4	130.9	97.0	124.8	99.3	113.9	113.5	187.3	156.8
Rapeseed and Mustard	1.7	132.3	129.6	153.8	204.9	178.7	173.6	230.3	291.8	274.8
(b) Fibres	4.0	89.3	103.4	126.3	145.1	167.3	127.0	112.7	148.4	185.8
Cotton	3.0	85.1	106.2	125.1	151.8	155.8	123.3	113.9	156.1	203.8
Jute	0.8	99.6	89.5	131.2	131.6	219.3	148.1	116.7	135.2	143.3
Mesta	0.2	113.7	127.0	142.2	108.1	151.6	109.6	84.8	98.9	106.7
(c) Plantation Crops	2.3	114.8	129.9	154.3	185.1	178.1	184.3	184.1	209.1*	213.5*
Tea	1.9	106.4	123.7	144.7	162.5	166.6	157.6	168.9	178.0*	178.0*
Coffee	0.2	170.1	129.6	182.9	301.9	188.6	296.3	189.5	331.3*	331.3*
Rubber	0.2	127.1	190.2	211.4	257.5	276.8	303.1	324.7	357.8	410.4
(d) Others										
Sugarcane	7.0	106.4	118.2	129.4	142.8	143.1	156.0	165.0	170.3	186.7
Tobacco	1.1	101.8	98.4	135.1	136.4	123.9	129.7	103.2	138.4	158.5
Potato	1.4	112.0	176.0	231.9	301.2	249.7	305.2	336.5	355.9	362.6
C. ALL COMMODITIES	100.0	111.5	125.1	135.3	154.6	158.4	152.5	151.3	183.2*	186.4*

* Provisional.

1.10 : INDEX NUMBERS OF AREA OF PRINCIPAL CROPS

(Base : Triennium ending 1969 – 70 = 100)

Group/Commodity	1970-71	1975-76	1980-81	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90
1	2	3	4	5	6	7	8	9	10
A. Foodgrains	102.0	105.0	104.0	104.2	105.2	104.5	98.4	104.9	104.0
(a) Cereals	102.0	104.0	104.5	104.1	103.7	104.1	98.5	104.6	103.4
Rice	101.5	106.7	108.6	111.4	111.3	111.4	105.0	112.9	114.1
Wheat	114.9	128.8	140.3	148.4	144.8	145.0	145.2	151.8	147.7
Coarse-Cereals	98.0	93.1	88.8	83.3	83.8	84.4	77.6	82.1	79.9
(b) Pulses	102.5	111.2	103.2	104.4	112.2	106.4	97.7	106.4	106.7
Gram	101.7	108.2	85.6	89.8	101.5	90.8	75.0	88.6	84.5
B. Non-Foodgrains	104.1	108.2	111.7	108.3	109.4	104.3	103.4	116.7*	117.8*
(a) Oilseeds	101.8	100.6	103.7	102.1	103.2	97.4	99.4	111.8	103.2
Groundnut	101.0	99.5	93.7	98.8	98.2	96.2	94.3	117.5	120.0
Rapeseed and Mustard	107.3	107.9	129.4	125.4	125.2	117.0	145.3	152.0	156.9
(b) Fibres	98.5	93.7	103.0	95.8	101.5	90.2	83.8	93.2	92.9
Cotton	97.8	94.5	100.5	94.8	96.7	89.2	82.9	94.3	94.1
Jute	103.3	80.6	129.8	114.9	158.6	111.1	96.5	95.6	93.9
Mesta	107.5	107.1	116.8	96.1	113.1	86.0	84.7	73.9	74.5
(c) Plantation Crops	104.9	118.2	130.1	142.9	146.9	151.6	154.0	156.9*	160.9*
Tea	101.8	104.4	109.8	114.6	115.0	118.4	119.1	119.1*	119.1*
Coffee	105.0	133.0	162.9	181.8	186.5	188.0	187.7	187.7*	187.7*
Rubber	113.3	143.2	155.7	168.7	179.0	190.0	199.7	213.3	232.5
(d) Others									
Sugarcane	107.1	114.7	110.6	122.4	118.1	127.6	135.9	138.0	118.1
Tobacco	103.0	84.9	104.0	100.6	91.5	89.7	73.3	86.9	118.1
Potato	95.0	131.3	153.5	178.1	176.8	174.4	185.6	195.6	200.8
C. ALL COMMODITIES	102.5	105.9	105.9	105.2	106.3	104.4	99.6	107.7*	107.2*

* Provisional.

1.11 : INDEX NUMBERS OF YIELD OF PRINCIPAL CROPS

(Base: Triennium ending 1969-70=100)

Group/Commodity	1970-71	1975-76	1980-81	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90
1	2	3	4	5	6	7	8	9	10
A. Foodgrains	109.4	117.1	125.7	138.5	144.8	138.2	141.5	161.7	163.2
(a) Cereals	110.4	118.8	129.3	142.5	149.6	142.8	146.0	167.0	169.9
Rice	105.8	116.9	126.3	133.9	147.1	139.4	138.9	160.1	166.4
Wheat	115.0	124.1	143.4	164.5	180.0	168.6	176.1	197.4	186.2
Coarse-Cereals	117.2	118.2	118.8	136.5	112.5	115.3	121.0	141.2	155.7
(b) Pulses	102.1	105.0	95.6	105.4	108.4	101.2	103.9	119.2	109.2
Gram	98.0	104.3	97.2	97.6	109.6	95.9	92.9	111.3	96.2
B. Non-Foodgrains	104.8	112.4	116.5	133.5	128.8	129.4	131.6	146.4*	152.2*
(a) Oilseeds	112.8	120.8	109.0	136.1	118.1	121.1	128.3	156.5	146.7
Groundnut	117.2	131.6	103.5	126.3	101.1	118.4	120.3	159.3	130.7
Rapeseed and Mustard	123.3	120.1	118.9	163.4	142.7	148.4	158.5	192.0	175.1
(b) Fibres	89.9	112.5	118.4	147.5	153.2	136.6	131.5	158.6	200.1
Cotton	87.0	112.4	124.5	160.1	161.1	138.2	137.4	165.6	216.5
Jute	96.4	111.0	101.1	114.5	138.3	133.3	120.9	141.3	152.5
Mesta	105.8	118.6	121.7	112.5	134.0	127.4	100.1	133.8	143.1
(c) Plantation Crops	111.3	117.4	129.4	146.7	139.3	139.9	138.4	155.9*	132.7*
Tea	104.5	118.5	131.8	141.8	144.9	133.1	141.8	149.5*	149.5*
Coffee	162.0	97.4	112.3	166.1	101.1	157.6	101.0	176.5*	176.5*
Rubber	112.2	132.8	135.8	152.6	154.6	159.5	162.6	167.8	176.6
(d) Others									
Sugarcane	99.3	103.1	117.0	116.7	121.2	122.3	121.4	123.4	158.1
Tobacco	98.8	115.9	129.9	135.6	135.4	144.6	140.8	159.3	134.2
Potato	117.9	134.0	151.0	169.1	141.2	175.0	181.3	182.0	180.6
C. ALL COMMODITIES	107.9	115.6	122.7	136.8	139.5	135.3	138.1	156.4*	159.4*

* Provisional.

1.12 : PRODUCTION OF MAJOR CROPS

(In million Units)

Group/Commodity	Units	1950-51	1960-61	1970-71	1980-81	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90*
1	2	3	4	5	6	7	8	9	10	11	12
Kharif Foodgrains	Tonnes	NA	NA	68.9	77.7	84.5	85.2	80.2	74.6	95.6	100.9
Rabi Foodgrains	"	NA	NA	39.5	51.9	61.0	65.2	63.2	65.8	74.3	69.7
Total Foodgrains	"	50.8	82.0	108.4	129.6	145.5	150.4	143.4	140.4	169.9	170.6
Kharif Cereals	"	NA	NA	65.0	73.9	79.8	80.7	76.0	70.2	90.0	95.5
Rabi Cereals	"	NA	NA	31.6	45.1	53.8	56.4	55.7	59.2	66.1	62.5
Total Cereals	"	42.4	69.3	96.6	119.0	133.6	137.1	131.7	129.4	156.1	158.0
Kharif Pulses	"	NA	NA	3.9	3.8	4.8	4.5	4.2	4.4	5.6	5.4
Rabi Pulses	"	NA	NA	7.9	6.9	7.2	8.8	7.5	6.6	8.2	7.2
Total Pulses	"	8.4	12.7	11.8	10.6	12.0	13.4	11.7	11.0	13.8	12.6
Rice (Kharif)	"	NA	NA	39.6	50.1	53.8	59.4	53.6	49.0	63.4	66.3
Rice (Rabi)	"	NA	NA	2.7	3.5	4.6	4.4	7.0	7.8	7.1	7.7
Rice (Total)	"	20.6	34.6	42.2	53.6	58.4	63.8	60.6	56.8	70.5	74.1
Wheat	"	6.5	11.0	23.8	36.3	44.1	47.1	44.3	46.2	54.1	49.7
Jowar (Kharif)	"	NA	NA	5.8	7.5	7.8	7.3	6.5	8.6	7.1	9.3
Jowar (Rabi)	"	NA	NA	2.3	2.9	3.6	2.9	2.7	3.6	3.1	3.6
Jowar (Total)	"	5.5	9.8	8.1	10.4	11.4	10.2	9.2	12.2	10.2	12.9
Maize	"	1.7	4.1	7.5	7.0	8.4	6.6	7.6	5.7	8.2	9.4
Bajra	"	2.6	3.3	8.0	5.3	6.0	3.7	4.5	3.3	7.8	6.6
Gram	"	3.6	6.3	5.2	4.3	4.6	5.8	4.5	3.6	5.1	4.2
Tur	"	1.7	2.1	1.9	2.0	2.6	2.4	2.3	2.3	2.7	2.7
Kharif Oilseeds	"	NA	NA	7.0	5.0	7.0	6.0	6.4	6.4	10.5	9.6
Rabi Oilseeds	"	NA	NA	2.6	4.4	5.9	4.9	4.9	6.2	7.5	7.2
Total Oilseeds**	"	5.2	7.0	9.6	9.4	13.0	10.8	11.3	12.7	18.0	16.8
Groundnut (Kharif)	"	NA	NA	NA	3.7	4.7	3.8	4.4	4.2	7.5	6.1
Groundnut (Rabi)	"	NA	NA	NA	1.3	1.7	1.4	1.5	1.7	2.2	2.0
Groundnut (Total)	"	3.5	4.8	6.1	5.0	6.4	5.1	5.9	5.9	9.7	8.1
Rapeseed and Mustard	"	0.8	1.4	2.0	2.3	3.1	2.7	2.6	3.5	4.4	4.1
Sugarcane	"	57.1	110.0	126.4	154.2	170.3	170.7	186.1	196.7	203.0	222.6
Cotton	Bales@	3.0	5.6	4.8	7.0	8.5	8.7	6.9	6.4	8.7	11.4
Jute and Mesta	Bales+	3.3	5.3	6.2	8.2	7.8	12.6	8.7	6.8	7.9	8.4
Jute	Bales+	3.3	4.1	4.9	6.5	6.5	10.9	7.4	5.8	6.7	7.1
Mesta	Bales+	NA	1.1	1.3	1.7	1.3	1.8	1.3	1.0	1.2	1.2
Plantation Crops											
Tea	Tonnes	0.3	0.3	0.4	0.6	0.6	0.7	0.6	0.7	0.7	0.7
Coffee	Tonnes	Neg.	Neg.	0.1	0.1	0.2	0.1	0.2	0.1	0.2	0.1
Rubber	Tonnes	Neg.	Neg.	0.1	0.2	0.2	0.2	0.2	0.2	0.3	0.3
Potato	Tonnes	1.7	2.7	4.8	9.7	12.6	10.4	12.7	14.1	14.9	15.1

* Provisional N.A. Not Available

** Include groundnut, rapeseed and mustard, sesamum, linseed, castorseed, nigerseed, safflower, sunflower and soyabean.

@ Bale of 170 Kgs. + Bale of 180 Kgs.

1.13 : GROSS AREA UNDER MAJOR CROPS

(Million hectares)

Group/Commodity	1950-51	1960-61	1970-71	1980-81	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90*
1	2	3	4	5	6	7	8	9	10	11
Kharif Foodgrains	NA	NA	82.3	83.2	81.2	81.8	81.5	74.9	82.0	81.3
Rabi Foodgrains	NA	NA	42.0	43.5	45.5	46.2	45.7	44.8	45.7	45.2
Total Foodgrains	97.3	115.6	124.3	126.7	126.7	128.0	127.2	119.7	127.7	126.5
Kharif Cereals	NA	NA	72.9	72.8	70.6	70.8	70.7	64.9	70.9	69.9
Rabi Cereals	NA	NA	28.9	31.4	33.3	32.8	33.3	33.6	33.6	33.4
Total Cereals	78.2	92.0	101.8	104.2	103.9	103.6	104.0	98.5	104.5	103.3
Kharif Pulses	NA	NA	9.5	10.4	10.5	11.0	10.7	10.0	11.1	11.5
Rabi Pulses	NA	NA	13.1	12.1	12.2	13.4	12.4	11.2	12.0	11.8
Total Pulses	19.1	23.6	22.6	22.5	22.7	24.4	23.2	21.2	23.1	23.2
Rice (Kharif)	NA	NA	36.0	38.4	39.2	39.2	38.4	35.9	38.9	39.3
Rice (Rabi)	NA	NA	1.6	1.7	2.0	1.9	2.7	3.0	2.8	2.8
Rice (Total)	30.8	34.1	37.6	40.1	41.2	41.1	41.2	38.9	41.7	42.2
Wheat	9.8	12.9	18.2	22.3	23.6	23.0	23.1	23.1	24.1	23.5
Jowar (Kharif)	NA	NA	10.9	10.2	9.5	9.6	9.7	9.6	9.0	8.8
Jowar (Rabi)	NA	NA	6.5	5.6	6.4	6.6	6.3	6.4	5.6	6.2
Jowar (Total)	15.6	18.4	17.4	15.8	15.9	16.2	16.0	16.0	14.6	15.0
Maize	3.2	4.4	5.8	6.0	5.8	5.8	5.9	5.6	5.9	5.9
Bajra	9.0	11.5	12.9	11.7	10.6	10.6	11.3	8.7	12.0	10.9
Gram	7.6	9.3	7.8	6.6	6.9	7.8	7.0	5.8	6.8	6.5
Tur	2.2	2.4	2.7	2.8	3.2	3.2	3.2	3.3	3.5	3.6
Kharif Oilseeds	NA	NA	10.8	10.2	11.1	11.5	11.5	11.5	13.1	14.0
Rabi Oilseeds	NA	NA	5.8	7.4	7.8	7.5	7.1	8.7	8.8	9.0
Total Oilseeds**	10.7	13.8	16.6	17.6	18.9	19.0	18.6	20.2	21.9	23.0
Groundnut (Kharif)	NA	NA	NA	5.9	6.0	6.2	6.0	5.7	7.0	7.4
Groundnut (Rabi)	NA	NA	NA	0.9	1.2	0.9	0.9	1.2	1.5	1.3
Groundnut (Total)	4.5	6.5	7.3	6.8	7.2	7.1	7.0	6.8	8.5	8.7
Rapeseed and Mustard	2.1	2.9	3.3	4.1	4.0	4.0	3.7	4.6	4.8	5.0
Sugarcane	1.7	2.4	2.6	2.7	3.0	2.8	3.1	3.3	3.3	3.4
Cotton	5.9	7.6	7.6	7.8	7.4	7.5	7.0	6.5	7.3	7.3
Jute and Mesta	0.6	0.9	1.1	1.3	1.1	1.5	1.1	1.0	0.9	0.9
Jute	0.6	0.6	0.8	0.9	0.8	1.2	0.8	0.7	0.7	0.7
Mesta	NA	0.3	0.3	0.4	0.3	0.4	0.3	0.3	0.2	0.2
Plantation crops										
Tea (Total area)	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4	NA
Coffee (Plucked area)	0.1	0.1	NA	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Rubber (Topped area)	Neg.	0.1	0.1	0.2	0.2	0.2	0.2	0.3	0.4	0.4
Potato	0.2	0.4	0.5	0.7	0.9	0.8	0.8	0.9	0.9	1.0

* Provisional. N.A: Not Available.

** Include groundnut, rapeseed & mustard, sesamum, castorseed, linseed, nigerseed, safflower, sunflower and soyabean.

1.14 : YIELD PER HECTARE OF MAJOR CROPS

(kgs/Hect)

Group/Commodity	1950-51	1960-61	1970-71	1980-81	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90*
1	2	3	4	5	6	7	8	9	10	11
Kharif Foodgrains	NA	NA	837	933	1041	1042	985	996	1166	1241
Rabi Foodgrains	NA	NA	942	1195	1341	1410	1382	1468	1628	1543
Total Foodgrains	522	710	872	1023	1149	1175	1128	1173	1331	1349
Kharif Cereals	NA	NA	892	1015	1129	1140	1074	1082	1270	1367
Rabi Cereals	NA	NA	1093	1434	1617	1718	1673	1763	1964	1871
Total Cereals	542	753	949	1142	1285	1323	1266	1315	1493	1530
Kharif Pulses	NA	NA	410	361	453	412	392	435	504	474
Rabi Pulses	NA	NA	607	571	589	658	604	587	686	611
Total Pulses	441	539	524	473	526	547	506	515	598	543
Rice (Kharif)	NA	NA	1100	1303	1374	1514	1393	1368	1627	1686
Rice (Rabi)	NA	NA	1625	2071	2289	2329	2563	2640	2548	2712
Rice (Total)	668	1013	1123	1336	1417	1552	1471	1465	1689	1756
Wheat	663	851	1307	1630	1870	2046	1916	2002	2244	2117
Jowar (Kharif)	NA	NA	533	737	820	761	665	892	789	1049
Jowar (Rabi)	NA	NA	354	520	563	447	437	568	550	597
Jowar (Total)	353	533	466	660	715	633	576	762	697	864
Maize	547	926	1279	1159	1456	1146	1282	1029	1395	1606
Bajra	288	286	622	458	569	344	401	378	646	608
Gram	482	674	663	657	661	742	649	629	753	652
Tur	788	849	709	689	819	767	722	685	779	760
Kharif Oilseeds	NA	NA	649	492	633	516	554	559	805	684
Rabi Oilseeds	NA	NA	449	588	758	651	687	720	851	798
Total Oilseeds**	481	507	579	532	684	570	605	629	824	729
Groundnut (Kharif)	NA	NA	NA	629	779	602	733	737	1066	829
Groundnut (Rabi)	NA	NA	NA	1444	1518	1549	1540	1425	1442	1484
Groundnut (Total)	775	745	834	736	898	719	841	855	1132	929
Rapeseed and Mustard	368	467	594	560	771	674	700	748	906	826
Sugarcane (tonnes/hect.)	33	46	48	58	58	60	60	60	61	65
Cotton	88	125	106	152	196	197	169	168	202	265
Jute and Mesta	1043	1049	1032	1130	1242	1524	1454	1274	1540	1656
Jute	1043	1183	1186	1245	1411	1710	1649	1496	1748	1887
Mesta	NA	742	684	828	764	910	865	680	909	972
Plantation crops										
Tea	876	970	1200	1491	1606	1641	1508	1606	1683	1681
Coffee	298	400	NA	624	932	570	895	567	884	500
Rubber	342	429	653	788	886	898	926	944	962	1034
Potato (Tonnes/hect.)	7	7	10	13	15	12	15	16	16	16

* Provisional. N.A: Not Available

** Include groundnut, rapeseed and mustard, sesamum, linseed, castorseed, nigerseed, safllower, sunflower and soyabean.

1.15 : STATE-WISE ESTIMATES OF PRODUCTION OF FOODGRANINS
1985-86 to 1989-90

(Thousand tonnes)

State	Year	Rice	Wheat	Coarse Cereals	Total Cereals	Total Pulses	Total Foodgrains
1	2	3	4	5	6	7	8
Andhra Pradesh	1985-86	7613.5	7.4	2123.9	9744.8	629.0	10373.8
	1986-87	6591.5	4.8	1949.9	8546.2	616.8	9163.0
	1987-88	7087.1	4.9	2150.7	9242.7	656.9	9899.6
	1988-89	10621.1	9.5	1577.1	12207.7	692.4	12900.1
	1989-90	10128.1	9.1	1840.9	11978.1	651.8	12629.9
Assam	1985-86	2846.6	100.5	17.2	2964.3	66.2	3030.5
	1986-87	2385.3	125.8	16.4	2527.5	60.5	2588.0
	1987-88	2715.8	105.8	16.6	2838.2	60.9	2899.1
	1988-89	2439.3	122.3	15.7	2577.3	51.1	2628.4
	1989-90	2794.8	87.5	17.8	2900.1	51.0	2951.1
Bihar	1985-86	6015.7	2935.6	1116.8	10068.1	887.4	10955.5
	1986-87	6044.5	2861.3	1128.6	10034.4	875.8	10910.2
	1987-88	4674.5	3257.0	909.1	8840.6	786.7	9627.3
	1988-89	6351.0	3557.0	1252.5	11160.5	780.4	11940.9
	1989-90	6425.8	3220.0	1384.7	11030.5	813.5	11844.0
Gujarat	1985-86	454.2	782.8	1160.7	2397.7	338.3	2736.0
	1986-87	446.0	661.7	1752.6	2860.3	235.3	3095.6
	1987-88	279.4	351.2	595.0	1225.6	142.7	1368.3
	1988-89	866.0	1512.5	2455.8	4834.3	489.6	5323.9
	1989-90	817.3	1101.7	2301.4	4220.4	567.4	4787.8
Haryana	1985-86	1636.0	5257.0	570.0	7463.0	677.9	8140.9
	1986-87	1543.0	5055.0	558.0	7156.0	479.4	7635.4
	1987-88	1073.0	4861.0	256.0	6190.0	111.9	6301.9
	1988-89	1437.0	6225.0	1168.0	8830.0	672.2	9502.2
	1989-90	1698.0	5913.0	612.0	8223.0	428.6	8651.6
Himachal Pradesh	1985-86	125.4	492.0	570.7	1188.1	12.8	1200.9
	1986-87	105.6	450.7	607.3	1163.6	9.2	1172.8
	1987-88	76.1	351.2	439.6	866.9	4.6	871.5
	1988-89	87.9	512.5	525.7	1126.1	7.3	1133.4
	1989-90	94.5	600.4	714.4	1409.3	10.6	1419.9
Jammu & Kashmir	1985-86	587.1	272.1	515.9	1375.1	28.5	1403.6
	1986-87	590.5	212.0	539.8	1342.3	30.3	1372.6
	1987-88	420.8	245.6	314.8	981.2	18.0	999.2
	1988-89	579.6	245.6	460.2	1285.4	24.8	1310.2
	1989-90	579.6	245.6	460.2	1285.4	24.8	1310.2
Karnataka	1985-86	1942.6	101.9	3328.4	5372.9	488.9	5861.8
	1986-87	2313.2	142.2	4579.7	7035.1	589.5	7624.6
	1987-88	1894.7	140.8	3641.4	5676.9	676.4	6353.3
	1988-89	2509.6	166.3	3688.8	6364.7	462.6	6827.3
	1989-90	2377.5	126.5	4087.2	6591.2	536.3	7127.5
Kerala	1985-86	1173.1	..	3.6	1176.7	25.8	1202.5
	1986-87	1133.8	..	3.3	1137.1	20.1	1157.2
	1987-88	1037.1	..	3.9	1041.0	20.0	1061.0
	1988-89	1006.5	..	4.8	1011.3	18.8	1030.1
	1989-90	1048.7	..	4.8	1053.5	18.9	1072.4

1	2	3	4	5	6	7	8
Madhya Pradesh	1985-86	5418.0	4202.3	3062.5	12682.8	2610.4	15293.2
	1986-87	4178.4	4264.3	2585.5	11028.2	2493.7	13521.9
	1987-88	4265.7	4546.2	3414.5	12226.4	2531.9	14758.3
	1988-89	4666.8	4797.4	3377.0	12841.2	2823.5	15664.7
	1989-90	4672.6	3870.1	3767.2	12309.9	2495.3	14805.2
Maharashtra	1985-86	2181.8	644.4	4788.7	7614.9	1164.1	8779.0
	1986-87	1751.5	536.4	3881.2	6169.1	975.0	7144.1
	1987-88	1712.8	633.4	7304.2	9650.4	1414.0	11064.4
	1988-89	2652.1	1043.2	5652.8	9348.1	1729.7	11077.8
	1989-90	2318.8	907.1	8288.6	11514.5	1734.5	13249.0
Manipur	1985-86	332.5	..	14.6	347.1	..	347.1
	1986-87	242.5	..	16.4	258.9	..	258.9
	1987-88	272.1	..	14.1	286.2	..	286.2
	1988-89	275.6	..	12.2	287.8	..	287.8
	1989-90	245.1	..	14.9	260.0	..	260.0
Meghalaya	1985-86	132.4	6.1	25.9	164.4	2.3	166.7
	1986-87	98.7	6.7	23.2	128.6	2.7	131.3
	1987-88	110.5	5.6	23.8	139.9	2.4	142.3
	1988-89	105.6	6.7	23.7	136.0	2.3	138.3
	1989-90	108.5	6.7	23.2	138.4	2.3	140.7
Nagaland	1985-86	95.1	..	14.5	109.6	8.2	117.8
	1986-87	83.9	..	7.2	91.1	2.2	93.3
	1987-88	86.0	..	9.5	95.5	3.7	99.2
	1988-89	130.0	..	19.3	149.3	5.5	154.8
	1989-90	150.0	..	20.0	170.0	5.9	175.9
Orissa	1985-86	5226.3	106.9	518.6	5851.8	1031.3	6883.1
	1986-87	4834.4	75.8	420.2	5330.4	1057.6	6388.0
	1987-88	3471.4	71.1	467.7	4010.2	1010.9	5021.1
	1988-89	5296.5	69.3	527.3	5893.1	1066.6	6959.7
	1989-90	6284.0	65.1	505.9	6855.0	1013.8	7868.8
Punjab	1985-86	5448.9	10988.0	548.4	16985.3	203.7	17189.0
	1986-87	6022.0	9458.0	633.2	16113.2	178.9	16292.1
	1987-88	5442.0	11084.0	467.6	16993.6	98.3	17091.9
	1988-89	4925.0	11580.0	432.1	16937.1	130.4	17067.5
	1989-90	6697.0	11681.0	508.5	18886.5	99.1	18985.6
Rajasthan	1985-86	119.4	3721.2	2325.6	6166.2	1766.9	7933.1
	1986-87	129.3	3401.9	2313.8	5845.0	946.2	6791.2
	1987-88	47.3	2909.1	1351.0	4307.4	474.4	4781.8
	1988-89	185.8	3964.1	4884.4	9034.3	1622.5	10656.8
	1989-90	151.1	3400.1	3824.1	7375.3	1155.6	8530.9
Tamil Nadu	1985-86	5370.5	0.4	1480.3	6851.2	322.3	7173.5
	1986-87	5332.7	0.3	1536.5	6869.5	286.9	7156.4
	1987-88	5604.5	0.2	1662.2	7266.9	343.1	7610.0
	1988-89	5590.0	0.1	1375.7	6965.8	384.0	7349.8
	1989-90	6231.6	0.1	1504.4	7736.1	388.3	8124.4
Tripura	1985-86	367.5	3.8	..	371.3	2.5	373.8
	1986-87	383.2	4.3	..	387.5	2.6	390.1
	1987-88	433.2	5.1	..	438.3	3.8	442.1
	1988-89	457.5	6.1	..	463.6	4.5	468.1
	1989-90	459.1	6.6	..	465.7	6.1	471.8

1	2	3	4	5	6	7	8
Uttar Pradesh	1985-86	8314.5	16559.3	3738.7	28612.5	2811.6	31424.1
	1986-87	7509.3	16235.9	3876.3	27621.5	2627.9	30249.4
	1987-88	6475.0	16789.0	3059.1	26323.1	2361.8	28684.9
	1988-89	9287.5	19611.3	3741.5	32640.3	2657.5	35297.8
	1989-90	9356.5	17785.8	4113.6	31255.9	2415.9	33671.8
West Bengal	1985-86	7991.0	738.7	134.0	8863.7	264.1	9127.8
	1986-87	8463.0	682.6	265.6	9411.2	199.2	9610.4
	1987-88	9271.8	673.9	132.8	10078.5	226.6	10305.1
	1988-89	10559.8	625.0	121.8	11306.6	208.1	11514.7
	1989-90	10923.6	569.0	145.5	11638.1	181.0	11819.1
Sikkim	1985-86	16.5	16.2	53.3	86.0	10.5	96.5
	1986-87	17.3	16.5	55.1	88.9	10.1	99.0
	1987-88	19.0	17.7	56.4	93.1	5.9	99.0
	1988-89	18.6	17.8	63.6	100.0	5.3	105.3
	1989-90	20.4	20.3	69.1	109.8	6.5	116.3
Arunachal Pradesh	1985-86	130.0	4.4	54.5	188.9	..	188.9
	1986-87	125.1	6.9	55.0	187.0	..	187.0
	1987-88	134.0	9.0	51.0	194.0	..	194.0
	1988-89	135.8	4.5	57.1	197.4	..	197.4
	1989-90	138.8	5.5	63.3	207.6	..	207.6
Goa	1985-86	125.2	..	10.4	135.6	..	135.6
	1986-87	72.7	..	0.9	73.6	..	73.6
	1987-88	111.1	..	0.9	112.0	..	112.0
	1988-89	129.2	..	3.3	132.5	..	132.5
	1989-90	156.3	..	3.8	160.1	..	160.1
Mizoram	1985-86	43.2	..	6.4	49.6	0.3	49.9
	1986-87	45.8	..	6.5	52.3	0.5	52.8
	1987-88	49.2	..	3.9	53.1	1.0	54.1
	1988-89	54.7	..	9.5	64.2	1.1	65.3
	1989-90	59.2	..	9.1	68.3	0.7	69.0
All India	1985-86	63825.0	47051.8	26202.1	137078.9	13361.4	150440.3
	1986-87	60556.8	44322.9	26830.9	131710.6	11707.2	143417.8
	1987-88	56862.5	46169.4	26359.5	129391.4	10962.2	140353.6
	1988-89	70488.7	54110.2	31473.6	156072.5	13849.3	169921.8
	1989-90	74053.4	49652.4	34306.1	158011.9	12614.6	170626.5

1.16 : PROGRESS OF SELECTED PHYSICAL AGRICULTURAL DEVELOPMENT PROGRAMMES

Programme	Unit	1970-71	1975-76	1979-80	1980-81	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91*
1	2	3	4	5	6	7	8	9	10	11	12	13	14
Hight Yielding Varieties	Million hectares												
Paddy	"	5.6	12.4	16.0	18.2	21.7	22.8	23.5	24.0	22.1	25.4	27.6	29.2
Wheat	"	6.5	13.4	15.0	16.1	19.4	19.1	19.1	19.2	19.7	20.2	20.7	21.9
Maize	"	0.5	1.1	1.4	1.6	1.9	2.0	1.8	2.2	2.2	2.5	2.8	2.9
Jowar	"	0.8	2.0	3.0	3.5	5.3	5.1	6.1	5.5	6.1	6.1	6.8	7.6
Bajra	"	2.0	2.9	3.0	3.6	5.4	5.2	5.0	5.3	4.0	5.9	5.2	5.4
Total HYV	"	15.4	31.9	38.4	43.1	53.7	54.1	55.4	56.2	54.1	60.1	63.1	67.0
Irrigated Area .... (cumulative utilisation)	"	38.0	45.3	52.6	54.1	58.6	60.5	62.3	64.4	66.1	68.2	72.3	73.9
Through major & Medium	"	17.3	20.1	22.6	22.7	24.6	25.3	25.8	26.5	26.8	27.2	28.8	28.5
Minors@	"	20.7	25.2	30.0	31.4	34.0	35.2	36.5	37.9	39.3	41.0	43.5	45.4
Soil conservation (cumulative level at the end of the year)	"	13.4	20.0	23.4	24.4	28.0	29.4	30.5	31.2	32.1	32.9	34.0	34.9
Consumption of Chemical Fertilizers	Million tonnes	2.2	2.9	5.2	5.5	7.7	8.2	8.5	8.7	8.8	11.1	11.7	12.7
Nitrogenous	"	1.5	2.1	3.5	3.7	5.2	5.5	5.7	5.7	5.7	7.3	7.4	8.0
Phosphatic	"	0.5	0.5	1.1	1.2	1.7	1.9	2.0	2.1	2.2	2.7	3.1	3.4
Potassic	"	0.2	0.3	0.6	0.6	0.8	0.8	0.8	0.9	0.9	1.1	1.2	1.3

@ The figures for minor irrigation indicate the net benefit after allowing seepage.

* Provisional.

1.17 : IRRIGATED AREA UNDER DIFFERENT CROPS

(Million hectares)

Group/Commodity	1970-71	1977-78	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88
1	2	3	4	5	6	7	8	9	10	11	12	13
Rice	14.3	16.2	16.9	16.9	16.3	17.1	16.1	17.4	17.7	17.7	18.2	17.0
	(38.4)	(40.2)	(41.6)	(42.8)	(40.4)	(41.5)	(41.7)	(42.7)	(43.8)	(42.1)	(44.1)	(43.6)
Jowar	0.6	0.8	0.8	0.8	0.6	0.6	0.6	0.6	0.7	0.7	0.8	0.8
	(3.7)	(4.9)	(4.8)	(4.9)	(3.8)	(4.2)	(3.8)	(4.1)	(4.3)	(4.6)	(4.6)	(4.7)
Bajra	0.5	0.5	0.5	0.6	0.6	0.7	0.7	0.6	0.6	0.6	0.7	0.7
	(4.0)	(4.4)	(4.4)	(6.0)	(5.4)	(6.0)	(5.9)	(4.8)	(5.2)	(5.4)	(5.9)	(7.7)
Maize	0.9	0.9	1.0	1.4	1.2	1.2	1.2	1.0	1.0	1.1	1.3	1.2
	(15.9)	(16.3)	(16.3)	(24.0)	(19.7)	(20.4)	(21.3)	(17.3)	(17.7)	(17.6)	(21.4)	(21.3)
Wheat	9.9	13.8	14.9	15.1	15.5	15.5	17.0	17.9	17.5	17.5	17.7	17.9
	(54.3)	(64.6)	(66.0)	(68.3)	(69.8)	(70.7)	(72.3)	(72.8)	(74.9)	(75.0)	(75.9)	(76.5)
Barley	1.3	1.1	1.0	0.9	0.9	0.8	0.7	0.7	0.6	0.7	0.6	0.6
	(52.0)	(53.9)	(51.7)	(50.9)	(50.4)	(47.8)	(47.4)	(47.2)	(50.4)	(49.0)	(51.7)	(53.7)
Total Cereals	28.1	33.7	35.3	36.2	35.6	36.2	36.6	38.5	38.4	38.5	39.5	38.5
	(27.6)	(32.5)	(33.5)	(35.0)	(33.8)	(34.4)	(35.6)	(36.0)	(37.3)	(36.5)	(37.7)	(38.4)
Total Pulses	2.0	1.7	1.9	2.0	2.0	2.1	1.8	1.7	1.8	2.1	2.2	2.0
	(8.8)	(7.1)	(7.9)	(8.8)	(8.9)	(8.5)	(8.0)	(7.4)	(7.8)	(8.1)	(9.4)	(9.2)
Total Foodgrains ...	30.1	35.4	37.2	38.1	37.6	38.3	38.5	40.2	40.1	40.6	41.7	40.5
	(24.1)	(27.7)	(28.8)	(30.3)	(29.4)	(29.6)	(30.6)	(30.8)	(32.0)	(31.1)	(32.5)	(33.2)
Oilseeds	1.1	1.6	1.7	1.9	2.3	2.5	2.6	3.1	3.5	3.4	3.3	4.3
	(7.4)	(10.4)	(11.0)	(12.6)	(14.3)	(14.7)	(15.3)	(15.9)	(18.8)	(16.0)	(17.5)	(19.8)
Cotton	1.4	2.1	2.2	2.2	2.1	2.2	2.3	2.3	1.9	2.2	2.2	2.3
	(17.3)	(26.2)	(27.2)	(27.5)	(27.0)	(27.7)	(29.0)	(29.7)	(27.9)	(27.9)	(30.9)	(31.4)
Sugarcane	1.9	2.7	2.6	2.2	2.3	2.8	2.8	2.6	2.6	2.5	2.8	3.0
	(72.4)	(78.1)	(77.8)	(77.3)	(80.8)	(82.4)	(79.3)	(80.3)	(83.1)	(87.3)	(86.7)	(86.9)

NOTE: 1. Figure in parenthesis represent the percentage of irrigated area to total area under the crop.
2. Irrigated area under oilseeds denotes the area under groundnut, rapeseed & mustard, linseed, sesamum and others.

1.18 : NET AVAILABILITY OF CEREALS AND PULSES

Year	Cereals					Pulses	Per Capita Net Availability per day (in gms.)		
	Population (million)	Net production (million tonnes)	Net imports (million tonnes)	Change in Government stocks (million tonnes)	Net availability** (million tonnes)	Net availability (million tonnes)	Cereals	Pulses	Total
1	2	3	4	5	6	7	8	9	10
1951	363.2	40.1	4.1	(+)0.6	44.3	8.0	334.2	60.7	394.9
1952	369.2	40.7	3.9	(+)0.6	44.0	8.0	325.4	59.1	384.5
1953	375.6	45.5	2.0	(−)0.5	48.0	8.6	349.9	62.7	412.6
1954	382.4	53.6	0.8	(+)0.2	54.2	9.7	388.1	69.7	457.8
1955	389.7	51.7	0.6	(−)0.8	53.1	10.1	372.9	71.1	444.0
1956	397.3	50.4	1.4	(−)0.6	52.4	10.2	360.4	70.3	430.7
1957	405.5	52.8	3.6	(+)0.9	55.5	10.6	375.3	71.8	447.1
1958	414.0	49.5	3.2	(−)0.3	52.9	8.8	350.3	58.5	408.8
1959	423.1	57.4	3.9	(+)0.5	60.8	11.6	393.4	74.9	468.3
1960	432.5	57.1	5.1	(+)1.4	60.8	10.4	384.1	65.5	449.6
1961	442.4	60.9	3.5	(−)0.2	64.6	11.1	399.7	69.0	468.7
1962	452.2	61.8	3.6	(−)0.4	65.8	10.2	398.9	62.0	460.9
1963	462.0	60.2	4.6	(−)Neg.	64.8	10.1	384.0	59.8	443.8
1964	472.1	61.8	6.3	(−)1.2	69.3	8.8	401.0	51.0	452.0
1965	482.5	67.3	7.4	(+)1.1	73.7	10.8	418.5	61.6	480.1
1966	493.2	54.6	10.3	(+)0.1	64.8	8.7	359.9	48.2	408.1
1967	504.2	57.6	8.7	(−)0.3	66.6	7.3	361.8	39.6	401.4
1968	515.4	72.6	5.7	(+)2.0	76.2	10.6	404.1	56.1	460.2
1969	527.0	73.1	3.8	(+)0.5	76.5	9.1	397.8	47.3	445.1
1970	538.9	76.8	3.6	(+)1.1	79.3	10.2	403.1	51.9	455.0
1971	551.3	84.5	2.0	(+)2.6	84.0	10.3	417.6	51.2	468.8
1972	563.9	82.3	(−)0.5	(−)4.7	86.5	9.7	419.1	47.0	466.1
1973	576.8	76.2	3.6	(−)0.3	80.1	8.7	380.5	41.1	421.6
1974	590.0	82.8	5.2	(−)0.4	88.4	8.8	410.4	40.8	451.2
1975	603.5	78.6	7.5	(+)5.6	80.6	8.8	365.8	39.7	405.5
1976	617.2	94.5	0.7	(+)10.7	84.4	11.4	373.8	50.5	424.3
1977	631.3	87.3	0.1	(−)1.6	89.0	10.0	386.3	43.3	429.6
1978	645.7	100.1	(−)0.8	(−)0.3	99.6	10.7	422.5	45.5	468.0
1979	660.3	104.8	(−)0.3	(+)0.4	104.1	10.8	431.8	44.7	476.5
1980	675.2	88.5	(−)0.5	(−)5.8	93.8	7.6	379.5	30.9	410.4
1981	690.1	104.1	0.5	(−)0.2	104.8	9.4	416.2	37.5	453.7
1982	705.2	106.6	1.6	(+)1.3	106.8	10.1	414.8	39.2	454.0
1983	720.4	103.0	4.1	(+)2.7	104.4	10.4	396.9	39.5	436.4
1984	735.6	122.0	2.4	(+)7.1	117.4	11.3	436.1	41.8	477.9
1985	750.9	116.9	(−)0.4	(+)2.7	113.9	10.5	415.6	38.1	453.7
1986	766.1	119.9	(−)0.1	(−)1.6	121.5	12.3	434.3	44.0	478.3
1987	781.4	115.2	(−)0.4	(−)9.5	124.4	10.4	436.1	36.6	472.7
1988	796.6	113.2	2.4	(−)4.6	120.1	11.1	413.2	38.0	451.2
1989*	811.8	136.6	0.8	(+)2.6	134.8	12.5	455.0	42.2	497.2
1990*	827.1	138.3	0.1	(+)6.1	132.3	11.0	438.1	36.5	474.6

*Provisional.

**Net availability = Col. (3+4−5).

NOTES: 1. Mid-year Population figures from 1971 to 1980 are based on the latest projections made by the office of the Registrar General of India. Estimates from 1981 onwards are based on the Expert Committee's population projections as approved by the Planning Commission.

2. Production figures relate to agricultural year July—June: 1951: figures correspond to the production of 1950-51 and so on for subsequent years.

3. Net production has been taken as 87.5% of the gross production, 12.5% being provided for seed, feed requirements and wastage.

4. Figures in respect of change in stocks with traders and producers are not known. The estimates of net availability above should not, therefore, be taken to be strictly equivalent to consumption.

5. The figures of net imports from 1981 onwards are based on imports and exports on Government of India account only.

1.19 : NET AVAILABILITY, PROCUREMENT AND PUBLIC DISTRIBUTION OF FOODGRAINS

Year	Net production of foodgrains (million tonnes)	Net Imports (million tonnes)	Net availability of foodgrains@ (million tonnes)	Net Procurement (million tonnes)	Public Distribution (million tonnes)	Col. 3 as % of Col. 4	Col. 5 as % of Col. 2	Col. 6 as % of Col. 4
1	2	3	4	5	6	7	8	9
1951	48.1	4.8	52.4	3.8	8.0	9.2	7.9	15.3
1952	48.7	3.9	52.0	3.5	6.8	7.5	7.2	13.1
1953	54.1	2.0	56.6	2.1	4.6	3.5	3.9	8.1
1954	63.3	0.8	63.9	1.4	2.2	1.3	2.2	3.4
1955	61.9	0.5	63.2	1.3	1.6	0.8	2.1	2.5
1956	60.7	1.4	62.6	Neg.	2.1	2.2	Neg.	3.4
1957	63.4	3.6	66.2	0.3	3.1	5.4	0.5	4.7
1958	58.3	3.2	61.8	0.5	4.0	5.2	0.9	6.5
1959	69.0	3.9	72.3	1.8	5.2	5.4	2.6	7.2
1960	67.5	5.1	71.2	1.3	4.9	7.2	1.9	6.9
1961	72.0	3.5	75.7	0.5	4.0	4.6	0.7	5.3
1962	72.1	3.6	76.1	0.5	4.4	4.8	0.7	5.7
1963	70.3	4.5	74.8	0.8	5.2	6.1	1.1	6.9
1964	70.6	6.2	78.1	1.4	8.7	8.0	2.0	11.1
1965	78.2	7.4	84.6	4.0	10.1	8.8	5.2	11.9
1966	63.3	10.3	73.5	4.0	14.1	14.0	6.3	19.2
1967	65.0	8.7	73.9	4.5	13.2	11.7	6.9	17.8
1968	83.2	5.7	86.8	6.8	10.2	6.5	8.2	11.8
1969	82.3	3.8	85.6	6.4	9.4	4.5	7.8	11.0
1970	87.1	3.6	89.5	6.7	8.8	4.0	7.7	9.9
1971	94.9	2.0	94.3	8.9	7.8	2.1	9.3	8.3
1972	92.0	(-)0.5	96.2	7.7	10.5	(-)0.5	8.3	10.9
1973	84.9	3.6	88.8	8.4	11.4	4.0	9.9	12.8
1974	91.6	5.2	97.1	5.6	10.8	5.3	6.2	11.1
1975	87.4	7.5	89.3	9.6	11.3	8.4	10.9	12.6
1976	105.9	0.7	95.8	12.8	9.2	0.7	12.1	9.6
1977	97.3	0.1	99.0	9.9	11.7	0.1	10.1	11.8
1978	110.6	(-)0.6	110.2	11.1	10.2†	(-)0.5	10.0	9.2
1979	115.4	(-)0.2	114.9	13.8	11.7†	(-)0.2	12.0	10.2
1980	96.0	(-)0.3	101.4	11.2	15.0†	(-)0.3	11.6	14.8
1981	113.4	0.7	114.3	13.0	13.0†	0.6	11.4	11.4
1982	116.6	1.6	116.9	15.4	14.8†	1.4	13.2	12.6
1983	113.3	4.1	114.7	15.6	16.2†	3.5	13.7	14.1
1984	133.3	2.4	128.6	18.7	13.3†	1.8	14.0	10.4
1985	127.4	(-)0.4	124.3	20.1	15.8†	(-)0.3	15.8	12.7
1986	131.6	(-)0.5	133.8	19.7	17.3†	0.4	15.0	13.2
1987	125.5	(-)0.2	134.8	15.7	18.7†	0.1	12.5	13.8
1988	122.8	3.8	131.2	14.1	18.6†	2.9	11.5	14.1
1989*	148.7	1.2	147.3	18.9	15.9†	0.8	12.7	10.8
1990*	149.3	Neg.	143.3	24.0	15.3†	Neg.	16.1	10.7

*Provisional.

@Net availability = Net production+Net imports—change in Government stocks.

†Includes quantities released under the Food for Work Programme.

NOTE: Production figures relate to agricultural year: 1951 figures correspond to 1950-51 and so on. Figures for procurement and public distribution relate to calender years.

1.20 : PER CAPITA AVAILABILITY OF CERTAIN IMPORTANT ARTICLES OF CONSUMPTION

Year	Edible $ oil @ (Kgs.)	Vanaspati $ (Kgs.)	Sugar (Nov.-Oct.) (Kgs.)+	Cotton Cloth @@ (Metres)	Man-made fabrics (Metres)	Tea$$ (Gms.)	Coffee* (Gms.)	Electricity (Domestic) (KWH)
1	2	3	4	5	6	7	8	9
1955-56	2.5	0.7	5.0	14.4	N.A.	362	67	2.4£
1960-61	3.2	0.8	4.7	13.8	1.2	296	80	3.4
1961-62	3.2	0.7	5.8	14.8	1.2	337	79	3.8
1962-63	3.1	0.8	5.4	14.4	1.2	296	77	4.2
1963-64	2.7	0.8	4.9	14.7	1.2	266	81	4.4
1964-65	3.6	0.8	5.1	15.2	1.6	343	76	4.7
1965-66	2.7	0.8	5.7	14.7	1.7	346	72	4.8
1966-67	2.7	0.7	5.1	14.0	1.7	399	72	5.2
1967-68	3.4	0.8	4.3**	13.6	1.7	339	69	5.7
1968-69	2.6	0.9	5.0	14.4	1.9	376	73	6.0
1969-70	3.0	0.9	6.1	13.6	2.0	430	62	6.5
1970-71	3.5	1.0	7.3	13.6	2.0	401	68	7.0
1971-72	3.0	1.1	6.7	12.4	2.2	423	65	7.3
1972-73	2.4	1.0	6.1	13.2	2.0	458	69	7.3
1973-74	3.4	0.8	6.1	12.0	1.9	492	64	8.1
1974-75	3.3	0.6	5.9	12.9	1.7	471	62	8.8
1975-76	3.5	0.8	6.2	12.6	2.0	446	62	9.7
1976-77	3.2	0.9	6.2	11.4	2.4	450	71	10.4
1977-78	3.8	0.9	7.3	9.5	4.0	516	73	10.9
1978-79	3.8	1.0	9.7	10.2	4.8	599	77	11.9
1979-80	3.7	1.0	8.0	10.1	4.6	521	73	12.1
1980-81	3.8	1.2	7.2	11.0	3.7	511	74	13.5
1981-82	5.1	1.3	8.1	10.2	4.2	462	79	15.1
1982-83	4.5	1.3	9.0	9.9	3.7	525	82	17.0
1983-84	5.8	1.2	10.3	10.8	4.0	518	78	18.3
1984-85	5.5	1.3	10.5	10.6	3.9	575	72	21.0
1985-86	5.0	1.3	10.9	13.6	5.4	589	71	22.9
1986-87	5.0	1.2	11.2	13.4	5.7	546	77	25.0
1987-88	5.8	1.2	11.7	12.3	5.7	593	72	28.2
1988-89(P)	5.3	1.2	12.2	11.6	6.2	610	82	30.8
1989-90(P)	5.3	1.1	13.5	11.5	5.8	590	N.A.	34.5

P—Provisional.
N.A.—Not Available.
@ Include groundnut oil, rapeseed and mustard oil, sesamum oil, nigerseed oil, Soyabean oil and Sunflower oil but exclude oils for manufacture of Vanaspati.
@@ Data relate to Calender year: figure for 1955 are shown against 1955-56 and so on. Figures for Blended/Mixed Fabrics were not separately available prior to 1969. These have been included under man-made fibre fabrics.
* Figure upto 1971-72 relate to coffee-season and thereafter on calender year basis. The figures for 1972-73 correspond to 1973 and so on.
** From 1967-68 Sugar Season is October—September.
£ Relates to 1956.
+ Relates to actual realeases for domestic consumption.
$ Relate to financial year.
$$ Relate to calender year.

1.21 : PRODUCTION, IMPORTS AND CONSUMPTION OF FERTILISERS

(Thousand tonnes of nutrients)

	Years									
	1960-61	1970-71	1980-81	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91*
1	2	3	4	5	6	7	8	9	10	11
A. Nitrogenous Fertilisers										
Production	98	830	2164	3917	4328	5410	5466	6712	6747	6993
Imports	399	477	1510	2008	1680	1103	175	219	523	414
Consumption	210	1487	3678	5487	5661	5716	5717	7246	7428	7966
B. Phosphatic Fertilisers										
Production	52	229	841	1264	1428	1660	1665	2252	1796	2051
Imports	—	32	452	745	816	255	Nil.	407	1311	1016
Consumption	53	462	1214	1886	2005	2079	2187	2722	3080	3386
C. Potassic Fertilisers										
Imports	20	120	797	871	903	952	809	982	1280	1328
Consumption	29	228	624	839	808	850	880	1068	1187	1325
D. All Fertilisers (NPK)										
Production	150	1059	3005	5181	5756	7070	7131	8964	8543	9044
Imports	419	629	2759	3624	3399	2310	984	1608	3114	2758
Consumption	292	2177	5516	8211	8474	8645	8784	11036	11695	12677

*Provisional

1.22 PRODUCTION OF MAJOR LIVESTOCK PRODUCTS AND FISH

Year	Milk	Eggs	Fish
	(000 Tonnes)	(million Nos.)	(000 Tonnes)
1950-51	17000	1832	750
1960-61	N.A.	N.A.	1180
1970-71	N.A.	N.A.	1780
1980-81	31600	10600	2440
1981-82	34300	10876	2440
1982-83	35800	11454	2370
1983-84	38800	12792	2570
1984-85	41517	14252	2600
1985-86	43979	16128	2876
1986-87	46061	17310	2942
1987-88	46671	17795	2959
1988-89	48406	18890	3152
1989-90	51448	20204	3677

N.A. : Not Available

1.23 PRODUCTION OF COAL AND LIGNITE

(Mn. Tonnes)

Year	Coal				Lignite	Total (5+6)
	Coking		Non-Coking	Total		
	Metallurgical	Non-Metallurgical				
1	2	3	4	5	6	7
1950-51	NA	NA	NA	32.30	NA	32.30
1960-61	16.99	NA	38.24	55.23	NA	55.23
1970-71	17.82	NA	55.13	72.95	3.39	76.34
1975-76	22.19	7.93	69.51	99.63	3.03	102.66
1976-77	23.65	8.18	69.16	100.99	4.02	105.01
1977-78	23.23	8.10	69.65	100.98	3.58	104.56
1978-79	22.54	8.67	70.74	101.95	3.30	105.25
1979-80	24.19	6.68	73.07	103.94	2.90	106.84
1980-81	24.59	8.03	81.29	113.91	5.11	119.02
1981-82	26.89	9.23	88.11	124.23	6.31	130.54
1982-83	30.10	7.47	92.93	130.50	6.93	137.43
1983-84	30.11	6.24	101.87	138.22	7.30	145.52
1984-85	30.57	6.04	110.80	147.41	7.80	155.21
1985-86	29.07	6.57	118.56	154.20	8.05	162.25
1986-87	27.91	11.63	126.23	165.77	9.43	175.20
1987-88	26.28	14.73	138.71	179.72	11.16	190.88
1988-89	25.16	17.56	151.88	194.60	12.40	207.00
1989-90*	24.50	19.93	156.46	200.89	12.80	213.69

*Provisional.

NA — Not available

1.24 PROGRESS OF ELECTRICITY SUPPLY (UTILITIES AND NON-UTILITIES)
A: INSTALLED PLANT CAPACITY

(In '000 M.W.)

Year	Installed Plant Capacity					
	Utilities				Non-Utilities	Grand Total (5+6)
	Hydel	Thermal	Nuclear	Total		
1	2	3	4	5	6	7
1950-51†	0.6	1.1	—	1.7	0.6	2.3
1960-61	1.9	2.7	—	4.6	1.0	5.6
1970-71	6.4	7.9	0.4	14.7	1.6	16.3
1975-76	8.5	11.0	0.6	20.1	2.1	22.2
1976-77	9.0	11.8	0.6	21.5	2.3	23.8
1977-78	10.0	13.0	0.6	23.7	2.5	26.2
1978-79	10.8	15.2	0.6	26.7	2.6	29.3
1979-80	11.4	16.4	0.6	28.4	2.9	31.3
1980-81	11.8	17.6	0.9	30.2	3.1	33.3
1981-82	12.2	19.3	0.9	32.3	3.4	35.8
1982-83	13.1	21.4	0.9	35.4	3.9	39.2
1983-84	13.9	24.4	1.1	39.3	4.4	43.7
1984-85	14.5	27.0	1.1	42.6	5.1	47.7
1985-86	15.5	30.0	1.3	46.8	5.5	52.3
1986-87	16.2	31.8	1.3	49.3	5.7	55.0
1987-88	17.3	35.6	1.3	54.2	6.3	60.5
1988-89	17.8	39.7	1.6	59.1	6.5@	65.6
1989-90 *	18.3	43.7	1.6	63.6	6.9@	70.5

B: ENERGY GENERATED (GROSS)

(In billion Kwh)

Year	Energy Generated (Gross)					
	Utilities				Non-Utilities	Grand Total (5+6)
	Hydel	Thermal	Nuclear	Total		
1	2	3	4	5	6	7
1950-51†	2.5	2.6	—	5.1	1.5	6.6
1960-61	7.8	9.1	—	16.9	3.2	20.1
1970-71	25.2	28.2	2.4	55.8	5.4	61.2
1975-76	33.3	43.3	2.6	79.2	6.7	85.9
1976-77	34.8	50.2	3.3	88.3	7.3	95.6
1977-78	38.0	51.1	2.3	91.4	7.6	98.9
1978-79	47.1	52.6	2.8	102.5	7.6	110.1
1979-80	45.5	56.3	2.9	104.6	8.2	112.8
1980-81	46.5	61.3	3.0	110.8	8.4	119.3
1981-82	49.6	69.5	3.0	122.1	9.0	131.1
1982-83	48.4	79.9	2.0	130.3	10.0	140.3
1983-84	50.0	86.7	3.5	140.2	10.8	151.0
1984-85	53.9	98.8	4.1	156.9	12.3	169.2
1985-86	51.0	114.4	5.0	170.4	13.0	183.4
1986-87	53.8	128.9	5.0	187.7	13.6	201.3
1987-88	47.5	149.6	5.0	202.1	16.9	219.0
1988-89	57.9	157.7	5.8	221.4	19.0@	240.4
1989-90*	62.1	178.7	4.6	245.4	20.8@	266.2

* Provisional.
@ Quick estimate.
† On calendar year basis
NOTE:- Figures may not add up to the total due to rounding off.

1.25 PATTERN OF ELECTRICITY CONSUMPTION (UTILITIES ONLY): PERCENTAGE UTILISATION

Year	Domestic	Commercial	Industry	Railways / Tramways (Traction)	Agriculture	Others
1	2	3	4	5	6	7
1950-51†	12.6	7.5	62.6	7.4	3.9	6.0
1960-61	10.7	6.1	69.4	3.3	6.0	4.5
1970-71	8.8	5.9	67.6	3.2	10.2	4.3
1975-76	9.7	5.8	62.4	3.1	14.5	4.5
1976-77	9.5	6.2	62.5	3.3	14.4	4.1
1977-78	9.9	6.4	61.6	3.3	14.6	4.2
1978-79	9.8	5.6	61.8	2.8	15.6	4.4
1979-80	10.8	6.0	58.9	2.9	17.2	4.2
1980-81	11.2	5.7	58.4	2.7	17.6	4.4
1981-82	11.6	5.8	58.8	2.8	16.8	4.2
1982-83	12.7	6.1	55.4	2.8	18.6	4.4
1983-84	12.9	6.4	55.8	2.6	17.8	4.5
1984-85	13.6	6.1	55.2	2.5	18.4	4.2
1985-86	14.0	5.9	54.5	2.5	19.1	4.0
1986-87	14.2	5.7	51.7	2.4	21.7	4.3
1987-88	15.2	6.1	47.5	2.5	24.2	4.5
1988-89	15.3	6.2	47.6	2.5	24.1	4.3
1989-90*	16.1	5.8	46.3	2.4	25.0	4.4

* Provisional.

† On calendar year basis

1.26 OPERATIONS OF INDIAN RAILWAYS

Item	1950-51	1960-61	1970-71	1975-76	1980-81	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90*
1	2	3	4	5	6	7	8	9	10	11	12	13
1. Route kilometres (in thousand): Electrified	0.39	0.75	3.71	4.65	5.35	5.97	6.32	6.52	7.27	8.16	8.34	9.10
: Total	53.60	56.25	59.79	60.23	61.24	61.46	61.85	61.84	61.81	61.97	61.99	62.21
2. Tonnes originating (in million): Revenue earning traffic	73.2	119.3	167.9	196.8	195.9	230.1	236.4	258.6	277.8	290.2	302.1	310.0
: Total traffic	93.0	156.2	196.5	223.3	220.0	258.0	264.8	286.4	307.3	318.5	329.5	334.3
3. Net tonne-kilometres (in billion): Revenue earning traffic	37.6	72.3	110.7	134.9	147.5	168.8	172.6	196.6	214.1	222.5	222.4	229.6
: Total traffic	44.1	87.7	127.4	148.2	158.5	178.4	182.2	205.9	223.1	231.2	230.1	236.9
4. Earning from goods carried excluding wharfage and demurrage charges (Rs. crores)	139.3	280.5	600.7	1095.7	1550.9	3234.3	3465.0	4232.2	4990.7	5839.2	6196.7	7460.8
5. Average lead (in kms.) (all goods traffic)	470	561	648	664	720	692	688	719	726	726	698	709
6. Average rate per tonne-kilometre (in paise)	3.16	3.87	5.43	8.12	10.50	19.20	20.10	21.50	23.30	26.24	27.87	32.49
7. Passengers originating (in million)	1284	1594	2431	2945	3613	3325	3333	3433	3594	3792	3500	3653
8. Passenger kilometres (in billion)	66.5	77.7	118.1	148.8	208.6	222.9	226.6	240.6	256.5	269.4	263.7	280.8
9. Passenger earnings (Rs. crores)	98.2	131.6	295.5	514.1	827.5	1351.9	1456.8	1719.4	1939.7	2058.1	2453.4	2666.4
10. Average lead (in kms.) (passenger traffic)	51.8	48.7	48.6	50.5	57.7	67.0	68.0	70.1	71.4	71.0	75.3	76.9
11. Average rate per passenger kilometre (in paise)	1.48	1.71	2.50	3.46	3.97	6.06	6.43	7.15	7.56	7.64	9.30	9.49

* Provisional.

1.27 REVENUE EARNING GOODS TRAFFIC ON INDIAN RAILWAYS

A: TONNES ORIGINATING

(In million)

Sl. No.	Commodity	1950-51	1960-61	1970-71	1980-81	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90*
1	2	3	4	5	6	7	8	9	10	11	12	13
1.	Coal	20.2	30.9	47.9	64.08	88.97	91.58	101.64	109.45	119.84	128.01	130.15
2.	Raw materials for steel plants (excl. coal)	NA	10.5	16.1	20.17	21.74	22.59	22.99	24.05	24.86	26.97	27.43
3.	Pig iron and finished steel from steel plants	NA	3.8	6.2	7.53	7.80	8.22	8.85	9.48	9.87	10.18	10.15
4.	Iron ore for exports	NA	2.6	9.8	11.07	9.07	11.06	12.54	14.17	13.04	13.64	14.76
5.	Cement	2.5	6.5	11.0	9.64	15.55	16.88	17.96	19.79	22.32	25.91	27.45
6.	Foodgrains	7.8	12.7	15.1	18.33	24.57	20.78	24.11	29.00	30.13	24.88	23.66
7.	Fertilizers	NA	1.4	4.7	8.11	8.15	12.21	13.62	14.53	13.18	16.10	16.97
8.	Mineral oils	2.7	4.7	8.9	14.95	17.95	18.17	18.63	19.85	21.69	22.60	24.31
9.	Balance (other goods)	40.0	46.7	48.2	42.06	36.32	34.94	38.22	37.43	35.28	23.76	35.09
10.	Total revenue earning traffic	73.2	119.8	167.9	195.94	230.12	236.43	258.55	277.80	290.21	302.05	309.97

B: NET TONNE-KILOMETRES

(In billion)

Sl. No.	Commodity	1950-51	1960-61	1970-71	1980-81	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90*
1	2	3	4	5	6	7	8	9	10	11	12	13
1.	Coal	11.27	20.35	27.84	36.37	54.73	56.61	64.40	71.58	78.67	82.69	85.11
2.	Raw materials for steel plants (excl. coal)	NA	1.98	2.71	4.25	4.89	5.03	5.36	6.12	6.45	6.91	7.82
3.	Pig iron and finished steel from steel plants	NA	3.32	6.20	8.56	9.50	9.64	10.41	10.96	11.54	11.60	11.79
4.	Iron ore for exports	NA	2.77	5.49	7.29	5.26	6.45	7.27	8.09	7.92	7.84	8.52
5.	Cement	NA	2.47	6.99	7.19	10.55	11.08	11.73	12.88	14.54	16.89	17.74
6.	Foodgrains	4.00	9.62	14.51	24.31	30.26	25.49	32.71	39.75	41.67	33.44	33.68
7.	Fertilizers	NA	NA	3.81	8.92	8.31	13.29	14.90	15.59	14.36	16.27	17.38
8.	Mineral oils	NA	2.56	5.26	11.66	10.72	10.23	10.96	11.67	13.78	14.13	15.67
9.	Balance (other goods)	22.30	29.08	37.89	39.10	34.63	34.81	38.86	37.46	33.60	32.60	33.89
10.	Total revenue earning traffic	37.57	72.33	110.70	147.65	168.85	172.63	196.60	214.10	222.53	222.37	229.60

* Provisional.

NA—Not available.

1.28 OPERATIONS OF ROAD TRANSPORT

Item	Unit	1950-51	1960-61	1970-71	1980-81	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90*
1	2	3	4	5	6	7	8	9	10	11	12
1. Length of Roads	('000kms)										
(a) Total		400	524	918	1491	1687	1726	1780	1843	1905	1970
(b) Surfaced		157	263	398	684	788	825	858	888	920	960
2. Length of National Highways	(000kms)										
(a) Total		22	24	24	32	32	32	32	32	33	34
(b) Surfaced		22	24	24	32	32	32	32	32	33	34
3. Length of State Highways	('000kms)										
(a) Total		@	@	57	94	99	100	101	112	117	122
(b) Surfaced		@	@	52	90	96	97	98	109	114	118
4. Number of Registered Motor Vehicles	('000Nos.)										
(a) All Vehicles		306	665	1865	5173	9006	10489	12534	14639	16883	19080
(b) Goods Vehicles		82	168	343	527	803	886	962	1072	1282	1445
(c) Buses		34	57	94	154	219	222	239	261	277	300
5. Revenue from Road Transport	(Rs. Crores)										
(a) Central		35	112	452	1423	2168	2461	2711	3057	3569	4250
(b) State		13	55	231	750	1341	1553	1873	2224	2625	3160

*Provisional.
@Included with other PWD Roads.

1.29 GROWTH OF CIVIL AVIATION

Item	Unit	1950-51	1960-61	1970-71	1980-81	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90†
1	2	3	4	5	6	7	8	9	10	11	12
1. Total Fleet Strength:	(Number)										
(i) Air India		NA	13	10	17	18	17	18	19	21	21
(ii) Indian Airlines		NA	88	73	49	54	54	50*	48*	48*	56*
(iii) Vayudoot		NA	NA	NA	@	6	3	17	19	20	20
2. Revenue Tonne Kilometres	(In Crores)										
(i) Air India		NA	7.56	27.52	98.01	120.00	111.00	120.63	138.61	137.23	144.16
(ii) Indian Airlines		NA	10.00	20.00	40.00	66.37	72.00	77.60	84.02	84.13	82.58
(iii) Vayudoot		NA	NA	NA	0.03	0.49	0.70	1.11	1.46	1.70	1.93
3. Number of Passengers carried:	(In Lakhs)										
(i) Air India		NA	1.25	4.87	14.18	18.10	17.80	18.30	21.33	21.23	22.46
(ii) Indian Airlines		NA	7.9	21.3	54.1	85.1	91.3	98.8	104.4	101.1	98.5
(iii) Vayudoot		NA	NA	NA	0.19	1.63	2.32	3.25	4.49	5.23	5.61
4. Passengers handled at IAAI Airports	(In Lakhs)	NA	NA	NA	107.38	158.68	170.62	181.19	195.06	196.53	199.65
5. Cargo handled at IAAI Airports	('000 Tonnes)	NA	NA	NA	178.70	334.00	331.00	343.60	382.40	404.30	415.00

†—Provisional
*Including aircrafts on lease for whole year
@ A/c leased from Indian Airlines
NA—Not available.

1.30 COMMODITY BALANCE OF PETROLEUM AND PETROLEUM PRODUCTS

(Million tonnes)

Item	1950-51+	1960-61+	1970-71	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90*
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
I. CRUDE														
1. Refinery Throughput	0.3	6.6	18.4	27.5	25.8	30.2	33.2	35.3	35.6	42.9	45.7	47.8	48.8	51.9
2. Domestic Production	0.3	0.5	6.8	11.8	10.5	16.2	21.1	26.0	29.0	30.2	30.5	30.4	32.0	34.1
(a) On-shore	0.3	0.5	6.8	7.3	5.5	8.2	8.2	8.6	8.9	9.4	9.9	10.2	10.9	12.4
(b) Off-shore	—	—	—	4.4	5.0	8.0	12.9	17.4	20.1	20.8	20.6	20.2	21.1	21.7
3. Imports	NA	6.0	11.7	16.1	16.2	15.3	16.9	16.0	13.7	15.1	15.5	17.7	17.8	19.5
4. Exports	—	—	—	—	—	0.8	4.5	5.5	6.5	0.5	—	—	—	—
5. Net Imports (3-4)	NA	6.0	11.7	16.1	16.2	14.5	12.4	10.5	7.2	14.6	15.5	17.7	17.8	19.5
II. PRODUCTS														
1. Domestic Consumption@	3.3	7.7	17.9	29.9	30.9	32.5	34.7	35.8	38.8	40.9	43.7	46.4	50.1	54.1
of which														
(a) Naphtha	—	—	0.9	2.4	2.3	3.0	3.0	2.8	3.1	3.1	3.2	2.9	3.4	3.4
(b) Kerosene	0.9	2.0	3.3	3.9	4.2	4.7	5.2	5.5	6.0	6.2	6.6	7.2	7.7	8.2
(c) High Speed Diesel	0.2	1.2	3.8	9.8	10.3	10.8	12.0	12.6	13.7	14.9	16.0	17.7	18.8	20.7
(d) Fuel Oils	0.9	1.7	4.7	7.1	7.5	7.2	7.3	7.6	7.9	7.9	8.0	8.1	8.5	8.8
2. Domestic Production	0.2	5.7	17.1	25.8	24.1	28.2	31.1	32.9	33.2	39.9	42.8	44.7	45.7	48.7
of which														
(a) Naphtha	NA	—	1.2	2.4	2.1	3.0	3.0	3.6	3.5	5.0	5.4	5.5	5.4	5.2
(b) Kerosene	NA	0.9	2.9	2.5	2.4	2.9	3.4	3.5	3.4	4.0	4.9	5.1	5.2	5.7
(c) High Speed Diesel	NA	1.1	3.8	8.0	7.4	9.0	9.8	10.9	11.1	14.6	15.5	16.3	16.7	17.7
(d) Fuel Oils	NA	1.6	4.1	6.4	6.1	6.9	8.0	8.0	7.9	8.0	8.0	8.5	8.9	9.0
3. Imports	3.1	2.5	1.1	4.7	7.3	4.9	5.0	4.3	6.1	3.9	3.1	4.2	6.5	6.6
4. Exports@@	NA	NA	0.3	0.1	neg.	0.1	0.8	1.5	0.9	2.0	2.5	3.4	2.3	2.6
5. Net Imports (3-4)	NA	NA	0.8	4.6	7.3	4.8	4.2	2.8	5.2	1.9	0.6	0.8	4.2	4.0

*Provisional.
neg : Negligible.
@ Excluding refinery fuel consumption.
@@ excluding supplies of POL products to Nepal.
+ On calendar year basis
NA—Not available

1.31 PRODUCTION OF SELECTED INDUSTRIES

Sl. No.	Industry	Unit	1950-51	1960-61	1970-71	1975-76	1980-81	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90*
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
I.	MINING													
1.	Coal (incl. lignite)	Mn. tonnes	32.3	55.2	76.3	102.7	119.0	145.5	155.2	162.3	175.2	190.9	207.0	213.7
2.	Petroleum, crude	—do—	0.3	0.5	6.8	8.4	10.5	26.0	29.0	30.2	30.5	30.4	32.0	34.1
	(i) On-shore	—do—	0.3	0.5	6.8	8.4	5.5	8.6	8.9	9.4	9.9	10.2	10.9	12.4
	(ii) Off-shore	—do—	—	—	—	—	5.0	17.4	20.1	20.8	20.6	20.2	21.1	21.7
3.	Iron ore	—do—	3.0	10.9	32.5	42.2	42.2	39.0	42.6	47.7	52.7	51.0	49.5	50.7
II.	METALLURGICAL INDUSTRIES													
4.	Hot metal	—do—	1.69	4.31	6.99	8.48	9.55	9.19	9.24	10.06	10.44	10.87	11.88	11.96
5.	Steel ingots (incl. mini plants)	—do—	1.47	3.48	6.14	8.27	10.33	10.48	10.81	12.15	12.20	12.87	13.96	13.72
6.	Semi-finished steel (main plants)	—do—	1.20	1.04	0.85	1.39	1.95	1.74	1.57	1.73	2.47	2.02	2.11	2.03
7.	Finished steel (incl. secondary producers)	—do—	1.04	2.39	4.64	5.75	6.82	6.14	7.78	9.49	9.55	11.68	12.84	13.00
8.	Steel castings	'000 tonnes	—	35	62	62	71	87	87	93	104	170	211	236
9.	Aluminium	—do—	4.0	18.5	168.8	187.3	199.0	220.3	276.5	264.8	257.3	278.1	357.3	427.1
10.	Blister copper	—do—	7.1	9.0	9.3	23.9	25.3	35.4	41.0	33.6	38.0	33.9	44.8	42.5
III.	MECHANICAL ENGG. INDUSTRIES													
11.	Machine tools	Mn. ruppes	3	8	430	1137	1692	2697	3028	2914	3571	3899	5107	6480
12.	Cotton textile machinery (incl. spares / accessories)	—do—	—	—	303†	1313	3027	3512	3505	3652	3961	4475	4840	6288
13.	Jute mill machinery	—do—	—	—	11	—	50	38	37	33	35	21	43	48
14.	Sugar mill machinery	—do—	—	44	139	330	242	501	438	426	382	394	325	491
15.	Cement machinery	—do—	—	6	42	57	336	436	582	954	980	1250	2753	3210
16.	Railway wagons@	'000 nos.	—	9.0$	11.1	12.2	13.6	17.4	13.0	13.1	15.2	13.4	20.2	22.2
17.	Automobiles (total)	—do—	16.5	54.8	87.9	72.7	121.1	158.4	196.0	219.2	235.8	291.6	317.2	351.1
	(i) Commercial vehicles	—do—	8.6	28.2	41.2	43.8	71.7	88.4	96.8	103.0	106.0	119.9	115.3	125.7
	(ii) Cars, jeeps & land rovers	—do—	7.9	26.6	46.7	28.9	49.4	70.0	99.2	116.2	129.8	171.7	201.9	225.4
18.	Motor cycles, scooters and mopeds / scooterettes	—do—	—	0.9	97.0	216.7	447.2	778.7	918.0	1221.6	1434.7	1541.0	1674.4	1740.9
19.	Power driven pumps	—do—	35	105	259	275	431	492	496	512	459	516	593	468
20.	Diesel engines (stat)	—do—	5.5	43.2	65.0	135.5	173.9	156.1	170.3	183.9	187.2	198.8	247.7	238.8
21.	Earth moving equipment	—do—	—	—	—	—	0.1	1.8	1.8	1.8	2.2	2.0	2.1	2.7
22.	Bicycles	—do—	99	1063	2042	3222	4189	5895	5893	5553	6119	6676	6703	6658
23.	Sewing machines	—do—	33	297	235	269	335	335	331	291	377	327	238	124
24.	Agricultural tractors	—do—	—	—	—	33.3	71.0	75.8	84.9	76.3	80.0	82.9	109.6	125.1
IV.	ELECTRICAL ENGG. INDUSTRIES													
25.	Power transformers	Mn. k.v.a.	0.18	1.39	8.09	13.69	19.46	23.14	25.39	27.25	28.25	24.73	28.50	36.90
26.	Electric motors	Mn. h.p.	0.10	0.73	2.72	3.53	4.06	5.36	4.94	5.25	5.43	4.26	5.33	5.19
27.	Electric fans	Mn. nos.	0.20	1.06	1.72	2.14	4.18	4.67	4.81	5.20	3.94	4.75	5.22	5.55
28.	Electric lamps	—do—	15.0	43.5	119.3	132.8	198.1	275.1	276.6	270.7	283.7	256.5	247.5	249.4
29.	Radio receivers	'000 nos.	54	280	1704	1536	1734	1286	1199	1161	1249	978	1024	668
30.	Aluminium conductors	'000 tonnes	1.7	23.7	64.2	59.8	86.0	45.9	53.2	61.1	58.0	40.9	29.5	46.5
V.	CHEMICAL AND ALLIED INDUSTRIES													
31.	Nitrogenous fertilizer (N)	'000 tonnes	9	99	830	1535	2164	3491	3917	4328	5410	5466	6712	6742
32.	Phosphatic fertilizer (P_2O_5)	—do—	9	54	229	320	842	1048	1264	1428	1660	1665	2252	1792
33.	Soda ash	—do—	46	147	449	555	563	781	817	849	912	956	1191	1377
34.	Caustic Soda	—do—	12	99	371	458	578	647	684	727	764	958	903	925

35. Paper & paper board	'000 tonnes	116	349	755	836	1149	1248	1376	1517	1569	1662	1726	1854
36. Automobile tyres	Mn. nos.	—	1.49	3.79	5.40	7.97	10.15	11.46	12.33	12.71	14.62	15.03	19.00
37. Bicycle tyres	—do—	—	11.2	19.2	24.5	27.0	32.7	31.2	36.1	29.7	31.8	26.0	25.6
38. Cement	Mn. tonnes	2.7	8.0	14.3	17.2	18.6	27.1	30.2	33.1	36.5	39.6	44.3	45.8
39. Petroleum refinery products	—do—	0.2	5.7	17.1	20.8	24.1	32.9	33.2	39.9	42.8	44.7	45.7	48.7
40. Penicillin	MMU	—	—	190.4	251.4	336.8	316.7	221.7	236.0	266.7	304.8	330.5	324.9
41. Streptomycin	Base T	—	—	157.2	189.0	227.3	238.3	235.1	187.2	203.9	248.3	243.8	134.2
42. Chloramphenicol powder	Tonnes	—	—	30.9	65.4	85.5	52.0	78.5	82.5	60.5	94.6	92.8	100.3
43. Vitamin A	MMU	—	—	38.5	34.1	59.9	61.2	60.6	65.4	69.3	76.1	74.2	94.3
VI. TEXTILE INDUSTRIES													
44. Jute textiles	'000 tonnes	837	1071	1060	1302	1392	1089	1370	1352	1394	1192	1389	1304
45. Cloth production:													
(a) Cotton cloth	Mn. Sq. metres	4215	6738	7602	8091	8368	8741	9040	12467	12727	12626	12255	12738
(i) Mill sector	—do—	3401	4649	4055	3961	3434	2704	2619	2716	2594	2346	2122	2087
(ii) Decentralised sector	—do—	814	2089	3547	4130	4934	6037	6421	9751	10133	10280	10133	10651
(b) Mixed / blended cloth	—do—	—	—	170	416	1270	1264	1278	1660	1817	1815	1921	1838
(i) Mill sector	—do—	—	—	107	257	730	799	808	822	880	827	821	690
(ii) Decentralised sector	—do—	—	—	63	159	540	465	470	838	937	988	1100	1148
(c) Man-made fibre fabrics	—do—	300$	550$	951	880	1350	1753	1696	3086	3393	3536	4008	4146
(i) Mill sector	—do—	13$	3$	2	1	4	4	5	6	9	5	5	4
(ii) Decentralised sector	—do—	287$$	547$	949	879	1346	1749	1691	3080	3384	3531	4003	4142
46. Spun yarn (by Cotton Textile Mills)													
(i) Cotton	Mn. Kgs.	533$	788$	929	1002	1067	1112	1183	1253	1302	1321	1302	1367
(ii) Mixed / blended	—do—	—	—	22	47	144	134	129	129	144	152	169	177
(iii) 100% non-cotton	—do—	11$$	15$	65	53	87	75	70	72	80	82	91	95
47. Filament yarn:													
(a) Cellulosic	—do—	Neg.	21$	38	37	43	37	34	42	45	46	44	49
(i) Viscose	—do—	Neg.	19$	36	35	41	36	33	42	45	46	44	49
(ii) Acetate	—do—	—	2$	2	2	2	1	1	—	—	—	—	—
(b) Synthetic	—do—	—	—	10	16	31	79	90	107	118	145	179	195
(i) Nylon	—do—	—	—	9	14	20	31	35	39	37	34	36	39
(ii) Polyester	—do—	—	—	1	2	11	48	55	68	81	111	143	156
48. Staple fibre:													
(a) Cellulosic	—do—	—	22$	62	68	83	83	102	90	96	119	126	148
(i) Viscose	—do—	—	22$	62	67	83	83	102	90	96	119	126	148
(ii) Acetate	—do—	—	—	Neg.	1	Neg.	Neg.	Neg.	—	—	—	—	—
(b) Synthetic	—do—	—	—	5	16	34	43	60	65	89	101	137	152
(i) Polyester	—do—	—	—	5	16	24	27	39	43	66	79	112	127
(ii) Acrylic	—do—	—	—	—	—	10	16	21	22	23	22	25	25
VII. FOOD INDUSTRIES													
49. Sugar**	'000 tonnes	1134††	3029††	3740	4264	5148	5909	6144	7003	8502	9110	8716	10829
50. Tea	Mn. kgs.	277	318	423	483	568	601	634	652	618	678	683	703
51. Coffee	'000 tonnes	21.0	54.1	71.4	90.7	139.5	113.1	140.8	160.3	139.5	164.4	164.6	174.8
52. Vanaspati	—do—	155	355	558	500	753	888	936	870	918	980	996	939
53. Salt	—do—	—	—	5568	5174	8409	6844	8304	10482	9570	9827	8326	10598
VII. ELECTRICITY GENERATED* **	Bn. kwh.	5.1	16.9	55.8	79.2	110.8	140.2	156.9	170.4	187.7	201.9	221.1	245.1

*Provisional.
@Includes output in railway workshops.
†Excludes hosiery, textile testing instruments and spares / accessories.
£Includes buses, trucks and tempos 3 & 4 wheelers.
**Relates to sugar season which is October-September.

***Relates to utilities.
Neg. Negligible.
— Not available.
$On calendar year basis
$$Relates to calendar year 1951
††Ralates to November-October.

1.32 INDEX OF INDUSTRIAL PRODUCTION

(Base : 1980-81 = 100)

Industry Group	Industry	Weight	1981-82	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91*
1	2	3	4	5	6	7	8	9	10	11	12
20-21	Manufacture of food products	5.33	113.5	121.1	120.0	125.6	133.2	139.0	148.5	150.9	169.4
22	Manufacture of beverages, tobacco and tobacco products	1.57	104.3	104.5	111.7	112.1	98.5	84.9	92.1	103.0	104.1
23	Manufacture of cotton textiles	12.31	99.7	100.2	102.2	110.4	112.5	111.2	107.8	112.3	132.4
25	Manufacture of jute, hemp & mesta products	2.00	95.7	78.2	99.4	97.2	101.1	91.0	101.9	97.0	100.7
26	Manufacture of textile products (including wearing apparel other than footwear)	0.82	96.7	92.1	95.6	112.8	87.1	91.7	134.2	151.7	103.8
27	Manufacture of wood & wood products, furniture and fixtures	0.45	153.2	167.5	216.5	223.2	246.1	161.7	171.7	176.0	198.1
28	Manufacture of paper, paper products and printing industries	3.23	108.3	109.3	131.9	148.5	163.2	166.3	171.3	181.5	197.6
29	Manufacture of leather & fur products except repairs	0.49	128.1	116.3	139.7	169.2	177.7	185.5	177.4	188.3	193.9
30	Manufacture of rubber, plastic, petroleum & coal products	4.00	119.2	136.1	147.2	153.0	149.6	155.1	168.3	173.5	172.9
31	Manufacture of chemicals & chemical products except petroleum & coal products	12.51	116.9	131.0	142.8	154.3	175.5	200.9	233.4	247.6	254.2
32	Manufacture of non-metallic mineral products	3.00	106.7	122.5	138.4	157.3	160.3	158.1	184.6	189.9	193.2
33	Basic metal and alloy products	9.80	100.0	95.1	107.3	117.0	126.8	135.6	144.9	143.7	156.6
34	Manufacture of metal products & parts except machinery & transport equipment	2.29	94.6	88.1	105.0	114.7	124.5	129.6	133.5	142.6	143.0
35	Manufacture of machinery & machine tools & parts except electrical machinery	6.24	111.1	119.6	127.6	130.2	141.8	139.2	161.2	172.0	185.9
36	Manufacture of electrical machinery, apparatus & appliances, etc	5.78	103.9	143.1	148.8	200.6	254.7	335.2	346.0	459.2	563.1
37	Manufacture of transport equipment and parts	6.39	108.1	123.4	131.6	135.8	144.9	151.9	171.3	181.1	192.1
38	Other manufacturing industries	0.90	149.2	104.6	122.8	152.7	235.4	272.1	306.3	333.2	322.6
DIV-2-3	Manufacturing	77.11	107.9	115.6	124.8	136.9	149.7	161.5	175.6	190.7	208.2
DIV-1	Mining & Quarrying	11.46	117.7	147.8	160.8	167.5	177.9	184.6	199.1	211.6	219.1
DIV-4	Electricity	11.43	110.2	125.4	140.4	152.4	168.1	181.0	198.2	219.7	238.6
	General Index (Crude)	**100.00**	**109.3**	**120.4**	**130.7**	**142.1**	**155.1**	**166.4**	**180.9**	**196.4**	**212.9**

*Provisional

2.1 GROSS CAPITAL FORMATION OUT OF BUDGETARY RESOURCES OF THE CENTRAL GOVERNMENT

(Rs. crores)

	Gross Capital Formation by the Central Government				Gross Financial Assistance for Capital Formation				
	Fixed Assets	Works Stores	Increase in Stocks of Foodgrains & Fertilisers	Total	To State Governments	To Non-departmental Commercial undertakings£	To Others££	Total	Gross Capital Formation out of the Budgetary Resources of the Central Govt. (Col 5 + 9)
1	2	3	4	5	6	7	8	9	10
Total First Plan (1951-52 to 1955-56)	593.9	9.8	8.6	612.3	815.7	81.1	95.9	992.7	1605.0
Total Second Plan (1956-57 to 1960-61)	1362.3	8.3	73.9	1444.5	1373.2	932.4	154.7	2460.3	3904.8
Total Third Plan (1961-62 to 1965-66)	2355.4	99.5	(−)9.8	2445.1	2837.4	1658.8	210.4	4706.6	7151.7
Total Annual Plans (1966-67 to 1968-69)	1410.6	12.2	(−)179.6 (−)121.6*	1243.2 (1301.2)*	2127.2	1593.5 (1403.5)**	163.6	3884.3 (3694.3)**	5127.5 (4995.5)
Total Fourth Plan (1969-70 to 1973-74)	2857.6	104.1	7.0	2968.7	4570.3	2750.8	621.1	7942.2	10910.9
Total Fifth Plan (1974-75 to 1978-79)	5222.1	68.0	661.1	5951.2	9668.9	9380.8	920.6	19980.3	25931.5
Total Sixth Plan (1980-81 to 1984-85)	14148.1	674.6		14822.7	25693.3	21288.9	2663.2	49645.4	64468.1
1950-51	79.5	9.9	(−)9.3	80.1	41.1	5.2	2.4	48.7	128.8
1955-56	177.4	5.1	(−)29.8	152.7	275.2	22.0	33.4	330.6	483.3
1960-61	302.0	(−)38.4	43.8	307.4	319.3	210.7	24.6	554.6	862.0
1965-66	549.1	1.2	(−)29.9	520.4	739.4	492.6	53.0	1285.0	1805.4
1970-71	485.0	8.3	26.0	519.3	740.2	530.7	98.3	1369.2	1888.5
1971-72	566.1	55.4	(−)24.1	597.4	884.7	545.1	133.4	1563.2	2160.6
1972-73	664.8	59.1	(−)46.8	677.1	1062.3	731.4	156.7	1950.4	2627.5
1973-74	711.4	8.8	62.1	782.3	1190.8	583.1	108.4	1882.3	2664.6
1974-75	822.6	33.3	371.5	1227.4	1188.1	1108.0	153.8	2449.9	3677.3
1975-76	949.6	17.6	237.1	1204.3	1433.3	1838.2	187.4	3458.9	4663.2
1976-77	1089.7	(−)30.4	52.5	1111.8	1523.9	2183.3	172.0	3879.2	4991.0
1977-78	1118.5	(−)11.3	..	1107.2	2221.2	2156.3	202.8	4580.3	5687.5
1978-79	1241.7	58.8	..	1300.5	3302.4	2105.0	204.6	5612.0	6912.5
1979-80	1443.3	84.3	..	1527.6	3243.6	2234.9	222.7	5701.2	7228.8
1980-81	1751.2	156.3	..	1907.5	3665.8	3166.2	272.6	7104.6	9012.1
1981-82	2411.4	140.5	..	2551.9	3927.9	3880.5	438.8	8247.2	10799.1
1982-83	2813.8	70.5	..	2884.3	4931.2	4074.2	514.3	9519.7	12404.0
1983-84	3219.1	136.6	..	3355.7	5973.6	4678.9	693.5	11346.0	14701.7
1984-85	3952.6	170.7	..	4123.3	7194.8	5489.1	744.0	13427.9	17551.2
1985-86	4451.5	106.2	..	4557.7	10053.5	6082.4	783.6	16919.5	21477.2
1986-87	5817.3	87.7	..	5905.0	10800.2	6523.4	1091.1	18414.7	24319.7
1987-88	5683.1	277.5	..	5960.6	12723.4	5667.2	1418.9	19809.5	25770.1
1988-89	6976.7	79.5	..	7056.2	13956.4	6316.5	1648.2	21921.2	28977.4
1989-90 (RE)	7899.9	245.3	..	8145.2	14384.9	7276.9	3951.8	25613.6	33758.8
1990-91 (BE)	8895.1	240.5	..	9135.6	14129.1	5893.8	4132.2	24155.1	33290.7

* Includes transfer of foodgrains to the Food Corporation of India.
** Includes loans to Food Corporation of India for the stock piling of foodgrains.
£ Public undertakings operated by autonomous corporations and companies.
££ Includes loans and grants to local authorities for capital formation.

2.2: BUDGETARY TRANSACTIONS OF THE CENTRAL AND

(Including extra-budgetary resources of Public

(Rs. crores)

Sl. No.	Item	1980-81	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90 (BE)	1989-90 (RE)	1990-91 (BE)
1	2	3	4	5	6	7	8	9	10	11	12
I.	**TOTAL OUTLAY**	**36845**	**60829**	**72825**	**83961**	**100790**	**112169**	**130048**	**149223**	**159618**	**176191**
A.	**DEVELOPMENT(a)**	**24426**	**39274**	**48085**	**53397**	**63778**	**68801**	**79548**	**92165**	**99754**	**107993**
B.	**NON-DEVELOPMENT**	**12419**	**21555**	**24740**	**30564**	**37012**	**43369**	**50500**	**57058**	**59864**	**68198**
	1. Defence (net)......................	3867	6309	7136	8519	11166	13182	14940	14350	16100	17250
	2. Interest Payments	2957	5524	6863	8006	10591	12991	16447	19742	20571	24389
	3. Tax Collection Charges..........	504	793	857	986	1185	1355	1552	1722	1854	2059
	4. Police	1163	1894	2165	2544	2955	3535	4086	4460	4863	5220
	5. Others(b)	3928	7035	7719	10509	11115	12306	13475	16784	16476	19280
II.	**CURRENT REVENUE**	**24563**	**40989**	**47098**	**56773**	**64823**	**73485**	**85714**	**103623**	**102856**	**117855**
A.	**TAX REVENUE**	**19844**	**31525**	**35813**	**43267**	**49540**	**56976**	**66925**	**76041**	**76762**	**89183**
	1. Income and Corporation Tax	2817	4192	4484	5375	6039	6626	8691	9066	9821	11587
	2. Customs.............................	3409	5583	7044	9526	11475	13702	15805	17880	17877	21460
	3. Union Excise Duties..............	6500	10222	11151	12956	14470	16426	18841	22702	22103	25125
	4. Sales Tax	4018	6507	7326	8742	9975	11613	13670	15070	15564	17853
	5. Others	3100	5021	5811	6668	7581	8609	9918	11323	11397	13158
B.	**NON-TAX REVENUE(c)**	**4719**	**9464**	**11285**	**13506**	**15283**	**16509**	**18789**	**27582**	**26094**	**28672**
	Of which: (Internal resources of public undertakings for the Plan)..........	(1374)	(4393)	(4920)	(5963)	(6388)	(7318)	(9174)	(14030)	(12430)	(17351)
III.	**GAP (I-II)**	**12282**	**19840**	**25727**	**27188**	**35967**	**38684**	**44334**	**45600**	**56762**	**58336**
	Financed by:										
IV.	**CAPITAL RECEIPTS (net) (A+B)**............................	**8831**	**17705**	**20522**	**23749**	**26817**	**33180**	**39232**	**37394**	**44613**	**49337**
A.	**INTERNAL (net)**	**7161**	**16094**	**18765**	**21899**	**24439**	**29415**	**36172**	**33671**	**40713**	**45010**
	1. Market Loans (net) (d)..........	3163	5148	5425	6475	7327	7986	11168	10400	10399	11301
	2. Small Savings (net)	1121	2409	3650	4292	3276	3633	5475	4600	6750	5000
	3. State and Public Provident Funds (net)	558	1014	1213	1260	2150	2486	2957	3306	3559	3670
	4. Special Deposits of Non-Government Provident Funds...........	604	1021	982	776	3688	4156	5657	5000	5700	6300
	5. Special Borrowings from RBI against Compulsory Deposits......	(−)70	90	80	125	(−)320	(−)190	(−)190	(−)145	(−)145	(−)105
	6. Misc. Capital Receipts (net) (e)	1785	6412	7415	8971	8318	11344	11105	10510	14450	18844

STATE GOVERNMENTS AND UNION TERRITORIES
sector undertakings for their plans)

(Rs. crores)

Sl. No.	Item	1980-81	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90 (BE)	1989-90 (RE)	1990-91 (BE)
1	2	3	4	5	6	7	8	9	10	11	12
B.	**EXTERNAL(net)**	**1670**	**1611**	**1857**	**1850**	**2378**	**3765**	**3060**	**3723**	**3900**	**4327**
	1. Loans (net) (excluding PL-480)	798	1437	1516	1515	2146	2923	2521	2798	2771	3334
	(i) Gross	1190	1892	2003	2145	3040	4069	4016	4585	4617	5385
	(ii) Less: Repayments	392	455	487	630	894	1146	1495	1787	1846	2051
	2. Grants	436	326	475	485	436	492	600	735	912	808
	3. PL-480: Accounts under Indo.-US Agreement 1974 (net)	(-)49	(-)49	(-)65	(-)79	(-)78	(-)61	..	..	..	..
	4. Special Credits (net)	(-)53	(-)103	(-)69	(-)71	(-)126	(-)107	(-)61	(—)33	(—)33	(—)72
	5. Loan from IMF Trust Fund	538	..	..	..	..	..	..	..	..	..
	6. Revolving Fund	..	..	..	..	..	518	..	223	250	257
V.	**OVERALL BUDGETARY DEFICIT**	**3451**	**2135**	**5105**	**3439**	**9150**	**5504**	**5102**	**8206**	**12149**	**8999**

(a) Includes plan expenditure of Railways, P&T and non-departmental commercial undertakings financed out of their internal and extrabudgetary resources, including market borrowings and term loans from financial institutions to State Government public enterprises. Also includes developmental loans given by the Central and State Government to non-departmental undertakings, local bodies and other parties. However, it excludes a notional amount of Rs. 45 crores in 1980-81, Rs. 17 crores in 1983-84, Rs. 461 crores in 1984-85, and Rs. 97 crores in 1985-86 on account of conversion of loan capital given to non-departmental commercial undertakings into equity capital.

(b) Includes general administration, pensons and ex-gratia payments to former rulers, famine relief (only non-plan portion), subsidies on food and controlled cloth, grants and loans to foreign countries and loans for non-developmental purpose to other parties, but excludes Contingency Fund transactions. It also excludes notional transactions in respect of subscriptions to International Monetary Fund of Rs. 559 crores in 1980-81, Rs. 636 crores in 1983-84, Rs. 368 crores in 1984-85, Rs. 520 crores in 1985-86, Rs. 1134 crores in 1986-87, Rs. 1029 crores in 1987-88, Rs. 775 crores in 1988-89, Rs. 803 crores in 1989-90 (R.E.) and Rs. 509 crores in 1990-91 (B.E.)

(c) Includes internal resources of Railways, Posts and Telegraphs and non-departmental commercial undertakings for the plan. Because of the change in the concept from the Sixth Plan period, the data for 1980-81 onwards are not comparable with those of the earlier years.

(d) Includes market borrowings of State Government public enterprises.

(e) Excludes the notional receipts on account of repayments of loans by non-departmental commercial undertakings due to their conversion into equity capital. It also excludes notional transactions in respect of International Monetary Fund and Contingency Fund transactions.

2.3: TOTAL EXPENDITURE OF THE CENTRAL GOVERNMENT

(Rs. crores)

	Final Outlays			Transfer payment to the rest of the economy			Financial Invest-ments & loans to the rest of the economy (gross)	Total expendi-ture (4+7+8)
	Govt. comsump-tions expenditure	Gross capital formation	Total	Current	Capital	Total		
1	2	3	4	5	6	7	8	9
Total First Plan (1951-52 to 1955-56)	1241.3	612.3	1853.6	809.2	122.7	931.9	965.7	3751.2
Total Second Plan (1956-57 to 1960-61)	1961.5	1444.5	3406.0	1567.1	249.3	1816.4	2600.2	7822.6
Total Third Plan (1961-62 to 1965-66)	4256.0	2445.1	6701.1	2982.9	500.9	3483.8	5075.9	15260.8
Total Annual Plans (1966-67 to 1968-69)	3877.5	1243.2	5120.7	3214.0	406.9	3620.9	4739.8	13481.4
Total Fourth Plan (1969-70 to 1973-74)	9775.4	2969.2	12744.6	8035.8	1453.7	9489.5	10759.6	32993.7
Total Fifth Plan (1974-75 to 1978-79)	17575.6	5951.2	23526.8	19772.7	3229.9	23002.6	21144.9	67674.3
Total Sixth Plan (1980-81 to 1984-85)	35885.4	14822.7	50708.1	50604.0	9909.7	60513.7	47034.3	158256.1
1950-51	234.7	80.1	314.8	110.9	6.0	116.9	72.0	503.7
1955-56	269.1	152.7	421.8	202.8	48.5	251.3	301.4	974.5
1960-61	433.0	307.4	740.4	426.5	68.7	495.2	570.0	1805.6
1965-66	1109.1	520.4	1629.5	753.8	131.9	885.7	1425.4*	3940.6*
1970-71	1669.4	519.3	2188.7	1239.1	193.3	1432.4	1955.5	5576.6
1971-72	2054.5	597.4	2651.9	1722.7	283.8	2006.5	2051.3	6709.7
1972-73	2262.1	677.1	2939.2	1851.5	428.6	2280.1	2630.0	7849.3
1973-74	2312.5	782.3	3094.8	2059.5	356.3	2415.8	2620.2	8130.8
1974-75	2866.8	1227.4	4094.2	2449.8	375.0	2824.8	2865.9	9784.9
1975-76	3449.2	1204.3	4653.5	3017.7	535.7	3553.4	3829.6	12036.5
1976-77	3605.9	1111.8	4717.7	3944.7	501.9	4446.6	3985.8	13150.1
1977-78	3678.2	1107.2	4785.4	4677.9	754.6	5432.5	4767.7	14985.6
1978-79	3975.2	1300.5	5276.0	5682.6	1062.7	6745.3	5695.9	17717.2
1979-80	4502.4	1527.6	6030.0	6063.8	1219.6	7283.4	5190.9	18504.3
1980-81	5174.0	1907.5	7081.5	6911.6	1302.2	8213.8	7199.5	22494.8
1981-82	6096.3	2551.9	8648.2	7728.2	1524.8	9253.0	7499.8	25401.2
1982-83	7056.9	2884.3	9941.2	9589.8	1787.9	11377.7	9174.8	30493.7
1983-84	8130.0	3355.7	11485.7	11436.3	2337.1	13773.4	10728.6	35987.7
1984-85	9428.2	4123.3	13551.5	14938.1	2957.7	17895.8	12431.6	43878.9
1985-86	11210.4	4557.7	15768.1	18347.4	3825.1	22172.5	15171.8	53112.4
1986-87	14664.7	5905.0	20569.7	21242.8	4407.8	25650.6	17802.8	64023.1
1987-88	16551.2	5960.9	22512.1	25380.2	5474.1	30854.3	16938.2	70304.6
1988-89	18763.6	7056.2	25819.8	31398.7	5749.5	37148.2	18434.3	81402.3
1989-90(RE)	20930.9	8145.2	29076.1	38347.2	6684.9	45032.1	21890.7	95998.9
1990-91(BE)	22868.5	9135.6	32004.1	43491.7	6931.9	50423.6	19454.9	101882.6

* For 1965-66 includes Rs. 53 crores as additional payments to IMF, IBRD, IDA & ADB following the change in the par value of the rupee. This is a nominal outlay as it is met by the issue of non-negotiable Government of India Securities.

2.4: PLAN OUTLAY BY HEADS OF DEVELOPMENT: CENTRE, STATES AND UNION TERRITORIES, 1961—80

Heads of Development	Amount (Rs. crores)					Percentage Distribution				
	Third Plan 1961—66	Annual Plans 1966—69	Fourth Plan 1969—74	Fifth Plan 1974—79	Annual Plan 1979—80	Third Plan 1961—66	Annual Plans 1966—69	Fourth Plan 1969—74	Fifth Plan 1974—79	Annual Plan 1979—80
1	2	3	4	5	6	7	8	9	10	11
1. Agriculture and allied Sectors	1088.9	1107.1*	2320.4*	4864.9	1996.5	12.7	16.7	14.7	12.3	16.4
2. Irrigation and Flood Control	664.7	471.0	1354.1	3876.5	1287.9	7.8	7.1	8.6	9.8	10.6
3. Power	1252.3	1212.5	2931.7	7399.5	2240.5	14.6	18.3	18.6	18.8	18.4
4. Village and Small Scale Industries	240.8	126.1	242.6	592.5	255.7	2.8	1.9	1.5	1.5	2.1
5. Industry and Minerals	1726.3	1510.4	2864.4	8988.6	2383.5	20.1	22.8	18.2	22.8	19.6
6. Transport and Communications	2111.7	1222.4	3080.4	6870.3	2044.9	24.6	18.5	19.5	17.4	16.8
7. Education	588.7	306.8	774.3	1710.3	263.0	6.9	4.6	4.9	4.4	2.2
8. Scientific Research	71.6	47.1	130.8		91.4†	0.8	0.7	0.8		0.7
9. Health	225.9	140.2	335.5	760.8	223.1	2.6	2.1	2.1	1.9	1.8
10. Family Planning	24.9	70.4	278.0	491.8	118.5	0.3	1.1	1.8	1.3	1.0
11. Water Supply and Sanitation	105.7	102.7	458.9	1091.6	387.6	1.2	1.6	2.9	2.8	3.2
12. Housing, Urban and Regional Development	127.6	73.3	270.2	1150.0	368.8	1.5	1.1	1.7	2.9	3.0
13. Welfare of Backward Classes	99.1	73.6	164.6	724.0**	247.9**	1.2	1.1	1.0	1.8	2.0
14. Social Welfare	19.4	11.2	64.4	88.2	30.7	0.2	0.2	0.4	0.2	0.3
15. Labour Welfare and Craftsman Training	55.8	34.8	31.1	817.2	236.5	0.7	0.5	0.2	2.1	1.9
16. Other programmes	173.1	115.8	179.8			2.0	1.7	1.2		
17. Special Schemes:										
(i) Special Welfare Programmes	..	..	123.6	..	..	..	..	0.8	..	..
(ii) Crash Scheme for Educated Unemployed	..	..	54.0	..	..	..	..	0.3	..	..
(iii) Advance Action for Fifth Plan	..	..	120.0	..	..	..	..	0.8	..	..
TOTAL	8576.5	6625.4	15778.8	39426.2	12176.5	100.0	100.0	100.0	100.0	100.0

* Includes Buffer Stock: Rs. 140 crores for 1968-69, Rs. 25 Crores for 1969-70, Rs. 50 crores for 1971-72, Rs. 25 crores for 1972-73 and Rs. 24 crores for 1973-74. Thus the figure for buffer stocks during the Fourth Plan works out to Rs. 124 crores against the original plan provision of Rs. 255 crores.

** Includes Hill and Tribal Areas.

† Includes new and renewable sources of energy.

2.5A. PLAN OUTLAY BY HEADS OF DEVELOPMENT: CENTRE, STATES AND UNION TERRITORIES, 1980—85

(Rs. crores)

	Heads of Development	Sixth Plan Outlay 1980-85	Annual Plan 1980-81 (Actuals)	Annual Plan 1981-82 (Actuals)	Annual Plan 1982-83 (Actuals)	Annual Plan 1983-84 (Actuals)	Annual Plan 1984-85 (Actuals)	Total Sixth Plan 1980-85 (Col. 3 to 7)
	1	2	3	4	5	6	7	8
I.	**Agriculture**	**5695.1**	**981.5**	**1129.4**	**1261.0**	**1427.0**	**1824.6**	**6623.5**
II.	**Rural Development**	**5363.7**	**1040.2**	**1100.9**	**1295.8**	**1497.9**	**2062.0**	**6996.8**
III.	**Special Area Programme**	**1480.0**	**206.4**	**258.5**	**335.1**	**356.8**	**423.5**	**1580.3**
IV.	**Irrigation and Flood Control**	**12160.0**	**1777.3**	**1948.4**	**2105.2**	**2445.4**	**2653.6**	**10929.9**
V.	**Energy**	**26535.4**	**3828.0**	**5064.9**	**6409.6**	**7276.6**	**8172.2**	**30751.3**
	1. Power	19265.4	2656.8	3182.3	3708.5	4092.5	4658.5	18298.6
	2. New and Renewable Sources of Energy	100.0	4.3	13.9	22.5	33.7	88.7	163.1
	3. Petroleum	4300.0	735.2	1204.8	1823.1	2197.8	2521.2	8482.1
	4. Coal	2870.0	431.7	663.9	855.5	952.6	903.8	3807.5
	5. Energy Development	..	..	..	..	..	..	..
VI.	**Industry and Minerals**	**15017.6**	**2194.5**	**2777.9**	**3075.3**	**3916.4**	**4983.4***	**16947.5***
	1. Village and Small Scale Industries	1780.5	273.2	322.9	326.1	402.6	620.3	1945.1
	2. Large and Medium Industries	13237.1	1921.3	2360.0	2709.2	3478.8	4321.1*	14790.4*
	3. Others	..	..	95.0	40.0	35.0	42.0	212.0
VII.	**Transport**	**12412.0**	**2163.0**	**2583.1**	**2752.8**	**3075.8**	**3633.7**	14208.4
	1. Railways	5100.0	973.0	1210.0	1319.5	1419.6	1664.6	6586.7
	2. Others	7312.0	1190.0	1373.1	1433.3	1656.2	1969.1	7621.7
VIII.	**Communications and Information & Broadcasting**	**3134.3**	**356.7**	**576.1**	**674.8**	**864.5**	**997.4**	**3469.5**
IX.	**Science and Technology**	**865.2**	**97.4**	**148.3**	**208.1**	**228.5**	**338.1@**	**1020.4@**
X.	**Social Services**	**14035.2**	**2074.6**	**2487.2**	**2950.2**	**3834.7**	4569.9	**15916.6**
	1. Education	2523.7	339.5	435.7	538.6	697.8	965.0	2976.6
	2. Health and Family Planning	2831.0	411.5	530.4	675.2	853.1	942.0	2412.2
	3. Housing and Urban Development	2488.4	477.3	488.1	507.3	656.9	709.5	2839.1
	4. Other Social Services	6192.1	846.3	1033.0	1229.1	1626.9	1953.4	6688.7
XI.	**Other**	**801.5**	**112.8**	**136.2**	**215.0**	**163.9**	**219.6**	847.5
XII.	**Total (I to XI)**	**97500.0**	**14832.4**	**18210.9**	**21282.9**	**25087.5**	**29878.0**	**109291.7**
			(15023.4)	**(18372.9)**	**(21724.9)**	**(25313.6)**	**(30032.5)**	**(110467.3)**
	(a) Central Plan	47250.0	7049.3	9197.0	11284.9	13644.0	16650.0	57825.2
	(b) State Plans	48600.0	7527.5	8666.3	9587.8	10994.8	12681.8	49458.2
			(7718.5)	(8828.3)	(10029.8)	(11220.9)	(12836.6)	(50633.8)
	(c) U.T. Plans	1650.0	255.6	347.6	410.2	448.7	546.2	2008.3

NOTE: Figures in brackets are inclusive of expenditures (Rs. 191 crores in 1980-81, Rs. 162 crores in 1981-82, Rs. 442 crores in 1982-83, Rs. 226 crores in 1983-84 & Rs. 154.5 crores in 1984-85) on works financed by central assistance for relief from natural calamities.

*Excludes Rs. 2.85 crores for National Test Houses.

@ Includes Rs. 2.85 crores for National Test Houses.

2.5 B: PLAN OUTLAY BY HEADS OF DEVELOMENT : CENTRE STATES AND UNION TERRITORIES, 1980—85

(Percentage Distribution)

Heads of Development	Sixth Plan Outlay 1980-85	Annual Plan 1980-81 (Actuals)	Annual Plan 1981-82 (Actuals)	Annual Plan 1982-83 (Actuals)	Annual Plan 1983-84 (Actuals)	Annual Plan 1984-85 (Actuals)	Total Sixth Plan 1980-85 (Col. 3 to 7)
1	2	3	4	5	6	7	8
I. Agriculture	**5.8**	**6.6**	**6.2**	**5.9**	**5.7**	**6.1**	**6.1**
II. Rural Development	**5.5**	**7.0**	**6.0**	**6.1**	**6.0**	**6.9**	**6.4**
III. Special Area Programme	**1.5**	**1.4**	**1.4**	**1.6**	**1.4**	**1.4**	**1.4**
IV. Irrigation and Flood Control	**12.5**	**12.0**	**10.7**	**9.9**	**9.7**	**8.9**	**10.0**
V. Energy	**27.2**	**25.8**	**27.8**	**30.1**	**29.0**	**27.4**	**28.1**
1. Power	19.8	17.9	17.5	17.4	16.3	15.6	16.7
2. New and Renewable Sources of Energy	0.1	. .	0.1	0.1	0.1	0.3	0.1
3. Petroleum	4.4	5.0	6.6	86	8.8	8.5	7.8
4. Coal	2.9	2.9	3.6	4.0	3.8	3.0	3.5
VI. Industry nd Minerals	**15.4**	**14.8**	**15.3**	**14.4**	**15.6**	**16.7**	**15.5**
1. Village and small scale Industries	1.8	1.8	1.8	1.5	1.6	2.1	1.8
2. Large nd medium Industries	13.6	13.0	13.5	12.7	13.9	14.5	13.5
3. Others	. .	. .	. .	0.2	0.1	0.1	0.2
VII. Transport	**12.7**	**14.6**	**14.2**	**12.9**	**12.3**	**12.2**	**13.0**
1. Railways	5.2	6.6	6.7	6.2	5.7	5.6	6.1
2. Others	7.5	8.0	7.5	6.7	6.6	6.6	6.9
VIII. Communications and Information & Broadcasting	**3.2**	**2.4**	**3.2**	**3.2**	**3.4**	**3.3**	**3.2**
IX. Science and Technology	**0.9**	**0.7**	**0.8**	**1.0**	**0.9**	**1.1**	**0.9**
X. Social Services	**14.4**	**14.0**	**13.7**	**13.9**	**15.3**	**15.3**	**14.6**
1. Education	2.6	2.3	2.4	2.5	2.8	3.2	2.7
2. Health and Family Planning	2.9	2.8	2.9	3.2	3.4	3.2	3.1
3. Housing and Urban Development	2.6	3.2	2.7	2.4	2.6	2.6	2.6
4. Other Social Services	6.3	5.7	5.7	5.8	6.5	6.5	6.1
XI. Others	**0.9**	**0.7**	**0.7**	**1.0**	**0.7**	**0.7**	**0.8**
XII. Total (I to XI)*	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Note: Based on data in table 2.5 A

*Exclusive of expenditure on works financed by Central assistance for relief from natural calamities.

2.7: PATTERN OF FINANCING ANNUAL PLANS FOR 1989-90 AND 1990-91 CENTRE AND STATES

(Rs. Crores)

Items	1989-90 Latest Estimates			1990-91 Annual Plan Estimates		
	Centre Incl. UTs	States	Total	Centre Incl. UTs	States	Total
1	2	3	4	5	6	7
I. Domestic Resources.						
(a) Balance from current revenues (BCR incl. ARM)	−4371	2917@	−1454	−4396	248	−4148
(b) Resources / Contribution of public sector Enterprises	11069	−1765	9304	16577	−264	16313
(c) Issue of Bonds / Debentures by PSEs	4494	0	4494	3942	0	3942
(d) Market Loans	7400	3000	10400	8000	3300	11300
(e) Small Savings	850	5501£	6351	500	5062*	5562
(f) Provident Funds	1400	2292	3692	1580	2987	4567
(g) Term Loans from Financial Institutions / Corporations	0	1533	1533	0	1788	1788
(h) Misc. capital Receipts (MCR)	7310	−2760	4550	12716	−1980	10736
Total-I: Domestic Resources	**28152**	**10718**	**38870**	**38919**	**11141**	**50060**
II. Net inflow from abroad	5823	0	5823	5793	0	5793
of which: Drawdown of foreign exchange reserves	818	0	818	0	0	0
III. Budgetary deficit	**11750**	**0**	**11750**	**7206**	**0**	**7206**
IV. Aggregate Resources (I to III)	**45725**	**10718**	**56443**	**51918**	**11141**	**63059**
V. Central Assistance to States**	−9064	9064	0	−10526	10526	0
VI. Assistance to States for Relief from natural calamities	−100	0	−100	0	0	0
VII. Plan grants to State under Article 275(1) (Finance Commission)	0	0	0	−992	992	0
VIII. Implied Assistance Outside Gadgil formula	0	135	135	0	1943	1943
IX. Resources for the Plan	**36561**	**19917**	**56478**	**40400**	**24602$**	**65002**

* BE in Central Budget is Rs. 4500 crores, excess due to additional savings estimated to be mobilised by the States.

** Including assistance for externally aided projects. Plan loans, Area Programmes and NEC.

$ Approved outlay Rs. 24317 crores. Surplus in resources of some of the Non-special Category States due to additionalities in Central transfers (including due to Finance Commission).

@ Including upgradation grants (Rs. 212 crores), special problem grants (Rs. 497 crores) and opening surplus of (Rs. 419 crores).

£ Including investments by Unit Trust of India (UTI) at Rs. 1445 crores of which Rs. 1048 crores were available for Plan financing.

2.5 B: PLAN OUTLAY BY HEADS OF DEVELOMENT : CENTRE STATES AND UNION TERRITORIES, 1980—85

(Percentage Distribution)

Heads of Development	Sixth Plan Outlay 1980-85	Annual Plan 1980-81 (Actuals)	Annual Plan 1981-82 (Actuals)	Annual Plan 1982-83 (Actuals)	Annual Plan 1983-84 (Actuals)	Annual Plan 1984-85 (Actuals)	Total Sxith Plan 1980-85 (Col. 3 to 7)
1	2	3	4	5	6	7	8
I. Agriculture	**5.8**	**6.6**	**6.2**	**5.9**	**5.7**	**6.1**	**6.1**
II. Rural Development	**5.5**	**7.0**	**6.0**	**6.1**	**6.0**	**6.9**	**6.4**
III. Special Area Programme	**1.5**	**1.4**	**1.4**	**1.6**	**1.4**	**1.4**	**1.4**
IV. Irrigation and Flood Control	**12.5**	**12.0**	**10.7**	**9.9**	**9.7**	**8.9**	**10.0**
V. Energy	**27.2**	**25.8**	**27.8**	**30.1**	**29.0**	**27.4**	**28.1**
1. Power	19.8	17.9	17.5	17.4	16.3	15.6	16.7
2. New and Renewable Sources of Energy	0.1	. .	0.1	0.1	0.1	0.3	0.1
3. Petroleum	4.4	5.0	6.6	8.6	8.8	8.5	7.8
4. Coal	2.9	2.9	3.6	4.0	3.8	3.0	3.5
VI. Industry nd Minerals	**15.4**	**14.8**	**15.3**	**14.4**	**15.6**	**16.7**	**15.5**
1. Village and small scale Industries	1.8	1.8	1.8	1.5	1.6	2.1	1.8
2. Large nd medium Industries	13.6	13.0	13.5	12.7	13.9	14.5	13.5
3. Others	. .	. .	. .	0.2	0.1	0.1	0.2
VII. Transport	**12.7**	**14.6**	**14.2**	**12.9**	**12.3**	**12.2**	**13.0**
1. Railways	5.2	6.6	6.7	6.2	5.7	5.6	6.1
2.Others	7.5	8.0	7.5	6.7	6.6	6.6	6.9
VIII. Communications and Information & Broadcasting	**3.2**	**2.4**	**3.2**	**3.2**	**3.4**	**3.3**	**3.2**
IX. Science and Technology	**0.9**	**0.7**	**0.8**	**1.0**	**0.9**	**1.1**	**0.9**
X. Social Services	**14.4**	**14.0**	**13.7**	**13.9**	**15.3**	**15.3**	**14.6**
1. Education	2.6	2.3	2.4	2.5	2.8	3.2	2.7
2. Health and Family Planning	2.9	2.8	2.9	3.2	3.4	3.2	3.1
3. Housing and Urban Development	2.6	3.2	2.7	2.4	2.6	2.6	2.6
4. Other Social Services	6.3	5.7	5.7	5.8	6.5	6.5	6.1
XI. Others	**0.9**	**0.7**	**0.7**	**1.0**	**0.7**	**0.7**	**0.8**
XII. Total (I to XI)*	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Note: Based on data in table 2.5 A

*Exclusive of expenditure on works financed by Central assistance for relief from natural calamities.

2.6 A: SEVENTH PLAN AND EIGHTH PLAN OUTLAYS BY HEADS OF DEVELOPMENT: CENTRE, STATES AND UNION TERRITORIES

(Amount Rs. crores)

Heads of Development	Seventh Plan Outlay 1985-90	Annual Plan 1985-86 Actuals	Annual Plan 1986-87 Actuals	Annual Plan 1987-88 Actuals	Annual Plan 1988-89 Actuals	Annual Plan 1989-90 (RE)	Total Seventh Plan 1985-90 (Col. 3 to 7)	Annual Plan 1990-91 (Plan Outlay)
1	2	3	4	5	6	7	8	9
I. Agriculture & Allied Activities	**10523.6**	**1825.9**	**2215.8**	**2742.9**	**2903.0**	**3176.4**	**12864.0**	**3802.5**
II. Rural Development	**8906.1**	**2226.1**	**2667.6**	**3146.4**	**2982.3**	**4074.7**	**15097.1**	**4302.2**
III. Special Area Programmes	**2803.6**	**447.3**	**627.6**	**677.1**	**926.5**	**903.2**	**3581.7**	**1037.2**
IV. Irrigation & Flood Control	**16978.6**	**2792.2**	**3221.6**	**3346.9**	**3590.9**	**3524.4**	**16476.0**	**4109.6**
V. Energy	**54821.3**	**9613.2**	**11402.8**	**11594.5**	**13226.4**	**16789.1**	**62626.0**	**18870.9**
1. Power	34273.5	5615.5	6701.5	7096.3	8243.8	10832.4	38489.5	12479.3
2. Petroleum	12627.7	2869.9	3326.4	3019.6	3108.9	3615.8	15940.6	3791.4
3. Coal & Lignite	7400.6	995.0	1233.0	1362.9	1737.5	2199.5	7528.0	2446.5
4. Non-Coventional sources of Energy	519.5	132.8	141.9	115.7	136.1	141.4	667.9	153.7
VI. Industry and Minerals	**22415.5@**	**5502.9@**	**5619.7@**	**5537.1**	**5896.1**	**7109.4**	**29665.2**	**8449.8**
1. Village & Small Scale Industries	2752.7	524.4	615.8	616.9	686.2	820.7	3264.0	983.9
2. Other Industries	19662.8	4978.5	5003.9	4920.2	5209.9	6288.7	26401.2	7465.9
VII. Transport	**22644.9**	**4072.2**	**5201.4**	**6034.6**	**6723.0**	**7552.2**	**29583.4**	**9303.5**
1. Railways	12334.6	1941.7	2697.1	3418.9	3929.4	4450.0	16437.1	5000.0
2. Others	10310.3	2130.5	2504.3	2615.7	2793.6	3102.2	13146.3	4303.5
VIII. Communications	**4474.5**	**942.1**	**1085.6**	**1464.0**	**2193.8**	**2920.4**	**8605.9**	**3049.6**
IX. Science, Technology & Environment	**2463.1**	**404.8**	**512.4**	**585.4**	**751.4**	**695.5**	**2949.5**	**892.9**
X. General Economic Services	**1395.6***	**179.1**	**423.1**	**386.1@**	**494.8@**	**795.7@**	**2278.8**	**904.6**
XI. Social Services	**31545.2**	**4858.5**	**5902.0**	**7006.4**	**8052.5**	**9016.4**	**34835.8**	**9748.2**
1. Education	6382.6	876.8	1014.4	1610.8	1913.4	2283.9	7699.3	2250.8
2. Medical & Public Health	3392.9	579.9	641.8	724.3	831.0	917.1	3694.1	1068.4
3. Family Welfare	3256.3	479.8	561.1	607.4	671.8	638.0	2958.1	675.0
4. Housing	2428.2	437.9	561.0	506.4	587.0	565.2	2657.5	582.6
5. Urban Development	1801.3	323.2	359.0	401.0	482.3	617.4	2182.9	728.3
6. Other Social Services	14283.9**	2160.9	2764.7	3156.5	3567.0	3994.8	15643.9	4443.1
XII. General Services	**1028.0**	**195.6**	**269.5**	**399.2**	**329.1**	**459.5**	**1652.9**	**245.8**
XIII. TOTAL (I to XII)	**180000.0**	**33059.9**	**39149.1**	**42920.6**	**48069.8**	**57016.9**	**220216.3**	**64716.8**
		(33421.1)	(39705.2)	(44034.1)	(48644.3)	(57116.4)	(222922.1)	
(a) Central Plan	95534.0	19115.5	22401.8	24584.7	27949.0	35712.9	129763.9	39329.3
(b) State Plans	80698.0	13249.5	16043.0	17627.5	19356.4	20445.0	86721.4	24317.0
		(13610.7)	(16599.0)	(18741.1)	(19931.4)	(20545.0)	(89427.2)	
(c) U.T. Plans	3768.0	694.9	704.4	708.3	764.5	859.0	3731.1	1070.5

Note: (i) Figures in Brackets are inclusive of expenditure Rs. 361.19 crores in 1985-86, Rs. 556.05 crores in 1986-87, Rs. 1113.55 crores in 1987-88, Rs. 575 crores in 1988-89 and Rs. 100 crores in 1989-90 on works financed by Central assistance for relief from natural calamities.

(ii) Outlay/Expenditure for Petrochemical and Engineering units under the Ministry of Petroleum and Natural Gas has been excluded from Energy and included under the Indusry and Minerals.

@Includs National Informatics Centre.

*Includes Provision for district Planning and National Saving Scheme also.

**Provision for Special Employment Scheme is also included.

2.6 B: SEVENTH PLAN AND EIGHTH PLAN OUTLAY BY HEADS OF DEVELOPMENT: CENTRE, STATES AND UNION TERRITORIES

(Percentage Distribution)

Heads of Development	Seventh Plan Outlay 1985-90	Annual Plan 1985-86 Actuals	Annual Plan 1986-87 Actuals	Annual Plan 1987-88 Actuals	Annual Plan 1988-89 Actuals	Annual Plan 1989-90 (RE)	Total Seventh Plan 1985-90 (Col. 3 to 7)	Annual Plan 1990-91 (Plan outlay)
1	2	3	4	5	6	7	8	9
I. Agriculture & Allied Activities	**5.8**	**5.5**	**5.7**	**6.4**	**6.0**	**5.6**	**5.8**	**5.9**
II. Rural Development	**4.9**	**6.7**	**6.8**	**7.3**	**6.2**	**7.2**	**6.9**	**6.6**
III. Special Area Programmes	**1.6**	**1.4**	**1.6**	**1.6**	**1.9**	**1.6**	**1.6**	**1.6**
IV. Irrigation & Flood Control	**9.4**	**8.5**	**8.2**	**7.8**	**6.5**	**6.2**	**7.5**	**6.3**
V. Energy	**30.4**	**29.1**	**29.1**	**27.0**	**27.5**	**29.5**	**28.4**	**29.2**
1. Power	19.0	17.0	17.1	16.5	17.2	19.0	17.5	19.3
2. Petroleum	7.0	8.7	8.5	7.0	6.5	6.3	7.2	5.9
3. Coal & Lignite	4.1	3.0	3.1	3.2	3.6	3.9	3.4	3.8
4. Non-Conventional sources of Energy	0.3	0.4	0.4	0.3	0.3	0.3	0.2	0.2
VI. Industry and Minerals	**12.4**	**16.7**	**14.4**	**12.9**	**12.3**	**12.5**	**13.5**	**13.0**
1. Village & Small Scale Industries	1.5	1.6	1.6	1.4	1.4	1.4	1.5	1.5
2. Other Industries	10.9	15.1	12.8	11.5	10.8	11.0	12.0	11.5
VII. Transport	**12.6**	**12.3**	**13.3**	**14.1**	**14.0**	**13.2**	**13.5**	**14.4**
1. Railways	6.9	5.9	6.9	8.0	8.2	7.8	7.5	7.7
2. Others	5.7	6.4	6.4	6.1	5.4	5.4	6.0	6.7
VIII. Communications	**2.5**	**2.8**	**2.8**	**3.4**	**4.6**	**5.1**	**3.9**	**4.7**
IX. Science, Technology & Environment	**1.4**	**1.2**	**1.3**	**1.4**	**1.6**	**1.2**	**1.3**	**1.4**
X. General Economic Services	**0.8**	**0.5**	**1.1**	**0.9**	**1.0**	**1.4**	**1.0**	**1.4**
XI. Social Services	**17.5**	**14.7**	**15.1**	**16.3**	**16.8**	**15.8**	**15.8**	**15.1**
1. Education	3.5	2.7	2.6	3.8	4.0	4.0	3.5	3.5
2. Medical & Public Health	1.9	1.8	1.6	1.7	1.7	1.6	1.7	1.7
3. Family Welfare	1.8	1.4	1.4	1.4	1.4	1.1	1.3	1.0
4. Housing	1.4	1.3	1.4	1.2	1.2	1.0	1.2	0.9
5. Urban Development	1.0	1.0	0.9	0.9	1.0	1.1	1.0	1.1
6. Other Social Services	7.9	6.5	7.1	7.4	7.4	7.0	7.1	6.9
XII. General Services	**0.6**	**0.6**	**0.7**	**0.9**	**0.7**	**0.8**	**0.8**	**0.4**
XIII. TOTAL (I to XII)	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
(a) Central Plan	53.1	57.8	57.2	57.3	58.1	62.6	58.9	60.8
(b) State Plans	44.8	40.1	41.0	41.1	40.3	35.9	39.4	37.6
(c) U.T. Plans	2.1	2.1	1.8	1.6	1.6	1.5	1.7	1.6

Note: Based on data in table 2.6 A

2.7: PATTERN OF FINANCING ANNUAL PLANS FOR 1989-90 AND 1990-91 CENTRE AND STATES

(Rs. Crores)

	Items	1989-90			1990-91		
		Latest Estimates			Annual Plan Estimates		
		Centre Incl. UTs	States	Total	Centre Incl. UTs	States	Total
	1	2	3	4	5	6	7
I.	**Domestic Resources.**						
	(a) Balance from current revenues (BCR incl. ARM)	-4371	2917@	-1454	-4396	248	-4148
	(b) Resources / Contribution of public sector Enterprises	11069	-1765	9304	16577	-264	16313
	(c) Issue of Bonds / Debentures by PSEs	4494	0	4494	3942	0	3942
	(d) Market Loans	7400	3000	10400	8000	3300	11300
	(e) Small Savings	850	5501£	6351	500	5062*	5562
	(f) Provident Funds	1400	2292	3692	1580	2987	4567
	(g) Term Loans from Financial Institutions / Corporations	0	1533	1533	0	1788	1788
	(h) Misc. capital Receipts (MCR)	7310	-2760	4550	12716	-1980	10736
	Total-I: Domestic Resources	**28152**	**10718**	**38870**	**38919**	**11141**	**50060**
II.	Net inflow from abroad	5823	0	5823	5793	0	5793
	of which: Drawdown of foreign exchange reserves	818	0	818	0	0	0
III.	**Budgetary deficit**	**11750**	**0**	**11750**	**7206**	**0**	**7206**
IV.	**Aggregate Resources (I to III)**	**45725**	**10718**	**56443**	**51918**	**11141**	**63059**
V.	Central Assistance to States**	-9064	9064	0	-10526	10526	0
VI.	Assistance to States for Relief from natural calamities	-100	0	-100	0	0	0
VII.	Plan grants to State under Article 275(1) (Finance Commission)	0	0	0	-992	992	0
VIII.	Implied Assistance Outside Gadgil formula	0	135	135	0	1943	1943
IX.	**Resources for the Plan**	**36561**	**19917**	**56478**	**40400**	**24602$**	**65002**

* BE in Central Budget is Rs. 4500 crores, excess due to additional savings estimated to be mobilised by the States.

** Including assistance for externally aided projects. Plan loans, Area Programmes and NEC.

$ Approved outlay Rs. 24317 crores. Surplus in resources of some of the Non-special Category States due to additionalities in Central transfers (including due to Finance Commission).

@ Including upgradation grants (Rs. 212 crores), special problem grants (Rs. 497 crores) and opening surplus of (Rs. 419 crores).

£ Including investments by Unit Trust of India (UTI) at Rs. 1445 crores of which Rs. 1048 crores were available for Plan financing.

2.8 : FINANCIAL PERFORMANCE OF INDIAN RAILWAYS

(Rs. Crores)

	1980-81	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90 (R.E.)	1990-91 (B.E.)
1	2	3	4	5	6	7	8	9	10	11
1. Gross Traffic Receipts	**2624**	**4376**	**4986**	**5359**	**6428**	**7506**	**8435**	**9259**	**10732**	**12060**
(i) Passenger coaching	827	1162	1354	1459	1720	1941	2060	2455	2631	3115
(ii) Other coaching	116	160	166	179	210	293	255	271	311	334
(iii) Goods	1618	2972	3353	3603	4376	5133	5982	6343	7611	8424
(iv) Sundry other earnings	82	108	119	125	133	142	162	225	199	207
(v) Suspense	(—)19	(—)26	(—)6	(—)7	(—)11	(—)3	(—)24	(—)35	(—)20	(—)20
2. Working Expense	**2537**	**3883**	**4661**	**5142**	**5823**	**6901**	**7803**	**8633**	**9890**	**11091**
(i) Ordinary Working expenses	2233	3179	3629	4071	4643	5301	6003	6583	7447	8241
(ii) Appropriation to Depreciation Reserve Fund	220	556	850	850	920	1250	1350	1500	1715	1950
(iii) Appropriation to Pension Fund	84	148	182	221	260	350	450	550	728	990
3. Net Traffic receipts (1—2)	**87**	**493**	325	**217**	**605**	**605**	**632**	**626**	**842**	**969**
4. Net miscellaneous receipts	**40**	**61**	**54**	**53**	**81**	**76**	**91**	**111**	**113**	**149**
5. Net Revenue (3+4)	**127**	**554**	379	**270**	**686**	**681**	**723**	**737**	**955**	**1118**
6. Payments to General Revenues	**325**	**436**	**424**	**466**	**507**	**579**	**639**	**716**	**815**	**932**
7. Surplus (+) or Deficit (—)	**(—)198**	**118**	**(—)45**	**(—)196**	**179**	**102**	**84**	**22**	**140**	**186**
8. Capital at charge	**6096**	**7251**	**7568**	**8286**	**9078**	**10373**	**11622**	**12787**	**14589**	**16164**
9. Item 5 as % of Item 8	**2.1**	**7.6**	**5.0**	**3.3**	**7.6**	**6.6**	**6.2**	**5.7**	**6.5**	**6.9**
10. Item 7 as % of Item 8	**(—)3.2**	**1.6**	**(—)0.6**	**(—)2.4**	**2.0**	**1.0**	**0.7**	**0.2**	**1.0**	**1.2**

2.9 : FINANCIAL PERFORMANCE OF THE DEPARTMENTS OF POSTS AND TELECOMMUNICATIONS

(Rs. Crores)

	1980-81	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91 (R.E.)
1	2	3	4	5	6	7	8	9	10	11
1. Gross Receipts	**910**	**1290**	**1463**	**1635**	**1786**	**1788**	**2344**	**3101**	**3544**	**4470**
(i) Postal receipts	278	378	435	444	477	558	643	742	703	900
(ii) Telecommunications receipts	632	912	1028	1191	1309	1230	1701	2359	2841	3570
2. Net Working Expenses	**821**	**1050**	**1189**	**1368**	**1582**	**1779**	**2081**	**2287**	**2569**	**2994**
(i) Postal	346	462	508	557	640	774	834	912	966	1059
(ii) Telecommunications	475	588	681	811	942	1005	1247	1375	1603	1935
3. Net Receipts (1—2)	**89**	**240**	**274**	**267**	**204**	**9**	**263**	**814**	**975**	**1476**
(i) Postal	(—)67	(—)84	(—)73	(—)113	(—)163	(—)216	(—)191	(—)170	(—)263	(—)159
(ii) Telecommunications	156	324	347	380	367	225	454	984	1238	1635
4. Dividend to General Revenues	**37**	**71**	**97**	**135**	**170**	**213**	**—**	**161**	**180**	**204**
5. Surplus/Deficit (3—4)	**52**	**169**	**177**	**132**	**34**	**(—)204**	**263**	**653**	**795**	**1272**
(i) Postal	(—)72	(—)91	(—)82	(—)125	(—)163	(—)216	(—)191	(—)170	(—)263	(—)159
(ii) Telecommunications	124	260	259	257	197	12	454	823	1058	1431

3.1 EMPLOYMENT IN THE PUBLIC SECTOR-INDUSTRY

(As on March, 31)

(In lakhs)

Item	1977	1978	1979	1980	1981	1983	1984	1985	1986	1987	1988	1989*
1	2	3	4	5	6	7	8	9	10	11	12	13
A. By Branch of Public Sector:												
1. Central Govt.	30.82	30.96	31.34	31.78	31.95	32.66	33.11	33.29	33.46	33.50	33.81	33.89
2. State Govts.	50.20	51.60	53.09	54.78	56.76	60.38	61.54	62.80	64.73	66.66	67.81	68.90
3. Quasi Govts.	36.75	39.29	41.70	43.43	45.76	50.40	52.74	54.96	56.74	57.95	59.48	59.99
4. Local bodies	19.89	20.15	20.63	20.80	20.37	21.11	21.30	21.64	21.90	22.14	22.11	22.38
Total	137.66	142.00	146.76	150.78	154.84	164.56	168.69	172.69	176.83	180.25	183.20	185.16
B. By Industrial Classification:												
0. Agriculture, Hunting etc.	3.66	3.87	4.08	4.31	4.63	4.76	4.89	4.98	5.26	5.57	5.54	5.65
1. Mining and Quarrying	7.57	7.58	7.71	7.97	8.18	8.84	9.27	9.74	9.66	9.42	9.56	9.57
2. & 3. Manufacturing	12.26	13.55	14.16	14.46	15.02	16.34	17.17	17.61	18.15	18.62	18.67	18.48
4. Electricity, Gas and Water etc.	5.63	5.99	6.34	6.61	6.83	7.21	7.33	7.60	7.85	7.89	8.49	8.66
5. Construction	10.09	9.98	10.32	10.68	10.89	11.20	11.20	11.46	11.81	10.85	12.14	11.80
6. Wholesale and Retail Trade etc.	0.76	0.83	0.99	1.10	1.17	1.18	1.24	1.31	1.31	1.34	1.39	1.44
7. Transport, Storage & Communications	24.67	25.20	25.97	26.51	27.09	28.26	28.64	28.94	29.29	29.70	30.11	30.26
8. Financing, Insurance, Real Estate etc.	3.34	5.80	6.47	6.91	7.48	8.72	9.14	9.83	10.30	10.56	10.95	11.16
9. Community, Social & Personal Services	67.69	69.18	70.71	72.24	73.55	78.06	79.81	81.23	83.21	85.29	86.35	88.13
Total	137.66	142.00	146.76	150.78	154.84	164.56	168.69	172.69	176.83	180.25	183.20	185.16

*Provisional

3.2 EMPLOYMENT IN THE PRIVATE SECTOR-INDUSTRY†
(as on March, 31)

(In lakhs)

Industry, Division/Brief Description	1977	1978	1979	1980	1981	1983	1984	1985	1986	1987	1988	1989*
1	2	3	4	5	6	7	8	9	10	11	12	13
0. Ariculture, Hunting etc.	8.38	8.53	8.41	8.60	8.58	8.47	8.19	8.07	8.22	8.48	8.44	8.70
1. Mining and Quarrying	1.30	1.27	1.24	1.25	1.30	1.20	1.13	1.13	1.11	0.91	0.93	0.97
2. & 3. Manufacturing	41.65	43.21	44.33	44.17	45.45	46.56	44.73	44.21	44.48	44.10	43.95	43.89
4. Electricity, Gas and Water etc.	0.35	0.34	0.34	0.34	0.35	0.37	0.39	0.39	0.40	0.40	0.41	0.41
5. Construction	0.83	0.83	0.83	0.73	0.72	0.68	0.66	0.70	0.69	0.58	0.50	0.64
6. Wholesale and Retail Trade etc.	2.75	2.74	2.81	2.74	2.77	2.75	2.76	2.77	2.77	2.77	2.83	2.86
7. Transport, Storage and Communications	0.71	0.61	0.71	0.71	0.60	0.59	0.57	0.54	0.54	0.52	0.51	0.51
8. Financing, Insurance & Real Estate, etc.	1.86	1.80	2.01	2.06	1.96	2.07	2.14	2.19	2.21	2.29	2.38	2.43
9. Community, Social and Personal Services	10.86	10.10	11.40	11.67	12.22	12.83	12.89	13.09	13.32	13.59	13.97	14.29
Total	68.67	70.43	72.08	72.27	73.95	75.52	73.45	73.09	73.73	73.64	73.91	74.70

NOTE: Coverage in construction particularly on private account is known to be inadequate.

*Provisional

†Relate to non-Agricultural establishments in the private sector employing 10 and more persons.

3.3 : PER CAPITA EMOLUMENTS OF PUBLIC SECTOR EMPLOYEES IN RELATION TO INCREASE IN AVERAGE ALL-INDIA CONSUMER PRICE INDEX (1960=100)

Year	Per Capita Emoluments*				Average All India Consumer Price Index (1960=100)	
	Employment (in lakhs)	Emoluments (in crores of Rs.)	Per Capita Emoluments (Rs.)	Percentage Increase Over 1971-72	Average Index	Percentage Increase Over 1971-72
1	2	3	4	5	6	7
1971-72	7.01	415	5920	..	192	..
1972-73	9.32	541	5805	(−)1.94	207	7.81
1973-74	13.44	749	5573	(−)5.86	250	30.21
1974-75	14.32	1060	7402	25.03	317	65.10
1975-76	15.04	1352	8983	51.74	313	63.02
1976-77	15.75	1408	8940	51.01	301	56.77
1977-78	16.38	1646	10048	69.73	324	68.75
1978-79	17.03	1908	11210	89.36	331	72.40
1979-80	17.75	2214	12468	110.61	360	87.50
1980-81	18.39	2619	14239	140.52	401	108.85
1981-82	19.39	3133	16158	172.94	451	134.90
1982-83	20.24	3649	18029	204.54	486	153.13
1983-84	20.72	4465	21549	264.00	547	184.90
1984-85	21.07	5126	24328	310.95	582	203.13
1985-86	21.54	5576	25887	337.28	620	222.92
1986-87	22.11	6371	28820	386.82	674	251.04
1987-88	22.14	7193	32537	449.61	736	283.33
1988-89	22.09	8683	39415	565.79	803	318.23
1989-90	22.36	9742	43665	637.58	855	345.31

*Source: Bureau of Public Enterprises.

4.1 : SOURCES OF CHANGE IN MONEY STOCK (M3)

(Rs. crores)

	Out-standing as on March 31 1985	Variations during 1985-86 March 31 to March 31	1986-87 March 31 to March 31	1987-88 March 31 to March 31	1988-89 March 31 to March 31	1989-90 March 31 to March 31 (P)	1989-90 March 31 to March 23 (P)	1990-91 March 31 to March 22 (P)	Out-standing as on March 22 1991 (P)
(1)	2	3	4	5	6	7	8	9	10
I. M1 (Money supply with the public)	39915	4180	7421	7039	12552	15248	10501	7202	93557
II. M3 (Aggregate monetary resources) (1+2+3+4)	102357	16322	22041	22422	35711	38579	30539	26522	263954
1. Currency with the public	22672	2387	3323	5177	4512	8033	8495	7256	53360
2. Demand deposits with banks	16648	2099	4078	1774	7743	7311	1894	−1666	37987
3. Time deposits with banks	62442	12142	14620	15383	23159	23331	20038	19320	170397
4. Other deposits with RBI	595	−306	20	88	297	−96	112	1612	2210
III. Sources of change in money stock (M3) (1+2+3+4−5)									
1. Net bank credit to Govt. (A+B)	50343	7978	13699	12350	13003	20720	19239	20196	138289
A. RBI's net credit to Govt. (i+ii) £	34350	4328	7607	6402	6928	14068[a]	13434[a]	12960[b]	86643[c]
(i) To Central Government	31857	6190	7091	6559	6503	13813	14344	14486	86499
(ii) To State Governments	2493	−1862	516	−157	425	255	−910	−1526	144
B. Other banks' credit to Govt.	15993	3650	6092	5948	6075	6652	5805	7236	51646
2. Bank credit to commercial sector (A+B)	70953	11850	11938	12746	25176	24063	16130	13231	169957
A. RBI's credit to commercial sector@	2752	300	342	396	1734	825	−317	−837	5512
B. Other banks' credit to commercial sector	68201	11550	11596	12350	23442	23238	16447	14068	164445
3. Net foreign exchange assets of banking sector	3134	738	943	857	1128	−133	−212	1350*	8017*
4. Government's currency liabilities to the public	777	163	252	188	95	80	19	27	1582
5. Banking sector's net non-monetary liabilities other than time deposits	22850	4407	4791	3719	3691	6151	4637	8282*	53891*

P=Provisional.

@ Excludes since the establishment of NABARD on July 12. 1982, its refinance to banks.

£ Includes an amount of (a) Rs. 722 crores (b) Rs. 325 crores (c) Rs. 1047 crores representing the replacement of non-negotiable non-interest bearing securities issued to IMF by RBI claims on Central Government for facilitating repurchases from the Fund.

* Inclusive of appreciation in the value of gold (Rs 6304 crore) following its revaluation close to the international market price since October 17, 1990. Such appreciation has a corresponding effect on RBI's net non-monetary liabilities.

NOTES 1. Figures may not add up to totals because of rounding.
2. Data relate to March 31, Reserve Bank's data are after closure of Government accounts.
3. For the limitations of March 31, 1989 and March 31, 1990 data, see the text in Chapter 8.

4.2 : SCHEDULED COMMERCIAL BANKS : SEASONAL FLOW OF FUNDS

(Rs. crores)

	1986-87 Busy Season	1987 Slack Season	1987-88 Busy Season	1988 Slack Season	1988-89 Busy Season	1989 Slack Season	1989-90 Busy Season	1990 Slack Season	1989-90 Busy Season (Oct. 27 to March 23 (P)	1990-91 Busy Season (Oct. 26 to March 22 (P)	Out standing as on March 22 1991 (P)
1	2	3	4	5	6	7	8	9	10	11	12
Sources:											
1. Increase in Aggregate Deposits	8388	8506	8703	11536	11927	13946	13234	11310	8829	9409	191189
2. Increase in Borrowings from RBI	−245	1855	−592	−370	2796	−94	152	−46	−1619	−656	3468
3. Increase in Other Borrowings@	20	138	−26	393	503	278	880	1411	−419	−3281	470
4. Increase in Other Demand and Time Liabilities	808	230	623	993	1421	648	1019	1180	697	−862	12704
5. Residual (Net)	672	52	806	−1	587	−563	2925	−1713	−120	−677	9075
TOTAL	9643	10781	9514	12551	17234	14215	18210	12142	7368	3933	216906
Uses:											
1. Increase In Bank Credit	4122	3158	4874	5096	11050	6321	10631	2970	7273	9317	116184
2. Increase In Investments	4092	5232	2823	4668	4107	5250	5413	6304	2752	1744	75066
3. Increase in Cash in hand	87	193	−20	156	−6	205	−1	293	−114	−241	1795
4. Increase in Balances with RBI	1342	2198	1837	2631	2083	2439	2167	2575	−2543	−6887	23861
TOTAL	9643	10781	9514	12551	17234	14215	18210	12142	7368	3933	216906

P = Provisional.

@Excludes borrowings from RBI, IDBI, EXIM Bank and NABARD.

NOTES: 1. Residual (Net) is the balance of Uses of Funds over Sources of Funds and includes by implication borrowings from IDBI, EXIM Bank and NABARD.

2. The slack season is from May to October and the busy season is from November to April.

4.3 : SCHEDULED COMMERCIAL BANKS : VARIATIONS IN SELECTED ITEMS

(Rs. crores)

	Outstanding as on March 31, 1980	Variations during												Outstanding as on Mar. 22 1991(P)
		1980-81 Mar. 31 to Mar. 31	1981-82 Mar. 31 to Mar. 31	1982-83 Mar. 31 to Mar. 31	1983-84 Mar. 31 to Mar. 31	1984-85 Mar. 31 to Mar. 31	1985-86 Mar. 31 to Mar. 31	1986-87 Mar. 31 to Mar. 31	1987-88 Mar. 31 to Mar. 31	1988-89 Mar. 31 to Mar. 31	1989-90 Mar. 31 to Mar. 31	1989-90 Mar. 31 to Mar. 23 (P)	1990-91 Mar. 31 to Mar. 22 (P)	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1. Demand deposits	6743	1306	541	1394	1609	2743	1756	3641	1040	7148	6427	969	−1974	32374
2. Time deposits	25494	4805	5170	5905	7765	9096	11377	13593	14275	21759	21740	17936	17836	158815
3. Aggregate deposits	32237	6111	5711	7299	9374	11839	13133	17234	15315	28907	28167	18905	15862	191189
4. Borrowings from RBI	729	−117	171	32*	688	469	−943	348	847	1996	−112	−1821	−640	3468
5. Cash in hand and balances with RBI	4390	1057	753	−114	2771	2759	864	3231	3348	4554	6684	1480	−4641	25656
6. Investments in Government securities	7357	1634	887	2200	1348	2087	3549	5984	5815	5852	6521	5637	7053	50287
7. Bank credit	21921	3849	4383	5340	6532	7148	7869	7715	7492	17121	17227	11169	9587	116184

P = Provisional.

*Takes into account variations due to transfer of RRB's borrowings to NABARD on July 12, 1982.

Note : For the limitations of March 31, 1989 and March 31, 1990 data, see the text in Chapter 8.

4.4 : SCHEDULED COMMERCIAL BANKS' OUTSTANDING ADVANCES AGAINST COMMODITIES COVERED UNDER SELECTIVE CREDIT CONTROL

(Rs. crores)

Commodities	As on Last Friday of								Variations during		
	March 1985	March 1986	March 1987	March 1988	March 1989	Dec. 1989	March 1990*	Dec. 1990*	1989-90* April-March	April-December 1989-90	April-December 1990-91*
1	2	3	4	5	6	7	8	9	10	11	12
1. Paddy and rice	129	166	190	275	438	490	427	406	−11	+52	−21
2. Wheat	29	37	41	50	65	74	77	78	+12	+9	+1
3. Pulses	..	..	..	32	39	48	68	67	+26	+9	−1
4. Other food grains	56	60	65	41	53	68	67	55	+14	+15	−12
5. Sugar	367	434	463	553	560	222	536	308	−24	−338	−228
6. Khandsari	..	..	..	17	28	23	24	24	−4	−5	..
7. Gur	..	3	2	2	3	3	3	2	..	..	−1
8. Groundnut	8	7	8	13	33	36	32	80	−1	+3	+48
9. Rapeseed/mustardseed	8	11	9	10	16	17	17	16	+1	+1	−1
10. Linseed	Neg	1	1	1	2	1	1	1	−1	−1	..
11. Castorseed	1	1	1	2	2	2	4	6	+2	..	+2
12. Cottonseed	..	..	..	..	11	10	10	10	−1	−1	..
13. Soyabean	..	..	..	..	48	94	94	57	+46	+46	−37
14. Other oilseeds	..	..	..	..	11	13	15	10	+4	+2	−5
15. Groundnut oil	11	11	13	16	24	26	41	24	+17	+2	−17
16. Rapeseed/mustard oil	12	13	13	19	23	29	38	32	+15	+6	−6
17. Castor oil	13	5	6	9	15	18	21	37	+6	+3	+16
18. Linseed oil	2	1	1	1	2	2	2	2	..	..	..
19. Cottonseed oil	..	..	..	..	10	11	12	14	+2	+1	+2
20. Soyabean oil	..	..	..	..	28	19	18	19	−10	−9	+1
21. Other Veg. oils	..	..	..	..	26	25	27	27	+1	−1	..
22. Vanaspati	37	43	50	61	66	69	76	67	+10	+3	−9
23. Cotton & Kapas	302	379	397	465	516	459	669	530	+153	−57	−139
24. Raw Jute	59	67	66	66	110	115	147	151	+37	+5	+4
25. Total	1034	1239	1326	1633	2129	1874	2426	2023	+294	+255	−403

*Data are provisional .. Not availale

Note: Total advances at row 25 are exclusive of advances for (i) food procurement to Food Corporation of India and State Governments/their agencies; (ii) raw cotton to Cotton Corporation of India; and (iii) raw jute to Jute Corporation of India and oilseeds and vegetable oils to NDDB.

4.5 : BRANCH EXPANSION OF PUBLIC SECTOR BANKS AND OTHER COMMERCIAL BANKS

Banks	Number of offices as on						Increase between 30-6-69 and 30-6-90	Increase in the number of offices in Rural Centres*	%age of Col. (9) to (8)
	30-6-69	30-6-86	30-6-87	30-6-88	30-6-89	30-6-90			
1	2	3	4	5	6	7	8	9	10
A. State Bank of India	1569	7450	7474	7613	7988	8216	6647	3654	55.0
B. Subsidiaries of SBI	893	3365	3362	3445	3571	3671	2778	1132	40.7
C. Fourteen Nationalised banks	4134	21694	22009	22729	23753	25157	21023	11828	56.3
D. Regional rural banks	..	12729	13053	13568	14136	14453	14453	13390	92.6
Total of public sector banks (A+B+C+D)	6596	45238	45898	47385	49448	51497	44901	30004	66.8
E. Six banks nationalised on 15-4-80	419	3554	3609	3675	3821	3889	3470	NA	NA
Total of A+B+C+D+E	7015	48792	49507	51060	53269	55386	48371	30004	62.0
F. Other Indian scheduled commercial banks	900	4298	4158	4175	4254	3825	2925	1000	34.2
G. Foreign banks	130	136	136	136	136	138	8	−1	—
H. Non-scheduled banks**	217	39	39	39	39	39	−178	−43	—
Total of all commercial banks	8262	53265	53840	55410	57698	59388	51126	30960	60.5

* Rural Centres—Places with a population upto 9,999.

** The reduction in the number of offices of the non-scheduled banks is due to:—

(i) The inclusion of some of them in the second schedule to the Reserve Bank of India Act, 1934; and

(ii) taking over certain non-scheduled banks by the State Bank of India and other scheduled banks.

NOTE:—The increase in the number of offices in Rural Centres represents the difference between the number of offices at such centres as on 30th June, 1969 (classified on the basis of 1961 census) and the number of offices at Rural Centres as on 30th June, 1990 (classified on the basis of 1981 census).

4.6 : ADVANCES TO AGRICULTURE AND OTHER PRIORITY SECTORS BY PUBLIC SECTOR BANKS

(Accounts in '000s)
(Amount in Rs. crores)

	June 1969		June 1986		June 1987		June 1988		Dec. 1988†	
	No. of Accts.	Amount out-standing	No. of Accts.	Amount out-standing	No. of Accts.	Amount out-standing	No. of Accts.	Amount out-standing	No. of Accts.	Amount out-standing
1	2	3	4	5	6	7	8	9	10	11
1. Agriculture:										
(a) Direct finance*	160	40.31 (1.3)	15619	7918	16903	9300	18225	10650	19316	12072
(b) Indirect finance	4	122.12 (4.1)	961	1313	741	1366	734	1510	672	1498
2. Small-scale industries**	51	251.07 (8.3)	1762	7836	2041	9309	2315	10798	2464	12234
3. Setting up of industrial estate	..	..	1	79	3	75	1	87	1	87
4. Road and water transport operators	2	5.49 (0.2)	594	1895	642	1967	691	2101	699	2166
5. Retail trade	33$	19.37$ (0.6)	2442	1208	3011	1458	3638	1754	3913	1960
6. Small-business	..	..	1833	667	2341	899	2747	1075	2898	1178
7. Professional and self-employed persons	8	1.91 (0.1)	1686	728	1951	898	2137	1037	2220	1102
8. Education	1	0.80 (neg.)	58	31	68	38	72	49	72	55
9. Consumption loans	..	..	133	16	143	22	167	34	176	24
10. S.S.C.'s Organisations for on-lending to other priority sectors mentioned at 4 to 9 above	..		7	10	11	19	4	11	3	25
11. S.S. Organisation for SC/ST for purchase and supply of inputs and marketing of outputs	..	..	3	2	5	7	9	5	10	31
12. Housing Loans	..	..	178	83	166	53	226	210	245	229
13. Total Priority Sector Advances (1 to 12)	260	440.97 (14.6)	25277	21786	28076	25500	30965	29332	32691	32661
14. Total Bank Credit	..	3017.00	..	50820	..	56732	..	66856	..	72175

† Provisional.
* Excludes advances to plantations other than development finance.
** Number of units.
$ Includes small business.

NOTES: 1. Figures may not add up to totals because of rounding.
2. Figures within brackets indicate the percentage to total advances of these banks.

4.7 : STATE-WISE DISTRIBUTION OF BANK OFFICES, AGGREGATE DEPOSITS AND TOTAL CREDIT OF PUBLIC SECTOR BANKS[1] AND PERCENTAGE SHARE OF ADVANCES TO PRIORITY SECTORS

State/Union Territory	No. of offices at the end of		Deposits (Rs. crores)		Bank credit (Rs. crores)		Share of priority sectors in bank credit (per cent)	
	June 1969	June 1990*	June 1969	June 1990*	June 1969	June 1990*	June 1969	Dec. 1988*
1	2	3	4	5	6	7	8	9
1. Andhra Pradesh	444	3220	121.11	8482	122.09	7488	24.4	51.7
2. Assam	67	733	33.20	1743	12.85	961	10.3	50.6
3. Bihar	269	2811	168.67	7643	52.05	2951	9.1	65.0
4. Gujarat	750	2896	401.31	10194	194.89	6074	15.9	42.6
5. Haryana	140	956	48.78	3359	23.15	1931	28.2	69.8
6. Himachal Pradesh	41	573	12.38	1150	3.49	449	2.7	65.2
7. Jammu & Kashmir	17	251	17.95	833	0.86	264	30.3	58.8
8. Karnataka	510	2724	187.79	7174	143.04	6396	24.8	45.9
9. Kerala	331	1620	116.79	5132	76.95	3251	27.6	51.9
10. Madhya Pradesh	332	2673	107.43	6469	63.14	4312	22.3	54.6
11. Maharashtra	946	4409	902.67	26032	911.79	20670	12.4	27.4
12. Manipur	2	47	1.06	85	0.15	61	...	80.3
13. Meghalaya	7	97	8.87	268	2.52	67	50.0	59.7
14. Nagaland	2	61	1.07	163	0.06	77	40.0	63.0
15. Orissa	96	1175	29.49	2192	14.60	1578	11.2	57.6
16. Punjab	290	1915	185.41	8747	50.29	3856	27.9	67.2
17. Rajasthan	311	1744	73.73	3999	38.20	2449	16.8	61.0
18. Tamil Nadu	721	3168	233.48	9806	311.32	9928	25.5	43.5
19. Tripura	5	74	3.76	188	0.16	110	9.5	72.7
20. Uttar Pradesh	639	5084	337.15	16260	153.74	7636	16.9	57.5
21. West Bengal	428	3116	456.45	14689	525.80	7352	4.4	31.2
22. Chandigarh	19	105	34.55	1243	64.13	1667	4.2	35.0
23. Delhi	207	1034	359.80	15344	244.90	8275	10.2	19.5
24. Goa, Daman & Diu	83	257	48.68	1360	19.68	420	12.6	37.7
25. Pondicherry	11	58	5.06	249	4.74	144	12.9	49.7
26. All others**	1	132	0.33	343	0.01	84	...	58.3
TOTAL	6669	40933	3896.97	153147	3034.60	98550	14.9	42.9

[1]Include State Bank of India and its subsidiaries and 20 Nationalised Banks.

*Data are provisional.

**Include Andaman & Nicobar Islands, Arunachal Pradesh, Dadra and Nagar Haveli, Lakshadweep, Mizoram and Sikkim.

NOTES 1. Deposits exclude inter-bank deposits.

2. Bank credit excludes dues from banks but includes amount of bills rediscounted with RBI/IDBI/other financial institutions.

3. The data relating to deposits and bank credit relate to the last Friday of the month and are based on quarterly return on aggregate deposits and gross bank credit.

4. State-wise and All India percentages have been worked out with reference to gross bank credit (inclusive of food credit).

5. Figures may not add up to totals because of rounding.

4.8: FINANCIAL ASSISTANCE SANCTIONED AND DISBURSED BY FINANCIAL INSTITUTIONS

(Rs. crores)

Institutions	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91
1	2	3	4	5	6	7	8	9	10	11	12
1. Industrial Finance Corporation of India											
(i) Sanctioned	206.6	218.1	230.2	321.9	415.4	499.2	798.0	1025.1	1905.6	2299.6	2967.1
(ii) Disbursed	108.9	169.4	196.1	224.5	272.9	403.9	451.6	660.0	1005.3	1128.2	1527.2
2. Industrial Credit and Investment Corporation of India Ltd.											
(i) Sanctioned	314.1	302.4	392.1	507.6	620.7	708.2	1118.3	1283.3	2056.1	2951.3	3857.5
(ii) Disbursed	185.3	264.7	282.2	334.2	392.7	482.2	695.5	771.2	1085.6	1357.1	1936.5
3. Industrial Development Bank of India											
(i) Sanctioned	1257.7	1069.2	1282.2	1766.1	2446.2	2339.6	3151.2	3286.9	5020.9	5713.9	5604.6
(ii) Disbursed	758.5	861.6	1040.0	1299.0	1477.7	2099.9	2257.6	2673.2	3611.2	3720.3	3511.5
4. Industrial Reconstruction Bank of India											
(i) Sanctioned	17.9	46.9	62.3	69.5	110.8	75.2	148.9	186.5	208.8	146.6	232.6
(ii) Disbursed	16.8	28.0	37.9	41.4	54.8	67.8	94.7	101.9	116.5	141.1	157.5
5. State Financial Corporations											
(i) Sanctioned	370.5	509.6	611.6	644.9	743.1	1009.1	1210.8	1284.7	1391.9	1543.6	1870.1
(ii) Disbursed	248.0	317.7	404.0	435.5	497.7	608.5	791.9	938.0	1055.0	1190.2	1260.1
6. State Industrial Development Corporations											
(i) Sanctioned	216.4	299.6	296.6	364.6	477.9	527.0	570.3	619.4	734.1	690.3	698.8
(ii) Disbursed	124.6	191.1	208.0	236.5	297.6	364.0	425.5	449.1	512.9	549.5	518.8
7. Unit Trust of India											
(i) Sanctioned	40.4	85.5	127.5	165.8	357.3	696.6	465.0	1024.8	1973.1	1496.6	2279.0
(ii) Disbursed	51.0	62.7	71.7	139.3	236.2	528.8	417.6	749.1	1091.2	1280.6	1344.8
8. Life Insurance Corporation of India											
(i) Sanctioned	70.0	165.5	136.5	166.8	219.9	383.6	363.8	362.7	660.2	578.2	688.1
(ii) Disbursed	65.6	135.9	86.6	140.9	161.5	261.9	389.8	342.3	442.0	455.2	422.8
9. General Insurance Corporation of India											
(i) Sanctioned	30.8	50.1	92.7	108.5	144.1	153.0	153.3	98.3	122.6	211.2	312.9
(ii) Disbursed	44.0	33.7	44.7	84.5	110.5	107.3	131.6	103.5	115.4	179.6	111.8
10. Small Industries Development Bank of India											
(i) Sanctioned	..	..	..	..	..	..	..	..	..	..	1629.4
(ii) Disbursed	..	..	..	..	..	..	..	..	..	..	1508.0

Notes : 1. IDBI data upto 1989-90 include assistance to small scale sector.

2. SIDBI commenced its operations from April 2, 1990 after taking over the operations under Small Industries Development Fund and National Equity Fund of IDBI.

3. Data for 1990-91 are provisional for all institutions and estimated in respect of SFCs and SIDCs.

5.1: INDEX NUMBERS OF WHOLESALE PRICES

	Primary Articles					Fuel, Power, Light & Lubricants	Manufactured Products						ALL COMMODITIES
	Total	Food Articles		Non-Food Articles	Minerals		Total	Food Products	Textiles	Chemicals & Chemical Products	Basic Metals, Alloys, & Metal Products	Machinery & Machine Tools	
		Total	Foodgrains										
Average of weeks													
Base: 1970-71=100													
Weight	41.67	29.80	12.92	10.62	1.25	8.46	49.87	13.32	11.03	5.55	5.97	5.05	100.00
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1971-72	101	101	103	99	115	106	110	118	110	102	105	105‡	105.6
1972-73	111	111	120	108	124	110	122	150	113	105	114	112‡	116.2
1973-74	142	137	142	147	225	131	140	171	135	116	139	123‡	139.7
1974-75	178	172	196	164	424	198	169	187	160	169	173	156‡	174.9
1975-76	166	164	174	140	440	219	171	181	147	176	185	173	173.0
1976-77	167	155	153	167	449	231	175	189	155	171	190	171	176.6
1977-78	184	174	170	178	477	234	179	184	173	173	194	173	185.8
1978-79	181	172	173	170	491	245	180	157	179	177	211	183	185.8
1979-80	207	187	185	195	780	283	216	215	203	199	252	211	217.6
1980-81	238	208	217	218	1110	354	257	309	213	241	272	232	256.2
1981-82	264	235	237	241	1169	428	271	299	224	260	317	254	281.3
1982-83	274	250	249	245	1106	460	272	260	233	269	355	268	288.7
1983-84	304	283	274	282	994	495	296	299	250	282	381	284	316.0
1984-85	325	297	276	320	1015	518	320	324	280	292	420	297	338.4
1985-86	331	318	296	247	1030	580	343	346	276	311	477	327	357.8
1986-87	349	339	299	305	949	619	359	382	271	329	479	345	376.8
1987-88	383	367	332	386	721	642	384	413	298	353	512	358	405.4
1988-89	411	408	390	380	749	677	414	419	330	374	599	394	435.3
Base: 1981-82=100													
Weight	32.30	17.39	7.92	10.08	4.83	10.66	57.04	10.14	11.55	7.36	7.63	6.27	100.00
Last Week of													
1982-83	110	117	118	102	100	110	105	97	108	106	107	104	107.2
1983-84	119	124	115	118	104	116	112	110	113	109	114	108	114.9
1984-85	123	130	118	121	106	123	121	112	123	114	133	115	121.8
1985-86	129	137	129	126	107	137	126	118	115	121	140	124	127.7
1986-87	136	144	130	138	101	140	132	130	120	128	144	129	134.2
1987-88	157	168	151	167	98	148	144	142	135	133	161	139	148.5
1988-89	157	174	166	156	99	155	157	149	144	137	192	158	156.9
1989-90	167	177	160	176	110	165	175	169	169	144	210	171	171.1
1990-91	196	211	196	211	109	189	190	191	178	154	228	189	191.8
Average of weeks													
1982-83	107	111	109	101	103	107	104	97	105	104	105	103	104.9
1983-84	118	127	119	112	100	113	110	108	110	107	112	107	112.8
1984-85	126	132	117	125	105	117	118	114	120	112	123	112	120.1
1985-86	126	134	125	120	107	130	124	117	120	118	140	121	125.4
1986-87	137	148	129	134	104	139	129	129	116	125	141	127	132.7
1987-88	153	161	141	163	101	143	139	141	127	132	150	132	143.6
1988-89	160	177	162	160	99	151	152	148	140	136	176	151	154.3
1989-90	164	179	165	166	102	157	169	165	158	140	206	166	165.7
1990-91	185	201	179	194	109	176	183	182	171	148	220	180	182.7

	Primary Articles						Manufactured Products						
	Total	Food Articles		Non-Food Articles	Minerals	Fuel, Power, Light & Lubricants	Total	Food Products	Textiles	Chemicals & Chemical Products	Basic Metals, Alloys, & Metal Products	Machinery & Machine Tools	ALL COMMODITIES
		Total	Foodgrains										
Average of weeks													
Base: 1981-82=100													
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1989-90													
April	156	170	162	157	99	155	161	155	149	137	198	160	158.4
May	159	176	162	157	99	155	162	159	150	137	199	160	160.3
June	161	180	167	156	99	156	163	160	150	137	201	161	161.6
July	163	184	168	158	100	156	165	164	152	137	203	163	163.6
August	167	189	172	162	100	156	168	172	154	139	206	166	166.7
September	168	188	173	166	101	156	171	177	157	140	208	168	168.3
October	167	183	169	171	101	156	171	168	159	141	208	168	168.3
November	165	179	168	171	101	157	171	168	161	142	208	168	167.3
December	162	175	165	170	101	157	171	162	163	142	208	169	166.6
January	165	175	162	173	109	157	172	163	166	142	209	170	168.0
February	165	175	160	176	109	157	173	164	169	142	209	170	168.8
March	166	177	159	176	109	161	174	167	169	143	209	171	170.1
1990-91													
April	170	182	162	178	109	166	176	170	169	144	210	172	172.8
May	174	189	166	179	109	166	176	169	167	144	211	174	174.3
June	179	195	168	185	109	166	178	175	168	144	214	175	176.9
July	183	199	175	189	109	166	180	180	168	145	216	177	179.3
August	184	199	176	192	109	167	181	181	169	146	217	177	180.2
September	184	201	175	191	109	167	182	181	170	147	219	178	180.9
October	185	202	178	193	109	177	184	186	171	148	223	179	183.3
November	187	202	180	197	109	186	184	184	172	149	223	182	185.1
December	189	204	182	201	109	186	186	183	173	149	225	186	186.6
January	193	209	193	206	109	187	188	189	175	151	226	188	189.6
February	197	213	199	210	109	188	190	192	176	153	228	188	191.6
March	196	212	197	209	109	189	190	191	177	154	228	189	191.7

†Machinery & Transport Equipment.

5.2: INDEX NUMBER OF WHOLESALE PRICES-SELECTED COMMODITIES/COMMODITY GROUPS

	Rice	Wheat	Pulses	Tea	Raw cotton	Raw Jute	Ground-nut seed	Coal	Mineral oils	Sugar, Khandsari & gur	Edible oils	Cotton Yarn	Cotton cloth (Mills)	Jute, hemp & mesta	Fertilizers	Cement	Iron, steel & ferro-alloys
Average of weeks																	
Base: 1970-71=100																	
Weight	5.13	3.42	2.18	1.15	2.25	0.43	1.82	1.04	4.91	7.24	3.72	1.38	3.80	1.21	1.25	0.70	3.47
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
1971-72	103	100	111	114	108	96	88	102	108	141	88	118	111	114	101	105	106
1972-73	116	107	138	108	92	110	104	111	112	188	99	123	115	111	106	110	118
1973-74	140	108	177	111	138	99	166	122	142	192	148	152	134	120	114	112	143
1974-75	183	183	216	162	169	104	173	144	240	200	172	178	173	158	203	148	171
1975-76	179	160	182	175	136	117	129	184	257	214	135	141	162	131	215	171	184
1976-77	157	152	146	214	198	127	142	198	268	218	143	178	166	125	187	174	187
1977-78	162	157	215	252	193	149	172	199	268	185	187	197	179	142	177	177	188
1878-79	161	154	247	212	169	147	146	212	270	147	159	200	184	161	175	197	213
1979-80	184	161	244	233	164	139	185	300	309	231	193	222	193	232	167	229	259
1980-81	206	176	323	227	183	129	225	348	414	377	228	237	209	195	243	233	272
1981-82	226	192	339	243	227	137	271	432	501	336	261	251	231	172	274	270	332
1982-83	257	214	302	288	199	163	265	493	518	259	263	254	244	193	278	365	387
1983-84	292	218	347	441	222	235	302	542	538	302	304	263	253	247	268	422	416
1984-85	273	210	431	494	261	520	323	642	542	335	321	296	258	405	263	464	463
1985-86	284	226	463	413	216	273	308	662	609	393	288	292	270	303	267	494	539
1986-87	302	239	408	424	185	175	372	731	623	401	379	257	273	242	289	471	543
1987-88	326	259	494	421	299	204	459	766	628	393	473	337	279	368	289	477	567
1988-89	364	292	670	439	306	259	428	888	645	430	423	394	288	336	288	483	652
(Base: 1981-82=100)																	
Weight	3.69	2.25	1.09	0.56	1.34	0.16	1.30	1.26	@ 6.67	4.06	2.45	1.23	3.16	0.69	1.75	0.86	2.64
Last week of																	
1982-83	125	126	93	148	93	155	96	120	106	78	107	103	110	121	105	130	103
1983-84	121	111	117	185	115	199	113	155	106	93	121	106	112	191	98	148	108
1984-85	121	115	133	169	105	418	110	155	115	101	119	117	114	233	98	172	128
1985-86	128	130	134	125	83	114	111	175	126	114	122	102	121	133	107	140	139
1986-87	134	129	131	154	109	139	131	175	125	108	156	113	122	148	108	139	138
1987-88	153	147	169	154	151	157	171	206	128	115	175	157	129	171	105	127	158
1988-89	163	165	188	218	156	250	133	232	129	130	162	172	135	209	99	141	176
1989-90	165	138	209	282	129	374	180	233	111	147	190	193	153	284	99	162	196
1990-91	188	205	232	247	186	318	234	233	170	147	252	197	168	300	99	185	208
Average of weeks																	
1982-83	115	111	94	120	87	120	97	116	103	83	105	101	108	113	105	125	102
1983-84	129	114	110	178	100	173	111	128	106	92	117	104	111	145	99	145	107
1984-85	121	111	131	199	116	383	118	155	107	100	126	116	113	234	98	159	117
1985-86	127	119	138	155	95	197	112	159	120	116	117	113	120	180	101	154	141
1986-87	134	127	128	169	87	125	138	135	126	118	144	102	121	142	108	139	139
1987-88	146	135	153	173	133	147	169	183	126	117	176	137	125	157	108	139	144
1988-89	161	154	200	183	141	198	155	212	129	127	170	164	133	197	99	133	165
1989-90	169	148	206	283	147	271	156	232	130	152	178	188	148	245	99	148	190
1990-91	178	172	228	300	146	360	209	233	155	152	223	190	159	283	99	173	203

	Rice	Wheat	Pulses	Tea	Raw Cotton	Raw Jute	Ground -nut seed	Coal Mining	Mineral oils	Sugar, Khandsari & gur	Edible oils	Cotton Yarn	Cotton cloth (Mills)	Jute, hemp & mesta	Fertilizers	Cement	Iron, steel & Ferro-alloys
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
1989-90																	
April	164	151	187	207	159	246	140	232	129	136	168	181	141	216	99	144	182
May	168	140	195	234	156	244	144	232	129	146	172	182	142	214	99	150	182
June	171	146	206	241	155	257	145	232	129	148	171	183	143	218	99	151	183
July	171	150	205	254	153	261	145	232	129	156	171	182	143	228	99	141	188
August	174	151	214	273	161	234	152	232	129	168	177	191	146	226	99	137	193
September	175	152	225	337	158	218	162	232	129	175	184	192	149	233	99	147	193
October	172	150	219	319	145	238	155	232	129	167	182	192	149	242	99	149	193
November	171	153	212	295	138	252	157	232	129	156	179	191	153	245	99	152	193
December	167	151	204	283	136	280	158	232	129	145	177	190	152	251	99	150	193
January	164	151	198	318	138	303	167	233	129	144	178	189	154	281	99	148	194
February	164	144	198	333	136	358	170	233	129	141	184	192	154	297	99	149	195
March	164	139	205	304	129	361	173	233	134	145	187	193	154	289	99	158	195
1990-91																	
April	166	142	214	313	129	384	182	233	142	149	194	192	153	285	99	168	196
May	167	153	216	327	130	375	184	233	142	147	193	191	153	270	99	160	196
June	170	155	219	326	139	369	194	233	142	153	204	190	153	252	99	160	197
July	177	162	225	294	142	349	193	233	142	158	215	180	154	252	99	167	198
August	179	162	222	277	144	391	202	233	142	159	217	186	157	262	99	173	198
September	180	162	224	301	141	390	197	233	142	159	218	187	158	274	99	174	201
October	181	164	233	309	141	390	209	233	157	160	227	189	161	279	99	174	207
November	179	177	237	297	146	344	218	233	170	156	225	183	161	284	99	174	207
December	180	178	232	298	153	310	221	233	170	148	229	191	162	301	99	178	208
January	185	200	234	307	153	334	232	233	170	147	247	190	163	318	99	182	208
February	188	211	240	291	156	349	235	233	170	146	258	191	165	311	99	183	208
March	188	206	234	264	172	335	234	233	170	145	254	195	167	304	99	185	208

@Relates to coal mining.

5.3: ALL-INDIA CONSUMER PRICE INDEX NUMBERS

	Industrial Workers		Urban Non-manual Employees General Index
	Food Index	General Index	
1	2	3	4
Average of Months			
Base : 1960=100			
1968-69	192	174	161
1971-72	205	192	180
1973-74	279	250	221
1978-79	347	331	306
1979-80	373	360	330
1980-81	419	401	369
1981-82	476	451	413
1982-83	508	486	446
1983-84	581	547	492
1984-85	607	582	532
1985-86	638	620	568
1986-87	700	674	613
1987-88	759	736	668**
1988-89	839*	803*	724**
Base : 1982=100			
1983-84	117*	111*	92**
1984-85	122*	118*	100**
1985-86	128*	126*	107**
1986-87	141*	137*	115**
1987-88	152*	149*	126**
1988-89	169*	166*	136
1989-90	177	173	145
1990-91	199	193	161

	Industrial Workers		Urban Non-manual Employees General Index
	Food Index	General Index	
1	2	3	4
1989-90			
April	170	167	139
May	173	169	140
June	175	170	142
July	176	172	144
August	179	174	146
September	182	176	147
October	182	176	148
November	181	176	147
December	177	175	146
January	175	174	147
February	175	175	147
March	178	177	149
1990-91			
April	182	180	151
May	186	182	153
June	189	185	155
July	194	189	158
August	195	190	159
September	197	191	159
October	203	195	162
November	207	198	164
December	207	199	165
January	211	202	169
February	211	203	169
March	207	201	169

* The new series of CPI for Industrial Workers with 1982 base has been introduced w.e.f. October, 1988. The earlier series on base 1960 = 100 has been simultaneously discontinued. The Conversion Factor from the new to the old series is 4.93 in regard to the General Index, and 4.98 in regard to the Food Index.

** The new series of CPI for Urban Non-manual Employees with 1984-85 base was introduced w.e.f. November, 1987. The earlier series on base 1960 = 100 has been simultaneously discontinued. The Conversion Factor from the new to the old series is 5.32.

5.4: INDEX NUMBERS OF WHOLESALE PRICES—RELATIVE PRICES OF MANUFACTURED AND AGRICULTURAL PRODUCTS

Year	General Index of Wholesale Prices	Index of Manufactured Products	Index of Agricultural Products@	Index of Manufactured Products as per cent of Index of Agricultural Products
1	2	3	4	5
Average of months (Base: 1970-71=100)				
Weight	100.00	49.87	40.42	(Col. 3/Col. 4)x100
1971-72	105.6	109.5	100.4	109.1
1972-73	116.2	121.9	110.3	110.5
1973-74	139.7	139.5	139.2	100.2
1974-75	174.9	168.8	169.9	99.4
1975-76	173.0	171.2	157.3	108.8
1976-77	176.6	175.2	158.5	110.5
1977-78	185.8	179.2	174.8	102.5
1978-79	185.8	179.5	171.9	104.4
1979-80	217.6	215.8	188.7	114.4
1980-81	256.2	257.3	210.5	122.2
1981-82	281.3	270.6	236.5	114.4
1982-83	288.7	272.1	247.9	109.8
1983-84	316.0	295.8	282.7	104.6
1984-85	338.4	319.5	303.2	105.4
1985-86	357.8	342.6	309.6	110.7
1986-87	376.8	359.4	330.1	108.9
1987-88	405.4	393.8	372.3	105.8
1988-89	435.3	414.4	400.7	103.4
(Base: 1981-82=100)				
Weight	100.00	57.04	27.47	
1982-83	104.9	103.5	107.3	96.4
1983-84	112.8	109.8	121.4	90.5
1984-85	120.1	117.5	129.2	91.0
1985-86	125.4	124.4	129.1	96.4
1986-87	132.7	129.2	142.8	90.5
1987-88	143.6	138.5	161.8	85.6
1988-89	154.3	151.6	170.9	88.7
1989-90	165.7	168.6	174.4	96.7
1990-91	182.7	182.8	198.3	92.2

Year/Month	General Index of Wholesale Prices	Index of Manufactured Products	Index of Agricultural Products@	Index of Manufactured Products as per cent of Index of Agricultural Products
1	2	3	4	5
1989-90				
April	158.4	160.6	165.5	97.0
May	160.3	162.3	169.1	96.0
June	161.6	163.2	171.6	95.1
July	163.6	165.2	174.6	94.6
August	166.7	168.4	179.0	94.1
September	168.3	170.9	179.7	95.1
October	168.3	171.3	178.6	95.9
November	167.5	171.1	176.2	97.1
December	166.6	170.8	173.0	98.7
January	168.0	172.0	174.2	98.7
February	168.8	172.9	175.0	98.8
March	170.1	174.0	176.3	98.7
1990-91				
April	172.8	175.8	180.7	97.3
May	174.3	176.0	185.6	94.8
June	176.9	177.8	191.3	93.0
July	179.3	179.9	195.4	92.1
August	180.2	180.8	196.6	91.9
September	180.9	181.6	197.2	92.1
October	183.3	183.6	198.5	92.5
November	185.1	184.1	200.4	91.9
December	186.6	185.7	202.6	91.7
January	189.6	188.1	207.8	90.5
February	191.6	189.6	211.9	89.5
March	191.7	190.1	210.8	90.2

@ = Composite index of the sub-groups—Food Articles and Non-food Articles.

6.1. FOREIGN EXCHANGE RESERVES

(Rs. Crores)

End of	Reserves			Transactions with IMF		
	Gold*	SDRs (in millions of SDRs)	Foreign Exchange***	Drawings	Repurchases#	Outstanding Repurchase Obligations
1	2	3	4	5	6	7
1950-51	117.8	—	911.4	—	—	47.6
1951-52	117.8	—	746.6	—	—	47.6
1952-53	117.8	—	763.3	—	—	47.6
1953-54	117.8	—	792.2	—	17.3	30.4
1954-55	117.8	—	774.1	—	17.2	13.1
1955-56	117.8	—	784.6	—	7.1	6.0
1956-57	117.8	—	563.3	60.7	6.0	60.7
1957-58	117.8	—	303.4	34.5	—	95.2
1958-59	117.8	—	261.1	—	—	95.2
1959-60	117.8	—	245.1	—	23.8	71.4
1960-61	117.8	—	185.8	—	10.7	60.7
1961-62	117.8	—	179.5	119.1	60.7	119.1
1962-63	117.8	—	177.3	11.9	—	131.0
1963-64	117.8	—	188.0	—	23.8	107.1
1964-65	133.8	—	115.9	47.6	47.6	107.1
1965-66	115.9	—	182.1	65.5	35.7	136.9
1966-67	182.5	—	295.9	89.3	43.1	313.1
1967-68	182.5	—	356.1	67.5	43.1	337.5
1968-69	182.5	—	391.2	—	58.5	279.0
1969-70	182.5	122.7	546.4	—	125.3	153.8
1970-71	182.5	148.9	438.1	—	153.8	—
1971-72	182.5	247.7	480.4	—	—	—
1972-73	182.5	246.5	478.9	—	—	—
1973-74	182.5	244.9	580.8	62.0	—	58.8
1974-75	182.5	234.9	610.5	484.7	—	557.3
1975-76	182.5	202.8	1491.7	207.1	—	804.0
1976-77	187.8	187.4	2863.0	—	302.8	492.1
1977-78	193.1	161.6	4499.8	—	248.6	210.0
1978-79	219.5	364.9	5219.9	—	206.9	—
1979-80	224.7	529.1	5163.7	—	55.1$	—
1980-81	225.6	490.5	4822.1	274.4@	5.1$	267.7
1981-82	225.6	425.1	3354.5	636.8@@	—	901.0
1982-83	225.6	270.2	4265.3	1892.8@@	—	2867.0
1983-84	225.6	216.4	5497.9	1413.7@@	72.1(A)	4443.7
1984-85	245.8	146.5	6816.8	218.8@@	155.9(B)	4887.7
1985-86	274.3	115.1	7384.4	—	253.0(C)	5285.0
1986-87	274.3	139.4	7645.2	—	672.2(D)	5548.1
1987-88	274.3	69.7	7287.1	—	1208.9(E)	4731.6
1988-89	274.3	79.5	6604.6	—	1574.3(F)	3696.0

6.1 : FOREIGN EXCHANGE RESERVES (Contd.)

(Rs. Crores)

End of	Reserves			Transactions with IMF		
	Gold*	SDRs (in millions of SDRs)	Foreign Exchange***	Drawings	Repurchases#	Outstanding Repurchase Obligations
1	2	3	4	5	6	7
1989-90	280.7	81.9	5787.2	—	1459.6(G)	2572.3
June	274.3	102.6	6075.2	—	303.6	3480.7
Sept.	274.3	89.0	4895.6	—	464.4	3126.9
Dec.	274.3	86.2	5277.3	—	279.2	2967.2
March	280.7	81.9	5787.2	—	412.4	2572.3
1990-91(H)						
April	280.7	145.1	5092.9	—	94.0	2492.4
May	280.7	86.9	5403.6	—	156.9	2367.1
June	280.7	89.1	5356.2	—	—	2405.1
July	280.7	89.0	5050.1	—	284.9	2168.9
August	280.7	98.6	5479.8	—	60.0	2178.3
Sept.	280.7	343.3	4511.6	—	—	2243.4
Oct.	6636.0	301.6	3820.5	—	108.4	2209.7
Nov.	6627.4	222.1	3142.2	—	130.5	2066.3
Dec.	6584.9	222.1	2152.4	—	—	2034.2
Jan.	6876.2	134.5	4719.3	2858.7@@@	252.7	5260.3
Feb.	6654.1	79.5	4445.9	—	68.5	5229.0
March**	6823.3	75.9	4388.1	—	—	5132.1
1991-92(I)						
April**	6960.6	134.1	2527.2	—	112.5	5185.3
May**	7160.2	47.7	2677.4	—	103.6	5251.8

* Gold is valued at Rs. 53.58 per 10 grams upto May 1966 and at Rs. 84.39 per 10 grams upto September 1990 and closer to international market price w.e.f. October 17, 1990.

** Provisional

*** Include (a) Foreign assets of the Reserve Bank of India and (b) Government balances held abroad upto 1955-56.

@ Excludes Rs. 544.53 crores drawn under Trust Fund.

@@ Drawals under Extended Fund Facility (EFF).

@@@ Drawals of Rs. 1615.2 crores under compensatory and contingency Financing Facility and Rs. 1243.5 crores under First Credit Tranche of stand by arrangement.

$ Includes voluntary repurchases of rupees (Rs. 19.9 crores) and sales of rupees by the IMF under its General Resources Account (Rs. 35.2 crores).

$$ Sales of rupees by the Fund.

#Additionally, SDRs 59.9 million in May 1979, SDRs 7.3 million in July 1980 and SDRs 34.5 million in March 1982 were used for voluntary repurchases of rupees.

(A) SDRs 66.50 million were used for repurchases of drawals under Compensatory Financing Facility (CFF).

(B) SDRs 33.25 million and Rs. 117.85 crores in foreign currencies were used for repurchases of drawals under CFF.

(C) SDRs 66.5 million and SDRs 131.25 million were used for repurchases of drawals under CFF and EFF, respectively.

(D) SDRs 431.25 million were used for repurchases of drawals under EFF.

(E) SDRs 704.17 million were used for repurchases of drawals under EFF.

(F) SDRs 804.18 million were used for repurchases of drawals under EFF.

(G) SDRs 681.25 million were used for repurchases of drawals under EFF.

(H) SDRs 468.75 million were used for repurchases of drawals under EFF.

(I) SDRs 79.2 million were used for repurchases drawals under EFF during April—May, 1991-92.

Note 1. Figures after 1965-66 are not comparable with those of the earlier years due to devaluation of the Rupee in June 1966.

2. The outstanding repurchase obligations are calculated at the ruling rates of exchange.

6.2: BALANCE OF PAYMENTS

Item	1960-61		1970-71		1980-81		1984-85	
	Rs. Crores	U.S.$ Million	Rs. Crores	U.S.$ Million	Rs. Crores	U.S.$ Million	Rs. Crores	U.S.$ Million
1	2	3	4	5	6	7	8	9
1. Imports (c.i.f.)	1105.7	2322.9	1826.1	2434.8	12543.6	15862.3	18680.3	15712.8
(a) PL 480 Title I	185.1	388.9	49.9	66.5	—	—	—	—
(b) Others	920.6	1934.0	1776.2	2368.3	12543.6	15862.3	18680.3	15712.8
2. Exports (f.o.b.)	630.5	1324.6	1404.5	1872.7	6576.4	8316.3	11959.2	10059.4
3. Trade Balance (2-1)	−475.2	−998.3	−421.6	−562.1	−5967.2	−7546.0	−6721.1	−5653.4
4. Non-monetary Gold movement (Net)	—	—	13.1	17.5	—	—	20.2	17.0
5. Invisibles								
(a) Receipts	259.9	546.0	496.1	661.5	5890.2	7448.6	8242.9	6933.4
(b) Payments	177.1	372.1	533.0	710.7	1579.6	1997.5	4394.4	3696.3
(Of which interest & service payments on loans and credit)	(33.8)	(71.0)	(203.8)	(271.7)	(282.4)	(357.1)	(1312.5)	(1104)
(c) Net	82.8	173.9	−36.9	−49.2	4310.6	5451.1	3848.5	3237.1
6. Current Account (Net)	−392.4	−824.4	−445.4	−593.8	−1656.6	−2094.9	−2852.4	−2399.3
7. Capital Transactions								
(a) Private								
(i) Receipts	51.5	108.2	79.9	106.5	162.6	205.6	1406.7	1183.2
(ii) Payments	35.0	73.5	59.6	79.5	65.5	83.0	193.9	163.1
(iii) Net	16.5	34.7	20.3	27.0	97.1	122.6	1212.8	1020.1
(b) Government Misc.								
(i) Receipts	147.0	308.8	323.7	431.6	1010.9	1278.4	2173.2	1828.0
(ii) Payments	42.0	88.2	353.3	471.0	1246.8	1576.7	847.5	712.9
(iii) Net	105.0	220.6	−29.6	−39.4	−235.9	−298.3	1325.7	1115.1
(c) Amortisation Payments (Gross)	−37.6	−79.0	−231.8	−309.1	−691.3	−874.1	−907.8	−763.6
(d) Repurchases from IMF	−10.7	−22.5	−154.0	−205.3	−7.5	−9.5	−152.4	−128.2
(e) Banking Capital (Net)	9.7	20.4	0.1	0.1	12.7	16.1	−193.4	−162.7
8. Errors & Omissions	−6.3	−13.2	−66.9	−89.2	−158.0	−199.7	323.6	272.2
9. Total Surplus (+)/ Deficit (-) (6 to 8)	−315.8	−663.4	−907.3	−1209.7	−2639.5	−3337.8	−1243.9	−1046.4
FINANCED BY:								
10. External Assistance: Loans	256.6@	539.1	743.3@	991.1	1728.7$$	2186.0	1953.0	1642.7
11. Drawings from IMF (Gross)	0.0	0.0	0.0	0.0	274.3	346.9	216.8	182.4
12. Allocation of SDRs	0.0	0.0	75.4	100.5	120.5	152.4	—	—
13. Decline in Reserves (+)/ Increase (-)	59.2	124.3	88.6	118.1	516.0	652.5	−925.9	−778.8
TOTAL (10 TO 13)	**315.8**	**663.4**	**907.3**	**1209.7**	**2639.5**	**3337.8**	**1243.9**	**1046.3**

6.2: BALANCE OF PAYMENTS(Contd.)

Item	1985-86		1986-87		1987-88		1988-89	
	Rs. Crores	U.S.$ Million	Rs. Crores	U.S.$ Million	Rs. Crores	U.S.$ Million	Rs. Crores	U.S.$ Million
1	10	11	12	13	14	15	16	17
1. Imports (c.i.f.)	21163.6	17297.7	22668.9	17740.3	25692.5	19815.6	34202.3	23617.6
(a) PL 480 Title I	—	—	—	—	—	—	—	—
(b) Others	21163.6	17297.7	22668.9	17740.3	25692.5	19815.6	34202.3	23617.6
2. Exports (f.o.b.)	11577.6	9462.7	13315.0	10420.1	16396.4	12645.9	20646.7	14257.1
3. Trade Balance (2-1)	−9586.0	−7835.0	−9353.9	−7320.2	−9296.1	−7169.7	−13555.6	−9360.5
4. Non-monetary Gold movement (Net)	28.5	23.3	—	—	—	—	—	—
5. Invisibles								
(a) Receipts	7875.2	6436.7	8274.4	6475.4	9278.5	7156.1	10926.3	7544.9
(b) Payments	4245.0	3469.6	4750.5	3717.7	6275.0	4839.6	7780.7	5372.8
(Of which interest & service payments on loans and credit)	(1371.5)	(1120.9)	(1533.3)	(1199.9)	(1948.8)	(1503.0)	(2560.2)	(1767.9)
(c) Net	3630.2	2967.1	3523.9	2757.7	3003.5	2316.5	3145.6	2172.1
6. Current Account (Net)	−5927.3	−4844.6	−5830.0	−4562.5	−6292.6	−4853.2	−10410.0	−7188.4
7. Capital Transactions								
(a) Private								
(i) Receipts	2566.9	2098.0	3141.4	2458.4	3880.5	2992.9	6261.4	4323.6
(ii) Payments	212.6	173.7	514.2	402.4	966.3	745.3	2520.7	1740.7
(iii) Net	2354.3	1924.3	2627.2	2056.0	2914.2	2247.6	3740.7	2582.9
(b) Government Misc.								
(i) Receipts	2233.2	1825.3	5386.9	4215.7	8499.1	6555.0	9465.5	6536.2
(ii) Payments	895.8	732.2	2060.9	1612.8	4837.9	3731.3	3571.7	2466.4
(iii) Net	1337.4	1093.1	3326.0	2602.9	3661.2	2823.7	5893.8	4069.8
(c) Amortisation Payments (Gross)	−1465.3	−1197.6	−3039.9	−2378.9	−3611.0	−2785.0	−3924.3	−2709.8
(d) Repurchases from IMF	−253.0	−206.8	−672.3	−526.1	−1209.0	−932.5	−1547.3	−1068.4
(e) Banking Capital (Net)	186.1	152.1	−70.1	−54.9	74.8	57.7	−265.2	−183.1
8. Errors & Omissions	580.1	474.1	−129.3	−101.2	−947.7	−730.9	203.4	140.5
9. Total Surpus (+)/ Deficit (-) (6 to 8)	−3187.7	−2605.4	−3788.4	−2964.7	−5410.1	−4172.6	−6308.9	−4356.5
FINANCED BY:								
10. External Assistance: Loans	2481.2	2028.0	3056.2	2391.7	4453.9	3435.1	4859.6	3355.7
11. Drawings from IMF (Gross)	—	—	—	—	—	—	—	—
12. Allocation of SDRs	—	—	—	—	—	—	—	—
13. Decline in Reserves (+)/ Increase (-)	706.5	577.4	732.2	573.0	956.2	737.5	1449.3	1000.8
TOTAL (10 TO 13)	**3187.7**	**2605.4**	**3788.4**	**2964.7**	**5410.1**	**4172.6**	**6308.9**	**4356.5**

6.2: BALANCE OF PAYMENTS (Contd.)

$$- Includes loan of Rs. 544.5 crores from the IMF Trust Fund.
@- Includes rupee loans under PL-480 Title-I.
P- Figures from 1980-81 onwards are preliminery.

Notes:

1. Figures given in this table for some items of capital account do not correspond to the similar statistics published by the Reserve Bank of India. The difference is due to the adjustments made in respect of loan drawings under external assistance and repayment thereof. The presentation of balance of payments statistics in the above table differs from the adjusted balance of payments statistics published in the previous issues of the Economic Survey.

2. The rupee equivalent of all foreign currency transactions has been arrived at by applying the par/central rates upto June 1972 and thereafter on the basis of the average of RBI's spot buying and selling rate for sterling and the monthly averages of cross-rates based on London market for non-sterling currencies.

3. Grants received are covered under item 5(a).

4. U.S. Embassy expenditures out of PL-480 counterpart funds are included under item 5(a).

5. Receipts by way of 'loans' by the private sector including loans out of Cooley Fund and amortisation payments thereof are excluded from items 7(a) (i) and 7(a) (ii) and included under item 10 and 7(c) respectively.

6. Receipts by way of 'loans' received by the official sector under the External Assistance Programmes including rupee loans out of PL-480 Title-I and corresponding amortisation payments are excluded from item 7(b) (i) and 7(b)(ii) and are shown under item 10 and 7(c) respectively.

7. The movements in PL-480 rupee balances are included under item 7(b).

8. Since October-December 1986, data on credits under private long-term capital and official loans include borrowings made to prepay earlier loans; debits against private longterm capital and official amortization cover such prepayments.

6.3: BALANCE OF PAYMENTS — INVISIBLES ON CURRENT ACCOUNT (Including Grants)

(Rs. Crores)

Item	1960-61	1970-71	1980-81	1984-85	1985-86	1986-87	1987-88	1988-89
1	2	3	4	5	6	7	8	9
1. Foreign Travel								
Receipts	15.3	36.4	1166.3	898.0	1189.1	1606.6	1856.1	2053.8
Payments	12.1	17.8	90.3	409.3	411.6	370.6	487.8	586.4
Net	3.2	18.6	1076.0	488.7	777.5	1236.0	1368.3	1467.4
2. Transportation								
Receipts	44.6	108.5	361.6	643.7	603.9	688.0	881.6	1299.8
Payments	24.6	78.4	355.1	917.7	816.1	747.9	1127.9	1486.5
Net	20.0	30.1	6.5	−274.0	−212.2	−59.9	−246.3	−186.7
3. Insurance								
Receipts	8.1	12.3	48.4	88.8	78.6	83.1	105.5	136.0
Payments	5.8	12.3	34.0	84.1	83.3	101.6	106.9	95.2
Net	2.3	0.0	14.4	4.7	−4.7	−18.5	−1.4	40.8
4. Investment Income								
Receipts	14.2	49.1	855.1	585.9	669.1	640.5	578.6	602.7
Payments	61.9	303.3	371.2	1582.0	1619.0	1890.0	2312.2	3080.8
Of which: Interest & Service Payments on Foreign Loans and Credits	33.8	203.8	282.4	1312.5	1371.5	1533.3	1948.8	2560.2
Net	−47.7	−254.2	483.9	−996.1	−949.9	−1249.5	−1733.6	−2478.1
5. Government not included elsewhere:								
Receipts	51.0	29.8	87.5	104.7	116.4	132.8	120.8	118.0
Payments	21.3	23.1	47.1	84.2	123.8	135.8	182.1	212.2
Net	29.7	6.7	40.4	20.5	−7.4	−3.0	−61.3	−94.2
6. Miscellaneous								
Receipts	36.6	31.3	664.0	2361.8	2062.7	1602.8	1667.5	2117.1
Payments	34.6	78.5	669.8	1298.1	1163.8	1485.1	2020.5	2287.1
Net	2.0	−47.2	−5.8	1063.7	898.9	117.7	−353.0	−169.4
7. Transfer Payments								
(a) Official								
Receipts	45.2	72.2	438.5	443.8	320.0	530.0	535.7	732.9
Payments	0.0	6.5	0.5	3.8	12.6	4.7	3.3	8.7
Net	45.2	65.7	438.0	440.0	307.4	525.3	532.4	724.2
(b) Private								
Receipts	44.9	156.5	2268.8	3116.2	2835.4	2990.6	3532.7	3865.4
Payments	16.8	13.1	11.6	15.2	14.8	14.8	34.3	23.8
Net	28.1	143.4	2257.2	3101.0	2820.6	2975.8	3498.4	3841.6
8. Total (1 to 7)								
Receipts	**259.9**	**496.1**	**5890.2**	**8242.9**	**7875.2**	8274.4	9278.5	10926.3
Payments	**177.1**	**533.0**	**1579.6**	**4394.4**	**4245.0**	4750.5	6275.0	7780.7
Net	**82.8**	**−36.9**	**4310.6**	**3848.5**	**3630.2**	3523.9	3003.5	3145.6

Note: (1) This table is a breakdown of item 5 in Table 6.2

(2) Receipts include U.S. Embassy expenditures in India out of PL-480 counterpart funds.

(3) Figures from 1980-81 are preliminary.

6.4: BALANCE OF PAYMENTS -- SELECTED ITEMS OF CAPITAL ACCOUNT

(Rs. Crores)

Item	1960-61	1970-71	1980-81	1984-85	1985-86	1986-87	1987-88	1988-89
1	2	3	4	5	6	7	8	9
1. Private (Non-Banking)								
Receipts	51.5	79.9	162.6	1406.7	2566.9	3141.4	3880.5	6261.4
Payments	35.0	59.6	65.5	193.9	212.6	514.2	966.3	2520.7
Net	16.5	20.3	97.1	1212.8	2354.3	2627.2	2914.2	3740.7
(a) Long-Term								
Receipts	46.0	78.7	160.9	1406.4	2561.2	3126.7	3851.8	6245.6
Payments	26.6	57.3	64.3	192.7	205.8	508.9	947.7	2511.1
Net	19.4	21.4	96.6	1213.7	2355.4	2617.8	2904.1	3734.1
(b) Short-Term								
Receipts	5.5	1.2	1.7	0.3	5.7	14.7	28.7	15.8
Payments	8.4	2.3	1.2	1.2	6.8	5.3	18.6	9.6
Net	−2.9	−1.1	0.5	−0.9	−1.1	9.4	10.1	6.2
2. Banking (Excluding RBI)								
Receipts	44.1	47.1	430.3	366.6	754.5	375.6	315.2	697.9
Payments	34.4	47.0	417.6	560.0	568.4	445.7	240.4	963.1
Net	9.7	0.1	12.7	−193.4	186.1	−70.1	74.8	−265.2
3. Government Miscellaneous								
Receipts#	147.0	323.7	1010.9	2173.2	2233.2	5386.9	8499.9	9465.5
Payments	42.0	353.3	1246.8	847.5	895.8	2060.9	4837.9	3571.7
Net	105.0	−29.6	−235.9	1325.7	1337.4	3326.0	3652.0	5893.8
4. Total of above items								
Receipts	**242.6**	**450.7**	**1603.8**	**3946.5**	**5554.6**	**8903.9**	**12695.6**	**16424.8**
Payments	**111.4**	**459.9**	**1729.9**	**1601.4**	**1676.8**	**3020.8**	**6044.6**	**7055.5**
Net	**131.2**	**−9.2**	**−126.1**	**2345.1**	**3877.8**	**5883.1**	**6651.0**	**9369.3**

Including Amortisation receipts

Note: This Table is a breakdown of items 7(a), 7(b) and 7(e) of Table 6.2.

6.5: EXCHANGE RATE OF RUPEE VIS-A-VIS SELECTED CURRENCIES OF THE WORLD

(Rupees per unit of foreign currency)

YEAR/ MONTH	US Dollar	Pound Sterling	Deutshe Mark	Yen	French Franc	Canadian Dollar	Italian Lira	SDR	Turkish Lira	Indonesian rupiah	Brazillian Cruzados	Mexican Pesos	Korean Won	Pakistani Rupee	Thailand Bhat
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1980-81	7.908	18.500	4.188	0.037	1.800	6.720	0.009	10.178	0.096	0.012	0.137	0.343	0.011	0.805	0.388
1981-82	8.968	17.110	3.861	0.039	1.570	7.457	0.008	10.335	0.074	0.014	0.085	0.340	0.013	0.899	0.403
1982-83	9.666	16.136	3.960	0.039	1.425	7.810	0.007	10.563	0.056	0.014	0.046	0.152	0.013	0.792	0.422
1983-84	10.340	15.417	3.940	0.044	1.299	8.343	0.007	10.941	0.042	0.011	0.015	0.076	0.013	0.788	0.452
1984-85	11.889	14.867	3.988	0.049	1.301	9.007	0.007	11.933	0.030	0.011	0.005	0.061	0.015	0.830	0.485
1985-86	12.235	16.847	4.555	0.056	1.491	8.889	0.007	12.923	0.022	0.011	0.002	0.038	0.014	0.777	0.461
1986-87	12.778	19.072	6.297	0.080	1.929	9.309	0.009	15.447	0.018	0.009	0.874*	0.018	0.015	0.764	0.494
1987-88	12.966	22.087	7.400	0.094	2.203	9.914	0.010	17.121	0.014	0.008	0.270	0.008	0.016	0.752	0.515
1988-89	14.482	25.596	8.049	0.113	2.370	11.960	0.011	19.262	0.009	0.009	1.292	0.006	0.021	0.791	0.575
1989-90	16.649	26.918	9.092	0.117	2.680	14.093	0.012	21.368	0.008	0.009	6.360	0.006	0.025	0.800	0.651
1990-91	17.943	33.193	11.435	0.128	3.387	15.442	0.015	24.849	0.007	0.010	0.203	0.006	0.025	0.827	0.710
1991-92															
April	19.837	34.733	11.622	0.145	3.450	17.210	0.016	26.949	0.005	0.010	0.079	0.007	0.028	0.877	0.792
May ...	20.537	35.427	11.954	0.149	3.528	17.864	0.016	27.634	0.005	0.011	0.076	0.007	0.028	0.888	0.827

* On February 28, 1986 the Cruzado, equal to 1000 Cruzerios, was introduced. On January 15, 1989, the New Cruzado, equal to 1000 old Cruzados was introduced.

Note: Annual/Monthly Averages.

7.1: EXPORTS, IMPORTS AND TRADE BALANCE

(Rs. Crores)

Year	Exports (incl. Re-exports)	Growth Rate	Imports	Growth Rate	Trade Balance
1	2	3	4	5	6
1949-50	485		617		−132
1950-51	606	24.9	608	−1.5	−2
1951-52	716	18.2	890	46.4	−174
1952-53	578	−19.3	702	−21.1	−124
1953-54	531	−8.1	610	−13.1	−79
1954-55	593	11.7	700	14.8	−107
1955-56	609	2.7	774	10.6	−165
1956-57	605	−0.7	841	8.7	−236
1957-58	561	−7.3	1035	23.1	−474
1958-59	581	3.6	906	−12.5	−325
1959-60	640	10.2	961	6.1	−321
1960-61	643	0.5	1122	16.8	−479
1961-62	660	2.6	1090	−2.9	−430
1962-63	685	3.8	1131	3.8	−446
1963-64	793	15.8	1223	8.1	−430
1964-65	816	2.9	1349	10.3	−533
1965-66	810	−0.7	1409	4.4	−599
1966-67	1157	42.9	2078	47.5	−921
1967-68	1199	3.6	2008	−3.4	−809
1968-69	1358	13.3	1909	−4.9	−551
1969-70	1413	4.1	1582	−17.1	−169
1970-71	1535	8.6	1634	3.3	−99
1971-72	1608	4.8	1825	11.7	−217
1972-73	1971	22.6	1867	2.3	104
1973-74	2523	28.0	2955	58.3	−432
1974-75	3329	31.9	4519	52.9	−1190
1975-76	4036	21.2	5265	16.5	−1229
1976-77	5142	27.4	5074	−3.6	68
1977-78	5408	5.2	6020	18.6	−612
1978-79	5726	5.9	6811	13.1	−1085
1979-80	6418	12.1	9143	34.2	−2725
1980-81	6711	4.6	12549	37.3	−5838
1981-82	7806	16.3	13608	8.4	−5802
1982-83	8803	12.8	14293	5.0	−5490
1983-84	9771	11.0	15831	10.8	−6060
1984-85	11744	20.2	17134	8.2	−5390
1985-86	10895	−7.2	19658	14.7	−8763
1986-87	12452	14.3	20096	2.2	−7644
1987-88	15674	25.9	22244	10.7	−6570
1988-89	20232	29.1	28235	26.9	−8003
1989-90	27681	36.8	35416	25.4	−7735
1990-91(P)	32527	17.5	43171	21.9	−10644

(P) Provisional

Note: 1. Since 1966-67, the figures are given in post devaluation rupees.
2. For the years 1956-57, 1957-58, 1958-59 and 1959-60 the data is as per the Fourteenth Report of the Estimates Committee (1971-72) on the Ministry of Foreign Trade.

Source: DGCI&S

7.2: PRINCIPAL IMPORTS

(Value in Rs. Crores)

Sl. No.	Commodity	Unit of Quantity	1960-61		1970-71		1980-81	
			Qty.	Value	Qty.	Value	Qty.	Value
1	2	3	4	5	6	7	8	9
I.	**Food and Live Animals chiefly for Food (excl. cashew raw)........................**		—	**214**	—	**242**	—	**380**
	Of which:							
I.1	Cereals and cereal preparations:	'000 T	3747.7	181	3343.2	213	400.8	100
II.	**Raw Materials and Intermediate Manufactures**		—	**527**	—	**889**	—	**9760**
II.1	Cashew nuts (unprocessed)	'000 T	—	—	169.4	29	25.0	9
II.2	Crude Rubber (including synthetic and reclaimed)	'000 T	36.2	11	7.8	4	26.2	32
II.3	Fibres:		—	101	—	127	—	164
	Of which:							
II.3.1	Synthetic and regenerated fibres (man-made fibres)	'000 T	0.2	—	15.8	9	68.8	97
II.3.2	Raw Wool	'000 T	1.9	1	19.0	15	18.8	43
II.3.3	Raw Cotton	'000 T	237.1	82	139.1	99	—	—
II.3.4	Raw Jute	'000 T	100.4	8	0.7	0	8.0	1
II.4	Petroleum Oil and Lubricants	Mill,T	0.8	0	12.8	136	23.5	5264
II.5	Animal and Vegetable Oils and fats		—	5	—	39	—	709
	Of Which:							
II.5.1	Edible Oils	'000 T	31.1	4	84.7	23	1633.3	677
II.6	Fertilizers and Chemical Products		—	88	—	217	—	1490
	Of Which:							
II.6.1	Fertilizers and Fertilizer material	'000 T	307.0	13	2392.7	86	5560.2	818
II.6.2	Chemical Elements and Compounds		—	39	—	68	—	358
II.6.3	Dyeing, Tanning and Colouring material		—	1	—	9	—	21
II.6.4	Medical and Pharmaceutical products		—	10	—	24	—	85
II.6.5	Plastic material, regenerated cellulose and artificial resins		—	9	—	8	—	121
II.7	Pulp and waste paper	'000 T	80.3	7	71.7	12	36.9	18
II.8	Paper, Paper board and manufactures thereof	'000 T	55.6	12	159.0	25	371.4	187
II.9	Non-metallic mineral manufactures		—	6	—	33	—	555
	Of Which:							
II.9.1	Pearls, Precious and semi-precious stones, unworked or worked		—	1	—	25	—	417
II.10	Iron and Steel	'000 T	1325.2	123	683.4	147	2031.1	852
II.11	Non-ferrous Metals		—	47	—	119	—	477
III.	**Capital Goods**		—	**356**	—	**404**	—	**1910**
III.1	Manufactures of metals		—	23	—	9	—	90
III.2	Non-electrical machinery, apparatus and appliances		—	203	—	258	—	1089
III.3	Electrical machinery, apparatus and appliances		—	57	—	70	—	260
III.4	Transport Equipment		—	72	—	67	—	472
IV.	**Others (Unclassified)**		—	**25**	—	**99**	—	**499**
V.	**TOTAL**			**1122**		**1634**		**12549**

7.2: **PRINCIPAL IMPORTS (Contd.)**

(Value in Rs. Crores)

Sl. No.	Commodity	Unit of Quantity	1984-85		1985-86		1986-87	
			Qty.	Value	Qty.	Value	Qty.	Value
1	2	3	10	11	12	13	14	15
I.	**Food and Live Animals chiefly for Food (excl. cashew raw)........................**		**—**	**695**	**—**	**854**	**—**	**679**
	Of which:							
I.1	Cereals and cereal preparations:	'000 T	977.4	242	297.2	110	212.3	87
II.	**Raw Materials and Intermediate Manufactures**		**—**	**12896**	**—**	**13966**	**—**	**12169**
II.1	Cashew nuts (unprocessed)	'000 T	56.1	39	21.9	24	49.1	71
II.2	Crude Rubber (including synthetic and reclaimed)	'000 T	60.3	87	76.0	101	80.2	107
II.3	Fibres:		—	234	—	259	—	224
	Of which:							
II.3.1	Synthetic and regenerated fibres (man-made fibres)	'000 T	39.3	60	43.3	69	37.8	59
II.3.2	Raw Wool	'000 T	22.3	71	32.5	98	27.9	82
II.3.3	Raw Cotton	'000 T	0.0	0	10.9	13	*	*
II.3.4	Raw Jute	'000 T	71.0	32	19.8	6	8.3	3
II.4	Petroleum Oil and Lubricants	Mill,T	19.7	5409	19.0	4989	18.5	2811
II.5	Animal and Vegetable Oils and fats		—	1068	—	770	—	656
	Of Which:							
II.5.1	Edible Oils	'000 T	1141.2	921	1036.4	735	1473.9	626
II.6	Fertilizers and Chemical Products		—	2771	—	3256	—	2982
	Of Which:							
II.6.1	Fertilizers and Fertilizer material	'000 T	7653.0	1346	8066.0	1436	6958.8	921
II.6.2	Chemical Elements and Compounds		—	857	—	1089	—	1145
II.6.3	Dyeing, Tanning and Colouring material		—	42	—	56	—	66
II.6.4	Medical and Pharmaceutical products		—	137	—	177	—	214
II.6.5	Plastic material, regenerated cellulose and artificial resins		—	223	—	322	—	434
II.7	Pulp and waste paper	'000 T	402.9	176	551.2	246	569.7	244
II.8	Paper, Paper board and manufactures thereof	'000 T	271.3	196	237.2	226	270.6	217
II.9	Non-metallic mineral manufactures		—	1114	—	1201	—	1618
	Of Which:							
II.9.1	Pearls, Precious and semi-precious stones, unworked or worked		—	1032	—	1100	—	1489
II.10	Iron and Steel	'000 T	1971.8	941	2417.7	1395	3136.5	1556
II.11	Non-ferrous Metals		—	412	—	542	—	517
III.	**Capital Goods**		**—**	**3168**	**—**	**4285**	**—**	**6488**
III.1	Manufactures of metals		—	141	—	202	—	209
III.2	Non-electrical machinery, apparatus and appliances		—	1928	—	2593	—	4263
III.3	Electrical machinery, apparatus and appliances		—	730	—	923	—	1212
III.4	Transport Equipment		—	369	—	569	—	804
IV.	**Others (Unclassified)**		**—**	**376**	**—**	**553**	**—**	**760**
V.	**TOTAL**			**17134**		**19658**		**20096**

*Negligible

7.2: PRINCIPAL IMPORTS (Contd.)

(Value in Rs. Crores)

Sl. No.	Commodity	Unit of Quantity	1987-88		1988-89		1989-90 (P)	
			Qty.	Value	Qty.	Value	Qty.	Value
1	2	3	16	17	18	19	20	21
I.	**Food and Live Animals chiefly for Food (excl. cashew raw)........................**		—	N.A.	—	N.A.	—	N.A.
	Of which:							
I.1	Cereals and cereal preparations:	'000 T	143.5	66	2750.6	774	761.2	378
II.	**Raw Materials and Intermediate Manufactures**		—	N.A.	—	N.A.	—	N.A.
II.1	Cashew nuts (unprocessed)	'000 T	42.6	64	45.1	61	56.2	77
II.2	Crude Rubber (including synthetic and reclaimed)	'000 T	78.5	120	91.4	173	83.0	172
II.3	Fibres:		—	N.A.	—	N.A.	—	N.A.
	Of which:							
II.3.1	Synthetic and regenerated fibres (man-made fibres)	'000 T	20.5	33	20.5	37	30.1	69
II.3.2	Raw Wool	'000 T	33.4	132	22.5	157	21.4	172
II.3.3	Raw Cotton	'000 T	0.3	1	47.2	99	4.5	9
II.3.4	Raw Jute	'000 T	9.0	3	12.4	6	23.7	11
II.4	Petroleum Oil and Lubricants	Mill. T	22.0	4043	24.0	4358	25.6	6274
II.5	Animal and Vegetable Oils and fats		—	N.A.	—	N.A.	—	N.A.
	Of which:							
II.5.1	Edible Oils	'000 T	1944.9	969	1083.1	730	292.2	211
II.6	Fertilizers and Chemical Products		—	N.A.	—	N.A.	—	N.A.
	Of which:							
II.6.1	Fertilizers and Fertilizer material	'000 T	4375.0	508	5416.2	934	7081.7	1776
II.6.2	Chemical Elements and Compounds		—	1082	—	1894	—	2135
II.6.3	Dyeing, Tanning and Colouring material		—	89	—	92	—	146
II.6.4	Medical and Pharmaceutical products		—	168	—	236	—	272
II.6.5	Plastic material, regenerated cellulose and artificial resins		—	567	—	809	—	996
II.7	Pulp and waste paper	'000 T	473.7	239	410.1	260	450.6	304
II.8	Paper, Paper board and manufactures thereof	'000 T	282.8	270	255.3	303	260.2	358
II.9	Non-metallic mineral manufactures		—	N.A.	—	N.A.	—	N.A.
	Of which:							
II.9.1	Pearls, Precious and semi-precious stones, unworked or worked		—	2018	—	3176	—	4242
II.10	Iron and Steel	'000 T	2298.6	1320	2208.1	1933	3600.9	2305
II.11	Non-ferrous Metals		—	639	—	776	—	1253
III.	**Capital Goods**		—	**6566**	—	**6956**	—	**8831**
III.1	Manufactures of metals		—	161	—	193	—	271
III.2	Non-electrical machinery, apparatus and appliances		—	2826	—	2872	—	3532
III.3	Electrical machinery, apparatus and appliances		—	1093	—	1563	—	1921
III.4	Transport Equipment		—	760	—	753	—	1526
IV.	**Others (Unclassified)**		—	N.A.	—	N.A.	—	N.A.
V.	**TOTAL**			**22244**		**28235**		**35412**

NOTE: N.A.—Not Available
P—Provisional

7.3: PRINCIPAL EXPORTS

(Value in Rs. Crores)

Sl. No.	Commodity	Unit of Quantity	1960-61 Qty.	1960-61 Value	1970-71 Qty.	1970-71 Value	1980-81 Qty.	1980-81 Value
1	2	3	4	5	6	7	8	9
I.	**Agricultural and Allied Products: Of which:**		—	**284**	—	**487**	—	**2057**
I.1	Coffee	Mill. Kgs	19.7	7	32.2	25	87.3	214
I.2	Tea and Mate	Mill. Kgs	199.2	124	199.1	148	229.2	426
I.3	Oil Cakes	'000 Tonne	433.8	14	878.5	55	886.0	125
I.4	Tobacco	Mill. Kgs	47.5	16	49.8	33	91.3	141
I.5	Cashew Kernels	'000 Tonne	43.6	19	60.6	57	32.3	140
I.6	Spices	'000 Tonne	47.2	17	46.9	39	84.2	11
I.7	Sugar and Molasses	'000 Tonne	99.6	3	473.0	29	97.0	40
I.8	Raw Cotton	'000 Tonne	32.6	12	32.1	14	131.6	165
I.9	Rice	'000 Tonne	—	—	32.8	5	726.7	224
I.10	Fish and Fish preparations	'000 Tonne	19.9	5	32.6	31	69.4	217
I.11	Meat and Meat preparations	Value	—	1	—	3	—	56
I.12	Fruits and Vegetables and Pulses (excl. cashew kernels & processed fruits & juices)	Value	—	6	—	12	—	80
I.13	Miscellaneous Processed foods (incl. processed fruits and juices)	Value	—	1	—	4	—	36
II.	**Ores and Minerals (excl. Coal)** Of which:		—	**52**	—	**164**	—	**414**
II.1	Mica	Mill. Kgs	28.4	—	26.7	16	16.7	18
II.2	Iron Ore	'000 Tonne	3.2	17	21.2	117	22.4	303
III.	**Manufactured Goods** Of which:		—	**291**	—	**772**	—	**3747**
III.1	Textile fabric & manufactures (excl. carpet hand-made) Of which:	Value	—	73	—	145	—	933
III.1.1	Cotton yarn, fabrics made-ups etc.	Value	—	65	—	142	—	408
III.1.2	Readymade garments of all textile materials	Value	—	1	—	29	—	550
III.2	Coir yarn and manufactures	Value	—	6	—	13	—	17
III.3	Jute manufactures incl. twist & yarn	Lakh Tonnes	7.9	135	5.6	190	6.6	330
III.4	Leather & leather manufactures incl. leather footwear, leather travel goods & leather garments	Value	—	28	—	80	—	390
III.5	Handicrafts (incl. carpet hand-made) Of which:	Value	—	11	—	73	—	952
III.5.1	Gems and Jewellery	Value	—	1	—	45	—	618
III.6	Chemicals and allied products	Value	—	7	—	29	—	225
III.7	Machinery, Transport Equipment and metal manufactures including iron and steel	Value	—	22	—	198	—	827
IV.	**Mineral Fuels and Lubricants (incl. Coal)**	**Value**	—	**7**	—	**13**	—	**28**
V.	**Others**	**Value**	—	**9**	—	**100**	—	**466**
VI.	**TOTAL**			**643**		**1535**		**6711**

7.3: PRINCIPAL EXPORTS (Contd.)

(Value in Rs. Crores)

Sl. No.	Commodity	Unit of Quantity	1984-85 Qty.	1984-85 Value	1985-86 Qty.	1985-86 Value	1986-87 Qty.	1986-87 Value
1	2	3	10	11	12	13	14	15
I.	**Agricultural and Allied Products:** Of which:		...	2997	...	3018	...	3422
I. 1	Coffee	Mill.Kgs	67.5	210	98.9	265	73.4	297
I. 2	Tea and Mate	Mill.Kgs	213.9	767	205.6	626	192.4	577
I. 3	Oil Cakes	'000 Tonne	828.9	137	806.9	134	1044.6	190
I. 4	Tobacco	Mill.Kgs	93.7	178	80.5	170	89.3	185
I. 5	Cashew Kernels	'000 Tonne	32.4	180	37.1	225	43.0	328
I. 6	Spices	'000 Tonne	103.0	207	89.0	278	97.0	279
I. 7	Sugar and Molasses	'000 Tonne	278.0	35	37.9	16	3.1	1
I. 8	Raw Cotton	'000 Tonne	40.7	60	35.7	68	202.3	205
I. 9	Rice	'000 Tonne	247.7	169	245.0	196	248.3	197
I. 10	Fish and Fish preparations	'000 Tonne	90.4	381	87.5	409	110.6	539
I. 11	Meat and Meat Preparations	Value	...	83	...	74	...	76
I. 12	Fruits and Vegetables and Pulses (excl. cashew Kernels & processed fruits & juices)	Value	...	138	...	124	...	156
I. 13	Miscellaneous Processed foods (incl. processed fruits and juices)	Value	...	77	...	82	...	76
II.	**Ores and Minerals (excl. Coal)** Of which:		...	638	...	785	...	717
II. 1	Mica	Mill.Kgs	16.4	20	18.1	21	19.9	20
II. 2	Iron Ore	'000 Tonne	25.5	459	30.1	579	28.7	547
III.	**Manufactured Goods** Of which:		...	6210	...	6374	...	7808
III. 1	Textile fabric & manufactures (excl. carpet hand-made) Of which:	Value	...	1718	...	1795	...	2179
III. 1.1	Cotton yarn, fabrics made-ups etc.	Value	...	620	...	574	...	637
III. 1.2	Readymade garments of all textile materials	Value	...	953	...	1067	...	1331
III. 2	Coir yarn and manufactures	Value	...	28	...	34	...	34
III. 3	Jute manufactures incl. twist & yarn	Lakh Tonnes	3.0	341	2.5	262	2.9	244
III. 4	Leather & leather manufactures incl. leather, footwear, leather travel goods & leather garments	Value	...	724	...	770	...	922
III. 5	Handicrafts (incl. carpet hand-made) Of which:	Value	...	1751	...	1881	...	2548
III. 5.1	Gems and Jewellery	Value	...	1237	...	1503	...	2074
III. 6	Chemicals and allied products	Value	...	483	...	498	...	583
III. 7	Machinery, Transport Equipment and metal manufactures including iron and steel	Value	...	956	...	954	...	1133
IV.	**Mineral Fuels and Lubricants (incl. Coal)**	**Value**	...	**1823**	...	**655**	...	**418**
V.	**Others**	**Value**	...	**77**	...	**63**	...	**87**
VI.	**Total:**		...	**11744**	...	**10895**	...	**12452**

7.3: PRINCIPAL EXPORTS (Contd.)

(Value in Rs. Crores)

Sl. No.	Commodity	Unit of Quantity	1987-88 Qty.	1987-88 Value	1988-89 Qty.	1988-89 Value	1989-90(P) Qty.	1989-90(P) Value
1	2	3	16	17	18	19	20	21
I.	**Agricultural and Allied Products:**		...	**3379**	...	**3672**	...	**4879**
	Of which:							
I. 1	Coffee	Mill.Kgs	91.5	262	84	294	115	343
I. 2	Tea and Mate	Mill.Kgs	206.1	601	194	609	209	905
I. 3	Oil Cakes	'000 Tonne	1126.5	213	1609	409	2205	546
I. 4	Tobacco	Mill.Kgs	72.2	135	55	126	71	175
I. 5	Cashew Kernels	'000 Tonne	41.6	315	37	276	48	368
I. 6	Spices	'000 Tonne	88.4	334	100	272	97	247
I. 7	Sugar and Molasses	'000 Tonne	18.7	12	103	10	159	32
I. 8	Raw Cotton	'000 Tonne	80.2	110	17	21	53	128
I. 9	Rice	'000 Tonne	388.8	339	350	331	422	427
I. 10	Fish and Fish preparations	'000 Tonne	98.4	533	116	630	125	687
I. 11	Meat and Meat Preparations	Value	...	88	...	94	...	114
I. 12	Fruits and Vegetables and Pulses (excl. cashew Kernels & processed fruits & juices)	Value	...	129	...	173	...	208
I. 13	Miscellaneous Processed foods (incl. processed fruits and juices)	Value	...	177		180		160
II.	**Ores and Minerals (excl. Coal)**		...	**767**		**1164**		**1363**
	Of which:							
II. 1	Mica	Mill.Kgs	37.6	23	47	29	38	30
II. 2	Iron Ore	'000 Tonne	29.4	554	33	673	36	928
III.	**Manufactured Goods**		...	**10830**		**14838**		**20660**
	Of which:							
III. 1	Textile fabric & manufactures (excl. carpet hand-made)	Value	...	3294		3694		5360
	Of which:							
III. 1.1	Cotton yarn, fabrics made-ups etc.	Value	...	1131		1133		1400
III. 1.2	Readymade garments of all textile materials	Value	...	1818		2099		3224
III. 2	Coir yarn and manufactures	Value	...	30		32		41
III. 3	Jute manufactures incl. twist & yarn	Lakh Tonnes	2.6	241	2.2	235	2.9	298
III. 4	Leather & leather manufactures incl. leather, footwear, leather travel goods & leather garments	Value	...	1251		1522		1951
III. 5	Handicrafts (incl. carpet hand-made)	Value	...	3247		5190		6285
	Of which:							
III. 5.1	Gems and Jewellery	Value	...	2613		4392		5296
III. 6	Chemicals and allied products	Value	...	801		1296		2158
III. 7	Machinery, Transport Equipment and metal manufactures including iron and steel	Value	...	1497		2311		3284
IV.	**Mineral Fuels and Lubricants (incl. Coal)**	Value	...	**687**		518		**740**
V.	**Others**	Value	...	**40**		38		**39**
VI.	**Total:**		...	**15674**		**20232**		**27681**

P—Provisional

7.3: PRINCIPAL EXPORTS (Contd.)

NOTE: (i) Exports of crude petroleum because of swapping of Bombay High Crude Oil were 0.84 million tonnes valued at Rs. 196.2 crores in 1981-82, 4.6 million tonnes valued at Rs. 1063.4 crores in 1982-83, 5.5 million tonnes valued at Rs. 1231.1 crores in 1983-84, 6.5 million tonnes valued at Rs. 1563.2 crores in 1984-85 and Rs. 135.2 crores in 1985-86. For the subsequent years there were no crude oil exports.

(ii) Figures for 1987-88 and 1988-89 are Partially revised.

(iii) Value figures rounded off to Rs. crores.

Source: DGCI&S

7.4: DIRECTION OF TRADE

(Rs. Crores)

	COUNTRY	1960-61 EXPORTS	1960-61 IMPORTS	1970-71 EXPORTS	1970-71 IMPORTS	1980-81 EXPORTS	1980-81 IMPORTS	1984-85 EXPORTS	1984-85 IMPORTS
I.	**OECD**	**425**	**875**	**769**	**1042**	**3126**	**5740**	**5272**	**8344**
	Of which:								
I.1	(a) EEC	232	417	282	320	1447	2639	2002	4221
	Of which:								
I.1.1	(i) Belgium	5	15	20	12	145	296	193	794
I.1.2	(ii) France	9	21	18	21	147	280	191	357
I.1.3	(iii) F.R.G.	20	123	32	108	385	694	488	1289
I.1.4	(iv) Netherlands	9	11	14	19	152	215	195	365
I.1.5	(v) U.K.	172	217	170	127	395	731	613	933
I.2	(b) North America	120	347	235	570	806	1851	1897	2200
I.2.1	(i) Canada	18	20	28	117	62	332	131	499
I.2.2	(ii) U.S.A.	103	328	207	453	743	1619	1766	1701
I.3	(c) Asia and Ocenia	65	80	234	122	708	932	1190	1471
	Of which:								
I.3.1	(i) Australia	22	18	25	37	92	170	138	201
I.3.2	(ii) Japan	35	61	204	83	598	749	1029	1240
II.	**OPEC**	**26**	**51**	**99**	**126**	**745**	**3488**	**944**	**3326**
	Of which:								
II.1	(i) Iran	5	30	27	92	123	1339	134	485
II.2	(ii) Iraq	3	2	10	3	52	753	49	675
II.3	(iii) Kuwait	3	0	16	6	97	338	107	370
II.4	(iv) Saudi Arabia	3	14	15	24	165	540	272	1263
III.	**EASTERN EUROPE**	**45**	**38**	**323**	**220**	**1486**	**1296**	**2242**	**2152**
	Of which:								
III.1	(i) G.D.R.	3	3	25	19	49	44	80	71
III.2	(ii) Romania	1	5	14	17	58	97	70	117
III.3	(iii) U.S.S.R.	29	16	210	106	1226	1014	1880	1788
IV.	**DEVELOPING COUNTRIES***	**95**	**132**	**305**	**239**	**1286**	**1966**	**1441**	**3243**
	Of which:								
IV.1	(i) Africa	40	63	129	169	350	205	305	389
IV.2	(ii) Asia	45	64	166	54	900	1431	1115	2397
IV.3	(iii) Latin America and Carribean	10	5	10	16	36	313	21	457
V.	**OTHERS**	**51**	**25**	**40**	**8**	**68**	**60**	**1845**	**69**
VI.	**TOTAL:**	**642**	**1122**	**1535**	**1634**	**6711**	**12549**	**11744**	**17134**

*Excluding members of OPEC

7.4: DIRECTION OF TRADE (*Contd.*)

(Rs. Crores)

COUNTRY	1985-86 EXPORTS	1985-86 IMPORTS	1986-87 EXPORTS	1986-87 IMPORTS	1987-88 EXPORTS	1987-88 IMPORTS	1988-89 EXPORTS	1988-89 IMPORTS	1989-90 EXPORTS	1989-90 IMPORTS
I. OECD	**5532**	**10527**	**7004**	**12903**	**8838**	**12380**	**11300**	**16059**	**14743**	**20228**
Of which:										
I.1 (a) EEC	1929	5234	2736	6549	3934	7400	4926	9005	[illegible]	11736
Of which:										
I.1.1 (i) Belgium	225	951	343	1096	484	1371	885	2055	1209	2696
I.1.2 (ii) France	203	583	271	685	379	798	427	[illegible]	638	1612
I.1.3 (iii) F.R.G.	513	1544	733	1918	1059	2159	[illegible]	2458	1778	2750
I.1.4 (iv) Netherlands	158	296	226	389	279	442	402	536	530	549
I.1.5 (v) U.K.	524	1251	700	1661	1015	1828	1153	2398	1602	2974
I.2 (b) North America	2106	2515	2469	2258	3086	2300	3924	3667	4738	4713
I.2.1 (i) Canada	132	451	137	372	166	299	197	428	264	454
I.2.2 (ii) U.S.A.	1974	2064	2332	1886	2920	2002	3728	3239	4474	4259
I.3 (c) Asia and Ocenia	1304	2257	1501	3041	1819	2679	2450	3387	3099	3779
Of which:										
I.3.1 (i) Australia	123	442	146	406	180	503	265	707	335	892
I.3.2 (ii) Japan	1164	1774	1334	2592	1614	2126	2154	2631	2727	2820
II. OPEC	**835**	**3420**	**774**	**1950**	**962**	**2951**	**1193**	**3779**	**1841**	**5072**
Of which:										
II.1 (i) Iran	95	885	47	140	139	144	89	129	132	390
II.2 (ii) Iraq	34	547	18	126	18	611	53	194	126	461
II.3 (iii) Kuwait	121	340	93	290	106	472	144	521	198	1160
II.4 (iv) Saudi Arabia	221	794	214	863	278	765	323	1893	429	1448
III. EASTERN EUROPE	**2294**	**2169**	**2390**	**1537**	**2594**	**2126**	**3356**	**1947**	**5337**	**2990**
Of which:										
III.1 (i) G.D.R.	95	85	88	84	112	93	183	133	216	197
III.2 (ii) Romania	98	144	80	101	61	58	38	72	123	106
III.3 (iii) U.S.S.R	2006	1678	1867	1006	1963	1608	2609	1258	4463	2038
IV. DEVELOPING COUNTRIES*	**1463**	**3466**	**1871**	**3696**	**2204**	**3789**	**3315**	**5246**	**4254**	**6009**
Of which:										
IV.1 (i) Africa	289	593	278	881	304	614	384	925	521	839
IV.2 (ii) Asia	1156	2344	1562	2469	1866	2680	2821	3737	3641	4449
IV.3 (iii) Latin America and Carribean	18	529	31	406	33	494	110	584	92	722
V. OTHERS	**771**	**75**	**414**	**10**	**1076**	**998**	**1068**	**1204**	**1507**	**1113**
	[illegible]0895	**19658**	**12452**	**20096**	**15674**	**22244**	**20232**	**28235**	**27681**	**35412**

*Excluding members of OPEC

7.5 : INDIA'S SHARE IN WORLD EXPORTS BY COMMODITY DIVISIONS/GROUPS

(Value in US Million Dollars)

DIV. S. No.	CODE GROUP	COMMODITY DIVISION/GROUP	1970 WORLD	1970 INDIA	INDIA'S SHARE (%)	1975 WORLD	1975 INDIA	INDIA'S SHARE (%)
1	2	3	4	5	6	7	8	9
01		Meat and meat preparations	3584	4	0.1	7378	9	0.1
03		Fish, crustaceans and molluses & prep. thereof	—	—	—	—	—	—
04		Cereals and cereal preparations	6775	9	0.1	25133	16	0.1
	042	Rice	925	6	0.6	1984	12	0.6
05		Vegetables and fruits	1471	17	1.2	10104	154	1.5
06		Sugar, sugar preparations and honey	2700	26	1.0	11663	554	4.8
07		Coffee, tea, cocoa, spices and manuf. thereof	5437	280	5.1	9133	438	4.8
	071	Coffee and coffee substitutes	3205	31	1.0	4580	73	1.6
	074	Tea and mate	587	196	33.4	933	292	31.3
	075	Spices	255	52	20.5	548	73	13.3
08		Feeding stuff for animals	—	—	—	—	—	—
12		Tobacco and tobacco anufactures	1713	43	2.5	3827	124	3.2
	121	Tobacco unmanufacture, tobacco refuse	1058	42	4.0	2357	119	5.0
	122	Tobacco manufacture	655	1	0.2	1470	5	0.4
22		Oilseed and oleaginous fruit	—	—	—	—	—	—
28		Metalliferous ores and metal scrap	7357	193	2.6	13446	253	1.9
	281	Iron ore and concentrates	2373	158	6.7	4601	247	5.4
51		Organic chemicals	6648	9	0.1	20219	22	0.1
52		Inorganic chemicals	—	—	—	—	—	—
53		Dying, tanning and colouring materials	1615	8	0.5	3642	23	0.6
54		Medicinal and pharmaceutical products	2687	11	0.4	6503	29	0.4
55		Essential oils and perfume materials toilets, polishing and cleaning preparations	916	10	1.1	3059	18	0.6
57		Explosives and pyrotechnic products	—	—	—	—	—	—
58		Artifical resins & plastic materials & cellulose esters & others	—	—	—	—	—	—
59		Chemical materials and products n.e.s.	—	—	—	—	—	—
61		Leather, leather mfrs, n.e.s. & dressed furskins	1047	95	9.1	2380	200	8.4
	611	Leather	701	94	13.4	1540	189	12.3
	612	Mfrs. of leather or of composition leather n.e.s.	132	1	0.6	355	4	1.0
	613	Furskins, tanned or dressed etc.	214	—	—	486	8	1.6
65		Textiles yarn, fabrics, made up articles n.e.s. and related products	11371	461	4.1	23798	599	2.5
	652	Cotton fabrics woven	1436	98	6.8	3149	161	5.1
	653	Fabrics, woven of man made fibres	3967	189	4.8	8038	191	2.4
	654	Textile fabrics woven, other than of cotton or man made fibres	270	2	0.8	547	5	0.9
	667	Pearls, precious and semi-precious stones	2431	53	2.2	5707	128	2.2
67		Iron and steel	14540	132	0.9	40789	116	0.3
69		Manufactures of metals n.e.s.	4328	27	0.6	12053	74	0.6
71		Power generating machinery & equipment	20884	25	0.1	54327	97	0.2
72		Machinery specialised for particular industries	10670	17	0.2	67016	102	0.2
73		Metal working machinery	—	—	—	—	—	—
74		General industrial machinery & equipment n.e.s. & machine parts thereof	—	—	—	—	—	—
75		Office machinery and ADP equipment	—	—	—	—	—	—
76		Telecommunication and sound recording and reproducing apparatus and equipment	—	—	—	—	—	—
77		Electrical machinery, apparatus and appliances n.e.s.	—	—	—	—	—	—
78		Road vehicles (including air cushion vehicles)	—	—	—	—	—	—
79		Other transport equipment	—	—	—	—	—	—
84		Articles of apparel and clothing accessories	109	—	—	308	—	—
		Total Exports (including others)	**313706**	**2026**	**0.6**	**875500**	**4365**	**0.5**

7.5 : INDIA'S SHARE IN WORLD EXPORTS BY COMMODITY DIVISIONS/GROUPS

(Value in US Million Dollars)

DIV. S. No.	CODE GROUP	COMMODITY DIVISION/GROUP	1980 WORLD	INDIA	INDIA'S SHARE (%)	1985 WORLD	INDIA	INDIA'S SHARE (%)
1	2	3	10	11	12	13	14	15
01		Meat and meat preparations	17832	67	0.4	15694	52	0.3
03		Fish, crustaceans and molluses & prep. thereof	12258	242	2.0	14059	383	2.7
04		Cereals and cereal preparations	41989	201	0.5	32414	50	0.2
	042	Rice	4355	160	3.7	2772	40	1.4
05		Vegetables and fruits	24018	259	1.1	13418	87	0.7
06		Sugar, sugar preparations and honey	16183	46	0.3	9984	24	0.2
07		Coffee, tea, cocoa, spices and manuf. thereof	22121	879	4.0	19597	464	2.4
	071	Coffee and coffee substitutes	12979	271	2.1	11169	153	1.4
	074	Tea and mate	1631	452	27.7	1664	220	13.2
	075	Spices	1072	156	14.5	1059	92	8.7
08		Feeding stuff for animals	10322	164	1.6	8508	112	1.3
12		Tobacco and tobacco manufactures	3423	151	4.4	7752	74	0.9
	121	Tobacco unmanufactured, tobacco refuse	3423	151	4.4	3767	69	1.8
	122	Tobacco manufactured	—	—	—	3985	5	0.1
22		Oilseed and oleaginous fruit	9487	30	0.3	7803	7	0.1
28		Metalliferous ores and metal scrap	30239	465	1.5	22481	645	2.9
	281	Iron ore and concentrates	6515	411	6.3	6205	583	9.4
51		Organic chemicals	31841	17	0.1	36611	29	0.1
52		Inorganic chemicals	15491	26	0.2	16435	18	0.1
53		Dying, tanning and colouring materials	7986	65	0.8	7966	35	0.4
54		Medicinal and pharmaceutical products	13918	109	0.8	15787	50	0.3
55		Essential oils and perfume materials toilets, polishing and cleaning preparations	7647	86	1.1	8089	35	0.4
57		Explosives and pyrotechnic products	630	1	0.1	840	1	0.2
58		Artificial resins & plastic materials & cellulose esters & others	27223	3	—	28409	9	0.0
59		Chemical materials and products n.e.s.	15960	8	—	16572	12	0.1
61		Leather, leather mfrs., n.e.s. & dressed furskins	5967	405	6.8	6356	431	6.8
	611	Leather	3415	342	10.0	4204	334	7.9
	612	Mfrs. of leather or of composition leather n.e.s. and related products	975	62	6.3	1127	97	8.6
	613	Furskins, tanned or dressed etc.	1577	1	0.1	1026	0	0.0
65		Textiles yarn, fabrics, made up articles n.e.s. and related products	48884	1145	2.3	47965	933	1.9
	652	Cotton fabrics woven	6632	351	5.3	6677	238	3.6
	653	Fabrics, woven of man made fibres	9325	44	0.5	9701	25	0.3
	654	Textile fabrics woven, other than of cotton or man made fibres	3188	204	6.4	3450	148	4.3
	667	Pearls, precious and semi-precious stones	18563	579	3.1	—	—	—
67		Iron and steel	68231	87	0.1	61133	80	0.1
69		Manufactures of metals n.e.s.	36840	221	0.6	32832	189	0.6
71		Power generating mechinery & equipment	35722	88	0.2	38436	47	0.1
72		Machinery specialised for particular industries	58495	65	0.1	54685	49	0.1
73		Metal working mechinery	15671	32	0.2	12660	16	0.1
74		General industrial machinery & equipment n.e.s. & machine parts thereof	59443	67	0.1	53924	66	0.1
75		Office machinery and ADP equipment	24750	2	0.0	53623	43	0.1
76		Telecommunication and sound recording and reproducing apparatus and equipment	26799	11	0.0	47304	7	0.0
77		Electrical machinery, apparatus and appliances n.e.s.	60947	114	0.2	75665	63	0.1
78		Road vehicles (including air cushion vehicles)	127347	208	0.2	157289	80	0.1
79		Other transport equipment	41291	32	0.1	32755	115	0.4
84		Articals of apparel and clothing accessories	32365	590	1.8	38712	908	2.3
		Total Exports (including others)	**1989867**	**8378**	**0.4**	**1926536**	**8750**	**0.5**

7.5 : INDIA'S SHARE IN WORLD EXPORTS BY COMMODITY DIVISIONS/GROUPS *(Contd.)*

(Value in US Million Dollars)

DIV. S. No.	CODE GROUP	COMMODITY DIVISION/GROUP	1986 WORLD	INDIA'S SHARE INDIA	(%)	1987 WORLD	INDIA'S SHARE INDIA	(%)
1	2	3	16	17	18	19	20	21
01		Meat and meat preparations	19071	50	0.3	22845	40	0.2
03		Fish, crustaceans and molluses & prep. thereof	18940	471	2.5	23573	516	2.2
04		Cereals and cereal preparations	28749	68	0.2	28709	60	0.2
	042	Rice	2645	51	1.9	2106	43	2.0
05		Vegetables and fruits	16484	92	0.6	20773	92	0.4
06		Sugar, sugar preparations and honey	11131	23	0.2	11225	14	0.1
07		Coffee, tea, cocoa, spices and manuf. thereof	25395	684	2.7	22222	518	2.3
	071	Coffee and coffee substitutes	15822	231	1.5	11838	146	1.2
	074	Tea and mate	1445	223	15.4	1534	221	14.4
	075	Spices	1349	229	17.0	1504	151	10.0
08		Feeding stuff for animals	10655	151	1.4	11644	149	1.3
12		Tobacco and tobacco manufactures	8396	59	0.7	10045	64	0.6
	121	Tobacco unmanufacture, tobacco refuse	3563	53	1.5	3773	58	1.5
	122	Tobacco manufacture	4833	6	0.1	6272	6	0.1
22		Oilseed and oleaginous fruit	7892	6	0.1	8936	7	0.1
28		Metalliferous ores and metal scrap	22359	642	2.9	25307	639	2.5
	281	Iron ore and concentrates	6418	599	9.3	6791	600	8.8
51		Organic chemicals	40943	48	0.1	50064	342	0.7
52		Inorganic chemicals	17962	20	0.1	19950	24	0.1
53		Dying, tanning and colouring materials	10614	57	0.5	13325	87	0.7
54		Medicinal and pharmaceutical products	20865	54	0.3	24354	57	0.2
55		Essential oils and perfume materials toilets, polishing and cleaning preparations	9920	34	0.3	12382	37	0.3
57		Explosives and pyrotechinc products	893	1	0.1	1308	1	0.1
58		Artifical resins & plastic materials & cellulose esters & others	35755	8	0.0	45868	10	0.0
59		Chemical materials and products n.e.s.	19646	12	0.1	23757	14	0.1
61		Leather, leather mfrs., n.e.s. & dressed furskins	7727	428	5.5	10204	603	5.9
	611	Leather	5007	333	6.7	6670	460	6.9
	612	Mfrs. of leather or of composition leather n.e.s. and related products	1341	95	7.1	1763	143	8.1
	613	Furskins, tanned or dressed etc.	1379	0	0.0	1771	0	0.0
65		Textiles yarn, fabrics, made up articles n.e.s. and related products	58548	1011	1.7	71772	1490	2.1
	652	Cotton fabrics woven	8383	218	2.6	10443	360	3.4
	653	Fabrics, woven of man made fibres	11975	17	0.1	13700	22	0.2
	654	Textile fabrics woven, other than of cotton or man made fibres	4029	159	4.0	4926	185	3.8
	667	Pearls, precious and semi-precious stones	—	—	—	—	—	—
67		Iron and steel	64158	49	0.1	71340	92	0.1
69		Manufactures of metals n.e.s.	39107	187	0.5	45718	242	0.5
71		Power generating machinery & equipment	44573	52	0.1	53098	58	0.1
72		Machinery specialised for particular industries	66298	58	0.1	78754	79	0.1
73		Metal working machinery	17411	18	0.1	19902	14	0.1
74		General industrial machinery & equipment n.e.s. & machine parts thereof	66139	65	0.1	78790	81	0.1
75		Office machinery and ADP equipment	65077	48	0.1	83342	46	0.1
76		Telecommunication and sound recording and reproducing apparatus and equipment	57078	11	0.0	141359	15	0.0
77		Electrical machinery, apparatus and appliances n.e.s.	93432	63	0.1	117819	78	0.1
78		Road vehicles (including air cushion vehicles)	194278	86	0.0	261480	97	0.0
79		Other transport equipment	48565	10	0.0	55047	3	0.0
84		Articles of apparel and clothing accessories	50212	1165	2.3	56425	1463	2.6
		Total Exports (including others)	**2117343**	**9187**	**0.4**	**N.A.**	**N.A.**	**N.A.**

Source: International Trade Statistics Year Book : United Nations 1987

7.6 : INDEX NUMBERS OF FOREIGN TRADE

(Base : 1978-79=100)

YEAR	EXPORTS		IMPORTS		TERMS OF TRADE		
	U.V.I.	Q.I.	U.V.I	Q.I.	GROSS	NET	INCOME
1	2	3	4	5	6	7	8
1969-70	44.0	55.7	35.2	64.9	116.5	125.0	69.6
‡1970-71	45.0	59.0	35.3	67.2	113.9	127.4	75.2
‡1971-72	46.0	59.2	32.8	80.6	136.1	140.2	83.0
‡1972-73	51.2	66.5	34.2	76.7	115.3	149.7	99.6
‡1973-74	62.2	69.5	48.9	87.2	125.4	127.2	88.4
‡1974-75	78.0	73.7	84.5	77.2	104.7	92.3	68.4
‡1975-76	83.9	81.7	99.1	76.0	93.0	84.7	69.2
‡1976-77	89.4	96.8	96.3	76.1	78.6	92.9	89.9
‡1977-78	100.3	93.2	88.0	100.0	107.3	114.0	106.2
1978-79	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1979-80	105.4	106.2	114.1	116.4	109.7	92.4	98.1
1980-81	108.5	108.1	134.2	137.9	127.6	80.8	87.3
1981-82	124.1	110.1	133.1	150.6	136.8	93.2	102.6
1982-83	132.0	116.7	136.3	154.6	132.4	96.8	113.0
1983-84	151.0	113.0	125.8	185.4	164.1	120.0	135.6
1984-85	169.8	120.8	161.7	156.1	129.2	105.0	126.8
1985-86	170.8	111.3	158.8	182.3	163.8	107.6	119.8
1986-87	179.4	121.3	139.4	212.3	175.0	128.6	156.0
1987-88	195.4	140.0	160.0	204.8	146.3	122.1	170.9
1988-89	232.2	152.1	185.5	224.2	147.4	125.2	190.4

‡Converted from the original base with the help of linking factors.
U.V.I. = Unit Value Index
Q.I. = Quantum Index
Source : DGCI&S.

8.1: AUTHORISATION OF EXTERNAL ASSISTANCE CLASSIFIED BY SOURCE

(Rs. crores)

Source and type of assistance	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90
1	2	3	4	5	6	7	8	9	10	11
I. Consortium Members										
(a) Loans	**2614.9**	**2659.8**	**2495.6**	**1364.7**	**4409.3**	**4118.4**	**3344.0**	**6371.5**	**5705.3**	**7232.1**
(b) Grants	**68.8**	**175.7**	**363.8**	**330.6**	**302.2**	**313.4**	**378.0**	**888.0**	**177.1**	**545.3**
Total	**2683.7**	**2835.5**	**2859.4**	**1695.3**	**4711.5**	**4431.8**	**3722.0**	**7259.5**	**5882.4**	**7777.4**
Country-wise Distribution										
(i) Austria										
(a) Loans	1.7	2.9	..	5.6	..	..	9.0	..	..	..
(b) Grants	..	..	..	..	..	..	..	..	..	..
Total	1.7	2.9	..	5.6	..	..	9.0	..	..	..
(ii) Belgium										
(a) Loans	..	10.5	7.4	6.9	..	..	..	..	..	10.8
(b) Grants	..	..	..	..	..	..	..	..	..	..
Total	..	10.5	7.4	6.9	..	..	..	..	..	10.8
(iii) Canada										
(a) Loans	65.8	108.5	..	37.0	196.8	2.7	..	..	..	..
(b) Grants	4.9	..	..	..	1.8	..	5.6	399.1	4.2	85.2
Total	70.7	108.5	..	37.0	198.6	2.7	5.6	399.1	4.2	85.2
(iv) Denmark										
(a) Loans	..	18.3	17.7	22.0	26.6	..	30.4	..	..	..
(b) Grants	..	..	..	3.8	.	..	..	48.7	..	47.2
Total	..	18.3	17.7	25.8	26.6	..	30.4	48.7	..	47.2
(v) France										
(a) Loans	182.0	126 4	243.3	2.6	32.8	143.7	87.3	166.5	292.8	369.1
(b) Grants	..	..	..	..	..	..	..	..	..	50.7
Total	182.0	126.4	243.3	2.6	32.8	143.7	87.3	166.5	292.8	419.8
(vi) Federal Republic of Germany										
(a) Loans	215.2	56.0	227.4	87.1	214.4	165.0	213.0	508.9	426.5	252.3
(b) Grants	..	..	..	2.8	..	..	..	1.1	2.2	..
Total	215.2	56.0	227.4	89.9	214.4	165.0	213.0	510.0	428.7	252.3
(vii) Italy										
(a) Loans	..	..	..	..	..	77.3	51.4	110.9	..	..
(b) Grants	..	..	39.1	..	..	..	..	..	..	..
Total	..	..	39.1	..	..	77.3	51.4	110.9	..	..
(viii) Japan										
(a) Loans	46.6	294.5	83.3	..	451.2	223.6	635.4	895.3	1120.6	385.3
(b) Grants	15.0	15.9	15.8	8.6	16.1	16.1	32.3	24.8	57.5	32.6
Total	61.6	310.4	99.1	8.6	467.3	239.7	667.7	920.1	1178.1	417.9
(ix) Netherlands										
(a) Loans	67.7	58.1	..	..	20.3	4.9	37.1	168.8	6.1	84.4
(b) Grants	22.1	21.3	..	77.7	..	..	36.5	5.2	..	..
Total	89.8	79.4	..	77.7	20.3	4.9	73.6	174.0	6.1	84.4
(x) Sweden										
(a) Loans	..	..	..	..	..	..	..	..	..	232.3
(b) Grants	..	72.7	..	45.6	..	106.4	..	159.6	..	179.8
Total	..	72.7	..	45.6	..	106.4	..	159.6	..	412.1
(xi) U.K.										
(a) Loans	..	..	..	..	..	..	..	..	..	..
(b) Grants	..	64.3	285.9	152.7	260.3	171.4	265.9	219.2	78.7	81.5
Total	..	64.3	285.9	152.7	260.3	171.4	265.9	219.2	78.7	81.5
(xii) U.S.A.										
(a) Loans	135.0	11.7	67.4	77.0	93.9	47.0	57.9	25.4	..	..
(b) Grants	26.8	1.5	23.0	39.4	24.0	19.5	37.7	30.3	34.5	68.3
Total	161.8	13.2	90.4	116.4	117.9	66.5	95.6	55.7	34.5	68.3

8.1: AUTHORISATION OF EXTERNAL ASSISTANCE CLASSIFIED BY SOURCE (Contd.)

(Rs. crores)

Source and type of assistance	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90
1	2	3	4	5	6	7	8	9	10	11
(xiii) I.B.R.D.	362.2	666.3	1087.0	520.6	2220.7	2362.3	1875.3	3231.3	3004.3	4442.4
(xiv) I.D.A.	1538.7	1306.6	762.1	605.9	1152.6	1092.0	347.2	1264.4	855.0	1455.6
II. U.S.S.R. and East European Countries										
Loans	**485.7**	..	..	**144.6**	..	**1134.0**	**2055.5**	**1162.7**	**6210.0**	**2212.6**
Country-wise Distribution										
(i) U.S.S.R.										
Loans	485.7	..	..	144.6	..	1134.0	2055.5	1162.7	6210.0	1880.0
(ii) Hungary										
Loans	..	..	..	..	..	..	..	..	..	332.6
III. Others										
(a) Loans	**670.6**	**106.7**	**53.8**	**191.5**	..	**84.6**	**330.5**	**668.9**	**940.3**	**661.1**
(b) Grants	**7.0**	**31.7**	**59.5**	**56.3**	**168.5**	..	**51.5**	**174.2**	**37.1**	**174.9**
Total	**677.6**	**138.4**	**113.3**	**247.8**	**168.5**	**84.6**	**382.0**	**843.1**	**977.4**	**836.0**
(i) Switzerland										
(a) Loans	..	..	..	48.6	..	..	..	..	..	..
(b) Grants	..	..	12.5	14.6	..	..	..	27.1	..	..
Total	..	..	12.5	63.2	..	..	..	27.1	..	..
(ii) European Economic Community/ United Nations Emergency Operations										
(a) Loans	..	..	..	..	..	..	..	..	..	..
(b) Grants	..	26.7	47.0	41.7	168.5	..	51.5	147.1	37.1	171.3
Total	..	26.7	47.0	41.7	168.5	..	51.5	147.1	37.1	171.3
(iii) O.P.E.C. Fund										
(a) Loans	39.8	..	29.3	23.4	..	..	9.0	10.4	14.6	..
(iv) Saudi Arab Fund for Development										
(a) Loans	..	29.2	..	30.7	..	51.6	..	50.2	..	..
(v) Kuwait Funds for Arab Economic Development										
(a) Loans	..	77.5	..	52.1	..	30.8	..	..	36.1	..
(b) Grants	7.0	5.0	..	..	..	..	..	..	..	..
Total	7.0	82.5	..	52.1	..	30.8	..	..	36.1	..
(vi) International Fund for Agricultural Development										
(a) Loans	13.9	..	24.5	36.7	..	..	..	15.9	..	25.3
(vii) Iraq										
(a) Loans	82.9	..	..	..	..	..	..	..	..	..
(viii) IMF Trust Fund										
(a) Loans	534.0	..	..	..	..	..	..	..	..	..
(ix) International Sugar Organisation										
(a) Loans	..	..	..	..	..	2.2	..	..	..	..
(x) ADB										
(a) Loans	..	..	..	..	..	..	321.5	592.4	889.6	631.9
(xi) Spain										
(a) Loans	..	..	..	..	..	..	..	..	..	0.9
(b) Grants	..	..	..	..	..	..	..	..	..	..
Total	..	..	..	..	..	..	..	..	..	0.9
(xii) Norway										
(a) Loans	..	..	..	..	..	..	..	..	..	..
(b) Grants	..	..	..	..	..	..	..	..	..	3.6
Total	..	..	..	..	..	..	..	..	..	3.6
GRAND TOTAL	**3847.0**	**2973.9**	**2972.7**	**2087.7**	**4880.0**	**5650.4**	**6159.5**	**9265.3**	**13069.8**	**10826.0**
(a) Loans	**3771.2**	**2766.5**	**2549.4**	**1700.8**	**4409.3**	**5337.0**	**5730.0**	**8203.1**	**12855.6**	**10105.8**
(b) Grants	**75.8**	**207.4**	**423.3**	**386.9**	**470.7**	**313.4**	**429.5**	**1062.2**	**214.2**	**720.2**

Note: Figures of authorisation of assistance include agreements signed on Government and non-Government account.

8.2: UTILISATION OF EXTERNAL ASSISTANCE

(Rs. crores)

Source and type of assistance	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90
1	2	3	4	5	6	7	8	9	10	11
I. Consortium Members										
(a) Loans	**1687.1**	**1471.5**	**1793.9**	**1860.8**	**1765.0**	**2270.2**	**2957.4**	**4290.9**	**4375.3**	**4681.8**
(b) Grants	**311.9**	**265.1**	**228.2**	**201.1**	**308.8**	**281.6**	**336.8**	**299.1**	**352.0**	**507.1**
Total	**1999.0**	**1736.6**	**2022.1**	**2061.9**	**2073.8**	**2551.8**	**3294.2**	**4590.0**	**4727.3**	**5188.9**
Country-wise Distribution										
(i) Austria										
(a) Loans	2.0	4.0	2.8	2.2	2.3	3.6	1.7	. .	. .	7.2
(b) Grants	0.6	. .	. .	. .	. .	. .	. .	. .	. .	. .
Total	2.6	4.0	2.8	2.2	2.3	3.6	1.7	. .	. .	7.2
(ii) Belgium										
(a) Loans	5.5	7.1	4.4	6.0	6.1	3.0	5.8	6.1	1.2	1.4
(b) Grants	. .	. .	. .	. .	. .	. .	. .	. .	. .	. .
Total	5.5	7.1	4.4	6.0	6.1	3.0	5.8	6.1	1.2	1.4
(iii) Canada										
(a) Loans	21.3	26.6	31.4	30.7	48.9	40.2	27.3	9.7	. .	. .
(b) Grants	. .	. .	. .	. .	. .	. .	. .	16.9	19.8	23.5
Total	21.3	26.6	31.4	30.7	48.9	40.2	27.3	26.6	19.8	23.5
(iv) Denmark										
(a) Loans	2.9	6.8	21.6	11.5	17.4	10.8	17.6	21.8	9.5	7.3
(b) Grants	. .	. .	. .	8.3	14.9	10.1	20.8	28.2	16.2	12.8
Total	2.9	6.8	21.6	19.8	32.3	20.9	38.4	50.0	25.7	20.1
(v) France										
(a) Loans	70.1	37.3	39.6	49.4	102.7	170.0	233.0	247.0	129.4	161.8
(b) Grants	. .	. .	. .	. .	. .	. .	. .	. .	. .	51.4
Total	70.1	37.3	39.6	49.4	102.7	170.0	233.0	247.0	129.4	213.2
(vi) Federal Republic of Germany										
(a) Loans	142.3	126.6	135.4	115.0	125.6	145.4	260.0	256.4	274.5	285.7
(b) Grants	1.2	0.7	1.8	0.3	1.3	1.5	0.1	0.5	0.7	0.9
Total	143.5	127.3	137.2	115.3	126.9	146.9	260.1	256.9	275.2	286.6
(vii) Italy										
(a) Loans	. .	. .	. .	. .	8.7	11.9	31.3	93.4	42.5	104.7
(b) Grants	. .	. .	. .	. .	. .	. .	. .	. .	. .	. .
Total	. .	. .	. .	. .	8.7	11.9	31.3	93.4	42.5	104.7
(viii) Japan										
(a) Loans	62.0	25.8	111.9	129.3	52.4	157.8	384.9	607.7	318.3	421.0
(b) Grants	28.2	9.9	16.3	10.1	15.8	17.3	24.4	20.5	70.9	46.5
Total	90.2	35.7	128.2	139.4	68.2	175.1	409.3	628.2	389.2	467.5
(ix) Netherlands										
(a) Loans	72.5	85.6	32.0	38.9	16.6	45.8	49.9	79.4	89.8	52.6
(b) Grants	33.8	18.0	17.6	31.8	51.4	34.7	57.7	46.2	45.9	68.4
Total	106.3	103.6	49.6	70.7	68.0	80.5	107.6	125.6	135.7	121.0
(x) Sweden										
(a) Loans	. .	. .	. .	. .	. .	. .	. .	. .	. .	90.2
(b) Grants	52.9	33.6	32.3	27.0	27.1	12.8	20.8	16.0	36.4	162.3
Total	52.9	33.6	32.3	27.0	27.1	12.8	20.8	16.0	36.4	252.5
(xi) U.K.										
(a) Loans	1.5	. .	. .	. .	. .	. .	. .	. .	. .	. .
(b) Grants	195.2	202.8	159.9	121.6	187.5	194.8	199.7	131.2	154.7	125.9
Total	196.7	202.8	159.9	121.6	187.5	194.8	199.7	131.2	154.7	125.9
(xii) U.S.A.										
(a) Loans	82.4	69.6	29.2	74.1	41.8	59.9	113.4	83.3	40.1	40.4
(b) Grants	. .	0.1	0.3	2.0	10.8	10.4	13.3	39.6	7.4	15.4
Total	82.4	69.7	29.5	76.1	52.6	70.3	126.7	122.9	47.5	55.8

8.2: UTILISATION OF EXTERNAL ASSISTANCE (Contd.)

(Rs. crores)

Source and type of assistance	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90
1	2	3	4	5	6	7	8	9	10	11
(xiii) I.B.R.D.	138.8	376.9	286.5	485.7	344.0	394.6	800.7	1658.7	2360.8	2543.0
(xiv) I.D.A.	522.0	692.9	1085.1	899.7	979.9	1198.0*	1011.0	1206.6	1079.9	948.6
(xv) EEC (Special Action Credit)	19.0	..	..	..	..	..	..	..	..	..
(xvi) IFAD	7.3	12.3	14.0	18.3	18.6	29.2	20.8	20.8	29.3	17.9
(xvii) IMF Trust Fund	537.5	..	..	..	..	..	..	..	..	..
II. USSR and East European Countries										
Loans	**32.9**	**22.6**	**40.0**	**74.7**	**108.0**	**161.2**	**175.5**	**222.1**	**218.8**	**240.5**
Country-wise Distribution										
(i) U.S.S.R.										
(a) Loans	32.9	22.6	40.0	74.7	108.0	161.2	175.5	222.1	207.2	218.4
(ii) Czechoslovakia										
(a) Loans	..	..	..	..	..	..	..	..	11.6	22.1
III. Others										
(a) Loans	**45.3**	**25.3**	**75.3**	**26.9**	**89.2**	**61.7**	**42.8**	**61.4**	**144.5**	**215.5**
(b) Grants	**84.6**	**80.4**	**114.6**	**102.3**	**88.4**	**161.3**	**92.5**	**178.4**	**213.8**	**157.6**
Total	**129.9**	**105.7**	**189.9**	**129.2**	**177.6**	**223.0**	**135.3**	**239.8**	**358.3**	**373.1**
Country-wise Distribution										
(i) Abu Dhabi Fund										
(a) Loans	2.0	..	..	..	..	..	..	..	..	..
(ii) Switzerland										
(a) Loans	0.3	..	..	..	..	3.4	5.0	3.7	4.4	17.5
(b) Grants	13.9	6.5	9.9	21.4	11.3	12.8	4.1	15.9	17.2	1.1
Total	14.2	6.5	9.9	21.4	11.3	16.2	9.1	19.6	21.6	18.6
(iii) Other International Institutions@@										
Grants	..	..	..	21.6	21.0	41.9	18.5	67.7	89.6	25.5
(iv) European Economic Community/ United Nations Emergency Operations										
Grants	63.7	73.9	101.3	59.3	49.3	106.6	60.5	79.1	94.1	111.2
(v) Oil Producing & Exporting Countries										
Loans	3.4	9.2	37.4	6.5	6.2	4.7	7.4	24.5	29.0	6.9
(vi) Saudi Arab Fund for Development										
Loans	13.0	6.0	12.4	2.4	3.0	0.2	7.4	0.9	5.6	42.6
(vii) Norway										
Grants	..	..	3.4	..	6.8	..	9.4	15.7	12.9	19.8
(viii) Spain										
Loans	..	..	..	..	..	..	..	..	..	38.7
(ix) Kuwait Fund for Arab Economic Development										
Loans	8.6	10.1	25.5	18.0	80.0	53.4	23.0	10.8	1.8	1.5
Grants@	7.0	..	..	..	..	..	..	..	..	..
(x) Iraq										
Loans	0.7	..	..	..	..	..	..	..	..	..
(xi) Iran										
Loans	17.3	..	..	..	..	..	..	..	..	..
(xii) ADB Loans	..	..	..	..	..	..	..	21.5	103.7	108.3
GRAND TOTAL	**2161.8**	**1864.9**	**2252.0**	**2265.8**	**2359.4**	**2936.0**	**3605.0**	**5051.9**	**5304.4**	**5802.5**
(a) Loans	**1765.3**	**1519.4**	**1909.2**	**1962.4**	**1962.2**	**2493.1**	**3175.7**	**4574.4**	**4738.6**	**5137.8**
(b) Grants	**396.5**	**345.5**	**342.8**	**303.4**	**397.2**	**442.9**	**429.3**	**477.5**	**565.8**	**664.7**

NOTES: 1. Constituent items may not add up to total because of roundings.
2. Utilisation figures are exclusive of suppliers credit and commercial borrowings.
3. Utilisation of assistance is on Government and non-Government account.

@ Grants recieved from Kuwait for the construction of Indoor Stadium for ASIAD Games, 1982.

@@ Other International Institutions includes UNICEF, UNDP, ILO, WHO, UNFPA and UNESCO.

* Revolving Fund Receipt of Rs. 309.27 crores included against IDA credits.

8.3: OVERALL EXTERNAL ASSISTANCE

(Rs. crores)

	Loans	Grants	Total (2+3)	PL 480/665 etc. assistance: Repayable in rupees	PL 480/665 etc. assistance: Repayable in convertible currency	Grand Total
1	2	3	4	5	6	7
A. AUTHORISATIONS:						
Upto the end of Fourth Plan	9665.3	753.1	10418.4	2307.1	330.4	13055.9
1974-75	1481.4	189.8	1671.2	..	..	1671.2
1975-76	2192.8	440.7	2633.5	..	20.0	2653.5
1976-77	806.7	386.1	1192.8	..	93.6	1286.4
1977-78	1536.6	337.6	1874.2	..	22.8	1897.0
1978-79	1894.6	441.1	2335.7	..	..	2335.7
1979-80	1295.1	564.4	1859.5	..	..	1859.5
1980-81	3771.2	75.8	3847.0	..	..	3847.0
1981-82	2766.5	207.4	2973.9	..	..	2973.9
1982-83	2549.4	423.3	2972.7	..	..	2972.7
1983-84	1700.8	386.9	2087.7	..	..	2087.7
1984-85	4409.3	470.7	4880.0	..	..	4880.0
1985-86	5337.0	313.4	5650.4	..	..	5650.4
1986-87	5730.0	429.5	6159.5	..	..	6159.5
1987-88	8203.1	1062.2	9265.3	..	..	9265.3
1988-89	12855.6	214.2	13069.8	..	..	13069.8
1989-90	10105.8	720.2	10826.0	..	..	10826.0
1990-91	5666.2	585.7	6251.9	..	..	6251.9
B. UTILISATION :						
Upto the end of Fourth Plan	8572.6	712.7	9285.3	2312.2	324.6	11922.1
1974-75	1220.4	93.9	1314.3	..	..	1314.3
1975-76	1464.9	253.3	1748.2	..	92.3	1840.5
1976-77	1285.3	245.8	1531.1	..	67.8	1598.9
1977-78	1007.5	260.6	1268.1	..	21.9	1290.0
1978-79	942.3	273.3	1215.6	..	..	1215.6
1979-80	1048.6	304.5	1353.1	..	..	1353.1
1980-81	1765.3	396.5	2161.8	..	..	2161.8
1981-82	1519.4	345.5	1864.9	..	..	1864.9
1982-83	1909.2	342.8	2252.0	..	..	2252.0
1983-84	1962.4	303.4	2265.8	..	..	2265.8
1984-85	1962.2	397.2	2359.4	..	..	2359.4
1985-86	2493.1	442.9	2936.0	..	..	2936.0
1986-87	3175.7	429.3	3605.0	..	..	3605.0
1987-88	4574.4	477.5	5051.9	..	..	5051.9
1988-89	4738.6	565.8	5304.4	..		5304.4
1989-90	5137.8	664.7	5802.5	..	..	5802.5
1990-91	6089.0	571.1	6660.1	..	..	6660.1

Notes: 1. Figures of authorisation from 1974-75 onwards have been arrived at by applying the average exchange rate of the rupee with individual donor currencies. Figures of utilisation for 1974-75 are at average exchange rate for the respective month, and for subsequent years at current rates applicable to the dates of transactions.

2. Loan amounts are net of surrenders, de-obligations and cancellations, etc. In case of PL-480 amounts are net of lapsed agreement.

3. Figures for utilisation are inclusive of suppliers credits and non-government loans upto 1977-78. Subsequent data are exclusive of suppliers credit but inclusive of assistance on non-Govt. account.

8.4: EXTERNAL DEBT (MEDIUM AND LONG-TERM) AND DEBT SERVICE

(Rs. crores)

	External Debt Disbursed and Outstanding	Amortisation	Interest Payments	Total Debt Servicing
1	2	3	4	5
A. EXTERNAL ASSISTANCE				
(i) On Government Account†				
1985-86	26638	698	544	1242
1986-87	32312	1029	772	1801
1987-88	36578	1249	981	2230
1988-89	46838	1554	1244	2798
1989-90	54100	1881	1618	3499
1990-91	66017	2269	1842	4111
(ii) On Non-Government Account				
1985-86	741	78	47	125
1986-87	889	147	81	228
1987-88	848	332	62	394
1988-89	1164	92	56	148
1989-90	1608	106	81	187
1990-91	2346	126	113	239
(iii) Total Assistance (i+ii)				
1985-86	27379	776	591	1367
1986-87	33201	1176	853	2029
1987-88	37426	1581	1043	2624
1988-89	48002	1646	1300	2946
1989-90	55708	1987	1699	3686
1990-91	68363	2395	1955	4350
B. EXTERNAL COMMERCIAL BORROWINGS				
1985-86	7647	565	610	1175
1986-87	10321	796	769	1565
1987-88	12876	871	865	1736
1988-89	18034	1103	1121	2224
1989-90	22065	1455	1586	3041
1990-91	26706	2137	1869	4006
C. I.M.F.††				
1985-86	4665	245	375	620
1986-87	4826	624	334	958
1987-88	4348	1163	338	1501
1988-89	3347	1472	277	1749
1989-90	2362	1402	273	1675
1990-91	4389	1056	218	1274
D. Total (A+B+C)				
1985-86	39691	1586	1576	3162
1986-87	48348	2596	1956	4552
1987-88	54650	3615	2246	5861
1988-89	69383	4221	2698	6919
1989-90	80135	4844	3558	8402
1990-91	99458	5588	4042	9630

†Includes Trust Fund loan.

††Excludes Trust Fund loan. Figures in rupees are obtained from figures in SDR converted at representative rates and are not strictly comparable with data given in Economic Survey 1989-90 which were based on current rates. Interest payments include charges under EFF borrowings net of interest subsidy on use of SFF resources and charges under CFF borrowings. For 1990-91 interest payments also include service charges paid on CCFF and First Credit Tranche Stand-by Arrangement.

Note: Total debt disbursed and outstanding is computed on the basis of all medium and long term loans with maturity over one year.

8.5: (a) INTEREST RATES ON DEPOSITS UNDER NON-RESIDENT (EXTERNAL) RUPEE ACCOUNTS [NR(E)RA] SCHEME

(per cent per annum)

Maturity Period	Effective from October 12, 1987	Effective from April 16, 1990	Effective from April 13, 1991
1	2	3	4
1. 15 days to 45 days	3.0	*	*
2. 46 days to 90 days	4.0		
3. 91 days to less than 6 months	6.5	8.5	8.5
4. 6 months to less than 1 year	8.5		
5. 1 year to less than 2 years	10.5	10.5	10.5
6. 2 years to less than 3 years	11.0	11.0	11.0
7. 3 years to less than 5 years	12.0	12.0	13.0
8. 5 years and above	13.0	13.0	14.0

*The maturity range of 15 days to 45 days is abolished from April 16, 1990.

8.5: (b) INTEREST RATES ON DEPOSITS UNDER FOREIGN CURRENCY NON-RESIDENT ACCOUNTS (FCNRA) SCHEME

(per cent per annum)

Effective Dates	U.S.$ 6 months to less than 1 year	U.S.$ 1 year to less than 2 years	U.S.$ 2 years to less than 3 years	U.S.$ 3 years only	Pound Sterling 6 months to less than 1 year	Pound Sterling 1 year to less than 2 years	Pound Sterling 2 years to less than 3 years	Pound Sterling 3 years only	D.M. 6 months to less than 1 year	D.M. 1 year to less than 2 years	D.M. 2 years to less than 3 years	D.M. 3 years only	Yen 6 months to less than 1 year	Yen 1 year to less than 2 years	Yen 2 years to less than 3 years	Yen 3 years only
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
March 27, 1990	9.25	9.50	10.00	10.25	11.50	11.75	12.00	12.00	9.25	9.75	9.75	9.75	8.25	8.50	8.50	8.50
May 4, 1990	9.25	9.75	10.25	10.50	11.50	11.75	12.00	12.00	9.25	9.75	9.75	9.75	8.00	8.25	8.25	8.25
May 10, 1990	9.00	9.50	10.00	10.25	11.50	11.75	12.00	12.00	9.00	9.50	9.75	9.75	7.75	8.00	8.00	8.00
July 19, 1990	9.00	9.50	10.00	10.25	11.50	11.75	12.00	12.00	9.00	9.50	9.75	9.75	8.25	8.25	8.25	8.25
August 13, 1990	9.00	9.25	9.75	10.00	11.50	11.75	12.00	12.00	9.00	9.50	9.75	9.75	8.50	8.50	8.50	8.50
September 3, 1990	9.00	9.25	9.75	10.00	11.50	11.75	12.00	12.00	9.00	9.50	9.75	9.75	9.00	9.25	9.25	9.25
September 25, 1990	9.00	9.25	9.75	10.00	11.50	11.75	12.00	12.00	9.25	9.75	10.00	10.00	9.25	9.50	9.75	9.75
October 26, 1990	9.00	9.25	9.75	10.00	11.50	11.75	12.00	12.00	9.25	9.75	10.00	10.00	9.00	9.25	9.25	9.25
December 4, 1990	8.75	9.00	9.50	9.75	11.50	11.75	12.00	12.00	9.50	9.75	10.00	10.00	9.00	9.00	9.00	9.00
January 14, 1991	8.25	8.50	9.00	9.25	11.50	11.75	12.00	12.00	10.00	10.25	10.50	10.50	8.50	8.50	8.50	8.50
February 8, 1991	7.50	8.00	8.50	9.00	13.25	13.25	13.25	13.25	10.00	10.25	10.50	10.50	8.50	8.50	8.50	8.50

9.1 DISTRIBUTION OF POPULATION, SEX RATIO, DENSITY AND GROWTH RATE OF POPULATION

Sl. No.	India/State/ Union Territory	Population 1991			Sex Ratio		Density (Sq. Km.)		Growth rate (%)	
		Persons	Males	Females	1981	1991	1981	1991	1971-81	1981-91
1	2	3	4	5	6	7	8	9	10	11
	INDIA	843,930,861	437,597,929	406,332,932	934	929	216	267	+ 24.66	+ 23.50
	States									
1.	Andhra Pradesh	66,304,854	33,623,738	32,681,116	975	972	195	241	+ 23.10	+ 23.82
2.	Arunachal Pradesh	858,392	461,242	397,150	862	861	8	10	+ 35.15	+ 35.86
3.	Assam	22,294,562	11,579,693	10,714,869	910	925	230	284	+ 23.36	+ 23.58
4.	Bihar	86,338,853	45,147,280	41,191,573	946	912	402	497	+ 24.06	+ 23.49
5.	Goa	1,168,622	593,563	575,059	975	969	272	316	+ 26.74	+ 15.96
6.	Gujarat	41,174,060	21,272,388	19,901,672	942	936	174	210	+ 27.67	+ 20.80
7.	Haryana	16,317,715	8,705,379	7,612,336	870	874	292	369	+ 28.75	+ 26.28
8.	Himachal Pradesh	5,111,079	2,560,894	2,550,185	973	996	77	92	+ 23.71	+ 19.39
9.	Jammu & Kashmir	7,718,700	4,014,100	3,704,600	892	923	59	76	+ 29.69	+ 28.92
10.	Karnataka	44,817,398	22,861,409	21,955,989	963	960	194	234	+ 26.75	+ 20.69
11.	Kerala	29,011,237	14,218,167	14,793,070	1,032	1,040	655	747	+ 19.24	+ 13.98
12.	Madhya Pradesh	66,135,862	34,232,048	31,903,814	941	932	118	149	+ 25.27	+ 26.75
13.	Maharashtra	78,706,719	40,652,056	38,054,663	937	936	204	256	+ 24.54	+ 25.36
14.	Manipur	1,826,714	931,511	895,203	971	961	64	82	+ 32.46	+ 28.56
15.	Meghalaya	1,760,626	904,308	856,318	954	947	60	78	+ 32.04	+ 31.80
16.	Mizoram	686,217	356,672	329,545	919	924	23	33	+ 48.55	+ 38.98
17.	Nagaland	1,215,573	643,273	572,300	863	890	47	73	+ 50.05	+ 56.86
18.	Orissa	31,512,070	15,979,904	15,532,166	981	972	169	202	+ 20.17	+ 19.50
19.	Punjab	20,190,795	10,695,136	9,495,659	879	888	333	401	+ 23.89	+ 20.26
20.	Rajasthan	43,880,640	22,935,895	20,944,745	919	913	100	128	+ 32.97	+ 28.07
21.	Sikkim	403,612	214,723	188,889	835	880	45	57	+ 50.77	+ 27.57
22.	Tamil Nadu	55,638,318	28,217,947	27,420,371	977	972	372	428	+ 17.50	+ 14.94
23.	Tripura	2,744,827	1,410,545	1,334,282	946	946	196	262	+ 31.92	+ 33.69
24.	Uttar Pradesh	138,760,417	73,745,994	65,014,423	885	882	377	471	+ 25.49	+ 25.16
25.	West Bengal	67,982,732	35,461,898	32,520,834	911	917	615	766	+ 23.17	+ 24.55
	Union Territories									
1.	A & N Islands	277,989	152,737	125,252	760	820	23	34	+ 63.93	+ 47.29
2.	Chandigarh	640,725	357,411	283,314	769	793	3,961	5,620	+ 75.55	+ 41.88
3.	Dadra & Nagar Haveli	138,542	70,927	67,615	974	953	211	282	+ 39.78	+ 33.63
4.	Daman & Diu	101,439	51,452	49,987	1,062	972	705	906	+ 26.07	+ 28.43
5.	Delhi	9,370,475	5,120,733	4,249,742	808	830	4,194	6,319	+ 53.00	+ 50.64
6.	Lakshadweep	51,681	26,582	25,099	975	944	1,258	1,615	+ 26.53	+ 28.40
7.	Pondicherry	789,416	398,324	391,092	985	982	1,229	1,605	+ 28.15	+ 30.60

Notes:
1. In 1981, Census was not conducted in Assam. Based on the 1971 Census population and the 1991 Census provisional results the population of Assam for 1981 has been interpolated.
2. As a consequence of the revised estimates for Assam for the year 1981, the total population of India as of 1981 has been estimated as 683,329,097 as against earlier published figures of 685,184,692.
3. As a consequence of the revised figures, the decadal growth rate for India during 1971-81 has been estimated as 24.66 per cent.
4. The 1991 Census has not yet been conducted in Jammu & Kashmir. The figures are as per projections prepared by the Standing Committee of Experts on Population Projection, October, 1989.
5. Sex ratio is defined as number of females per 1,000 males.

Source: Provisional Population Totals (Paper-1, Series-1), Census of India, 1991, Registrar General & Census Commissioner, India, March, 1991.

9.2 PERCENTAGE OF LITERATES TO ESTIMATED POPULATION AGED 7 YEARS AND ABOVE

India/State/ Union Territory	1981			1991		
	Persons	Males	Females	Persons	Males	Females
1	2	3	4	5	6	7
INDIA*	43.56	56.37	29.75	52.11	63.86	39.42
States						
1. Andhra Pradesh	35.66	46.83	24.16	45.11	56.24	33.71
2. Arunachal Pradesh	25.54	35.11	14.01	41.22	51.10	29.37
3. Assam	NA	NA	NA	53.42	62.34	43.70
4. Bihar	32.03	46.58	16.51	38.54	52.63	23.10
5. Goa	65.71	76.01	55.17	76.96	85.48	68.20
6. Gujarat	52.21	65.14	38.46	60.91	72 54	48.50
7. Haryana	43.85	58.49	26.89	55.33	67.85	40.94
8. Himachal Pradesh	51.17	64.27	37.72	63.54	74.57	52.46
9. Jammu & Kashmir	32.68	44.18	19.55	NA	NA	NA
10. Karnataka	46.20	58.72	33.16	55.98	67.25	44.34
11. Kerala	81.56	87.74	75.65	90.59	94.45	86.93
12. Madhya Pradesh	34.22	48.41	18.99	43.45	57.43	28.39
13. Maharashtra	55.83	69.66	41.01	63.05	74.84	50.51
14. Manipur	49.61	64.12	34.61	60.96	72.98	48.64
15. Meghalaya	42.02	46.62	37.15	48.26	51.57	44.78
16. Mizoram	74.26	79.37	68.60	81.23	84.06	78.09
17. Nagaland	50.20	58.52	40.28	61.30	66.09	55.72
18. Orissa	40.96	56.45	25.14	48.55	62.37	34.40
19. Punjab	48.12	55.52	39.64	57.14	63.68	49.72
20. Rajasthan	30.09	44.76	13.99	38.81	55.07	20.84
21. Sikkim	41.57	52.98	27.35	56.58	64.34	47.23
22. Tamil Nadu	54.38	68.05	40.43	63.72	74.88	52.29
23. Tripura	50.10	61.49	38.01	60.39	70.08	50.01
24. Uttar Pradesh	33.33	47.43	17.18	41.71	55.35	26.02
25. West Bengal	48.64	59.93	36.07	57.72	67.24	47.15
Union Territories						
1. A. & N. Islands	63.16	70.28	53.15	73.74	79.68	66.22
2. Chandigarh	74.81	78.89	69.31	78.73	82.67	73.61
3. Dadra & Nagar Haveli	32.70	44.69	20.38	39.45	52.07	26.10
4. Daman & Diu	59.91	74.45	46.51	73.58	85.67	61.38
5. Delhi	71.93	79.28	62.57	76.09	82.63	68.01
6. Lakshadweep	68.42	81.24	55.32	79.23	87.06	70.88
7. Pondicherry	65.14	77.09	53.03	74.91	83.91	65.79

N.A. stands for not available.

*Literacy rates for 1981 exclude Assam where the 1981 Census could not be held and the literacy rates for 1991 exclude Jammu & Kashmir where the 1991 Census is yet to be conducted. The literacy rates for India for 1981 and 1991, excluding Assam and Jammu & Kashmir works out as under:—

	Persons	Males	Females
1981	43.66	56.49	29.84
1991	52.07	63.90	39.31

Source: Provisional Population Totals (Paper-1, Series-1), Census of India, 1991, Registrar General and Census Commissioner, India, March, 1991.

BILL NO. 75 OF 1991

THE FINANCE (No. 2) BILL, 1991

(AS INTRODUCED IN LOK SABHA)

The Finance Bill, 1991

[illegible]

THE FINANCE (No. 2) BILL, 1991

ARRANGEMENT OF CLAUSES

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PRELIMINARY

CLAUSES

CHAPTER II

RATES OF INCOME-TAX

CHAPTER III

DIRECT TAXES

Income-tax

CLAUSES

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50. Amendment of section 194.
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55. Amendment of section 195.
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57. Amendment of section 197A.
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59. Amendment of section 204.
60. Amendment of section 206.
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62. Amendment of section 244A.
63. Amendment of section 245BA.
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68. Amendment of section 279.
69. Insertion of Twelfth Schedule.
70. Consequential amendments.

Wealth-tax

71. Amendment of section 5.
72. Amendment of section 16.
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75. Amendment of section 22BA.
76. Amendment of section 22D.
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78. Amendment of section 34A.
79. Amendment of section 35-I.
80. Amendment of section 37A.
81. Amendment of Schedule III.

Gift-tax

82. Amendment of section 4.
83. Amendment of section 5.
84. Amendment of section 15.
85. Amendment of section 16A.
86. Amendment of section 26.
87. Amendment of section 33A.
88. Amendment of section 35.

Interest-tax

89. Amendment of section 2.
90. Amendment of section 3.
91. Amendment of section 4.
92. Substitution of new section for section 5.
93. Amendment of section 6.
94. Amendment of section 7.

CLAUSES

AS INTRODUCED IN LOK SABHA
ON 24TH JULY, 1991.

Bill No. 75 of 1991

THE FINANCE (No. 2) BILL, 1991

A

BILL

to give effect to the financial proposals of the Central Government for the financial year 1991-92.

BE it enacted by Parliament in the Forty-second Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

Short title and commencement.

1. *(1)* This Act may be called the Finance (No. 2) Act, 1991.

(2) Save as otherwise provided in this Act, sections 2 to 117 and 124 (except sections 44, 46, 60, 64, 65, 67, 73, 74, 76, 77, 85, 86 and 118) shall be deemed to have come into force on the 1st day of April, 1991.

CHAPTER II

RATES OF INCOME-TAX

Income-tax.

2. *(1)* Subject to the provisions of sub-sections *(2)* and *(3)*, for the assessment year commencing on the 1st day of April, 1991, income-tax shall be charged at the rates specified in Part I of the First Schedule and such tax as reduced by the rebate of income-tax calculated under Chapter VIII-A of the Income-tax Act, 1961 (hereinafter referred to as the Income-tax Act) shall be increased,—

43 of 1961.

(a) in the cases to which Paragraphs A, B, C and D of that Part apply, by a surcharge for purposes of the Union; and

(b) in the cases to which Paragraph E of that Part applies, by a surcharge,

calculated in each case in the manner provided therein.

(2) In the cases to which Sub-Paragraph I or Sub-Paragraph II of Paragraph A of Part I of the First Schedule applies, where the assessee has, in the previous year, any net agricultural income exceeding six hundred rupees, in addition to total income, and the total income exceeds,—

(i) in a case to which the said Sub-Paragraph I applies, twenty-two thousand rupees, and

(ii) in a case to which the said Sub-Paragraph II applies, twelve thousand rupees,

then,—

(a) the net agricultural income shall be taken into account, in the manner provided in clause *(b)* [that is to say, as if the net agricultural income were comprised in the total income after,—

(i) in a case to which the said Sub-Paragraph I applies, the first twenty-two thousand rupees, and

(ii) in a case to which the said Sub-Paragraph II applies, the first twelve thousand rupees,

of the total income but without being liable to tax], only for the purpose of charging income-tax in respect of the total income; and

(b) the income-tax chargeable shall be calculated as follows:—

(i) the total income and the net agricultural income shall be aggregated and the amount of income-tax shall be determined in respect of the aggregate income at the rates specified in Sub-Paragraph I or, as the case may be, Sub-Paragraph II of the said Paragraph A, as if such aggregate income were the total income;

(ii) the net agricultural income shall be increased,—

(A) in a case to which the said Sub-Paragraph I applies, by a sum of twenty-two thousand rupees; and

(B) in a case to which the said Sub-Paragraph II applies, by a sum of twelve thousand rupees,

and the amount of income-tax shall be determined in respect of the net agricultural income as so increased at the rates specified in Sub-Paragraph I or, as the case may be, Sub-Paragraph II of the said Paragraph A, as if the net agricultural income as so increased were the total income;

(iii) the amount of income-tax determined in accordance with sub-clause (i) shall be reduced by the amount of income-tax determined in accordance with sub-clause (ii) and the sum so arrived at shall be the income-tax in respect of the total income:

Provided that the amount of income-tax so arrived at, as reduced by the rebate of income-tax calculated under Chapter VIII-A of the Income-tax Act, shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax and the sum so arrived at shall be the income-tax in respect of the total income.

(3) In cases to which the provisions of Chapter XII or Chapter XII-A or sub-section (1A) of section 161 or section 164 or section 164A or section 167B of the Income-tax Act apply, the tax chargeable shall be determined as provided in that Chapter or that section, and with reference to the rates imposed by sub-section (1) or the rates as specified in that Chapter or section, as the case may be:

Provided that in respect of any income chargeable to tax under section 115B or section 115BB of the Income-tax Act,—

(a) the income-tax computed under section 115B shall be increased by a surcharge calculated at the rate of fifteen per cent. of such income-tax; and

(b) the income-tax computed under section 115BB shall be increased,—

(i) in the case of a person other than a company, being a resident in India, by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax; and

(ii) in the case of a domestic company, by a surcharge calculated at the rate of fifteen per cent. of such income-tax.

(4) In cases in which tax has to be deducted under sections 193, 194, 194A, 194B, 194BB, 194D and 195 of the Income-tax Act at the rates in force, the deduction shall be made at the rates specified in Part II of the First Schedule and shall be increased,—

(a) in the cases to which the provisions of sub-item (a) of item 1 of that Part apply, by a surcharge for purposes of the Union; and

(b) in the cases to which the provisions of sub-item (a) of item 2 of that Part apply, by a surcharge,

calculated in each case in the manner provided therein.

(5) In cases in which tax has to be deducted under sections 194C, 194EE, 194G and 194 H of the Income-tax Act, the deduction shall be made at the rates specified in those sections and shall be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such deduction:

Provided that in the case of an assessee, being a domestic company, the provisions of this sub-section shall have effect, as if for the words "twelve per cent.", the words "fifteen per cent." had been substituted.

(6) In cases in which tax has to be collected under section 206C of the Income-tax Act, the collection shall be made at the rate specified in that section and shall be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such collection:

Provided that in the case of a buyer, being a domestic company, the provisions of this sub-section shall have effect, as if for the words "twelve per cent.", the words "fifteen per cent." had been substituted.

(7) Subject to the provisions of sub-section (8), in cases in which income-tax has to be calculated under the first proviso to sub-section (5) of section 132 of the Income-tax Act or charged under sub-section (4) of section 172 or sub-section (2) of section 174 or section 175 or sub-section (2) of section 176 of the said Act or deducted under section 192 of the said Act from income chargeable under the head "Salaries" or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed, at the rate or rates in force, such income-tax or, as the case may be, "advance tax" shall be so calculated, charged, deducted or computed at the rate or rates specified in Part III of the First Schedule and such tax as reduced by the rebate of income-tax calculated under Chapter VIII-A of the said Act shall be increased,—

(a) in the cases to which Paragraphs A, B, C and D of that Part apply, by a surcharge for purposes of the Union; and

(b) in the cases to which Paragraph E of that Part applies, by a surcharge, calculated in each case in the manner provided therein:

Provided that in cases to which the provisions of Chapter XII or Chapter XII-A or sub-section *(1A)* of section 161 or section 164 or section 164A or section 167B of the Income-tax Act apply, "advance tax" shall be computed with reference to the rates imposed by this sub-section or the rates as specified in that Chapter or section, as the case may be:

Provided further that in respect of any income chargeable to tax under section 115B of the Income-tax Act, the "advance tax" computed under the first proviso shall be increased by a surcharge for purposes of the Union calculated at the rate of fifteen per cent. of such "advance tax".

(8) In the cases to which Sub-Paragraph I or Sub-Paragraph II of Paragraph A of Part III of the First Schedule applies, where the assessee has, in the previous year or, if by virtue of any provision of the Income-tax Act, income-tax is to be charged in respect of the income of a period other than the previous year, in such other period, any net agricultural income exceeding six hundred rupees, in addition to total income and the total income exceeds,—

(i) in a case to which the said Sub-Paragraph I applies, twenty-two thousand rupees, and

(ii) in a case to which the said Sub-Paragraph II applies, twelve thousand rupees,

then, in calculating income-tax under the first proviso to sub-section *(5)* of section 132 of the Income-tax Act or in charging income-tax under sub-section *(2)* of section 174 or section 175 or sub-section *(2)* of section 176 of the said Act or in computing the "advance tax" payable under Chapter XVII-C of the said Act, at the rate or rates in force,—

(a) the net agricultural income shall be taken into account, in the manner provided in clause *(b)* [that is to say, as if the net agricultural income were comprised in the total income after,—

(i) in a case to which the said Sub-Paragraph I applies, the first twenty-two thousand rupees, and

(ii) in a case to which the said Sub-Paragraph II applies, the first twelve thousand rupees,

of the total income but without being liable to tax], only for the purpose of calculating, charging or computing such income-tax or, as the case may be, "advance tax" in respect of the total income; and

(b) such income-tax or, as the case may be, "advance tax" shall be so calculated, charged or computed as follows:—

(i) the total income and the net agricultural income shall be aggregated and the amount of income-tax or "advance tax" shall be determined in respect of the aggregate income at the rates specified in Sub-Paragraph I or, as the case may be, Sub-Paragraph II of the said Paragraph A, as if such aggregate income were the total income;

(ii) the net agricultural income shall be increased,—

(A) in a case to which the said Sub-Paragraph I applies, by a sum of twenty- two thousand rupees; and

(B) in a case to which the said Sub-Paragraph II applies, by a sum of twelve thousand rupees,

and the amount of income-tax or "advance tax" shall be determined in respect of the net agricultural income as so increased at the rates specified in the said Sub-Paragraph I or, as the case may be, the said Sub-Paragraph II as if the net agricultural income as so increased were the total income;

(iii) the amount of income-tax or "advance tax" determined in accordance with sub-clause *(i)* shall be reduced by the amount of income-tax or, as the case may be, "advance tax" determined in accordance with sub-clause *(ii)* and the sum so arrived at shall be the income-tax or, as the case may be, "advance tax" in respect of the total income:

Provided that the amount of income-tax or "advance tax" so arrived at , as reduced by the rebate of income-tax calculated under Chapter VIII-A of the said Act, shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax or, as the case may be, "advance tax" and the sum so arrived at shall be the income-tax or, as the case may be, "advance tax" in respect of the total income.

(9) For the purposes of this section and the First Schedule,—

(a) "company in which the public are substantially interested" means a company within the meaning of clause (*18*) of section 2 of the Income-tax Act, and includes a subsidiary of such company if the whole of the share capital of such subsidiary company has been held by the parent company or by its nominees throughout the previous year;

(b) "domestic company" means an Indian company, or any other company which, in respect of its income liable to income-tax under the Income-tax Act for the assessment year commencing on the 1st day of April, 1991, has made the prescribed arrangements for the declaration and payment within India of the dividends (including dividends on preference shares) payable out of such income in

accordance with the provisions of section 194 of the Act;

(c) "insurance commission" means any remuneration or reward, whether by way of commission or otherwise, for soliciting or procuring insurance business (including business relating to the continuance, renewal or revival of policies of insurance);

(d) "investment company" means a company whose gross total income (as defined in section 80B of the Income-tax Act) consists mainly of income which is chargeable under the heads "Income from house property", "Capital gains" and "Income from other sources" or of income by way of interest on securities;

(e) "net agricultural income", in relation to a person, means the total amount of agricultural income, from whatever source derived, of that person computed in accordance with the rules contained in Part IV of the First Schedule;

(f) "tax-free security" means any security of the Central Government issued or declared to be income-tax free, or any security of a State Government issued income-tax free, the income-tax whereon is payable by the State Government;

(g) "trading company" means a company whose business consists mainly in dealing in goods or merchandise manufactured, produced or processed by a person other than that company and whose income attributable to such business included in its gross total income (as defined in section 80B of the Income-tax Act) is not less than fifty-one per cent. of the amount of such gross total income;

(h) all other words and expressions used in this section or in the First Schedule but not defined in this sub-section and defined in the Income-tax Act shall have the meanings respectively assigned to them in that Act.

CHAPTER III

DIRECT TAXES

Income-tax

Amendment of section 2.

3. In section 2 of the Income-tax Act,—

(a) in clause *(29C)*, after the words "in the case of an individual", the words ", association of persons or, as the case may be, body of individuals" shall be inserted ;

(b) in clause *(37A)*, with effect from the 1st day of October, 1991,—

(i) in sub-clause *(ii)*, for the figures, letter and word ",194D and 195", the word, figures and letter "and 194D" shall be substituted ;

(ii) after clause *(ii)*, the following clause shall be inserted, namely :—

"*(iii)* for the purposes of deduction of tax under section 195, the rate or rates of income-tax specified in section 115A or the rate or rates of income-tax specified in this behalf in the Finance Act of the relevant year, whichever is aplicable ; ".

Amendment of section 9.

4. In section 9 of the Income-tax Act, in sub-section *(1)*, in clause *(vi)*, —

(a) after the existing proviso and before *Explanation 1*, the following proviso shall be inserted, namely :—

"Provided further that nothing contained in this clause shall apply in relation to so much of the income by way of royalty as consists of lumpsum payment made by a person, who is a resident, for the transfer of all or any rights (including the granting of a licence) in respect of computer software supplied by a non-resident manufacturer along with a computer or computer-based equipment under any scheme approved under the Policy on Computer Software Export, Software Development and Training, 1986 of the Government of India. " ;

(b) in *Explanation 1*, for the words "foregoing proviso", the words "first proviso" shall be substituted ;

(c) after *Explanation 2*, the following *Explanation* shall be inserted, namely :—

'*Explanation 3.*— For the purposes of this clause, the expression "computer software" shall have the meaning assigned to it in clause *(b)* of the *Explanation* to section 80HHE. '.

Amendment of section 10.

5. In section 10 of the Income tax Act,—

(a) in clause *(3)*, in the proviso, with effect from the 1st day of October, 1991,—

(i) in clause *(iii)*, the word "or" shall be inserted at the end ;

(ii) after clause *(iii)*, the following clause shall be inserted, namely:—

" *(iv)* winnings from races including horse races; ' ;

(b) in clause *(4)*, for sub-clause *(ii)*, the following sub-clause shall be substituted, namely:—

"*(ii)* in the case of an individual, any income by way of interest on moneys standing to his credit in a Non-Resident (External) Account in any bank in India in accordance with the Foreign Exchange

46 of 1973. Regulation Act, 1973 and the rules made thereunder :

Provided that such individual is a person resident outside India as defined in clause *(q)* of section 2 of the said Act or is a person who has been permitted by the Reserve Bank of India to maintain the aforesaid Account; " ;

(c) after clause *(8)*, the following clauses shall be inserted, namely :—

'*(8A)* in the case of a consultant —

(a) any remuneration or fee received by him or it, directly or indirectly, out of the funds made available to an international organisation [hereafter referred to in this clause and clause *(8B)* as the agency] under a technical assistance grant agreement between the agency and the Government of a foreign State; and

(b) any other income which accrues or arises to him or it outside India, and is not deemed to accrue or arise in India, in respect of which such consultant is required to pay any income or social security tax to the Government of the country of his or its origin.

Explanation.— In this clause, "consultant" means —

(i) any individual, who is either not a citizen of India or, being a citizen of India, is not ordinarily resident in India; or

(ii) any other person, being a non-resident,

engaged by the agency for rendering technical services in India in connection with any technical assistance programme or project, provided the following conditions are fulfilled, namely :—

(1) the technical assistance is in accordance with an agreement entered into by the Central Government and the agency; and

(2) the agreement relating to the engagement of the consultant is approved by the prescribed authority for the purposes of this clause;

(8B) in the case of an individual who is assigned to duties in India in connection with any technical assistance programme and project in accordance with an agreement entered into by the Central Government and the agency —

(a) the remuneration received by him, directly or indirectly, for such duties from any consultant referred to in clause *(8A)*; and

(b) any other income of such individual which accrues or arises outside India, and is not deemed to accrue or arise in India, in respect of which such individual is required to pay any income or social security tax to the country of his origin, provided the following conditions are fulfilled, namely :—

(i) the individual is an employee of the consultant referred to in clause *(8A)* and is either not a citizen of India or, being a citizen of India, is not ordinarily resident in India; and

(ii) the contract of service of such individual is approved by the prescribed authority before the commencement of his service; ' ;

(d) in clause *(9)*,—

(i) after the words, brackets and figure "in clause *(8)*", the words, brackets, figures and letters "or clause *(8A)* or, as the case may be, clause *(8B)*" shall be inserted;

(ii) after the words " foreign State", the words "or, as the case may be, country of origin of such member" shall be inserted ;

(e) after clause *(10C)*, the following clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1962, namely :—

"*(10D)* any sum received under a life insurance policy, including the sum allocated by way of bonus on such policy ; " ;

(f) in clause *(15)*, in sub-clause *(iv)*,—

(i) in item *(d)*, after the words and figures "Export-Import Bank of India Act, 1981,", the words and figures "or the National Housing Bank established under section 3 of the National Housing Bank Act,
53 of 1987. 1987, " shall be inserted ;

(ii) after item *(f)*, the following item shall be inserted, namely :—

'*(fa)* by a scheduled bank, on deposits in foreign currency where the acceptance of such deposits by the bank is approved by the Reserve Bank of India.

Explanation.— For the purposes of this item, the expression "scheduled bank" shall have the meaning assigned to it in clause *(ii)* of the *Explanation* to clause *(viia)* of sub-section *(1)* of section 36 ; ' ;

(iii) in the *Explanation* below item *(g)*, for the words, brackets and letters "items *(f)* and *(g)*", the words, brackets and letters " items *(f)*, *(fa)* and *(g)*" shall be substituted ;

(iv) the following *Explanation* shall be inserted at the end, namely :—

'*Explanation.*—For the purposes of this sub-clause, the expression "industrial undertaking" means any undertaking which is engaged in—

(a) the manufacture or processing of goods; or

(b) the business of generation or distribution of electricity or any other form of power; or

(c) mining ; or

(d) the construction of ships; or

(e) the operation of ships or aircrafts ; ' ;

(g) in clause *(21)*, in the second proviso, for the words " Provided further", the following shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1990, namely :—

"Provided further that the exemption under this clause shall not be denied in relation to voluntary contribution, other than voluntary contribution in cash or voluntary contribution of the nature referred to in clause *(b)* of the first proviso to this clause, subject to the condition that such voluntary contribution is not held by the scientific research association, otherwise than in any one or more of the forms or modes specified in sub-section *(5)* of section 11, after the expiry of one year from the end of the previous year in which such asset is acquired or the 31st day of March, 1992, whichever is later :

Provided also" ;

(h) in clause *(23)*,—

(i) in the fourth proviso, for the words, figures and letters "the 30th day of March, 1990", the words, figures and letters "the 30th day of March, 1992" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1990 ;

(ii) after the fourth proviso, the following proviso shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1990, namely :—

"Provided also that the exemption under this clause shall not be denied in relation to voluntary contribution, other than voluntary contribution in cash or voluntary contribution of the nature referred to in clause *(b)* of the third proviso to this clause, subject to the condition that such voluntary contribution is not held by the association or institution, otherwise than in any one or more of the forms or modes specified in sub-section *(5)* of section 11, after the expiry of one year from the end of the previous year in which such asset is acquired or the 31st day of March, 1992, whichever is later." ;

(i) in clause *(23C)*,—

(a) in the fourth proviso, for the words, figures and letters "the 30th day of March, 1990", the words, figures and letters "the 30th day of March, 1992" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1990;

(b) after the fourth proviso, the following proviso shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1990, namely :—

"Provided also that the exemption under sub-clause *(iv)* or sub-clause *(v)* shall not be denied in relation to voluntary contribution, other than voluntary contribution in cash or voluntary contribution of the nature referred to in clause *(b)* of the third proviso to this sub-clause, subject to the condition that such voluntary contribution is not held by the trust or institution, otherwise than in any one or more of the forms or modes specified in sub-section *(5)* of section 11, after the expiry of one year from the end of the previous year in which such asset is acquired or the 31st day of March, 1992, whichever is later.".

Amendment of section 11.

6. In section 11 of the Income-tax Act, for sub-section *(4A)*, the following sub-section shall be substituted with effect from the 1st day of April, 1992, namely :—

"*(4A)* Sub-section *(1)* or sub-section *(2)* or sub-section *(3)* or sub-section *(3A)* shall not apply in relation to any income of a trust or an institution, being profits and gains of business, unless the business is incidental to the attainment of the objectives of the trust or, as the case may be, institution, and separate books of account are maintained by such trust or institution in respect of such business.".

Amendment of section 12A.

7. In section 12A of the Income-tax Act, in clause *(a)*, in the proviso, for the words "after the expiry of the period aforesaid", the words "at any time before the expiry of three years from the date of creation of the trust or establishment of the institution" shall be substituted with effect from the 1st day of October, 1991.

Amendment of section 13.

8. In section 13 of the Income-tax Act, —

(a) in sub-section *(1)*, in clause *(d)*, in the proviso, after clause *(ii)*, the following clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1983,

namely :—

"*(iia)* any asset, not being an investment or deposit in any of the forms or modes specified in sub-section *(5)* of section 11, where such asset is not held by the trust or institution, otherwise than in any of the forms or modes specified in sub-section *(5)* of section 11, after the expiry of one year from the end of the previous year in which such asset is acquired or the 31st day of March, 1992, whichever is later ;" ;

(b) after sub-section *(4)*, the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1983, namely :—

"*(5)* Notwithstanding anything contained in clause *(d)* of sub-section *(1)*, where any assets (being debentures issued by, or on behalf of, any company or corporation) are acquired by the trust or institution after the 28th day of February, 1983 but before the 25th day of July, 1991, the exemption under section 11 or section 12 shall not be denied in relation to any income other than the income arising to the trust or the institution from such assets, by reason only that the funds of the trust or the institution have been invested in such assets if such funds do not continue to remain so invested in such assets after the 31st day of March, 1992. ".

9. In section 17 of the Income-tax Act, in clause *(2)*, after sub-clause *(v)*, the following shall be inserted, namely :— Amendment of section 17.

'Provided that nothing in this clause shall apply to, —

(i) the value of any medical treatment provided to an employee or any member of his family in any hospital maintained by the employer ;

(ii) any sum paid by the employer in respect of any expenditure actually incurred by the employee on his medical treatment or treatment of any member of his family in any hospital maintained by Government or any local authority or any other hospital approved by the Government for the purposes of medical treatment of its employees ;

(iii) any portion of the premium paid by an employer in relation to an employee, to effect or to keep in force an insurance on the health of such employee under any scheme approved by the Central Government for the purposes of clause *(ib)* of sub-section *(1)* of section 36 ;

(iv) any sum paid by the employer in respect of any premium paid by the employee to effect or to keep in force an insurance on his health or the health of any member of his family under any scheme approved by the Central Government for the purposes of section 80D ;

(v) any sum paid by the employer in respect of any expenditure actually incurred by the employee on his medical treatment or treatment of any member of his family [other than the treatment referred to in clauses *(i)* and *(ii)*] ; so, however, that such sum does not exceed five thousand rupees, in the previous year, in the case of the employee and further five thousand rupees in the case of his family ;

(vi) any expenditure incurred by the employer on —

(1) medical treatment of the employee, or any member of the family of such employee, outside India ;

(2) travel or stay abroad of the employee or any member of the family of such employee for medical treatment ;

(3) travel and stay abroad of one attendant who accompanies the patient in connection with such treatment,

subject to the condition that the expenditure on travel referred to in sub-clauses *(2)* and *(3)* of this clause shall be excluded from perquisite only in the case of an employee whose gross total income, as computed before including therein the said expenditure, does not exceed seventy-five thousand rupees and subject to such further conditions and limits in relation to such expenditure as the Board may, having regard to the guidelines, if any, issued by the Reserve Bank of India in this behalf, prescribe ;

(vii) any sum paid by the employer in respect of any expenditure actually incurred by the employee for any of the purposes specified in clause *(vi)* subject to the conditions specified in or under that clause.

Explanation.—For the purposes of clause *(2)*, —

(i) "hospital" includes a dispensary or a clinic ;

(ii) "family", in relation to an individual, shall have the same meaning as in clause *(5)* of section 10 ; and

(iii) "gross total income" shall have the same meaning as in clause *(5)* of section 80B; '.

10. In section 29 of the Income-tax Act, for the figures and letter "43C", the figures and letter "43D" shall be substituted with effect from the 1st day of April, 1992. Amendment of section 29.

Amendment of section 32.

11. In section 32 of the Income-tax Act, in sub-section *(1)*, in clause *(ii)*, with effect from the 1st day of April, 1992,—

(a) in the second proviso, for the words "and is used otherwise than in a business of running it on hire for tourists : ", the following shall be substituted, namely :—

"unless it is used —

(i) in a business of running it on hire for tourists; or

(ii) outside India in his business or profession in another country: " ;

(b) after the second proviso, the following proviso shall be inserted, namely :—

"Provided also that where any asset falling within a block of assets is acquired by the assessee during the previous year and is put to use for the purposes of business or profession for a period of less than one hundred and eighty days in that previous year, the deduction under this clause in respect of such asset shall be restricted to fifty per cent. of the amount calculated at the percentage prescribed under this clause in the case of block of assets comprising such asset: ".

Amendment of section 35.

12. In section 35 of the Income-tax Act, in sub-section *(1)*, for clause *(iii)*, the following clause shall be substituted, with effect from the 1st day of April, 1992, namely:—

"*(iii)* any sum paid to a university, college or other institution to be used for research in social science or statistical research :

Provided that such university, college or institution is for the time being approved for the purposes of this clause by the prescribed authority by notification in the Official Gazette ; ".

Insertion of new section 35AC.

13. After section 35AB of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 1992, namely :—

Expenditure on eligible projects or schemes.

'35AC. *(1)* Where an assessee incurs any expenditure by way of payment of any sum to a public sector company or a local authority or to an association or institution approved by the National Committee for carrying out any eligible project or scheme, the assessee shall, subject to the provisions of this section, be allowed a deduction of the amount of such expenditure incurred during the previous year :

Provided that a company may, for claiming the deduction under this sub-section, incur expenditure either by way of payment of any sum as aforesaid or directly on the eligible project or scheme.

(2) The deduction under sub-section *(1)* shall not be allowed unless the assessee furnishes along with his return of income a certificate —

(a) where the payment is to a public sector company or a local authority or an association or institution referred to in sub-section *(1)*, from such public sector company or local authority or, as the case may be, association or institution ;

(b) in any other case, from an accountant, as defined in the *Explanation* below sub-section *(2)* of section 288,

in such form, manner and containing such particulars (including particulars relating to the progress in the work relating to the eligible project or scheme during the previous year) as may be prescribed.

(3) Where a deduction under this section is claimed and allowed for any assessment year in respect of any expenditure referred to in sub-section *(1)*, deduction shall not be allowed in respect of such expenditure under any other provision of this Act for the same or any other assessment year.

Explanation.— For the purposes of this section,—

(a) "National Committee" means the Committee constituted by the Central Government, from amongst persons of eminence in public life, in accordance with the rules made under this Act ;

(b) "eligible project or scheme" means such project or scheme for promoting the social and economic welfare of, or the uplift of, the public as the Central Government may, by notification in the Official Gazette, specify in this behalf on the recommendations of the National Committee. '.

Amendment of section 36.

14. In section 36 of the Income-tax Act, in sub-section *(1)*,—

(i) in clause *(viia)*, with effect from the 1st day of April, 1992,—

(a) after sub-clause *(b)*, the following sub-clause shall be inserted, namely:—

"*(c)* a public financial institution or a State financial corporation or a State industrial investment corporation, an amount not exceeding five per cent. of the total income (computed before making any deduction under this clause and Chapter VI-A). " ;

(b) in the *Explanation*, after clause *(ii)*, the following clauses shall be inserted, namely :—

'*(iii)* "public financial institution" shall have the meaning assigned to it in section 4A of the Companies Act, 1956 ; 1 of 1956.

(iv) "State financial corporation" means a financial corporation established under section 3 or

63 of 1951.

section 3A or an institution notified under section 46 of the State Financial Corporations Act, 1951 ;

1 of 1956.

(v) "State industrial investment corporation" means a Government company within the meaning of section 617 of the Companies Act, 1956, engaged in the business of providing long-term finance for industrial projects and approved by the Central Government under clause *(viii)* of this sub-section; ' ;

(ii) in clause *(viii)*, for the *Explanation*, the following *Explanation* shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1987, namely:—

'*Explanation.*—In this clause,—

(a) "financial corporation" shall include a public company;

1 of 1956.

(b) "public company" shall have the meaning assigned to it in section 3 of the Companies Act, 1956.'.

Insertion of new section 43D.

15. After section 43C of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 1992, namely:—

Special provision in case of income of public financial institutions, etc.

'43D. Notwithstanding anything to the contrary contained in any other provision of this Act, in the case of a public financial institution or a scheduled bank or a State financial corporation or a State industrial investment corporation, the income by way of interest in relation to such categories of bad or doubtful debts as may be prescribed having regard to the guidelines issued by the Reserve Bank of India in relation to such debts, shall be chargeable to tax in the previous year in which it is credited by the public financial institution or the scheduled bank or the State financial corporation or the State industrial investment corporation to its profit and loss account for that year or, as the case may be, in which it is actually received by that institution or bank or corporation, whichever is earlier.

Explanation.—For the purposes of this section,—

1 of 1956.

(a) "public financial institution" shall have the meaning assigned to it in section 4A of the Companies Act, 1956;

(b) "scheduled bank" shall have the meaning assigned to it in clause *(ii)* of the *Explanation* to clause *(viia)* of sub-section *(1)* of section 36;

63 of 1951.

(c) "State financial corporation" means a financial corporation established under section 3 or section 3A or an institution notified under section 46 of the State Financial Corporations Act, 1951;

1 of 1956.

(d) "State industrial investment corporation" means a Government company within the meaning of section 617 of the Companies Act, 1956, engaged in the business of providing long-term finance for industrial projects and approved by the Central Government under clause *(viii)* of sub-section *(1)* of section 36.' .

Amendment of section 44D.

16. In section 44D of the Income-tax Act, after clause *(c)*, the following clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1989, namely:—

"*(d)* no deduction in respect of any expenditure or allowance shall be allowed under any of the said sections in computing the income referred to in clause *(ab)* of sub-section *(1)* of section 115A.".

Amendment of section 45.

17. In section 45 of the Income-tax Act,—

(a) in sub-section *(1)*, for the word, figures and letter "and 54G", the figures, letters and word ", 54G and 54H" shall be substituted;

(b) in sub-section *(5)*, in clause *(a)*, for the words 'income under the head "Capital gains" of the previous year in which the transfer took place', the words 'income under the head "Capital gains" of the previous year in which such compensation or part thereof, or such consideration or part thereof, was first received' shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1988.

Amendment of section 47.

18. In section 47 of the Income-tax Act, after clause *(ix)* and the *Explanation* thereto, the following clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1962, namely:—

"*(x)* any transfer by way of conversion of debentures, debenture-stock or deposit certificates in any form, of a company into shares or debentures of that company.".

Amendment of section 48.

19. In section 48 of the Income-tax Act, in sub-section *(2)*, for the words "ten thousand rupees", wherever they occur, the words "fifteen thousand rupees" shall be substituted with effect from the 1st day of April, 1992.

Amendment of section 49.

20. In section 49 of the Income-tax Act, after sub-section *(2)*, the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1962, namely:—

"*(2A)* Where the capital asset, being a share or debenture in a company, became the property of the assessee in consideration of a transfer referred to in clause *(x)* of section 47, the cost of acquisition of the asset to the assessee shall be deemed to be that part of the cost of debenture, debenture-stock or deposit certificates in relation to which such asset is acquired by the assessee.".

Insertion of new section 54H.

21. After section 54G of the Income-tax Act, the following section shall be inserted with effect from the 1st day of October, 1991, namely:—

Extension of time for acquiring new asset or depositing or investing amount of capital gain.

"54H. Notwithstanding anything contained in sections 54, 54B, 54D, 54E and 54F, where the transfer of the original asset is by way of compulsory acquisition under any law and the amount of compensation awarded for such acquisition is not received by the assessee on the date of such transfer, the period for acquiring the new asset by the assessee referred to in those sections or, as the case may be, the period available to the assessee under those sections for depositing or investing the amount of capital gain in relation to such compensation as is not received on the date of the transfer, shall be reckoned from the date of receipt of such compensation:

Provided that where the compensation in respect of transfer of the original asset by way of compulsory acquisition under any law is received before the 1st day of April, 1991, the aforesaid period or periods, if expired, shall extend up to the 31st day of December, 1991.".

Amendment of section 57.

22. In section 57 of the Income-tax Act, for the proviso, the following proviso shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1989, namely :—

"Provided that nothing contained in clause *(i)* or clause *(iii)* shall apply in computing the income referred to in clause *(a)* or clause *(aa)* or clause *(ab)* of sub-section *(1)* of section 115A in the case of an assessee, being a foreign company. ".

Substitution of new section for section 71.

23. For section 71 of the Income-tax Act, the following section shall be substituted with effect from the 1st day of April, 1992, namely :—

Set off of loss from one head against income from another.

'71. *(1)* Where in respect of any assessment year the net result of the computation under any head of income, other than "Capital gains", is a loss and the assesse has no income under the head "Capital gains", he shall, subject to the provisions of this Chapter, be entitled to have the amount of such loss set off against his income, if any, assessable for that assessment year under any other head.

(2) Where in respect of any assessment year, the net result of the computation under any head of income, other than "Capital gains", is a loss and the assessee has income assessable under the head "Capital gains", such loss may, subject to the provisions of this Chapter, be set off against his income, if any, assessable for that assessment year under any head of income including the head "Capital gains" (whether relating to short-term capital assets or any other capital assets).

(3) Where in respect of any assessment year, the net result of the computation under the head "Capital gains" is a loss and the assessee has income assessable under any other head of income, the assessee shall not be entitled to have such loss set off against income under the other head.'.

Amendment of section 74.

24. In section 74 of the Income-tax Act, in sub-section *(1)*, the words and figures "and such loss cannot be or is not wholly set off against income under any other head of income in accordance with the provisions of section 71, so much of the loss as has not been so set off, or where he has no income under any other head" shall be omitted with effect from the 1st day of April, 1992.

Amendment of section 80CCA.

25. In section 80CCA of the Income-tax Act, with effect from the 1st day of October, 1991,—

(a) in sub-section *(1)*, in clause *(i)*, the brackets and words "(hereafter in this section referred to as the National Savings Scheme)" shall be omitted ;

(b) in sub-section *(2)*, in clause *(a)*, for the words "under the National Savings Scheme", the words, brackets, letter and figure "under the scheme referred to in clause *(i)* of sub-section *(1)*" shall be substituted ;

(c) in *Explanation 1*, for the words "under the National Savings Scheme", the words, brackets, letter and figure "under the scheme referred to in clause *(i)* of sub-section *(1)*" shall be substituted.

Amendment of section 80G.

26. In section 80G of the Income-tax Act,—

(a) in sub-section *(1)*, in clause *(i)*, after the words, brackets, figures and letters "sub-clause *(iiiaa)*", the words, brackets, figures and letters "or in sub-clause *(iiiab)*" shall be inserted;

(b) in sub-section *(2)*, in clause *(a)*,—

(i) after sub-clause *(iiiaa)*, the following sub-clause shall be inserted, namely :—

"*(iiiab)* the Africa (Public Contributions-India) Fund ; or" ;

(ii) after sub-clause *(iiic)*, the following clause shall be inserted with effect from the 1st day of April, 1992, namely:—

"*(iiid)* the Rajiv Gandhi Foundation, the deed of declaration in respect whereof was registered at New Delhi on the 21st day of June, 1991; or" ;

(c) in sub-section *(5)*, after clause *(v)*, the following clause shall be inserted with effect from the 1st day of October, 1991, namely :—

"*(vi)* in relation to donations made after the 31st day of March, 1992, the institution or fund is for the time being approved by the Commissioner in accordance with the rules made in this behalf:

Provided that any approval shall have effect for such assessment year or years, not exceeding three assessment years, as may be specified in the approval. ".

Amendment of section 80GGA.

27. In section 80GGA of the Income-tax Act, in sub-section *(2)*, with effect from the 1st day of April, 1992,—

(i) after clause *(a)*, the following clause shall be inserted, namely :—

"*(aa)* any sum paid by the assessee in the previous year to a university, college or other institution to be used for research in social science or statistical research :

Provided that such university, college or institution is for the time being approved for the purposes of clause *(iii)* of sub-section *(1)* of section 35 ; " ;

(ii) after clause *(b)*, the following clause shall be inserted, namely:—

'*(bb)* any sum paid by the assessee in the previous year to a public sector company or a local authority or to an association or institution approved by the National Committee, for carrying out any eligible project or scheme :

Provided that the assessee furnishes the certificate referred to in clause *(a)* of sub-section *(2)* of section 35AC from such public sector company or local authority or, as the case may be, association or institution.

Explanation.— For the purposes of this clause, the expressions "National Committee" and "eligible project or scheme" shall have the meanings respectively assigned to them in the *Explanation* to section 35AC.'.

Amendment of section 80HHC.

28. In section 80HHC of the Income-tax Act,—

(a) in sub-section *(2)*,—

(i) in clause *(b)*, in sub-clause *(ii)*, after the words "minerals and ores", the brackets and words "(other than processed minerals and ores specified in the Twelfth Schedule)" shall be inserted;

(ii) the following *Explanations* shall be inserted at the end with effect from the 1st day of April, 1992, namely:—

"*Explanation 1.*—The sale proceeds referred to in clause *(a)* shall be deemed to have been received in India where such sale proceeds are credited to a separate account maintained for the purpose by the assessee with any bank outside India with the approval of the Reserve Bank of India.

Explanation 2.—For the removal of doubts, it is hereby declared that where any goods or merchandise are transferred by an assessee to a branch, office, warehouse or any other establishment of the assessee situate outside India and such goods or merchandise are sold from such branch, office, warehouse or establishment, then, such transfer shall be deemed to be export out of India of such goods and merchandise and the value of such goods or merchandise declared in the shipping bill or bill of export as referred to in sub-section *(1)* of section 50 of the Customs Act, 1962, shall, for the purposes of this section, be deemed to be the sale proceeds thereof."; 52 of 1962.

(b) for sub-section *(3)*, the following sub-section shall be substituted with effect from the 1st day of April, 1992, namely:—

'*(3)* For the purposes of sub-section *(1)*,—

(a) where the export out of India is of goods or merchandise manufactured by the assessee, the profits derived from such export shall be the amount which bears to the profits of the business, the same proportion as the export turnover in respect of such goods bears to the total turnover of the business carried on by the assessee;

(b) where the export out of India is of trading goods, the profits derived from such export shall be the export turnover in respect of such trading goods as reduced by the direct costs and indirect costs attributable to such export;

(c) where the export out of India is of goods or merchandise manufactured by the assessee and of trading goods, the profits derived from such export shall,—

(i) in respect of the goods or merchandise manufactured by the assessee, be the amount which bears to the adjusted profits of the business, the same proportion as the adjusted export turnover in respect of such goods bears to the adjusted total turnover of the business carried on by the assessee; and

(ii) in respect of trading goods, be the export turnover in respect of such trading goods as reduced by the direct and indirect costs attributable to export of such trading goods.

Explanation.— For the purposes of this sub-section,—

(a) "adjusted export turnover" means the export turnover as reduced by the export turnover in respect of trading goods;

(b) "adjusted profits of the business" means the profits of the business as reduced by the profits derived from the business of export out of India of trading goods as computed in the manner provided in clause *(b)* of sub-section *(3)*;

(c) "adjusted total turnover" means the total turnover of the business as reduced by the export turnover in respect of trading goods;

(d) "direct costs" means costs directly attributable to the trading goods exported out of India including the purchase price of such goods;

(e) "indirect costs" means costs, not being direct costs, allocated in the ratio of the export turnover in respect of trading goods to the total turnover;

(f) "trading goods" means goods which are not manufactured by the assessee.';

(c) in sub-section *(3A)*, with effect from the 1st day of April, 1992,—

(i) in clause *(a)*, the words 'as computed under the head "Profits and gains of business or profession" ' shall be omitted;

(ii) in clause *(b)*, the brackets and words '(as computed under the head "Profits and gains of business or profession")' shall be omitted;

(d) in sub-section *(4)*, for the words "on the basis of the amount of export turnover", the words "in accordance with the provisions of this section" shall be substituted with effect from the 1st day of April, 1992;

(e) in the *Explanation*,—

(i) after clause *(a)*, the following clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1986, namely:—

'*(aa)* "export out of India" shall not include any transaction by way of sale or otherwise, in a shop, emporium or any other establishment situate in India, not involving clearance at any customs station as defined in the Customs Act, 1962;'; 52 of 1962.

(ii) (1) after clause *(b)*, the following clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1987, namely :—

'*(ba)* "total turnover" shall not include freight or insurance attributable to the transport of the goods or merchandise beyond the customs station as defined in the Customs Act, 1962: 52 of 1962.

Provided that in relation to any assessment year commencing on or after the 1st day of April, 1991, the expression "total turnover" shall have effect as if it also excluded any sum referred to in clauses *(iiia)*, *(iiib)* and *(iiic)* of section 28;';

(2) after clause *(ba)* as so inserted, the following clause shall be inserted, with effect from the 1st day of April, 1992, namely :—

'*(baa)* "profits of the business" means the profits of the business as computed under the head "Profits and gains of business or profession" as reduced by—

(1) ninety per cent. of any receipts by way of brokerage, commission, interest, rent, charges or any other receipt of a similar nature included in such profits; and

(2) the profits of any branch, office, warehouse or any other establishment of the assessee situate outside India;';

(iii) clause *(bb)* shall be omitted.

Amendment of section 80HHD.

29. In section 80HHD of the Income-tax Act,—

(a) in sub-section *(1)*, the following proviso shall be inserted at the end, with effect from the 1st day of October, 1991, namely :—

"Provided that a hotel or, as the case may be, a tour operator approved by the prescribed authority on or after the 30th day of November, 1989 and before the 1st day of October, 1991, shall be deemed to have been approved by the prescribed authority for the purposes of this section in relation to the assessment year commencing on the 1st day of April, 1989 or the 1st day of April, 1990 or, as the case may be, the 1st day of April, 1991 if the assessee was engaged in the business of such hotel or as such tour operator during the previous year relevant to any of the said assessment years.";

(b) in sub-section *(2)*, the following *Explanation* shall be inserted at the end, with effect from the 1st day of April, 1992, namely :—

"*Explanation*.—For the purposes of this sub-section, any payment received by an assessee, engaged in the business of a hotel or of a tour operator or of a travel agent, in Indian currency obtained by conversion of foreign exchange brought into India through an authorised dealer, from a tour operator or, as the case may be, a travel agent on behalf of a foreign tourist or group of foreign tourists, shall be deemed to have been received by the assessee in convertible foreign exchange if the person making the payment furnishes to the assessee a certificate specified in sub-section *(2A)*.";

(c) after sub-section *(2)*, the following sub-section shall be inserted, with effect from the 1st day of April, 1992, namely:—

"*(2A)* Every person making payment to an assessee referred to in the *Explanation* to sub-section *(2)* out of Indian currency obtained by conversion of foreign exchange received from or on behalf of a foreign tourist or a group of foreign tourists shall furnish to that assessee a certificate in the prescribed form indicating the amount received in foreign exchange, its conversion into Indian currency and such other particulars as may be prescribed.";

(d) in sub-section *(3)*, the following proviso shall be inserted at the end, with effect from the 1st day of April, 1992, namely:—

'Provided that where the assessee (hereafter in this proviso referred to as the first assessee) in receipt of convertible foreign exchange from or on behalf of a foreign tourist or a group of foreign tourists, makes any payment to another assessee for providing services to such foreign tourist, then the profit derived from services provided to foreign tourists in the case of the first assessee shall be the amount which bears to the profits of the business of the first assessee (as computed under the head "Profits and gains of business or profession") the same proportion as the receipts specified in sub-section *(2)*, as reduced by such payment, bear to the total receipts of the business carried on by the first assessee.';

(e) in sub-section *(6)*, for the words "amount of convertible foreign exchange received by the assessee for services provided by him to the foreign tourist", the following shall be substituted, with effect from the 1st day of April, 1992, namely:—

"aggregate of the amount of convertible foreign exchange received by the assessee for services provided by him to foreign tourists and the payments received by him in Indian currency as referred to in the *Explanation* to sub-section *(2)*, as reduced by the payments made by him to the other assessee as referred to in the proviso to sub-section *(3)*";

(f) in the *Explanation*, after clause *(c)*, the following clause shall be inserted, with effect from the 1st day of April, 1992, namely:—

'*(d)* "authorised dealer", "foreign exchange" and "Indian currency" shall have the meanings respectively assigned to them in clauses *(b)*, *(h)* and *(k)* of section 2 of the Foreign Exchange Regulation Act, 1973.'.

46 of 1973.

30. After section 80HHD of the Income-tax Act, the following section shall be inserted, namely:— Insertion of new section 80HHE.

Deduction in respect of profits from export of computer software, etc.

'80HHE. *(1)* Where an assessee, being an Indian company or a person (other than a company) resident in India, is engaged in the business of,—

(i) export out of India of computer software or its transmission from India to a place outside India by any means;

(ii) providing technical services outside India in connection with the development or production of computer software,

there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction of the profits derived by the assessee from such business:

Provided that no such deduction shall be allowed in relation to the assessment year commencing on the 1st day of April, 1994 or any subsequent assessment year.

(2) The deduction specified in sub-section *(1)* shall be allowed only if the consideration in respect of the computer software referred to in that sub-section is received in, or brought into, India by the assessee in convertible foreign exchange, within a period of six months from the end of the previous year or, where the Commissioner is satisfied (for reasons to be recorded in writing) that the assessee is, for reasons beyond his control, unable to do so within the said period of six months, within such further period as the Commissioner may allow in this behalf.

(3) For the purposes of sub-section *(1)*, profits derived from the business referred to in that sub-section shall be the amount which bears to the profits of the business, the same proportion as the export turnover bears to the total turnover of the business carried on by the assessee.

(4) The deduction under sub-section *(1)* shall not be admissible unless the assessee furnishes in the prescribed form, along with the return of income, the report of an accountant, as defined in the *Explanation* below sub-section *(2)* of section 288, certifying that the deduction has been correctly claimed in accordance with the provisions of this section.

(5) Where a deduction under this section is claimed and allowed in respect of profits of the business referred to in sub-section *(1)* for any assessment year, no deduction shall be allowed in relation to such profits under any other provision of this Act for the same or any other assessment year.

Explanation.—For the purposes of this section,—

(a) "convertible foreign exchange" shall have the meaning assigned to it in clause *(a)* of the *Explanation* to section 80HHC;

(b) "computer software" means any computer programme recorded on any disc, tape, perforated media or other information storage device and includes any such programme which is transmitted from India to a place outside India by any means;

(c) "export turnover" means the consideration in respect of computer software received in, or brought into, India by the assessee in convertible foreign exchange in accordance with sub-section *(2)*, but does not include freight, telecommunication charges or insurance attributable to the delivery of the computer software outside India or expenses, if any, incurred in foreign exchange in providing the technical services outside India;

(d) "profits of the business" means the profits of the business as computed under the head "Profits and gains of business or profession" as reduced by—

(1) ninety per cent. of any receipts by way of brokerage, commission, interest, rent, charges or any other receipt of a similar nature included in such profits; and

(2) the profits of any branch, office, warehouse or any other establishment of the assessee situate outside India;

(e) "total turnover" shall not include—

(i) any sum referred to in clauses *(iiia)*, *(iiib)* and *(iiic)* of section 28;

(ii) any freight, telecommunication charges or insurance attributable to the delivery of the computer software outside India; and

(iii) expenses, if any, incurred in foreign exchange in providing the technical services outside India.'.

Amendment of section 80-I.

31. In section 80-I of the Income-tax Act,—

(a) in sub-section *(1A)*, after the figures, letters and words "1st day of April, 1990", the words, figures and letters "but before the 1st day of April, 1991" shall be inserted;

(b) in sub-section *(2)*, in clause *(iii)*, for the words "fourteen years", the words "ten years" shall be substituted;

(c) in sub-section *(3)*, in clause *(iii)*, for the words "fourteen years", the words "ten years" shall be substituted;

(d) in sub-section *(4)*, in clause *(iv)*, for the figures "1995", the figures "1991" shall be substituted;

(e) in sub-section *(5)*, in the third proviso, after the words, figures and letters "the 1st day of April, 1990", the words, figures and letters "but before the 1st day of April, 1991" shall be inserted.

Insertion of new section 80-IA.

32. After section 80-I of the Income-tax Act, the following section shall be inserted, namely:—

Deduction in respect of profits and gains from industrial undertakings etc., in certain cases.

'80-IA. *(1)* Where the gross total income of an assessee includes any profits and gains derived from any business of an industrial undertaking or a hotel or operation of a ship (such business being hereinafter referred to as the eligible business), to which this section applies, there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction from such profits and gains of an amount equal to the percentage specified in sub-section *(5)* and for such number of assessment years as is specified in sub-section *(6)*.

(2) This section applies to any industrial undertaking which fulfils all the following conditions, namely:—

(i) it is not formed by splitting up, or the reconstruction, of a business already in existence :

Provided that this condition shall not apply in respect of an industrial undertaking which is formed as a result of the re-establishment, reconstruction or revival by the assessee of the business of any such industrial undertaking as is referred to in section 33B, in the circumstances and within the period specified in that section;

(ii) it is not formed by the transfer to a new business of machinery or plant previously used for any purpose;

(iii) it manufactures or produces any article or thing, not being any article or thing specified in the list in the Eleventh Schedule, or operates one or more cold storage plant or plants, in any part of India:

Provided that the condition in this clause shall, in relation to a small scale industrial undertaking, apply as if the words "not being any article or thing specified in the list in the Eleventh Schedule" had been omitted;

(iv) it begins to manufacture or produce articles or things or to operate such plant or plants, at any time during the period beginning on the 1st day of April, 1991 and ending on the 31st day of March,

1995, or such further period as the Central Government may, by notification in the Official Gazette, specify with reference to any particular industrial undertaking;

(v) in a case where the industrial undertaking manufactures or produces articles or things, the undertaking employs ten or more workers in a manufacturing process carried on with the aid of power, or employs twenty or more workers in a manufacturing process carried on without the aid of power.

Explanation 1.— For the purposes of clause *(ii)* of this sub-section, any machinery or plant which was used outside India by any person other than the assessee shall not be regarded as machinery or plant previously used for any purpose, if the following conditions are fulfilled, namely :—

(a) such machinery or plant was not, at any time previous to the date of the installation by the assessee, used in India;

(b) such machinery or plant is imported into India from any country outside India; and

(c) no deduction on account of depreciation in respect of such machinery or plant has been allowed or is allowable under the provisions of this Act in computing the total income of any person for any period prior to the date of the installation of the machinery or plant by the assessee.

Explanation 2. —Where in the case of an industrial undertaking, any machinery or plant or any part thereof previously used for any purpose is transferred to a new business and the total value of the machinery or plant or part so transferred does not exceed twenty per cent. of the total value of the machinery or plant used in the business, then, for the purposes of clause *(ii)* of this sub-section, the condition specified therein shall be deemed to have been complied with.

(3) This section applies to any ship, where all the following conditions are fulfilled, namely:—

(i) it is owned by an Indian company and is wholly used for the purposes of the business carried on by it;

(ii) it was not, previous to the date of its acquisition by the Indian company, owned or used in Indian territorial waters by a person resident in India; and

(iii) it is brought into use by the Indian company at any time during the period beginning on the 1st day of April, 1991 and ending on the 31st day of March, 1995.

(4) This section applies to the business of any hotel, where conditions *(i)*, *(ii)*, *(v)*, and either of the conditions *(iii)* or *(iv)*, are fulfilled, namely:—

(i) the business of the hotel is not formed by the splitting up, or the reconstruction, of a business already in existence or by the transfer to a new business of a building previously used as a hotel or of any machinery or plant previously used for any purpose;

(ii) the business of the hotel is owned and carried on by a company registered in India with a paid-up capital of not less than five hundred thousand rupees;

(iii) the business of the hotel, located in a hilly area or a rural area or a place of pilgrimage or such other place as the Central Government may having regard to the need for development of infrastructure for tourism in any place and other relevant considerations specify for the purpose of this clause, starts functioning at any time during the period beginning on the 1st day of April, 1990 and ending on the 31st day of March, 1994;

(iv) the business of the hotel—

(1) located in any place, or

(2) located in a place other than a place referred to in clause *(iii)* of this sub-section,

starts functioning at any time during the period beginning on the 1st day of April, 1991 and ending on the 31st day of March, 1995;

(v) the hotel is for the time being approved by the prescribed authority.

(5) The amount referred to in sub-section *(1)* shall be—

(i) in the case of an industrial undertaking, twenty-five per cent. of the profits and gains derived from such industrial undertaking:

Provided that where the assessee is a company, the provisions of this clause shall have effect as if for the words "twenty-five per cent.", the words "thirty per cent." had been substituted;

(ii) in the case of a hotel referred to in clause *(iii)* of sub-section *(4)*, fifty per cent. of the profits and gains derived from the business of such hotel:

Provided that the said hotel is approved by the prescribed authority for the purpose of this clause in accordance with the rules made under this Act:

Provided further that the said hotel approved by the prescribed authority before the 31st day of March, 1992, shall be deemed to have been approved by the prescribed authority for the purposes of this section in relation to the assessment year commencing on the 1st day of April, 1991;

(iii) in the case of a hotel referred to in clause *(iv)* of sub-section *(4)*, thirty per cent. of the profits and gains derived from the business of such hotel;

(iv) in the case of a ship, thirty per cent. of the profits and gains derived from such ship.

(6) The number of assessment years referred to in sub-section (1) shall, including the initial assessment year, be—

(i) twelve in the case of an assessee, being a co-operative society, deriving profits and gains from an industrial undertaking;

(ii) ten in the case of any other assessee deriving profits and gains from an industrial undertaking;

(iii) ten in the case of any other assessee deriving profits and gains, from a ship or the business of a hotel.

(7) Notwithstanding anything contained in any other provision of this Act, the profits and gains of an eligible business to which the provisions of sub-section (1) apply shall, for the purposes of determining the quantum of deduction under sub-section (5) for the assessment year immediately succeeding the initial assessment year or any subsequent assessment year, be computed as if such eligible business were the only source of income of the assessee during the previous year relevant to the initial assessment year and to every subsequent assessment year up to and including the assessment year for which the determination is to be made.

(8) Where the assessee is a person other than a company or a co-operative society, the deduction under sub-section (1) from profits and gains derived from an industrial undertaking shall not be admissible unless the accounts of the industrial undertaking for the previous year relevant to the assessment year for which the deduction is claimed have been audited by an accountant, as defined in the *Explanation* below sub-section (2) of section 288, and the assessee furnishes, along with his return of income, the report of such audit in the prescribed form duly signed and verified by such accountant.

(9) Where any goods held for the purposes of the eligible business are transferred to any other business carried on by the assessee, or where any goods held for the purposes of any other business carried on by the assessee are transferred to the eligible business and, in either case, the consideration, if any, for such transfer as recorded in the accounts of the eligible business does not correspond to the market value of such goods as on the date of the transfer, then, for the purposes of the deduction under this section, the profits and gains of such eligible business shall be computed as if the transfer, in either case, had been made at the market value of such goods as on that date:

Provided that where, in the opinion of the Assessing Officer, the computation of the profits and gains of the eligible business in the manner hereinbefore specified presents exceptional difficulties, the Assessing Officer may compute such profits and gains on such reasonable basis as he may deem fit.

Explanation.—In this sub-section, "market value", in relation to any goods, means the price that such goods would ordinarily fetch on sale in the open market.

(10) Where it appears to the Assessing Officer that, owing to the close connection between the assessee carrying on the eligible business to which this section applies and any other person, or for any other reason, the course of business between them is so arranged that the business transacted between them produces to the assessee more than the ordinary profits which might be expected to arise in such eligible business, the Assessing Officer shall, in computing the profits and gains of such eligible business for the purposes of the deduction under this section, take the amount of profits as may be reasonably deemed to have been derived therefrom.

(11) The Central Government may, after making such inquiry as it may think fit, direct, by notification in the Official Gazette, that the exemption conferred by this section shall not apply to any class of industrial undertakings with effect from such date as it may specify in the notification.

(12) For the purposes of this section,—

(a) "hilly area" means any area located at a height of one thousand metres or more above the sea level;

(b) "industrial undertaking" shall have the meaning assigned to it in the *Explanation* to section 33B;

(c) "initial assessment year" means the assessment year relevant to the previous year in which the industrial undertaking begins to manufacture or produce articles or things, or to operate its cold storage plant or plants or the ship is first brought into use or the business of the hotel starts functioning;

(d) "place of pilgrimage" means a place where any temple, mosque, gurudwara, church or other place of public worship of renown throughout any State or States is situated;

(e) "rural area" means any area other than—

(i) an area which is comprised within the jurisdiction of a municipality (whether known as a municipality, municipal corporation, notified area committee, town area committee or by any other name) or a cantonment board and which has a population of not less than ten thousand according to the preceding census of which relevant figures have been published before the first day of the previous year; or

(ii) an area within such distance not being more than fifteen kilometres from the local limits of any municipality or cantonment board referred to in sub-clause *(i)*, as the Central Government may, having regard to the stage of development of such area (including the extent of, and scope for, urbanisation of such area) and other relevant considerations specify in this behalf by notification in the Official Gazette;

'*(f)* "small-scale industrial undertaking" means an industrial undertaking where the aggregate value of the machinery and plant (other than tools, jigs, dies and moulds) installed, as on the last day of the previous year, for the purposes of business of the undertaking does not exceed thirty-five lakh rupees and for this purpose the value of any machinery or plant shall be,—

(i) in the case of any machinery or plant owned by the assessee, the actual cost thereof to the assessee; and

(ii) in the case of any machinery or plant hired by the assessee, the actual cost thereof as in the case of the owner of such machinery or plant.'.

33. In section 80-O of the Income-tax Act, after the words "an Indian company", the words and brackets "or a person (other than a company) who is resident in India" shall be inserted with effect from the 1st day of April, 1992. Amendment of section 80-O.

34. After section 80P of the Income-tax Act, the following section shall be inserted, with effect from the 1st day of April, 1992, namely :— Insertion of new section 80Q.

"80Q. *(1)* Where in the case of an assessee the gross total income of the previous year relevant to the assessment year commencing on the 1st day of April, 1992, or to any one of the four assessment years next following that assessment year, includes any profits and gains derived from a business carried on in India of printing and publication of books or publication of books, there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction from such profits and gains of an amount equal to twenty per cent. thereof. Deduction in respect of profits and gains from the business of publication of books.

(2) In a case where the assessee is entitled also to the deduction under section 80HH or section 80HHA or section 80HHC or section 80-I or section 80-IA or section 80J or section 80P, in relation to any part of the profits and gains referred to in sub-section *(1)*, the deduction under sub-section *(1)* shall be allowed with reference to such profits and gains included in the gross total income as reduced by the deductions under section 80HH, section 80HHA, section 80HHC, section 80-I, section 80-IA, section 80J and section 80P.

(3) For the purposes of this section, "books" shall not include newspapers, journals, magazines, diaries, brochures, tracts, pamplets and other publications of a similar nature by whatever name called.".

35. In section 80QQA, in sub-section *(1)*, for the words "commencing on the 1st day of April, 1980, or to any one of the nine assessment years next following that assessment year, includes", the following shall be substituted, with effect from the 1st day of April, 1992, namely :— Amendment of section 80QQA.

"commencing on—

(a) the 1st day of April, 1980, or to any one of the nine assessment years next following that assessment year; or

(b) the 1st day of April, 1992, or to any one of the four assessment years next following that assessment year,

includes".

36. For section 80U of the Income-tax Act, the following section shall be substituted, with effect from the 1st day of April, 1992, namely:— Substitution of new section for section 80U.

'80U. In computing the total income of an individual, being a resident, who, at the end of the previous year, is suffering from a permanent physical disability (including blindness) or is subject to mental retardation, being a permanent physical disability or mental retardation specified in the rules made in this behalf by the Board, which is certified by a physician, a surgeon, an oculist or a psychiatrist, as the case may be, working in a Government hospital, and which has the effect of reducing considerably such individual's capacity for normal work or engaging in a gainful employment or occupation, there shall be allowed a deduction of a sum of twenty thousand rupees : Deduction in the case of permanent physical disability (including blindness).

Provided that such individual produces the aforesaid certificate before the Assessing Officer in respect of the first assessment year for which he claims deduction under this section:

Provided further that the requirement of producing the aforesaid certificate from a physician, a surgeon, an oculist or a psychiatrist, as the case may be, working in a Government hospital shall not apply to an individual who has already produced a certificate before the Assessing Officer under the provisions of this section as they stood immediately before the 1st day of April, 1992.

Explanation.— For the purposes of this section, the expression "Government hospital" shall have the meaning assigned to it in the *Explanation* to section 80DD.'.

Amendment of section 88.

37. In section 88 of the Income-tax Act, in sub-section *(2)*, with effect from the 1st day of April, 1992,—

(a) after clause *(xiv)*, the following clause shall be inserted, namely :—

"*(xiva)* as subscription to any such deposit scheme of—

(a) a public sector company which is engaged in providing long-term finance for construction or purchase of houses in India for residential purposes; or

(b) any authority constituted in India by or under any law enacted either for the purpose of dealing with and satisfying the need for housing accommodation or for the purpose of planning, development or improvement of cities, towns and villages, or for both,

not being a scheme the interest on deposits whereunder qualifies for the purposes of computing the deduction under section 80L, as the Central Government may, by notification in the Official Gazette, specify in this behalf;";

(b) in clause *(xv)*,—

(i) the words, figures and letters "construction of which is completed after the 31st day of March, 1987, and the" shall be omitted;

(ii) sub-clause *(B)* shall be omitted.

Amendment of section 90.

38. Section 90 of the Income-tax Act shall be renumbered and shall be deemed to have been renumbered as sub-section *(1)* thereof, and after sub-section *(1)* as so renumbered, the following sub-section shall be inserted and shall be deemed to have been inserted, with effect from the 1st day of April, 1972, namely:—

"*(2)* Where the Central Government has entered into an agreement with the Government of any country outside India under sub-section *(1)* for granting relief of tax, or, as the case may be, avoidance of double taxation, then, in relation to the assessee to whom such agreement applies, the provisions of this Act shall apply to the extent they are more beneficial to that assessee.".

Amendment of section 115A.

39. In section 115A of the Income-tax Act,—

(a) in sub-section *(1A)*,—

(i) after the words "an Indian concern", the words "or in respect of any computer software to a person resident in India" shall be inserted;

(ii) after the proviso, the following proviso shall be inserted, namely:—

"Provided further that such computer software is permitted according to the Import Trade Control Policy of the Government of India for the time being in force to be imported into India under an Open General Licence.";

(iii) the existing *Explanation* shall be renumbered as *Explanation 1* and after *Explanation 1* as so renumbered, the following *Explanation* shall be inserted, namely:—

'*Explanation* 2.—In this sub-section, the expression "computer software" shall have the meaning assigned to it in clause *(b)* of the *Explanation* to section 80HHE.';

(b) in sub-section *(2)*, for the words "purposes of the proviso", the words "purposes of the first proviso" shall be substituted.

Insertion of new section 115AB.

40. After section 115A of the Income-tax Act, the following section shall be inserted, with effect from the 1st day of April, 1992, namely:—

Tax on income from units purchased in foreign currency or capital gains arising from their transfer.

'115AB. *(1)* Where the total income of an assessee, being an overseas financial organisation (hereinafter referred to as Offshore Fund) includes—

(a) income received in respect of units purchased in foreign currency; or

(b) income by way of long-term capital gains arising from the transfer of units purchased in foreign currency,

the income-tax payable shall be the aggregate of—

(i) the amount of income-tax calculated on the income in respect of units referred to in clause *(a)*, if any, included in the total income, at the rate of ten per cent.;

(ii) the amount of income-tax calculated on the income by way of long-term capital gains referred to in clause *(b)*, if any, included in the total income, at the rate of ten per cent.; and

(iii) the amount of income-tax with which the Offshore Fund would have been chargeable had its total income been reduced by the amount of income referred to in clause *(a)* and clause *(b)*.

(2) Where the gross total income of the Offshore Fund,—

(a) consists only of income from units or income by way of long-term capital gains arising from the transfer of units, or both, no deduction shall be allowed to the assessee under sections 28 to 44C or sub-section *(2)* of section 48 or clause *(i)* or clause *(iii)* of section 57 or under Chapter VI-A;

(b) includes any income referred to in clause *(a)*, the gross total income shall be reduced by the amount of such income and the deduction under Chapter VI-A shall be allowed as if the gross total income as so reduced were the gross total income of the assessee.

Explanation.— For the purposes of this section,—

(a) "overseas financial organisation" means any fund, institution, association or body, whether incorporated or not, established under the laws of a country outside India, which has entered into an arrangement for investment in India with any public sector bank or public financial institution or a mutual fund specified under clause *(23D)* of section 10 and such arrangement is approved by the Central Government for this purpose;

(b) "unit" means unit of a mutual fund specified under clause *(23D)* of section 10 or of the Unit Trust of India;

(c) "foreign currency" shall have the meaning as in the Foreign Exchange Regulation Act, 1973; 46 of 1973.

(d) "public sector bank" shall have the meaning assigned to it in clause *(23D) of section 10;*

(e) "public financial institution" shall have the meaning assigned to it in section 4A of the Companies Act, 1956; 1 of 1956

(f) "Unit Trust of India" means the Unit Trust of India established under the Unit Trust of India Act, 1963.'. 52 of 1963.

Amendment of section 119.

41. In section 119 of the Income-tax Act, in sub-section *(2)*,—

(i) in clause *(a)*, for the figures and letters "210, 234A, 234B", the words, brackets, figures and letters "sub-section *(1A)* of section 201, sections 210, 211, 234A, 234B, 234C" shall be substituted;

(ii) after clause *(b)*, the following clause shall be inserted, with effect from the 1st day of October, 1991, namely:—

"*(c)* the Board may, if it considers it desirable or expedient so to do for avoiding genuine hardship in any case or class of cases, by general or special order for reasons to be specified therein, relax any requirement contained in any of the provisions of Chapter IV or Chapter VI-A, where the assessee has failed to comply with any requirement specified in such provision for claiming deduction thereunder, subject to the following conditions, namely:—

(i) the default in complying with such requirement was due to circumstances beyond the control of the assessee; and

(ii) the assessee has complied with such requirement before the completion of assessment in relation to the previous year in which such deduction is claimed :

Provided that the Central Government shall cause every order issued under this clause to be laid before each House of Parliament.".

Amendment of section 132.

42. In section 132 of the Income-tax Act, in sub-section *(8A)*, for the word "Commissioner", wherever it occurs, the words "Director or, as the case may be, Commissioner" shall be substituted with effect from the 1st day of October, 1991.

Amendment of section 139.

43. In section 139 of the Income-tax Act, sub-section *(10)* shall be omitted.

Amendment of section 140A.

44. In section 140A of the Income-tax Act, in sub-section *(1)*, for the words and figures "section 139 or section 148", the words and figures "section 139 or section 142 or, as the case may be, section 148" shall be substituted.

Amendment of section 143.

45. In section 143 of the Income-tax Act, with effect from the 1st day of October, 1991,—

(a) in sub-section *(2)*, for the proviso, the following proviso shall be substituted, namely:—

"Provided that no notice under this sub-section shall be served on the assessee after the expiry of twelve months from the end of the month in which the return is furnished.";

(b) the following *Explanation* shall be inserted at the end, namely:—

'*Explanation.*— An intimation sent to the assessee under sub-section *(1) or sub-section (1B)* shall be deemed to be an order for the purposes of section 264.".

Amendment of section 153.

46. In section 153 of the Income-tax Act, in *Explanation 1*, the following proviso shall be inserted at the end, namely:—

"Provided that where immediately after the exclusion of the aforesaid time *or period*, the period of limitation referred to in sub-sections *(1)*, *(2)* and *(2A)* available to the Assessing Officer for making an order of assessment, reassessment or recomputation, as the case may be, is less than sixty days, such remaining period shall be extended to sixty days and the aforesaid period of limitation shall be deemed to be extended accordingly.".

Amendment of section 155.

47. In section 155 of the Income-tax Act, after sub-section *(10C)*, the following sub-sections shall be inserted with effect from the 1st day of October, 1991, namely:—

"*(11)* Where in the assessment for any year, a capital gain arising from the transfer of any original asset as is referred to in section 54H is charged to tax and within the period extended under that section the assessee acquires the new asset referred to in that section or, as the case may be, deposits or invests the amount of such capital gain within the period so extended, the Assessing Officer shall amend the order of assessment so as to exclude the amount of the capital gain not chargeable to tax under any of the sections referred to in section 54H; and the provisions of section 154 shall, so far as may be, apply thereto, the period of four years specified in sub-section *(7)* of section 154 being reckoned from the end of the previous year in which the compensation was received by the assessee.

(12) Where in the assesssment for any year commencing before the 1st day of April, 1988, the deduction under section 80-O in respect of any income, being the whole or any part of income by way of royalty, commission, fees or any similar payment as is referred to in that section, has not been allowed on the ground that such income has not been received in convertible foreign exchange in India, or having been received in convertible foreign exchange outside India, or having been converted into convertible foreign exchange outside India, has not been brought into India, by or on behalf of the assessee in accordance with any law for the time being in force for regulating payments and dealings in foreign exchange and subsequently such income or part thereof has been or is received in, or brought into, India in the manner aforesaid, the Assessing Officer shall amend the order of assessment so as to allow deduction under section 80-O in respect of such income or part thereof as is so received in, or brought into, India; and the provisions of section 154 shall, so far as may be, apply thereto, the period of four years specified in sub-section *(7)* of that section being reckoned from the end of the previous year in which such income is so received in, or brought into, India; so, however, that the period from the 1st day of April, 1988 to the 30th day of September, 1991 shall be excluded in computing the period of four years.".

Amendment of section 161.

48. In section 161 of the Income-tax Act, in sub-section *(1A)*, the *Explanation* shall be omitted.

Amendment of section 193.

49. In section 193 of the Income-tax Act, with effect from the 1st day of October, 1991,—

(a) for the words "Provided that", the following shall be substituted, namely:—

"Provided that where, in the case of a scheduled bank, the Central Government is satisfied that the total income of the bank justifies deduction of income-tax at a lower rate, it may, by notification in the Official Gazette, specify the rate at which deduction of income-tax shall be made in the case of such bank under this section and such notification shall, at any one time, have effect for such assessment year or years, not exceeding three assessment years, as may be specified in the notification:

Provided further that";

(b) the existing *Explanation* shall be renumbered as *Explanation 1* and after *Explanation 1* as so renumbered, the following *Explanation* shall be inserted, namely:—

'*Explanation 2.*—For the purposes of this section, the expression "scheduled bank" shall have the meaning assigned to it in clause *(ii)* of the *Explanation* to clause *(viia)* of sub-section *(1)* of section 36.'.

Amendment of section 194.

50. In section 194 of the Income-tax Act, with effect from the 1st day of October, 1991,—

(i) after the words "distribution or payment to shareholder,", the words "who is resident in India," shall be inserted;

(ii) in the proviso, the words "who is resident in India," shall be omitted.

Amendment of section 194A.

51. In section 194A of the Income-tax Act, in sub-section *(3)*, clause *(vii)* shall be omitted with effect from the 1st day of October, 1991.

Amendment of section 194BB.

52. In section 194BB of the Income-tax Act, the words "in an amount exceeding five thousand rupees" shall be omitted with effect from the 1st day of October, 1991.

Insertion of new section 194EE.

53. After section 194E of the Income-tax Act, the following section shall be inserted with effect from the 1st day of October, 1991, namely:—

Payments in respect of deposits under National Savings Scheme, etc.

"194EE. The person responsible for paying to any person any amount referred to in clause *(a)* of sub-section *(2)* of section 80CCA shall, at the time of payment thereof, deduct income-tax thereon at the rate of twenty per cent.:

Provided that no deduction shall be made under this section where the amount of such payment or, as the case may be, the aggregate amount of such payments to the payee during the financial year is less than two thousand five hundred rupees:

Provided further that nothing contained in this section shall apply to the payment of the said amount to the heirs of the assessee.".

Insertion of new sections 194G and 194H.

54. After section 194F of the Income-tax Act, the following sections shall be inserted, with effect from the 1st day of October, 1991, namely:—

Commission, etc., on sale of lottery tickets.

'194G. Any person who is responsible for paying, on or after the 1st day of October, 1991 to any person, who is or has been stocking, distributing, purchasing or selling lottery tickets, any income by way of commission, remuneration or reward (by whatever name called) on such tickets, shall, at the time of credit of such income to the account of the payee or at the time of payment of such income in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of ten per cent.

Explanation.—For the purposes of this section, where any income is credited to any account, whether called "Suspense account" or by any other name, in the books of account of the person liable to pay such income, such crediting shall be deemed to be credit of such income to the account of the payee and the provisions of this section shall apply accordingly.

Commission, brokerage, etc.

194H. *(1)* Any person, not being an individual or a Hindu undivided family, who is responsible for paying, on or after the 1st day of October, 1991, to a resident, any income by way of commission (not being insurance commission referred to in section 194D) or brokerage, shall, at the time of credit of such income to the account of the payee or at the time of payment of such income in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of ten per cent.

(2) The provisions of sub-section *(1)* shall not apply where the amount of such income or, as the case may be, the aggregate of the amounts of such income credited or paid or likely to be credited or paid during the financial year by the person referred to in sub-section *(1)* to the account of, or to, the payee, does not exceed two thousand five hundred rupees.

Explanation.— For the purposes of this section,—

(i) "commission or brokerage" includes any payment received or receivable, directly or indirectly, by a person acting on behalf of another person for services rendered (not being professional services) or for any services in the course of buying or selling of goods or in relation to any transaction relating to any asset, valuable article or thing;

(ii) "professional services" means services rendered by a person in the course of carrying on a legal, medical, engineering or architectural profession or the profession of accountancy or technical consultancy or interior decoration or such other profession as is notified by the Board for the purposes of section 44AA;

(iii) where any income is credited to any account, whether called "Suspense account" or by any other name, in the books of account of the person liable to pay such income, such crediting shall be deemed to be credit of such income to the account of the payee and the provisions of this section shall apply accordingly.'.

Amendment of section 195.

55. In section 195 of the Income-tax Act, with effect from the 1st day of October, 1991,—

(i) in sub-section *(1)*, the words "or dividends" shall be omitted;

(ii) in sub-section *(2)*,—

(a) the word ", dividend" shall be omitted;

(b) the proviso shall be omitted.

Insertion of new section 196B.

56. After section 196A of the Income-tax Act, the following section shall be inserted, with effect from the 1st day of October, 1991, namely:—

Income from units.

"196B. Where any income is payable in respect of units referred to in section 115AB to an Offshore Fund, the person responsible for making the payment shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of ten per cent.".

Amendment of section 197A.

57. In section 197A of the Income-tax Act, with effect from the 1st day of October, 1991,—

(a) after the words, figures and letter "or section 194A", the words, figures and letters "or section 194EE" shall be inserted;

(b) for the words, figures and letter "or, as the case may be, section 194A", the words, figures and letters "or section 194A or, as the case may be, section 194EE" shall be substituted.

Amendment of sections 198 to 200 and 202, 203, 203A and 205.

58. In sections 198, 199, 200, 202, 203, 203A and 205 of the Income-tax Act, for the words, figures and letter "section 195 and section 196A", the words, figures and letters "section 194EE, section 194F, section 194G, section 194H, section 195, section 196A and section 196B" shall be substituted with effect from the 1st day of October, 1991.

Amendment of section 204.

59. In section 204 of the Income-tax Act, with effect from the 1st day of October, 1991,—

(a) in the opening portion, after the word, figures and letter "section 194E,", the words, figures and letters "section 194EE, section 194F, section 194G, section 194H," shall be inserted;

(b) in clause (iii), after the words "provisions of this Act,", the words "other than payments made by or on behalf of the Central Government or the Government of a State," shall be inserted.

Amendment of section 206.

60. In section 206 of the Income-tax Act, for the words "shall prepare, within the prescribed time after the end of each financial year, and deliver or cause to be delivered", the words "shall, within the prescribed time after the end of each financial year, prepare and deliver or cause to be delivered" shall be substituted.

Amendment of section 234C.

61. In section 234C of the Income-tax Act, in sub-section (1), in the opening portion, after the words " in any financial year,", the words and figures "the assessee who is liable to pay advance tax under section 208 has failed to pay such tax or " shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1989.

Amendment of section 244A.

62. In section 244A of the Income-tax Act, in sub-section (1), the words "and one-half", wherever they occur, shall be omitted with effect from the 1st day of October, 1991.

Amendment of section 245BA.

63. In section 245BA of the Income-tax Act, with effect from the Ist day of October, 1991,—

(a) after sub-section (5), the following sub-section shall be inserted, namely:—

"(5A) Notwithstanding anything contained in the foregoing provisions of this section, the Chairman may, for the disposal of any particular case, constitute a Special Bench consisting of more than three Members.";

(b) in sub-section (6), the following shall be inserted at the end, namely:—

"and the Special Bench shall sit at a place to be fixed by the Chairman out of the places specified in relation to other Benches.".

Amendment of section 245D.

64. In section 245D of the Income-tax Act,—

(a) in sub-section (1), after the first proviso, the following proviso shall be inserted, namely:—

"Provided further that the Commissioner shall furnish the report within a period of six months of the receipt of communication from the Settlement Commission in case of all applications made under section 245C on or after the date on which the Finance (No. 2) Bill, 1991 receives the assent of the President and if the Commissioner fails to furnish the report within the said period, the Settlement Commission may make the order without such report.";

(b) sub-section (1A) shall be omitted.

Amendment of section 254.

65. In section 254 of the Income-tax Act, in sub-section (3), the words "Chief Commissioner or" shall be omitted.

Amendment of section 272A.

66. In section 272A of the Income-tax Act, in sub-section (2), with effect from the 1st day of October, 1991,—

(a) in clause (c), after the figures and letter "206B", the words, figures and letter "or section 206C" shall be inserted;

(b) in clause (g), after the figures "203", the words, figures and letter "or section 206C" shall be inserted;

(c) the following proviso shall be inserted at the end, namely:—

"Provided that the amount of penalty for failures in relation to returns under sections 206 and 206C shall not exceed the amount of tax deductible or collectible, as the case may be.".

Amendment of section 273A.

67. In section 273A of the Income-tax Act, in sub-section (3), the following proviso shall be inserted at the end, namely:—

"Provided that where an order has been made in favour of any person under sub-section (1) on or before the 24th day of July, 1991, such person shall be entitled to further relief only once in relation to other assessment year or years at any time after the making of such an order.".

Amendment of section 279.

68. In section 279 of the Income-tax Act,—

(a) for sub-section (1), the following sub-section shall be substituted, with effect from the 1st day of October, 1991, namely:—

'(1) A person shall not be proceeded against for an offence under section 275A, section 276, section 276A, section 276B, section 276BB, section 276C, section 276CC, section 276D, section 277 or section 278 except with the previous sanction of the Commissioner or Commissioner (Appeals) or the appropriate authority:

Provided that the Chief Commissioner or, as the case may be, Director General may issue such instructions or directions to the aforesaid income-tax authorities as he may deem fit for institution of proceedings under this sub-section.

Explanation.—For the purposes of this section, "appropriate authority" shall have the same meaning as in clause (c) of section 269UA.';

(b) for sub-section (2), the following sub-section shall be substituted, with effect from the 1st day of

October, 1991, namely:—

"(2) Any offence under this Chapter may, either before or after the institution of proceedings, be compounded by the Board or a Chief Commissioner or a Director General.";

(c) after sub-section *(3)*, the following *Explanation* shall be inserted and shall be deemed always to have been inserted, namely:—

"*Explanation*.— For the removal of doubts, it is hereby declared that the power of the Board to issue orders, instructions or directions under this Act shall include and shall be deemed always to have included the power to issue instructions or directions (including instructions or directions to obtain the previous approval of the Board) to other income-tax authorities for the proper composition of offences under this section.".

69. After the Eleventh Schedule to the Income-tax Act, the following Schedule shall be inserted, namely:— Insertion of Twelfth Schedule.

"THE TWELFTH SCHEDULE

[*See* section 80HHC *(2)(b)(ii)*]

PROCESSED MINERALS AND ORES

(i) Pulverised or micronised —barytes, calcite, steatite, pyrophylite, wollastonite, zircon, bentonite, red or yellow oxide, red or yellow ochre, talc, quartz, feldspar, silica powder, garnet, silliminite, fireclay, ballclay, managanese dioxide ore.

(ii) Processed or activated— bentonite, diatomious earth, fullers earth.

(iii) Processed—kaolin (china clay), whiting, calcium carbonate.

(iv) Beneficated— chromite, flourspar, graphite, vermiculite, ilminite, brown ilminite (lencoxene) rutile, monazite and other mineral concentrates.

(v) Mica blocks, mica splittings, mica condenser films, mica powder, micanite, silvered mica, punched mica, mica paper, mica tapes, mica flakes.

(vi) Exfoliated—vermiculite, calcined kyanite, magnesite, calcined magnesite, calcined alumina.

(vii) Sized iron ore processed by mechanical crushing and screening through dry process or mechanical crushing, screening, washing and classification through wet process.

(viii) Iron ore concentrates processed through crushing, grinding or magnetic separation.

(ix) Agglomerated iron ore.

(x) Cut and polished minerals and rocks.

Explanation.—For the purposes of this Schedule, "processed", in relation to any mineral or ore, means—

(a) dressing through mechanical means to obtain concentrates after removal of gangue and unwanted deleterous substances or through other means without altering the minerological identity;

(b) pulverisation, calcination or micronisation;

(c) agglomeration from fines;

(d) cutting and polishing;

(e) washing and levigation;

(f) benefication by mechanical crushing and screening through dry process;

(g) sizing by crushing, screening, washing and classification through wet process;

(h) other upgrading techniques such as removal of impurities through chemical treatment, refining by gravity separation, bleaching, floatation or filtration.'.

70. The following amendments (being amendments of a consequential nature) shall be made in the Income-tax Act, with effect from the 1st day of April, 1992, namely:— Consequential amendments.

(i) in section 54, in sub-section *(2)*, in the *Explanation* to the proviso, in clause *(a)*, for the words "ten thousand rupees", the words "fifteen thousand rupees" shall be substituted;

(ii) in section 54B, in sub-section *(2)*, in the *Explanation* to the proviso, for the words "ten thousand rupees", the words "fifteen thousand rupees" shall be substituted;

(iii) in section 54D, in sub-section *(2)*, in the *Explanation* to the proviso, for the words "ten thousand rupees", the words "fifteen thousand rupees" shall be substituted;

(iv) in section 54F, in the *Explanation*, for the words "ten thousand rupees", the words "fifteen thousand rupees" shall be substituted;

(v) in section 54G, in sub-section *(2)*, in the *Explanation* to the proviso, for the words "ten thousand rupees", the words "fifteen thousand rupees" shall be substituted.

Wealth-tax

Amendment of section 5.

71. In section 5 of the Wealth-tax Act, 1957 (hereinafter referred to as the Wealth-tax Act), in sub-section *(1)*,— 27 of 1957.

(a) for clause *(xviia)*, the following clause shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1984, namely:—

"*(xviia)* the amount standing to the credit of—

(a) an individual; or

(b) a Hindu undivided family; or

(c) an association of persons or body of individuals consisting, in either case, only of husband and wife governed by the system of community of property in force in the State of Goa and the Union territories of Dadra and Nagar Haveli and Daman and Diu,

in any provident fund set up by the Central Government and notified by it in this behalf in the Official Gazette;";

(b) in clause *(xxvb)*, for the words "the National Savings Scheme referred to in", the words, brackets and figures "any scheme referred to in clause *(i)* of sub-section *(1)* of" shall be substituted with effect from the 1st day of October, 1991.

Amendment of section 16.

72. In section 16 of the Wealth-tax Act, with effect from the 1st day of October, 1991,—

(a) in sub-section *(2)*, for the proviso, the following proviso shall be substituted, namely:—

"Provided that no notice under this sub-section shall be served on the assessee after the expiry of twelve months from the end of the month in which the return is furnished.";

(b) the following *Explanation* shall be inserted at the end, namely:—

"*Explanation*.—An intimation sent to the assessee under sub-section *(1)* or sub-section *(1B)* shall be deemed to be an order for the purposes of sub-section *(1)* of section 25.".

Amendment of section 17A.

73. In section 17A of the Wealth-tax Act, in *Explanation 1*, the following proviso shall be inserted at the end, namely:—

"Provided that where immediately after the exclusion of the aforesaid time or period, the period of limitation referred to in sub-sections *(1)*, *(2)* and *(3)* available to the Assessing Officer for making an order of assessment or reassessment, as the case may be, is less than sixty days, such remaining period shall be extended to sixty days and the aforesaid period of limitation shall be deemed to be extended accordingly.".

Amendment of section 18B.

74. In section 18B of the Wealth-tax Act, in sub-section *(3)*, the following proviso shall be inserted at the end, namely:—

"Provided that where an order has been made in favour of any person under sub-section *(1)* on or before the 24th day of July, 1991, such person shall be entitled to further relief only once in relation to other assessment year or years at any time after the making of such an order.".

Amendment of section 22BA.

75. In section 22BA of the Wealth-tax Act, with effect from the 1st day of October, 1991,—

(a) after sub-section *(5)*, the following sub-section shall be inserted, namely:—

"*(5A)* Notwithstanding anything contained in the foregoing provisions of this section, the Chairman may, for the disposal of any particular case, constitute a Special Bench consisting of more than three Members.";

(b) in sub-section *(6)*, the following shall be inserted at the end, namely:—

"and the Special Bench shall sit at a place to be fixed by the Chairman out of the places specified in relation to other Benches".

Amendment of section 22D.

76. In section 22D of the Wealth-tax Act,—

(a) in sub-section *(1)*, after the first proviso, the following proviso shall be inserted, namely:—

"Provided further that the Commissioner shall furnish the report within a period of six months of the receipt of communication from the Settlement Commission in case of all applications made under section 22C on or after the date on which the Finance (No. 2) Bill, 1991 receives the assent of the President and if the Commissioner fails to furnish the report within the said period, the Settlement Commission may make the order without such report.";

(b) sub-section *(1A)* shall be omitted.

Amendment of section 27.

77. In section 27 of the Wealth-tax Act, in sub-section *(1)*, after the word and figures "section 26", the words, brackets, letter and figures "or clause *(e)* of sub-section *(1)* of section 35" shall be inserted.

Amendment of section 34A.

78. In section 34A of the Wealth-tax Act, in sub-section *(4B)*, in clause *(a)*, the words "and a half" shall be omitted with effect from the 1st day of October, 1991.

Amendment of section 35-I.

79. In section 35-I of the Wealth-tax Act,—

(a) for sub-sections *(1)* and *(2)*, the following sub-sections shall be substituted, with effect from the 1st day of October, 1991, namely:—

"*(1)* A person shall not be proceeded against for an offence under this Act except with the previous sanction of the Commissioner or Commissioner (Appeals):

Provided that the Chief Commissioner or, as the case may be, Director General may issue such instructions or directions to the aforesaid wealth-tax authorities as he may deem fit for institution of proceedings under this sub-section.

(2) Any such offence may, either before or after the institution of proceedings, be compounded by the Board or a Chief Commissioner or a Director General.";

(b) after sub-section *(2)* as so substituted, the following *Explanation* shall be inserted and shall be deemed always to have been inserted, namely:—

"*Explanation*.— For the removal of doubts, it is hereby declared that the power of the Board to issue orders, instructions or directions under this Act shall include and shall be deemed always to have included the power to issue instructions or directions (including instructions or directions to obtain the previous approval of the Board) to other wealth-tax authorities for the proper composition of offences under this section.".

Amendment of section 37A.

80. In section 37A of the Wealth-tax Act, in sub-section *(6A)*, for the words "Chief Commissioner or Commissioner", wherever they occur, the words "Director or, as the case may be, Commissioner" shall be substituted with effect from the 1st day of October, 1991.

Amendment of Schedule III.

81. In Schedule III to the Wealth-tax Act, with effect from the 1st day of April, 1992,—

(a) in rule 9A, after the words "at the option of the assessee,", the words "being an individual or a Hindu undivided family," shall be inserted;

(b) in rule 12,—

(i) after sub-rule *(2)*, the following sub-rule shall be inserted, namely:—

"*(3)* For the purposes of sub-rule *(2)*, the value of an asset disclosed in the balance-sheet of the company shall be taken to be its value determined in accordance with the rules as applicable to that particular asset and, in the absence of any such rule, the value of such asset shall be its value as determined under rule 20.";

(ii) after sub-rule *(4)*, the following sub-rule shall be inserted, namely:—

1 of 1956.

"*(5)* For the purpose of facilitating the valuation of unquoted equity shares under this rule and rule 13, the company concerned shall have such valuation made by its auditors appointed under section 224 of the Companies Act, 1956, and a certificate of the auditors relating to such valuation in the prescribed form shall be furnished to the Assessing Officer and the shareholders of the company; and the valuation made by the auditors shall be taken into account in the assessment of the shareholders of the company.".

Gift-tax

18 of 1958.

Amendment of section 4.

82. In section 4 of the Gift-tax Act, 1958 (hereinafter referred to as the Gift-tax Act), in sub-section *(1)*, in clause *(a)*, for the words "market value of the property at the date of the transfer", the words and figures "value of the property as on the date of the transfer and determined in the manner laid down in Schedule II," shall be substituted with effect from the 1st day of April, 1992.

Amendment of section 5.

83. In section 5 of the Gift-tax Act, in sub-section *(1)*, in clause *(iiie)*,—

(a) for the portion beginning with the words "to any relative" and ending with the words "Provided further that", the following shall be substituted, namely:—

"of property in the form of the bonds specified under sub-clause *(iid)* of clause *(15)* of section 10 of the Income-tax Act:

Provided that";

(b) in the *Explanation*, clause *(a)* shall be omitted.

Amendment of section 15.

84. In section 15 of the Gift-tax Act, with effect from the 1st day of October, 1991,—

(a) in sub-section *(2)*, for the proviso, the following proviso shall be substituted, namely:—

"Provided that no notice under this sub-section shall be served on the assessee after the expiry of twelve months from the end of the month in which the return is furnished.";

(b) the following *Explanation* shall be inserted at the end, namely:—

"*Explanation*.—An intimation sent to the assessee under sub-section *(1)* or sub-section *(1B)* shall be deemed to be an order for the purposes of sub-section *(1)* of section 24.".

Amendment of section 16A.

85. In section 16A of the Gift-tax Act, in *Explanation 1*, the following proviso shall be inserted at the end, namely:—

"Provided that where immediately after the exclusion of the aforesaid time or period, the period of limitation referred to in sub-sections *(1)*, *(2)* and *(3)* available to the Assessing Officer for making an order of assessment or reassessment, as the case may be, is less than sixty days, such remaining period shall be extended to sixty days and the aforesaid period of limitation shall be deemed to be extended accordingly.".

Amendment of section 26.

86. In section 26 of the Gift-tax Act, in sub-section *(1)*, after the word and figures "section 25", the words, brackets, letter and figures "or clause *(e)* of sub-section *(1)* of section 34" shall be inserted.

Amendment of section 33A.

87. In section 33A of the Gift-tax Act, in sub-section *(4B)*, in clause *(a)*, the words "and a half" shall be omitted with effect from the 1st day of October, 1991.

Amendment of section 35.

88. In section 35 of the Gift-tax Act,—

(a) for sub-sections *(3)* and *(4)*, the following sub-sections shall be substituted, with effect from the 1st day of October, 1991, namely:—

"*(3)* A person shall not be proceeded against for an offence under this Act except with the previous sanction of the Commissioner or Commissioner (Appeals):

Provided that the Chief Commissioner or, as the case may be, Director General may issue such instructions or directions to the aforesaid gift-tax authorities as he may deem fit for institution of proceedings under this sub-section.

(4) Any such offence may, either before or after the institution of proceedings, be compounded by the Board or a Chief Commissioner or a Director General.";

(b) the existing *Explanation* shall be renumbered as *Explanation 1* and after *Explanation 1* as so renumbered, the following *Explanation* shall be inserted and shall be deemed always to have been inserted, namely:—

"*Explanation 2.*—For the removal of doubts, it is hereby declared that the power of the Board to issue orders, instructions or directions under this Act shall include and shall be deemed always to have included the power to issue instructions or directions (including instructions or directions to obtain the previous approval of the Board) to other gift-tax authorities for the proper composition of offences under this section.".

Interest-tax

Amendment of section 2.

89. In the Interest-tax Act, 1974 (hereinafter referred to as the Interest-tax Act), in section 2, with effect from the 1st day of October, 1991,— 45 of 1974.

(a) after clause *(5)*, the following clauses shall be inserted, namely:—

'*(5A)* "credit institution" means,—

(i) a banking company to which the Banking Regulation Act, 1949, applies (including any bank or banking institution referred to in section 51 of that Act) or a co-operative society engaged in carrying on the business of banking (including a co-operative land mortgage bank or a co-operative land development bank); 10 of 1949.

(ii) a public financial institution as defined in section 4A of the Companies Act, 1956; 1 of 1956.

(iii) a State financial corporation established under section 3 or section 3A or an institution notified under section 46 of the State Financial Corporations Act, 1951; and 63 of 1951.

(iv) any other financial company;

(5B) "financial company" means a company, other than a company referred to in sub-clause *(i)*, *(ii)* or *(iii)* of clause *(5A)*, being—

(i) a hire-purchase finance company, that is to say, a company which carries on, as its principal business, hire-purchase transactions or the financing of such transactions;

(ii) an investment company, that is to say, a company which carries on, as its principal business, the acquisition of shares, stock, bonds, debentures, debenture stock, or securities issued by the Government or a local authority, or other marketable securities of a like nature;

(iii) a housing finance company, that is to say, a company which carries on, as its principal business, the business of financing of acquisition or construction of houses, including acquisition or development of land in connection therewith;

(*iv*) a loan company, that is to say, a company [not being a company referred to in sub-clauses (*i*) to (*iii*)] which carries on, as its principal business, the business of providing finance, whether by making loans or advances or otherwise;

(*v*) a mutual benefit finance company, that is to say, a company which carries on, as its principal business, the business of acceptance of deposits from its members and which is declared by the Central Government under section 620A of the Companies Act, 1956, to be a *Nidhi* or Mutual Benefit Society; or

1 of 1956.

(*vi*) a miscellaneous finance company, that is to say, a company which carries on exclusively, or almost exclusively, two or more classes of business referred to in the preceding sub-clauses;';

(*b*) for clause (*7*), the following clause shall be substituted, namely:—

'(*7*) "interest" means interest on loans and advances made in India and includes —

(*a*) commitment charges on unutilised portion of any credit sanctioned for being availed of in India; and

(*b*) discount on promissory notes and bills of exchange drawn or made in India,

but does not include —

(*i*) interest referred to in sub-section (*IB*) of section 42 of the Reserve Bank of India Act, 1934;

2 of 1934.

(*ii*) discount on treasury bills;';

(*c*) clause (*9*) shall be omitted.

Amendment of section 3.

90. In section 3 of the Interest-tax Act, for sub-section (*1*), the following sub-sections shall be substituted, with effect from the 1st day of October, 1991, namely:—

"(*1*) The income-tax authorities specified in section 116 of the Income-tax Act shall be the interest-tax authorities for the purposes of this Act.

(*1A*) Every such authority shall exercise the powers and perform the functions of an interest-tax authority under this Act in respect of any person within his jurisdiction.

(*1B*) The jurisdiction of an interest-tax authority under this Act shall be the same as he has under the Income-tax Act by virtue of orders or directions issued under section 120 of that Act (including orders or directions assigning the concurrent jurisdiction) or under any other provision of that Act.

(*1C*) The interest-tax authority having jurisdiction in relation to a credit institution which has no income assessable to income-tax under the Income-tax Act shall be the interest-tax authority having jurisdiction in respect of the area in which that institution carries on its business or has its principal place of business.

(*1D*) Section 118 of the Income-tax Act and any notification issued thereunder shall apply in relation to the control of interest-tax authorities as they apply in relation to the control of the corresponding income-tax authorities, except to the extent to which the Board may, by notification in the Official Gazette, otherwise direct in respect of any interest-tax authority.".

Amendment of section 4.

91. Section 4 of the Interest-tax Act shall be renumbered as sub-section (*1*) thereof, and after sub-section (*1*) as so renumbered, the following sub-section shall be inserted, with effect from the 1st day of October, 1991, namely :—

"(*2*) Notwithstanding anything contained in sub-section (*1*) but subject to the other provisions of this Act, there shall be charged on every credit institution for every assessment year commencing on and from the 1st day of April, 1992, interest-tax in respect of its chargeable interest of the previous year at the rate of three per cent. of such chargeable interest.".

Substitution of new section for section 5.

92. For section 5 of the Interest-tax Act, the following section shall be substituted, with effect from the 1st day of October, 1991, namely:—

Scope of chargeable interest.

"5. Subject to the provisions of this Act, the chargeable interest of any previous year of a credit institution shall be the total amount of interest (other than interest on loans and advances made to other credit institutions) accruing or arising to the credit institution in that previous year.".

Amendment of section 6.

93. In section 6 of the Interest-tax Act, with effect from the 1st day of October, 1991,—

(*a*) in sub-section (*1*), for the words "scheduled banks", the words "credit institutions" shall be substituted;

(*b*) in sub-section (*2*), for the words, figures and letters "after the 31st day of March, 1985", the words, figures and letters " during the period commencing on the 1st day of April, 1985 and ending with the 30th day of September, 1991" shall be substituted.

Amendment of section 7.

94. In section 7 of the Interest-tax Act, with effect from the 1st day of October, 1991,—

(a) for sub-sections (1) and (2), the following sub-sections shall be substituted, namely:—

"(1) In the case of every credit institution, its principal officer, or where in the case of a non-resident credit institution any person has been treated as its agent under section 163 of the Income-tax Act, such person, shall furnish a return of the chargeable interest of the credit institution of the previous year in the prescribed form and verified in the prescribed manner and setting forth such other particulars as may be prescribed, before the 31st day of December of the assessment year.

(2) Without prejudice to the provisions of sub-section (1), the Assessing Officer may, before the end of the relevant assessment year, serve a notice upon the principal officer of any credit institution, or where in the case of a non-resident credit institution any person has been treated as its agent under section 163 of the Income-tax Act, upon such person, requiring him to furnish within thirty days from the date of service of the notice a return of the chargeable interest of the credit institution of the previous year in the prescribed form and verified in the prescribed manner and setting forth such other particulars as may be prescribed.";

(b) in sub-section (3), for the words "before the assessment is made", the words "before the expiry of one year from the end of the relevant assessment year or before the completion of the assessment, whichever is earlier" shall be substituted.

Amendment of section 8.

95. In section 8 of the Interest-tax Act, with effect from the 1st day of October, 1991,—

(a) for the words "Income-tax Officer", wherever they occur, the words "Assessing Officer" shall be substituted;

(b) after sub-section (2), the following sub-section shall be inserted, namely:—

"(3) If any person —

(a) fails to make a return as required under sub-section (1) of section 7 and has not made a return or a revised return under sub-section (3) of that section, or

(b) fails to comply with all the terms of notice under sub-section (1) of that section,

the Assessing Officer shall, after taking into account all the relevant material which he has gathered and after giving the assessee an opportunity of being heard, make the assessment of the total interest to the best of his judgment and determine the sum payable by the assessee on the basis of such assessment:

Provided that such opportunity shall be given by the Assessing Officer by serving a notice calling upon the assessee to show cause, on a date and time to be specifed in the notice, why the assessment should not be completed to the best of his judgment:

Provided further that it shall not be necessary to give such opportunity in a case where a notice under sub-section (1) has been issued prior to the making of an assessment under this section.";

Substitution of new section for section 9.

96. For section 9 of the Interest-tax Act, the following section shall be substituted, with effect from the 1st day of October, 1991, namely:—

Self-assessment.

"9. (1) Where interest-tax is payable on the basis of any return required to be furnished under section 7 or section 10, after taking into account the amount of interest-tax, if any, already paid under any provision of this Act, the assessee shall be liable to pay such interest-tax, together with interest payable under any provision of this Act for any delay in furnishing the return or any default or delay in payment of advance interest-tax, before furnishing the return and the return shall be accompanied by proof of payment of such interest-tax and interest.

Explanation.— Where the amount paid by the assessee under this sub-section falls short of the aggregate of the interest-tax and interest as aforesaid, the amount so paid shall first be adjusted towards the interest payable as aforesaid and the balance, if any, shall be adjusted towards the interest-tax payable.

(2) After the assessment under section 8 has been made, any amount paid under sub-section (1) shall be deemed to have been paid towards such assessment.

(3) If any assessee fails to pay the whole or any part of interest-tax or interest or both in accordance with the provisions of sub-section (1), he shall, without prejudice to any other consequences which he may incur, be deemed to be an assessee in default in respect of the interest-tax or interest or both remaining unpaid, and all the provisions of this Act shall apply accordingly.".

Amendment of section 10.

97. In section 10 of the Interest-tax Act, for the words "Income-tax Officer", wherever they occur, the words " Assessing Officer" shall be substituted with effect from the 1st day of October, 1991.

Insertion of new section 10A.

98. After section 10 of the Interest-tax Act, the following section shall be inserted with effect from the 1st day of October, 1991, namely:—

Time limit for completion of assessments and reassessments.

"10A. (1) No order of assessment shall be made under section 8 at any time after the expiry of two years from the end of the assessment year in which the interest was first assessable.

(2) No order of assessment or reassessment shall be made under section 10 after the expiry of two years from the end of the financial year in which the notice under that section was served.

(3) Notwithstanding anything contained in sub-sections *(1)* and *(2)*, an order of fresh assessment in pursuance of an order passed under section 15, section 16, section 19 or section 20, setting aside or cancelling an assessment, may be made at any time before the expiry of two years from the end of the financial year in which the order under section 15 or section 16 is received by the Commissioner or, as the case may be, the order under section 19 or section 20 is passed by the Commissioner.

(4) The provisions of sub-sections *(1)* and *(2)* shall not apply to the assessment or reassessment made in consequence of, or to give effect to, any finding or direction contained in an order under section 15 or section 16 or section 19 or section 20 of this Act or section 256 or section 260 of the Income-tax Act as applicable to this Act by virtue of section 21 of this Act or in an order of any court in a proceeding otherwise than by way of appeal or reference under this Act and such assessment or reassessment may, subject to the provisions of sub-section *(3)*, be completed at any time.

Explanation 1.— In computing the period of limitation for the purposes of this section—

(i) the time taken in reopening the whole or any part of the proceeding; or

(ii) the period during which the assessment proceeding is stayed by an order or injunction of any court,

shall be excluded.

Explanation 2. — Where, by an order referred to in sub-section *(4)*, any interest is excluded from the chargeable interest for an assessment year in respect of an assessee, then, an assessment of such interest for another assessment year shall, for the purposes of section 10 and this section, be deemed to be one made in consequence of, or to give effect to, any finding or direction contained in the said order.".

Substitution of new sections for sections 11 to 13.

99. For sections 11 to 13 of the Interest-tax Act, the following sections shall be substituted, with effect from the 1st day of October, 1991, namely:—

Advance payment of interest-tax.

'11. *(1)* Interest-tax shall be payable in advance during the financial year in respect of the chargeable interest for the assessment year immediately following that financial year in accordance with the provision of this section.

(2) Interest-tax shall be payable in advance in three instalments during each financial year, the due date of, and the amount payable in, each such instalment being as specified in the following Table:

TABLE

Due date of instalment	Amount payable
On or before the 15th September	Not less than twenty per cent. of such interest-tax payable in advance.
On or before the 15th December	Not less than fifty per cent. of such interest-tax payable in advance, as reduced by the amount, if any, paid in the earlier instalment.
On or before the 15th March	The whole amount of such interest-tax payable in advance as reduced by the amount or amounts, if any, paid in the earlier instalment or instalments:

Provided that any amount paid by way of interest-tax payable in advance on or before the 31st day of March shall also be treated as interest-tax paid in advance during the financial year ending on that day for all the purposes of this Act.

Interest for default in furnishing return of chargeable interest.

12. *(1)* Where the return of chargeable interest for any assessment year under sub-section *(1)* of section 7, or in response to a notice under sub-section *(2)*, is furnished after the due date, or is not furnished, the assessee shall be liable to pay simple interest at the rate of two per cent. for every month or part of a month comprised in the period commencing on the date immediately following the due date, and,—

(a) where the return is furnished after the due date, ending on the date of the furnishing of the return; or

(b) where no return has been furnished, ending on the date of completion of assessment under sub-section *(3)* of section 8,

on the amount of the interest-tax on the chargeable interest as determined under sub-section *(2)* or sub-section *(3)* of section 8 as reduced by the interest-tax paid in advance.

Explanation 1.— In this section, "due date" means the 31st day of December of the relevant assessment year or, as the case may be, the date on which return in response to a notice under sub-section *(2)* of section 7 is due to be filed.

Explanation 2.— Where in relation to an assessment year, an assessment is made for the first time under section 10, the assessment so made shall be regarded as assessment made under sub-section *(2)*, or, as the case may be, sub-section *(3)* of section 8.

Explanation 3.—For the purposes of computing the interest payable under section 9, interest-tax on the chargeable interest declared in the return shall be deemed to be the interest-tax on total chargeable interest determined under sub-section *(2)* or sub-section *(3)* of section 8.

(2) The interest payable under sub-section *(1)* shall be reduced by the interest, if any, paid under section 9 towards the interest chargeable under this section.

(3) Where the return of chargeable interest for any assessment year, required by a notice under section 10 issued after the completion of assessment under sub-section *(2)* or sub-section *(3)* of section 8 or section 10 is furnished after the expiry of the time allowed under such notice or is not furnished, the assessee shall be liable to pay simple interest at the rate of two per cent. for every month or part of a month comprised in the period commencing on the date immediately following the expiry of time allowed as aforesaid, and,—

(a) where the return is furnished after the expiry of the time aforesaid, ending on the date of furnishing the return; or

(b) where no return has been furnished, ending on the day of completion of the reassessment under section 10,

on the amount by which the interest-tax on the chargeable interest as determined on the basis of such re-assessment exceeds the interest-tax on chargeable interest on the basis of earlier assessment aforesaid.

(4) Where, as a result of an order under section 15 or section 17 of this Act or section 254 or section 260 or section 262 of the Income-tax Act, as applicable to this Act by virtue of section 21 of this Act, the amount on which interest was payable under sub-section *(1)* or sub-section *(3)* has been increased or reduced, as the case may be, the interest shall be increased or reduced accordingly, and—

(i) in a case where the interest is increased, the Assessing Officer shall serve on the assessee a notice of demand in the prescribed form specifying the sum payable and such notice of demand shall be deemed to be a notice under section 156 of the Income-tax Act as applicable to this Act by virtue of section 21, and the provisions of this Act shall apply accordingly;

(ii) in a case where the interest is reduced, the excess interest paid, if any, shall be refunded.

(5) The provisions of this section shall apply in respect of assessments for the assessment year commencing on the 1st day of April, 1992 and subsequent years.

Interest for default in payment of interest-tax in advance.

12A. *(1)* Subject to the other provisions of this section, where in any financial year, an assessee, who is liable to pay interest-tax in advance under section 11 has failed to pay such tax, or where the interest-tax paid in advance by such assessee is less than ninety per cent. of the assessed interest-tax, the assessee shall be liable to pay simple interest at the rate of two per cent. for every month or part of a month comprised in the period from the 1st day of April next following such financial year to the date of determination of chargeable interest under sub-section *(2)* or, as the case may be, sub-section *(3)* of section 8 on an amount equal to the assessed interest-tax or, as the case may be, on the amount by which the interest-tax payable in advance falls short of the assessed interest-tax.

Explanation 1.—In this section, "assessed interest-tax" means—

(a) for the purpose of computing the interest payable under section 9, the interest-tax on the chargeable interest as declared in the return referred to in that section;

(b) in any other case, interest-tax on chargeable interest as determined under sub-section *(2)* or, as the case may be, sub-section *(3)* of section 8.

Explanation 2.—Where, in relation to an assessment year, an assessment is made for the first time under section 10, the assessment so made shall be regarded as assessment made under sub-section *(2)* or, as the case may be, sub-section *(3)* of section 8.

(2) Where, before the date of completion of assessment under sub-section *(2)* or sub-section *(3)* of section 8, interest-tax is paid by the assessee under section 9 or otherwise,—

(i) interest shall be calculated in accordance with the foregoing provisions of this section up to the date on which the tax is so paid, and reduced by the interest, if any, paid under section 9 towards the interest chargeable under this section;

(ii) thereafter, interest shall be calculated at the rate aforesaid on the amount by which the tax so paid together with interest-tax paid in advance falls short of the assessed interest-tax.

(3) Where, as a result of an order of reassessment under section 10, the amount on which the interest was payable under sub-section *(1)* is increased, the assessee shall be liable to pay simple interest at the rate of two per cent. for every month or part of a month comprised in the period commencing on the day following the completion of the assessment under sub-section *(2)* or, as the case may be, sub-section *(3)* of section 8 referred to in sub-section *(1)* and ending on the date of reassessment under section 10, on the amount by which the interest-tax on the basis of the reassessment exceeds the interest-tax on the chargeable interest determined on the basis of assessment under sub-section *(2)* or, as the case may be, sub-section *(3)* of section 8.

(4) Where, as a result of an order under section 15 or section 17 of this Act or section 254 or section 260 or section 262 of the Income-tax Act as applicable to this Act by virtue of section 21 of this Act, the amount on which interest was payable under sub-section *(1)* or sub-section *(3)* has been increased or reduced, as the case may be, the interest shall be increased or reduced accordingly, and —

(i) in a case where the interest is increased, the Assessing Officer shall serve on the assessee a notice of demand in the prescribed form specifying the sum payable and such notice of demand shall be deemed to be a notice under section 156 of the Income-tax Act as applicable to this Act by virtue of section 21 of this Act, and provisions of this Act shall apply accordingly;

(ii) in a case where the interest is reduced, the excess interest paid, if any, shall be refunded.

(5) The provisions of this section shall apply in respect of assessments for the assessment year commencing on the 1st day of April, 1992 and subsequent assessment years.

Interest for deferment of interest-tax payable in advance.

12B. *(1)* Where in any financial year, the assessee who is liable to pay interest-tax in advance under section 11 has failed to pay the interest-tax and where such tax paid by the assessee on his chargeable interest on or before the 15th day of September is less than twenty per cent. of the interest-tax due on the returned chargeable interest or the amount of such interest-tax paid on or before the 15th day of December is less than fifty per cent. of the tax due on the returned chargeable interest, then, the assessee shall be liable to pay simple interest at the rate of one and one-half per cent. per month of the shortfall for a period of three months on the amount of shortfall from twenty per cent. or, as the case may be, fifty per cent. of the interest-tax due on the returned chargeable interest.

(2) The provisions of this section shall apply in respect of assessments for the assessment year commencing on the 1st day of April, 1992 and subsequent assessment years.

Penalty for concealment of chargeable interest.

13. If the Assessing Officer or the Commissioner (Appeals) in the course of any proceeding under this Act, is satisfied that any person has concealed the particulars of chargeable interest or has furnished inaccurate particulars of such interest, he may direct that such person shall pay by way of penalty, in addition to any interest-tax payable by him, a sum which shall not be less than, but shall not exceed three times, the amount of interest-tax sought to be evaded by reason of the concealment of particulars of his chargeable interest or the furnishing of inaccurate particulars of such chargeable interest.'.

Amendment of section 15.

100. In section 15 of the Interest-tax Act, for the words "Income-tax Officer", wherever they occur, the words "Assessing Officer" shall be substituted with effect from the 1st day of October, 1991.

Omission of section 15A.

101. Section 15A of the Interest-tax Act shall be omitted with effect from the 1st day of October, 1991.

Amendment of section 16.

102. In section 16 of the Interest-tax Act, for the words "Income-tax Officer", wherever they occur, the words "Assessing Officer" shall be substituted with effect from the 1st day of October, 1991.

Amendment of section 17.

103. In section 17 of the Interest-tax Act, for the words "Income-tax Officer", wherever they occur, the words " Assessing Officer" shall be substituted with effect from the 1st day of October, 1991.

Substitution of new section for section 18.

104. For section 18 of the Interest-tax Act, the following section shall be substituted, with effect from the 1st day of October, 1991, namely:—

Interest-tax deductible in computing total income under the Income-tax Act.

'18. Notwithstanding anything contained in the Income-tax Act, in computing the income of a credit institution chargeable to income-tax under the head "Profits and gains of business or profession" or under the head "Income from other sources", the interest-tax payable by the credit institution for any assessment year shall be deductible from the income, under the respective heads, of the credit institution assessable for that assessment year.'.

Amendment of section 19.

105. In section 19 of the Interest-tax Act, with effect from the 1st day of October, 1991,—

(a) in sub-section *(1)*,—

(i) for the words "Income-tax Officer", the words "Assessing Officer" shall be substituted;

(ii) for the *Explanation*, the following *Explanation* shall be substituted, namely:—

'*Explanation*.—For the removal of doubts, it is hereby declared that, for the purposes of this sub-section,—

(a) "record" shall include and shall be deemed always to have included all records relating to any proceeding under this Act available at the time of examination by the Commissioner;

(b) where any order referred to in this sub-section is the subject matter of any appeal, the power of the Commissioner under this sub-section shall extend to all such matters as had not been considered and decided in such appeal.' ;

(b) in sub-section *(3)*, in the *Explanation*, after the word, brackets and figure "sub-section *(2)*,", the words and figures "the time taken in giving an opportunity to the assessee to be reheard under the proviso to section 129 of the Income-tax Act, as applicable to this Act by virtue of section 21 of this Act, and" shall be inserted.

Amendment of section 20.

106. In section 20 of the Interest-tax Act, with effect from the 1st day of October, 1991,—

(a) in sub-section *(1)*, for the words "Income-tax Officer", the words "Assessing Officer" shall be substituted;

(b) for the words and brackets "to the Commissioner (Appeals)", wherever they occur, the words and brackets "to the Commissioner (Appeals) or to the Appellate Tribunal" shall be substituted.

Amendment of section 21.

107. In section 21 of the Interest-tax Act, for the portion beginning with "2 (43B) and (44)" and ending with "the Third Schedule", the following shall be substituted, with effect from the 1st day of October, 1991, namely:—

'"2(44), 129, 131, 132, 132A, 132B, 133 to 136 (both inclusive), 138, 140, 145, 156, 160, 161, 162, 163, 166, 167, 170, 173, 175, 176, 178, 179, 220 to 227 (both inclusive), 228A, 229, 232, 237 to 245 (both inclusive), 254 to 262 (both inclusive), 265, 266, 268, 269, 281, 281B, 282, 284, 287, 288, 288A, 288B, 289 to 293 (both inclusive), the Second Schedule and the Third Schedule.".

Substitution of new sections for sections 23 to 26.

108. For sections 23 to 26, the following sections shall be substituted, with effect from the 1st day of October, 1991, namely:—

Failure to comply with notices.

'23. If any person fails, without reasonable cause, to produce or cause to be produced, any accounts or documents required to be produced under section 8, he shall pay by way of penalty, a sum which shall not be less than one thousand rupees, but which may extend to twenty-five thousand rupees, for each such failure.

False statements.

24. If a person makes a statement in any verification under this Act or any rule made thereunder, or delivers an account or statement which is false, and which he either knows or believes to be false or does not believe to be true, he shall be punishable with rigorous imprisonment for a term which shall not be less than three months but which may extend to seven years and with fine.

Wilful attempt to evade tax, etc.

25. If a person wilfully attempts in any manner whatsoever to evade any interest-tax, penalty or interest chargeable or imposable under this Act, he shall, without prejudice to any penalty that may be imposable on him under any other provision of this Act, be punishable with rigorous imprisonment for a term which shall not be less than three months but which may extend to seven years and with fine.

Explanation.— For the purposes of this section, a wilful attempt to evade any interest-tax, penalty or interest chargeable or imposable under this Act or the payment thereof shall include a case where any person—

(i) has in his possession or control any books of account or other documents (being books of account or other documents relevant to any proceeding under this Act) containing a false entry or statement; or

(ii) makes or causes to be made any false entry or statement in such books of account or other documents; or

(iii) wilfully omits or causes to be omitted any relevant entry or statement in such books of account or other documents; or

(iv) causes any other circumstances to exist which will have the effect of enabling such person to evade any interest-tax, penalty or interest chargeable or imposable under this Act or the payment thereof.

Abetment of false returns, etc.

26. If a person abets or induces in any manner another person to make and deliver any account or a statement or declaration relating to any chargeable interest which is false and which he either knows or believes to be false or does not believe to be true or to commit an offence under section 25, he shall be punishable with rigorous imprisonment for a term which shall not be less than three months but which may extend to seven years and with fine.

Offences by credit institutions.

26A. *(1)* Where an offence under this Act has been committed by a credit institution, every person who, at the time the offence was committed, was in charge of, and was responsible to, the credit institution for the conduct of the business of the credit institution as well as the credit institution shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render any such person liable to any punishment if he proves that the offence was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence.

(2) Notwithstanding anything contained in sub-section *(1)*, where an offence under this Act has been committed by a credit institution and it is proved that the offence has been committed with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the credit institution, such director, manager, secretary or other officer shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

Explanation.— For the purposes of this section, "director", in relation to a co-operative society, means any member controlling the affairs thereof.

Institution of proceedings and composition of offences.

45 of 1860.

26B. *(1)* A person shall not be proceeded against for any offence under section 24 or section 25 or section 26 or for any offence under the Indian Penal Code, except with the previous sanction of the Commissioner or Commissioner (Appeals):

Provided that the Chief Commissioner or, as the case may be, Director General may issue such instructions or directions to the aforesaid interest-tax authorities as he may deem fit for institution of proceedings under this sub-section.

(2) Any offence under the sections referred to in sub-section *(1)* may, either before or after the institution of proceedings, be compounded by the Board or a Chief Commissioner or a Director General.

Explanation.—For the removal of doubts, it is hereby declared that the power of the Board to issue orders, instructions or directions under this Act shall include the power to issue instructions or directions (including instructions or directions to obtain the previous approval of the Board) to other interest-tax authorities for the proper composition of offences under this section.'.

Amendment of section 28.

109. In section 28 of the Interest-tax Act, for the words "any scheduled bank or any class of scheduled banks", the words "any credit institution or any class of credit institutions or any interest on any category of loans or advances" shall be substituted with effect from the 1st day of October, 1991.

Amendment of section 29.

110. Section 29 of the Interest-tax Act shall be renumbered as sub-section *(1)* thereof and after sub-section *(1)*, as so renumbered, the following sub-sections shall be inserted, with effect from the 1st day of October, 1991, namely:—

"*(2)* If any difficulty arises in giving effect to the provisions of this Act, as amended by the Finance (No.2) Act, 1991, the Central Government may, by order, do anything not inconsistent with such provisions for the purpose of removing the difficulty:

Provided that no such order shall be made after the expiry of two years from the 1st day of October, 1991.

(3) Every order made under sub-section *(2)* shall be laid before each House of Parliament.".

Expenditure-tax

Amendment of long title.

35 of 1987.

111. In the long title to the Expenditure-tax Act, 1987 (hereinafter referred to as the Expenditure-tax Act), after the words "in certain hotels", the words "or restaurants and for matters connected therewith or incidental thereto" shall be inserted with effect from the 1st day of October, 1991.

Amendment of section 2.

112. In section 2 of the Expenditure-tax Act, after clause *(9)*, the following clause shall be inserted, with effect from the 1st day of October, 1991, namely:—

'*(9A)* "restaurant" means any premises, not being a restaurant situated in a hotel referred to in clause *(1)* of section 3, in which the business of sale of food or drink to the public is carried on and such premises, at the beginning of any month, have the approval of the Union Department of Tourism or have any of the following three facilities, namely:—

(i) they are equipped with, or have access to, facilities for air-conditioning;

(ii) they have at least two separate cloak rooms fitted with modern sanitary fittings;

(iii) they have a telephone installed therein;

(iv) they are equipped with, or have access to, cold storage or deep-freezing facility; '.

Substitution of new sections for sections 3 to 5.

113. For sections 3 to 5 of the Expenditure-tax Act, the following sections shall be substituted, with effect from the 1st day of October, 1991, namely:—

Application of the Act.

'3. This Act shall apply in relation to any chargeable expenditure—

(1) incurred in a hotel wherein the room charges for any unit of residential accommodation at the time of incurring of such expenditure are four hundred rupees or more per day per individual and where,—

(a) a composite charge is payable in respect of such unit and food, the room charges included therein shall be determined in the prescribed manner;

(b)(i) a composite charge is payable in respect of such unit, food, drinks and other services, or any of them, and the case is not covered by the provisions of sub-clause *(a)*, or

(ii) it appears to the Assessing Officer that the charges for such unit, food, drinks or other services are so arranged that the room charges are understated and the other charges are overstated,

the Assessing Officer shall, for the purposes of this clause determine the room charges on such reasonable basis as he may deem fit; and

(2) incurred in a restaurant.

Charge of expenditure-tax.

4. Subject to the provisions of this Act, there shall be charged on and from—

(a) the commencement of this Act, a tax at the rate of twenty per cent. of the chargeable expenditure incurred in a hotel referred to in clause *(1)* of section 3:

Provided that nothing in this clause shall apply in the case of a hotel referred to in clause *(ii)* of sub-section *(5)* of section 80-IA of the Income-tax Act during the period beginning on the 1st day of April, 1991 and ending on the 31st day of March, 2001;

(b) the 1st day of October, 1991, a tax at the rate of fifteen per cent. of the chargeable expenditure incurred in a restaurant referred to in clause *(2)* of section 3.

Meaning of chargeable expenditure.

5. For the purposes of this Act, chargeable expenditure,—

(1) in relation to a hotel referred to in clause *(1)* of section 3, means any expenditure incurred in, or payments made to, the hotel in connection with the provision of—

(a) any accommodation, residential or otherwise; or

(b) food or drink by the hotel, whether at the hotel or outside, or by any other person at the hotel; or

(c) any accommodation in such hotel on hire or lease; or

(d) any other services at the hotel, either by the hotel or by any other person, by way of beauty parlour, health club, swimming pool or other services,

but does not include—

(i) any expenditure which is incurred, or the payment for which is made, in foreign exchange;

(ii) any expenditure incurred by persons within the purview of the Vienna Convention on Diplomatic Relations, 1961 or the Vienna Convention on Consular Relations, 1963;

(iii) any expenditure incurred in any shop or in any office which is not owned or managed by the person who carries on the business of a hotel;

(iv) any expenditure by way of any tax, including tax under this Act.

Explanation.—For the purposes of this clause,—

(a) expenditure incurred or any payments made in Indian currency obtained by conversion of foreign exchange into Indian currency shall in such cases and in such circumstances as may be prescribed be deemed to have been incurred or, as the case may be, made in foreign exchange; and

(b) "foreign exchange" and "Indian currency" shall have the meanings respectively assigned to them in clauses *(h)* and *(k)* of section 2 of the Foreign Exchange Regulation Act, 1973; 46 of 1973.

(2) in relation to a restaurant referred to in clause *(2)* of section 3, means any expenditure incurred in, or payments made to, a restaurant in connection with the provision of food or drink by the restaurant, whether at the restaurant or outside, or by any other person in the restaurant, but does not include any expenditure referred to in sub-clauses *(ii)* and *(iv)* of clause *(1)*.'.

Substitution of new section for section 7.

114. For section 7 of the Expenditure-tax Act, the following section shall be substituted, with effect from the 1st day of October, 1991, namely :—

Collection and recovery of expenditure-tax.

"7. *(1)* Where any chargeable expenditure is incurred in a hotel referred to in clause *(1)* of section 3,—

(a) if such expenditure relates to any of the services, specified in sub-clauses *(a)* to *(d)* of clause *(1)* of section 5, provided by the hotel, the person who carries on the business of such hotel; and

(b) if such expenditure relates to any of the services, specified in sub-clause *(b)* or sub-clause *(d)* of clause *(1)* of section 5, provided by the other person referred to therein, such other person,

shall collect the expenditure-tax at the rate specified in clause *(a)* of section 4.

(2) Where any chargeable expenditure is incurred in a restaurant referred to in clause *(2)* of section 3 in relation to any services specified in clause *(2)* of section 5 and where such services are,—

(a) provided by the restaurant, the person who carries on the business of such restaurant; and

(b) provided by the other person, such other person,

shall collect the expenditure-tax at the rate specified in clause *(b)* of section 4.

(3) The tax collected during any calendar month in accordance with the provisions of sub-sections *(1)* and *(2)* shall be paid to the credit of the Central Government by the 10th of the month immediately following the said calendar month.

(4) Any person responsible for collecting the tax, who fails to collect the tax in accordance with the provisions of sub-sections (1) and (2) shall, notwithstanding such failure, be liable to pay the tax to the credit of the Central Government in accordance with the provisions of sub-section (3).".

Substitution of new section for section 15.

115. For section 15 of the Expenditure-tax Act, the following section shall be substituted, with effect from the 1st day of October, 1991, namely:—

Penalty for failure to collect or pay expenditure-tax.

"15. Any person responsible for collecting expenditure-tax in accordance with the provisions of sub-section (1) or sub-section (2) of section 7, who —

(a) fails to collect such tax; or

(b) having collected the tax, fails to pay such tax to the credit of the Central Government in accordance with the provisions of sub-section (3) of that section,

shall pay, —

(i) in the case referred to in clause (a), in addition to paying tax in accordance with the provisions of sub-section (4) of that section, by way of penalty, a sum equal to the amount of tax that he failed to collect; and

(ii) in the case referred to in clause (b), in addition to paying interest in accordance with the provisions of section 14, by way of penalty, a sum which shall not be less than one hundred rupees but which may extend to two hundred rupees for every day during which the failure continues, so, however, that the penalty under this clause shall not exceed the amount of tax that he failed to pay.".

Amendment of section 24.

116. In section 24 of the Expenditure-tax Act, with effect from the 1st day of October, 1991,—

(a) for the figures and letter "140, 144A", the figures and letters "139A, 140, 144A, 145" shall be substituted;

(b) after the figures "188,", the figures and letter "188A" shall be inserted;

(c) after the figures and letter "278E,", the figures and letter "279B" shall be inserted.

Amendment of section 31.

117. In section 31 of the Expenditure-tax Act, in sub-section (2), with effect from the 1st day of October, 1991,—

(i) in clause (a), for the words, brackets and figures "sub-section (2) of section 3", the words, brackets, letter and figures "sub-clause (a) of clause (1) of section 3" shall be substituted;

(ii) in clause (b), for the word and figure "section 5", the words, brackets and figures "clause (1) of section 5" shall be substituted.

CHAPTER IV

INDIRECT TAXES

Customs

Amendment of Act 52 of 1962.

118. In the Customs Act, 1962 (hereinafter referred to as the Customs Act),—

(1) in section 75,—

(a) in sub-section (1), the following provisos shall be inserted, namely:—

" Provided that no drawback shall be allowed under this sub-section in respect of any of the aforesaid goods which the Central Government may, by rules made under sub-section (2), specify, if the export value of such goods or class of goods is less than the value of the imported materials used in the manufacture of such goods or class of goods, or is not more than such percentage of the value of the imported materials used in the manufacture of such goods or class of goods as the Central Government may, by notification in the Official Gazette, specify in this behalf:

46 of 1973.

Provided further that where any drawback has been allowed on any goods under this sub-section and the sale proceeds in respect of such goods are not received by or on behalf of the exporter in India within the time allowed under the Foreign Exchange Regulation Act, 1973, such drawback shall be deemed never to have been allowed and the Central Government may, by rules made under sub-section (2), specify the procedure for the recovery or adjustment of the amount of such drawback.";

(b) in sub-section (2), after clause (a), the following clauses shall be inserted, namely:—

" (aa) for specifying the goods in respect of which no drawback shall be allowed;

(ab) for specifying the procedure for recovery or adjustment of the amount of any drawback which had been allowed under sub-section (1);";

(2) in section 113, after clause *(i)*, the following clause shall be inserted, namely:—

"*(ii)* any goods entered for exportation under claim for drawback which do not correspond in any material particular with any information furnished by the exporter or manufacturer under this Act in relation to the fixation of rate of drawback under section 75;";

(3) in section 142, in sub-section *(1)*, for the words "demanded from any person", the words "demanded from any person or any amount of drawback to be recovered from any person" shall be substituted.

Amendment of Act 51 of 1975.

119. The Customs Tariff Act, 1975 (hereinafter referred to as the Customs Tariff Act),—

(a) shall be amended in the manner specified in the Second Schedule; and

(b) shall, with effect from such date as the Central Government may, by notification in the Official Gazette, appoint, be also amended in the manner specified in the Third Schedule.

Excise

Amendment of Act 5 of 1986.

120. The Central Excise Tariff Act, 1985 (hereinafter referred to as the Central Excise Tariff Act), shall be amended in the manner specified in the Fourth Schedule.

Amendment of Act 58 of 1957.

121. The Additional Duties of Excise (Goods of Special Importance) Act, 1957 (hereinafter referred to as the Additional Duties of Excise Act), shall be amended in the manner specified in the Fifth Schedule.

CHAPTER V
MISCELLANEOUS

Omission of section 35 of Act 18 of 1964.

122. In the Industrial Development Bank of India Act, 1964, section 35 shall be omitted with effect from the 1st day of April, 1992.

Amendment of section 40 of Act 11 of 1983.

123. In section 40 of the Finance Act, 1983, with effect from the 1st day of April, 1992,—

(a) in sub-section *(3)*,—

(i) in clause *(v)*, in the proviso, after the words "for industrial purposes", the words "or for construction of a hotel" shall be inserted;

(ii) in clause *(vib)*, in the *Explanation*, for the words, brackets, letters and figures "in clause *(b)* of *Explanation 1* to section 80F", the words and figures "in *Explanation 1* to section 13" shall be substituted;

(b) for sub-section *(4)*, the following sub-section shall be substituted, namely:—

'*(4)* The value of any asset specified in sub-section *(3)* shall be either its value as on the valuation date determined in the manner laid down in Schedule III to the Wealth-tax Act or its value, disclosed in the balance sheet of the company, on the valuation date, whichever is higher.

Explanation.—For the purposes of this sub-section, "balance sheet", as drawn up on the valuation date, shall have the same meaning as in rule 11 of Schedule III to the Wealth-tax Act;';

(c) in sub-section *(5)*, in clause *(a)*, the words, brackets, letter and figures ", clause *(a)* of sub-section *(2)* of section 7 " shall be omitted.

Repeal.

124. Section 2 of the Finance Act, 1991 is hereby repealed and shall be deemed never to have been enacted. 18 of 1991.

Declaration under the Provisional Collection of Taxes Act, 1931

It is hereby declared that it is expedient in the public interest that the provisions of clause 119 [except sub-clause *(b)* thereof] and clauses 120 and 121 of this Bill shall have immediate effect under the Provisional Collection of Taxes Act, 1931. 16 of 1931.

THE FIRST SCHEDULE

(*See* section 2)

PART I

INCOME-TAX

Paragraph A

Sub-Paragraph I

In the case of every individual or Hindu undivided family or unregistered firm or other association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause *(vii)* of clause *(31)* of section 2 of the Income-tax Act, not being a case to which Sub-Paragraph II of this Paragraph or any other Paragraph of this Part applies,—

Rates of income-tax

(1) where the total income does not exceed Rs. 22,000	*Nil;*
(2) where the total income exceeds Rs. 22,000 but does not exceed Rs. 30,000	20 per cent. of the amount by which the total income exceeds Rs. 22,000;
(3) where the total income exceeds Rs. 30,000 but does not exceed Rs. 50,000	Rs. 1,600 *plus* 30 per cent. of the amount by which the total income exceeds Rs. 30,000;
(4) where the total income exceeds Rs.50,000 but does not exceed Rs.1,00,000	Rs. 7,600 *plus* 40 per cent. of the amount by which the total income exceeds Rs. 50,000;
(5) where the total income exceeds Rs. 1,00,000	Rs. 27,600 *plus* 50 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall,—

(i) in the case of every individual, Hindu undivided family or association of persons or body of individuals referred to in sections 88 and 88A having a total income exceeding seventy-five thousand rupees, be reduced by the amount of rebate of income-tax calculated under Chapter VIII-A, and the income-tax as so reduced;

(ii) in the case of every person, other than those mentioned in item (i), having a total income exceeding seventy-five thousand rupees,

be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax:

Provided that no such surcharge shall be payable by a non-resident.

Sub-Paragraph II

In the case of every Hindu undivided family which at any time during the previous year has at least one member whose total income of the previous year relevant to the assessment year commencing on the 1st day of April, 1991 exceeds Rs. 22,000,—

Rates of income-tax

(1) where the total income does not exceed Rs.12,000	*Nil;*
(2) where the total income exceeds Rs. 12,000 but does not exceed Rs. 20,000	25 per cent. of the amount by which the total income exceeds Rs. 12,000;
(3) where the total income exceeds Rs. 20,000 but does not exceed Rs. 40,000	Rs. 2,000 *plus* 30 per cent. of the amount by which the total income exceeds Rs. 20,000;
(4) where the total income exceeds Rs. 40,000 but does not exceed Rs. 60,000	Rs. 8,000 *plus* 40 per cent. of the amount by which the total income exceeds Rs. 40,000;
(5) where the total income exceeds Rs. 60,000 but does not exceed Rs. 1,00,000	Rs. 16,000 *plus* 50 per cent. of the amount by which the total income exceeds Rs. 60,000;
(6) where the total income exceeds Rs. 1,00,000	Rs. 36,000 *plus* 55 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be reduced by the amount of rebate of income-tax calculated under Chapter VIII-A and the income-tax as so reduced be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax:

Provided that no such surcharge shall be payable by a non-resident.

Paragraph B

In the case of every co-operative society,—

Rates of income-tax

(1) where the total income does not exceed Rs. 10,000	10 per cent. of the total income;
(2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 20,000	Rs. 1,000 *plus* 20 per cent. of the amount by which the total income exceeds Rs. 10,000;
(3) where the total income exceeds Rs. 20,000	Rs. 3,000 *plus 35* per cent. of the amount by which the total income exceeds Rs. 20,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax.

Paragraph C

Sub-Paragraph I

In the case of every registered firm, not being a case to which Sub-Paragraph II of this Paragraph applies,—

Rates of income-tax

(1) where the total income does not exceed Rs. 15,000	*Nil;*
(2) where the total income exceeds Rs. 15,000 but does not exceed Rs. 50,000	6 per cent. of the amount by which the total income exceeds Rs. 15,000;
(3) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000	Rs. 2,100 *plus* 12 per cent. of the amount by which the total income exceeds Rs. 50,000;
(4) where the total income exceeds Rs. 1,00,000	Rs. 8,100 *plus* 18 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax.

Sub-Paragraph II

In the case of every registered firm whose total income includes income derived from a profession carried on by it and the income so included is not less than fifty-one per cent. of such total income,—

Rates of income-tax

(1) where the total income does not exceed Rs. 15,000	*Nil;*
(2) where the total income exceeds Rs. 15,000 but does not exceed Rs. 50,000	5 per cent. of the amount by which the total income exceeds Rs. 15,000;
(3) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1.00,000	Rs. 1,750 *plus* 10 per cent. of the amount by which the total income exceeds Rs. 50,000;
(4) where the total income exceeds Rs. 1,00,000	Rs. 6,750 *plus* 15 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax.

Explanation.--For the purposes of this Paragraph, "registered firm" includes an unregistered firm assessed as a registered firm under clause *(b)* of section 183 of the Income-tax Act.

Paragraph D

In the case of every local authority,—

Rate of income-tax

On the whole of the total income	50 per cent.

Surcharge on income-tax

The amount of income-tax computed at the rate hereinbefore specified shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax.

Paragraph E

In the case of a company,—

Rates of income-tax

I. In the case of a domestic company,—	
(1) where the company is a company in which the public are substantially interested	40 per cent. of the total income;
(2) where the company is not a company in which the public are substantially interested—	
(i) in the case of a trading company or an investment company	50 per cent. of the total income;
(ii) in any other case	45 per cent. of the total income.
II. In the case of a company other than a domestic company,—	
(i) on so much of the total income as consists of— *(a)* royalties received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1961 but before the 1st day of April, 1976, or *(b)* fees for rendering technical services received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 29th day of February, 1964 but before the 1st day of April, 1976, and where such agreement has, in either case, been approved by the Central Government	50 per cent.;
(ii) on the balance, if any, of the total income	65 per cent.

Surcharge on income-tax

The amount of income-tax computed in accordance with the provisions of item I of this Paragraph shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge calculated at the rate of fifteen per cent. of such income-tax.

PART II

RATES FOR DEDUCTION OF TAX AT SOURCE IN CERTAIN CASES

In every case in which under the provisions of sections 193, 194, 194A, 194B, 194BB, 194D and 195 of the Income-tax Act, tax is to be deducted at the rates in force, deduction shall be made from the income subject to deduction at the following rates:—

	Rate of income-tax
1. In the case of a person other than a company—	
(a) where the person is resident in India—	
(i) on income by way of interest other than "Interest on securities"	10 per cent.;
(ii) on income by way of winnings from lotteries and crossword puzzles	40 per cent.;
(iii) on income by way of winnings from horse races	40 per cent.;
(iv) on income by way of insurance commission	10 per cent.;
(v) on income by way of interest payable on— *(A)* any security, other than a tax-free security, of the Central or a State Government; *(B)* any debentures or other securities for money issued by or on behalf of any local authority or a corporation established by a Central, State or Provincial Act; *(C)* any debentures issued by a company where such debentures are listed on a recognised stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and any rules made thereunder;	10 per cent.;
(vi) on any other income (excluding interest payable on a tax-free security)	20 per cent.;
(b) where the person is not resident in India—	
(i) in the case of a non-resident Indian—	
(A) on investment income and long-term capital gains	20 per cent.;
(B) on income by way of interest payable on a tax-free security	15 per cent.;
(C) on income by way of winnings from lotteries and crossword puzzles	40 per cent.;

(*D*) on income by way of winnings from horse races	40 per cent.;
(*E*) on the whole of other income	income-tax at 30 per cent. of the amount of income or income-tax in respect of the income at the rates prescribed in Sub-Paragraph I of Paragraph A of Part III of this Schedule, if such income had been the total income, whichever is higher;
(*ii*) in the case of any other person—	
(*A*) on income by way of interest payable on a tax-free security	15 per cent.;
(*B*) on income by way of winnings from lotteries and crossword puzzles	40 per cent.;
(*C*) on income by way of winnings from horse races	40 per cent.;
(*D*) on the whole of the other income	income-tax at 30 per cent. of the amount of income or income-tax in respect of the income at the rates prescribed in Sub-Paragraph I of Paragraph A of Part III of this Schedule, if such income had been the total income, whichever is higher.
2. In the case of a company—	
(*a*) where the company is a domestic company—	
(*i*) on income by way of interest other than "Interest on securities"	20 per cent.;
(*ii*) on income by way of winnings from lotteries and crossword puzzles	40 per cent.;
(*iii*) on income by way of winnings from horse races	40 per cent.;
(*iv*) on any other income (excluding interest payable on tax-free security)	21.5 per cent.;
(*b*) where the company is not a domestic company—	
(*i*) on income by way of dividends payable by any domestic company	25 per cent.;
(*ii*) on income by way of winnings from lotteries and crossword puzzles	40 per cent.;
(*iii*) on income by way of winnings from horse races	40 per cent.;
(*iv*) on income by way of interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency	25 per cent.;
(*v*) on income by way of royalty payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1976, where such royalty is in consideration for the transfer of all or any rights (including the granting of a licence) in respect of copyright in any book on a subject referred to in the proviso to sub-section *(1A)* of section 115A of the Income-tax Act, to the Indian concern	30 per cent.;
(*vi*) on income by way of royalty [not being royalty of the nature referred to in sub-item *(b)(v)*] payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and which has been approved by the Central Government—	
(*A*) where the agreement is made after the 31st day of March, 1961 but before the 1st day of April, 1976	50 per cent.;
(*B*) where the agreement is made after the 31st day of March, 1976	30 per cent.;
(*vii*) on income by way of fees for technical services payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and which has been approved by the Central Government—	
(*A*) where the agreement is made after the 29th day of February, 1964 but before the 1st day of April, 1976	50 per cent.;

(B) where the agreement is made after the 31st day of March, 1976 30 per cent.;

(viii) on income by way of interest payable on a tax-free security 44 per cent.;

(ix) on any other income 65 per cent.

Explanation.–For the purposes of this Part, "investment income", "long-term capital gains" and "non-resident Indian" shall have the meanings assigned to them in Chapter XII-A of the Income-tax Act.

Surcharge on income-tax

The amount of income-tax deducted in accordance with the provisions of—

(a) sub-item (a) of item 1 of this Part shall be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax, and

(b) sub-item (a) of item 2 of this Part shall be increased by a surcharge, calculated at the rate of fifteen per cent. of such income-tax.

PART III

RATES FOR CALCULATING OR CHARGING INCOME-TAX IN CERTAIN CASES, DEDUCTING INCOME-TAX FROM INCOME CHARGEABLE UNDER THE HEAD "SALARIES" AND COMPUTING "ADVANCE TAX"

In cases in which income-tax has to be calculated under the first proviso to sub-section *(5)* of section 132 of the Income-tax Act or charged under sub-section *(4)* of section 172 or sub-section *(2)* of section 174 or section 175 or sub-section *(2)* of section 176 of the said Act or deducted under section 192 of the said Act from income chargeable under the head "Salaries" or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed at the rate or rates in force, such income-tax or, as the case may be, "advance tax" [not being "advance tax" in respect of any income chargeable to tax under Chapter XII or Chapter XII-A or sub-section *(1A)* of section 161 or section 164 or section 164A or section 167B of the Income-tax Act at the rates as specified in that Chapter or section or surcharge on such "advance tax" in respect of any income chargeable to tax under section 115B], shall be calculated, charged, deducted or computed at the following rate or rates:

Paragraph A

Sub-Paragraph I

In the case of every individual or Hindu undivided family or unregistered firm or other association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause *(vii)* of clause *(31)* of section 2 of the Income-tax Act, not being a case to which Sub-Paragraph II of this Paragraph or any other Paragraph of this Part applies,—

Rates of income-tax

(1) where the total income does not exceed Rs. 22,000	*Nil;*
(2) where the total income exceeds Rs. 22,000 but does not exceed Rs. 30,000	20 per cent. of the amount by which the total income exceeds Rs. 22,000;
(3) where the total income exceeds Rs. 30,000 but does not exceed Rs. 50,000	Rs. 1,600 *plus* 30 per cent. of the amount by which the total income exceeds Rs. 30,000;
(4) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000	Rs. 7,600 *plus* 40 per cent. of the amount by which the total income exceeds Rs. 50,000;
(5) where the total income exceeds Rs. 1,00,000	Rs. 27,600 *plus* 50 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall,—

(i) in the case of every individual, Hindu undivided family or association of persons or body of individuals referred to in sections 88 and 88A having a total income exceeding seventy-five thousand rupees, be reduced by the amount of rebate of income-tax calculated under Chapter VIII-A, and the income-tax as so reduced,

(ii) in the case of every person, other than those mentioned in item *(i)*, having a total income exceeding seventy-five thousand rupees,

be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax:

Provided that no such surcharge shall be payable by a non-resident.

Sub-Paragraph II

In the case of every Hindu undivided family which at any time during the previous year has at least one member whose total income of the previous year relevant to the assessment year commencing on the 1st day of April, 1992 exceeds Rs. 22,000,—

Rates of income-tax

(1) where the total income does not exceed Rs. 12,000	*Nil;*
(2) where the total income exceeds Rs. 12,000 but does not exceed Rs. 20,000	25 per cent. of the amount by which the total income exceeds Rs. 12,000;
(3) where the total income exceeds Rs. 20,000 but does not exceed Rs. 40,000	Rs. 2,000 *plus* 30 per cent. of the amount by which the total income exceeds Rs. 20,000;
(4) where the total income exceeds Rs. 40,000 but does not exceed Rs. 60,000	Rs. 8,000 *plus* 40 per cent. of the amount by which the total income exceeds Rs. 40,000;

(5) where the total income exceeds Rs. 60,000 but does not exceed Rs. 1,00,000	Rs. 16,000 *plus* 50 per cent. of the amount by which the total income exceeds Rs. 60,000;
(6) where the total income exceeds Rs. 1,00,000	Rs. 36,000 *plus* 55 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be reduced by the amount of rebate of income-tax calculated under Chapter VIII-A and the income-tax as so reduced be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax :

Provided that no such surcharge shall be payable by a non-resident.

Paragraph B

In the case of every co-operative society,—

Rates of income-tax

(1) where the total income does not exceed Rs. 10,000	10 per cent. of the total income;
(2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 20,000	Rs. 1,000 *plus* 20 per cent. of the amount by which the total income exceeds Rs. 10,000;
(3) where the total income exceeds Rs. 20,000	Rs. 3,000 *plus* 35 per cent. of the amount by which the total income exceeds Rs. 20,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax.

Paragraph C

Sub-Paragraph I

In the case of every registered firm, not being a case to which Sub-Paragraph II of this Paragraph applies,—

Rates of income-tax

(1) where the total income does not exceed Rs. 15,000	*Nil;*
(2) where the total income exceeds Rs. 15,000 but does not exceed Rs. 50,000	6 per cent. of the amount by which the total income exceeds Rs. 15,000;
(3) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000	Rs. 2,100 *plus* 12 per cent. of the amount by which the total income exceeds Rs. 50,000;
(4) where the total income exceeds Rs. 1,00,000	Rs. 8,100 *plus* 18 per cent. of the amount by which the total income exceeds Rs.1,00,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax.

Sub-Paragraph II

In the case of every registered firm whose total income includes income derived from a profession carried on by it and the income so included is not less than fifty-one per cent. of such total income,—

Rates of income-tax

(1) where the total income does not exceed Rs. 15,000	*Nil;*
(2) where the total income exceeds Rs. 15,000 but does not exceed Rs. 50,000	5 per cent. of the amount by which the total income exceeds Rs. 15,000;
(3) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000	Rs. 1,750 *plus* 10 per cent. of the amount by which the total income exceeds Rs. 50,000;
(4) where the total income exceeds Rs. 1,00,000	Rs. 6,750 *plus* 15 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax.

Explanation.— For the purposes of this Paragraph, "registered firm" includes an unregistered firm assessed as a registered firm under clause *(b)* of section 183 of the Income-tax Act.

Paragraph D

In the case of every local authority,—

Rate of income-tax

On the whole of the total income	50 per cent.

Surcharge on income-tax

The amount of income-tax computed at the rate hereinbefore specified shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax.

Paragraph E

In the case of a company,–

Rates of income-tax

I. In the case of a domestic company,–	
(1) where the company is a company in which the public are substantially interested	45 per cent. of the total income;
(2) where the company is not a company in which the public are substantially interested	50 per cent. of the total income.
II. In the case of a company other than a domestic company,—	
(i) on so much of the total income as consists of— *(a)* royalties received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1961 but before the 1st day of April, 1976, or *(b)* fees for rendering technical services received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 29th day of February, 1964 but before the 1st day of April, 1976, and where such agreement has, in either case, been approved by the Central Government	50 per cent.;
(ii) on the balance, if any, of the total income	65 per cent.

Surcharge on income-tax

The amount of income-tax computed in accordance with the provisions of item I of this Paragraph shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge calculated at the rate of fifteen per cent. of such income-tax.

PART IV

[*See* section 2 *(9) (e)*]

RULES FOR COMPUTATION OF NET AGRICULTURAL INCOME

Rule 1.— Agricultural income of the nature referred to in sub-clause *(a)* of clause *(1A)* of section 2 of the Income-tax Act shall be computed as if it were income chargeable to income-tax under that Act under the head "Income from other sources" and the provisions of sections 57 to 59 of that Act shall, so far as may be, apply accordingly:

Provided that sub-section *(2)* of section 58 shall apply subject to the modification that the reference to section 40A therein shall be construed as not including a reference to sub-sections *(3)* and *(4)* of section 40A.

Rule 2.—Agricultural income of the nature referred to in sub-clause *(b)* or sub-clause *(c)* of clause *(1A)* of section 2 of the Income-tax Act [other than income derived from any building required as a dwelling house by the receiver of the rent or revenue or the cultivator or the receiver of rent-in- kind referred to in the said sub-clause *(c)*] shall be computed as if it were income chargeable to income-tax under that Act under the head "Profits and gains of business or profession" and the provisions of sections 30, 31, 32, 36, 37, 38, 40, 40A [other than sub-sections *(3)* and *(4)* thereof], 41, 43, 43A, 43B and 43C of the Income-tax Act shall, so far as may be, apply accordingly.

Rule 3.– Agricultural income of the nature referred to in sub-clause *(c)* of clause *(1A)* of section 2 of the Income-tax Act, being income derived from any building required as a dwelling house by the receiver of the rent or revenue or the cultivator or the receiver of rent-in-kind referred to in the said sub-clause *(c)* shall be computed as if it were income chargeable to income-tax under that Act under the head "Income from house property" and the provisions of sections 23 to 27 of that Act shall, so far as may be, apply accordingly.

Rule 4.—Notwithstanding anything contained in any other provisions of these rules, in a case where the assessee derives income from sale of tea grown and manufactured by him in India, such income shall be computed in accordance with rule 8 of the Income-tax Rules, 1962, and sixty per cent. of such income shall be regarded as the agricultural income of the assessee.

Rule 5.—Where the assessee is a partner of a registered firm or an unregistered firm assessed as a registered firm under clause *(b)* of section 183 of the Income-tax Act, which in the previous year has any agricultural income, or is a partner of an unregistered firm which has not been assessed as a registered firm under clause *(b)* of the said section 183 and which in the previous year has either no income chargeable to tax under the Income-tax Act or has total income not exceeding the maximum amount not chargeable to tax in the case of an unregistered firm but has any agricultural income, then, the agricultural income or loss of the firm shall be computed in accordance with these rules and his share in the agricultural income or loss of the firm shall be computed in the manner laid down in sub-section *(1)*, sub-section *(2)* and sub-section *(3)* of section 67 of the Income-tax Act and the share so computed shall be regarded as the agricultural income or loss of the assessee.

Rule 6.— Where the assessee is a member of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) which in the previous year has either no income chargeable to tax under the Income-tax Act or has total income not exceeding the maximum amount not chargeable to tax in the case of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) but has any agricultural income, then, the agricultural income or loss of the association or body shall be computed in accordance with these rules and the share of the assessee in the agricultural income or loss so computed shall be regarded as the agricultural income or loss of the assessee.

Rule 7.— Where the result of the computation for the previous year in respect of any source of agricultural income is a loss, such loss shall be set off against the income of the assessee, if any, for that previous year from any other source of agricultural income :

Provided that where the assessee is a partner of an unregistered firm which has not been assessed as a registered firm under clause *(b)* of section 183 of the Income-tax Act or is a member of an association of persons or a body of individuals and the share of the assessee in the agricultural income of the firm, association or body, as the case may be, is a loss, such loss shall not be set off against any income of the assessee from any other source of agricultural income.

Rule 8.—Any sum payable by the assessee on account of any tax levied by the State Government on the agricultural income shall be deducted in computing the agricultural income.

Rule 9.—*(1)* Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 1991, any agricultural income and the net result of the computation of the agricultural income of the assessee for any one or more of the previous years relevant to the assessment years commencing on the 1st day of April, 1983 or the 1st day of April, 1984 or the 1st day of April, 1985 or the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989 or the 1st day of April, 1990, is a loss, then, for the purposes of sub-section *(2)* of section 2 of this Act,—

(i) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1983 to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1984 or the 1st day of April, 1985 or the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989 or the 1st day of April, 1990,

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1984, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1985 or the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989 or the 1st day of April, 1990,

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1985, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April, 1988, or the 1st day of April, 1989 or the 1st day of April, 1990,

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1986, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989 or the 1st day of April, 1990,

(v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1987, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1988 or the 1st day of April, 1989 or the 1st day of April, 1990,

(vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1988, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1989 or the 1st day of April, 1990,

(vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1989, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1990, and

(viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1990,

shall be set off against the agricultural income of the assessee for the previous year relevant to the assessment year commencing on the 1st day of April, 1991.

(2) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 1992 or, if by virtue of any provision of the Income-tax Act, income-tax is to be charged in respect of the income of a period other than that previous year, in such other period, any agricultural income and the net result of the computation of the agricultural income of the assessee for any one or more of the previous years relevant to the assessment years commencing on the 1st day of April, 1984 or the 1st day of April, 1985 or the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989 or the 1st day of April, 1990 or the 1st day of April, 1991, is a loss, then, for the purposes of sub-section *(8)* of section 2 of this Act,—

(i) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1984, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1985 or the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989 or the 1st day of April, 1990 or the 1st day of April, 1991,

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1985, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989 or the 1st day of April, 1990 or the 1st day of April, 1991,

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1986, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989 or the 1st day of April, 1990 or the 1st day of April, 1991,

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1987, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1988 or the 1st day of April, 1989 or the 1st day of April, 1990 or the 1st day of April, 1991,

(v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1988, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1989 or the 1st day of April, 1990 or the 1st day of April, 1991,

(vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1989, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1990 or the 1st day of April, 1991,

(vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1990, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1991, and

(viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1991,

shall be set off against the agricultural income of the assessee for the previous year relevant to the assessment year commencing on the 1st day of April, 1992.

(3) Where a change has occurred in the constitution of a firm, nothing in sub-rule *(1)* or sub-rule *(2)* shall entitle the firm to set off so much of the loss proportionate to the share of a retired or deceased partner computed in the manner laid down in sub-section *(1)*, sub-section *(2)* and sub-section *(3)* of section 67 of the Income-tax Act as exceeds his share of profits, if any, of the previous year in the firm, or entitle any partner to the benefit of any portion of the said loss (computed in the manner aforesaid) which is not apportionable to him.

(4) Where any person deriving any agricultural income from any source has been succeeded in such capacity by another person, otherwise than by inheritance, nothing in sub-rule *(1)* or sub-rule *(2)* shall entitle any person, other than the person incurring the loss, to have it set off under sub-rule *(1)* or, as the case may be, sub-rule *(2)*.

11 of 1983.
21 of 1984.
32 of 1985.
23 of 1986.
11 of 1987.
26 of 1988.
13 of 1989.
12 of 1990.

(5) Notwithstanding anything contained in this rule, no loss which has not been determined by the Assessing Officer under the provisions of these rules or the rules contained in Part IV of the First Schedule to the Finance Act, 1983, or of the First Schedule to the Finance Act, 1984, or of the First Schedule to the Finance Act, 1985, or of the First Schedule to the Finance Act, 1986, or of the First Schedule to the Finance Act, 1987, or of the First Schedule to the Finance Act, 1988 or of the First Schedule to the Finance Act, 1989 or of the First Schedule to the Finance Act, 1990, shall be set off under sub-rule *(1)* or, as the case may be, sub-rule *(2)*.

Rule 10.— Where the net result of the computation made in accordance with these rules is a loss, the loss so computed shall be ignored and the net agricultural income shall be deemed to be *nil*.

Rule 11.—The provisions of the Income-tax Act relating to procedure for assessment (including the provisions of section 288A relating to rounding off of income) shall, with the necessary modifications, apply in relation to the computation of the net agricultural income of the assessee as they apply in relation to the assessment of the total income.

Rule 12.—For the purposes of computing the net agricultural income of the assessee, the Assessing Officer shall have the same powers as he has under the Income-tax Act for the purposes of assessment of the total income.

THE SECOND SCHEDULE

[*See* section *119(a)*]

In the First Schedule to the Customs Tariff Act,—

(a) in Chapter 78, in sub-heading Nos. 7801.10, 7801.91, 7801.99, 7802.00, 7803.00, 7804.11, 7804.19, 7804.20, 7805.00 and 7806.00, for the entry in column (4), the entry "100% *plus* Rs.10,000 per tonne" shall be substituted;

(b) in Chapter 99,—

(i) heading Nos. 99.01, 99.02, 99.03 and the entries relating thereto shall be omitted and heading Nos. 99.04 to 99.15 and sub-heading Nos. 9904.00 to 9915.00 shall be renumbered as heading Nos. 99.01 to 99.12 and sub-heading Nos. 9901.00 to 9912.00 respectively;

(ii) heading No. 99.16 and the entries relating thereto shall be omitted and heading Nos. 99.17, 99.18 and sub-heading Nos. 9917.00, 9918.00 shall be renumbered as heading Nos. 99.13, 99.14 and sub-heading Nos. 9913.00 and 9914.00 respectively.

THE THIRD SCHEDULE

[*See* section 119 *(b)*]

PART I

In the First Schedule to the Customs Tariff Act,—

(1) in Chapter 3,—

(i) existing NOTE shall be renumbered as NOTE 1 and after NOTE 1 as so renumbered, the following NOTE shall be inserted, namely:—

'2. In this Chapter, the term "pellets" means products which have been agglomerated either directly by compression or by the addition of a small quantity of binder.';

(ii) in heading No. 03.05, in column (3), for the words " FISH MEAL", the words "FLOURS, MEALS AND PELLETS, OF FISH," shall be substituted;

(iii) in sub-heading No. 0305.10, in column (3), for the words "Fish Meal", the words "Flours, meals and pellets,of fish," shall be substituted;

(iv) in heading No. 03.06, in the entry in column (3), the following shall be inserted at the end, namely:—

"; FLOURS, MEALS AND PELLETS, OF CRUSTACEANS, FIT FOR HUMAN CONSUMPTION";

(v) in sub-heading No. 0306.19, for the entry in column (3), the following entry shall be substituted, namely:—

"- - Other, including flours, meals and pellets, of crustaceans, fit for human consumption";

(vi) in sub-heading No. 0306.29, for the entry in column (3), the following entry shall be substituted, namely:—

"- - Other, including flours, meals and pellets, of crustaceans, fit for human consumption";

(vii) in heading No. 03.07, in the entry in column (3), the following shall be inserted at the end, namely:—

"; FLOURS, MEALS AND PELLETS, OF AQUATIC INVERTEBRATES OTHER THAN CRUSTACEANS, FIT FOR HUMAN CONSUMPTION";

(viii) in the portion occurring immediately after sub-heading No. 0307.60, for the entry in column (3), the entry "- Other, including flours, meals and pellets, of aquatic invertebrates other than crustaceans, fit for human consumption:" shall be substituted;

(2) in Chapter 4,—

(i) after NOTE 2, the following NOTE and SUB-HEADING NOTE shall be inserted, namely:—

"3. This Chapter does not cover :

(a) products obtained from whey, containing by weight more than 95% lactose, expressed as anhydrous lactose calculated on the dry matter (heading No. 17.02); or

(b) albumins (including concentrates of two or more whey proteins, containing by weight more than 80% whey proteins, calculated on the dry matter) (heading No. 35.02) or globulins (heading No. 35.04).

SUB-HEADING NOTE

For the purpose of sub-heading No. 0404.10, the expression "modified whey" means products consisting of whey constituents, i.e., whey from which all or part of the lactose, proteins or minerals have been removed, whey to which natural whey constituents have been added, and products obtained by mixing natural whey constituents.";

(ii) in sub-heading No. 0404.10, for the entry in column (3), the following entry shall be substituted, namely:—

"- Whey and modified whey, whether or not concentrated or containing added sugar or other sweetening matter";

(iii) in sub-heading No. 0406.10, for the entry in column (3), the following entry shall be substituted, namely:—

"- Fresh (unripened or uncured) cheese, including whey cheese, and curd ";

(3) in Chapter 8, —

(i) after NOTE 2, the following NOTE shall be inserted, namely:—

"3. Dried fruit or dried nuts of this Chapter may be partially rehydrated, or treated for the following purposes:

(a) for additional preservation or stabilisation (*e.g.*, by moderate heat treatment, sulphuring, the addition of sorbic acid or potassium sorbate);

(b) to improve or maintain their appearance (*e.g.*, by the addition of vegetable oil or small quantities of glucose syrup), provided that they retain the character of dried fruit or dried nuts.";

(ii) in heading No. 08.12, in the entry in column (3), for the word "NUTS ", the word "NUTS," shall be substituted;

(4) in Chapter 9, in heading No. 09.02, for the entry in column (3), the following entry shall be substituted, namely:— "TEA, WHETHER OR NOT FLAVOURED";

(5) in Chapter 11,—

(i) in heading No. 11.05, for the entry in column (3), the following entry shall be substituted, namely:—

"FLOUR, MEAL, FLAKES, GRANULES AND PELLETS, OF POTATOES";

(ii) in sub-heading No. 1105.20, for the entry in column (3), the following entry shall be substituted, namely:—

"- Flakes, granules and pellets";

(6) in Chapter 15,—

(i) in NOTE 3, for the words "or their fractions", the words "or their fractions," shall be substituted;

(ii) in the portion occurring immediately after heading No. 15.19, in column (3), for the words "- *Industrial monocarboxylic fatty acids:*", the words "- *Industrial monocarboxylic fatty acids; Acid oils from refining:*" shall be substituted;

(iii) sub-heading No. 1519.20 and the entries relating thereto shall be omitted;

(iv) sub-heading No. 1519.30 shall be renumbered as sub-heading No. 1519.20;

(7) in Chapter 18, in sub-heading No. 1806.20, in column (3), for the words "blocks or slabs", the words "blocks, slabs or bars" shall be substituted;

(8) in Chapter 19, for NOTE 2, the following NOTE shall be substituted, namely:—

'2. For the purposes of heading No. 19.01, the terms "flour" and "meal" mean:

(a) Cereal flour and meal of Chapter 11, and

(b) Flour, meal and powder of vegetable origin of any Chapter, other than flour, meal or powder of dried vegetables (heading No. 07.12), of potatoes (heading No.11.05) or of dried leguminous vegetables (heading No. 11.06).';

(9) in Chapter 21, in NOTE 1, clauses *(c)* to *(g)* shall be renumbered as clauses *(d)* to *(h)* respectively and before clause *(d)* as so renumbered, the following clause shall be inserted, namely:—

"*(c)* flavoured tea (heading No. 09.02);";

(10) in Chapter 22,—

(i) in NOTE 1, clauses *(a)* to *(e)* shall be renumbered as clauses *(b)* to *(f)* respectively and before clause *(b)* as so renumbered, the following clause shall be inserted, namely:—

"*(a)* products falling thereunder (other than those of heading No. 22.09) prepared for culinary purposes and thereby rendered unsuitable for consumption as beverages (generally heading No. 21.03);";

(ii) in heading No. 22.06, for the entry in column (3), the following entry shall be substituted, namely:—

"OTHER FERMENTED BEVERAGES (FOR EXAMPLE, CIDER, PERRY, MEAD); MIXTURES OF FERMENTED BEVERAGES AND MIXTURES OF FERMENTED BEVERAGES AND NON-ALCOHOLIC BEVERAGES NOT ELSEWHERE SPECIFIED OR INCLUDED";

(11) in Chapter 25,—

(i) in heading No. 25.01, for the entry in column (3), the following entry shall be substituted, namely:—

"SALT (INCLUDING TABLE SALT AND DENATURED SALT) AND PURE SODIUM CHLORIDE, WHETHER OR NOT IN AQUEOUS SOLUTION OR CONTAINING ADDED ANTI-CAKING OR FREE FLOWING AGENTS; SEA WATER";

(ii) in sub-heading No. 2528.10, for the entry in column (3), the following entry shall be substituted, namely:—

"- Natural sodium borates and concentrates thereof (whether or not calcined)";

(12) in Chapter 26, in heading No. 26.20, for the words "METALLIC COMPOUNDS", the words "METAL COMPOUNDS" shall be substituted;

(13) in Chapter 28,—

(i) in NOTE 2, in clause *(e)*, for the words "metallic derivatives", the words "metal derivatives" shall be substituted;

(ii) in NOTE 4, for the words "a metallic acid", the words "a metal acid" shall be substituted;

(iii) in NOTE 5, for the word "metallic", the word "metal" shall be substituted;

(iv) in NOTE 6, in clause *(d)*, for the figures and words "0.002 micro-curie per gram;", the figures and letters "74 Bq/g(0.002µci/g);" shall be substituted;

(v) in heading No. 28.18, for the entry in column (3), the following entry shall be substituted, namely:—

"ARTIFICIAL CORUNDUM, WHETHER OR NOT CHEMICALLY DEFINED; ALUMINIUM OXIDE; ALUMINIUM HYDROXIDE";

(vi) in sub-heading No. 2818.10, for the entry in column (3), the following entry shall be substituted, namely:—

"- Artificial corundum, whether or not chemically defined";

(vii) in sub-heading No. 2818.20, for the entry in column (3), the following entry shall be substituted, namely:—

"- Aluminium oxide, other than artificial corundum";

(viii) in heading No. 28.50, for the entry in column (3), the following entry shall be substituted, namely:—

"HYDRIDES, NITRIDES, AZIDES, SILICIDES AND BORIDES, WHETHER OR NOT CHEMICALLY DEFINED, OTHER THAN COMPOUNDS WHICH ARE ALSO CARBIDES OF HEADING NO. 28.49";

(14) in Chapter 29, in NOTE 7, for the words "and imides of polybasic acids", the words ", or imides of polybasic acids" shall be substituted;

(15) in Chapter 32, in NOTE 3, for the words "colouring matters", the words "colouring matter" shall be substituted;

(16) in Chapter 34, in NOTE 5, in clause *(b)*, for the word "coloured", the words "refined or coloured" shall be substituted;

(17) in Chapter 35, in heading No. 35.02, for the entry in column (3), the following entry shall be substituted, namely:—

"ALBUMINS (INCLUDING CONCENTRATES OF TWO OR MORE WHEY PROTEINS, CONTAINING BY WEIGHT MORE THAN 80% WHEY PROTEINS, CALCULATED ON THE DRY MATTER), ALBUMINATES AND OTHER ALBUMIN DERIVATIVES";

(18) in Chapter 37, in sub-heading No. 3707.10, for the entry in column (3), the following entry shall be substituted, namely:–

"- Sensitising emulsions";

(19) in Chapter 38, in sub-heading No. 3806.10, for the entry in column (3), the following entry shall be substituted, namely:—

"- Rosin and resin acids";

(20) in Chapter 39, in NOTE 10, for the words "when so cut,", the words "when so cut" shall be substituted;

(21) in Chapter 42, in heading No. 42.02, in column (3), for the words "WITH SUCH MATERIALS.", the words "WITH SUCH MATERIALS OR WITH PAPER" shall be substituted;

(22) in Chapter 44,—

(i) in sub-heading No. 4403.91, for the entry in column (3), the following entry shall be substituted, namely:—
"- - Of oak (Quercus spp.)";

(ii) in sub-heading No. 4403.92, for the entry in column (3), the following entry shall be substituted, namely:—
"- - Of beech (Fagus spp.)";

(iii) in sub-heading No. 4407.91, for the entry in column (3), the following entry shall be substituted, namely:—
"- - Of oak (Quercus spp.)";

(iv) in sub-heading No. 4407.92, for the entry in column (3), the following entry shall be substituted, namely:—
"- - Of beech (Fagus spp.)";

(23) in Chapter 48, in sub-heading No. 4820.30, for the entry in column (3), the following entry shall be substituted, namely:—

"- Binders (other than book covers), folders and file covers";

(24) in Chapter 49,—

(i) in heading No. 49.05, in column (3), for the words "ALL KINDS INCLUDING", the words "ALL KINDS, INCLUDING" shall be substituted;

(ii) in sub-heading No. 4905.91, in column (3), for the words "book-form", the words "book form" shall be substituted;

(iii) in heading No. 49.07, in column (3), for the words "CHEQUE FORMS; BANKNOTES,", the words "BANKNOTES; CHEQUE FORMS;" shall be substituted;

(25) in Section XI,—

(i) in clause *(A)* of NOTE 2, the following shall be inserted at the end, namely:—

"When no one textile material predominates by weight, the goods are to be classified as if consisting wholly of that one textile material which is covered by the heading which occurs last in numerical order among those which equally merit consideration.";

(ii) in clause *(c)* of NOTE 7, for the words "fabrics, the", the words "fabrics the" shall be substituted;

(26) in Chapter 51,—

(i) in the portion occurring immediately after heading No. 51.11, in column (3), for the words *"or fine animal hair"*, the words *"or of fine animal hair"* shall be substituted;

(ii) in the portion occurring immediately after heading No. 51.12, in column (3), for the words *"or fine animal hair"*, the words *"or of fine animal hair"* shall be substituted;

(27) in Chapter 54, in sub-heading No. 5407.10, in column (3), for the words "polyamides, or of", the words "polyamides or of" shall be substituted;

(28) in Chapter 55, in sub-heading No. 5504.10, for the entry in column (3), the following entry shall be substituted, namely:—

"-Of viscose rayon";

(29) in Chapter 56,—

(i) in clause *(c)* of NOTE 3, for the word "strips", the word "strip" shall be substituted;

(ii) in heading No. 56.07, in column (3), for the word "ROPE", the word "ROPES" shall be substituted;

(30) in Chapter 58, in NOTE 3, for the word "purpose", the word "purposes" shall be substituted;

(31) in Chapter 59, in NOTE 7, in clause *(a)*, in sub-clause *(iv)*, for the word "fabric", the word "fabrics" shall be substituted;

(32) in Chapter 61, for NOTE 8, the following NOTE shall be substituted, namely:—

"8. Garments of this Chapter designed for left over right closure at the front shall be regarded as men's or boys' garments, and those designed for right over left closure at the front as women's or girls' garments. These provisions do not apply where the cut of the garment clearly indicates that it is designed for one or other of the sexes.

Garments which cannot be identified as either men's or boys' garments or as women's or girls' garments are to be classified in the headings covering women's or girls' garments.";

(33) in Chapter 62, for NOTE 8, the following NOTE shall be substituted, namely:—

"8. Garments of this Chapter designed for left over right closure at the front shall be regarded as men's or boys' garments, and those designed for right over left closure at the front as women's or girls' garments. These provisions do not apply where the cut of the garment clearly indicates that it is designed for one or other of the sexes.

Garments which cannot be identified as either men's or boys' garments or as women's or girls' garments are to be classified in the headings covering women's or girls' garments.";

(34) in Chapter 63, in heading No. 63.06, in column (3), for the words "SAIL BOATS", the word "SAILBOARDS" shall be substituted;

(35) in Chapter 64, in heading No. 64.06, for the entry in column (3), the following entry shall be substituted, namely:—

"PARTS OF FOOTWEAR (INCLUDING UPPERS WHETHER OR NOT ATTACHED TO SOLES OTHER THAN OUTER SOLES); REMOVABLE IN-SOLES, HEEL CUSHIONS AND SIMILAR ARTICLES; GAITERS, LEGGINGS AND SIMILAR ARTICLES, AND PARTS THEREOF";

(36) in Chapter 70, in NOTE 1, in clause *(c)*, for the brackets, words and figures "(heading No. 85.47)", the words and figures " of heading No. 85.47" shall be substituted;

(37) in Chapter 71,—

(i) in NOTE 3,—

(a) in clause *(c)*, for the words "Articles of", the words "Goods of" shall be substituted;

(b) for clause *(n)*, the following clause shall be substituted, namely:—

"*(n)* Articles classified in Chapter 96 by virtue of NOTE 4 to that Chapter; or ";

(ii) in NOTE 10, for the words "and hairpins", the words "or hairpin" shall be substituted;

(38) in Chapter 72, in NOTE 1, in clause *(k)*, in the last paragraph, for the words "of any size", the words "of any size," shall be substituted;

(39) in Chapter 73,—

(i) in sub-heading No. 7304.20, in column (3), the word "the" shall be omitted;

(ii) in sub-heading No. 7305.20, in column (3), the word "the" shall be omitted;

(iii) in sub-heading No. 7306.20, in column (3), the word "the" shall be omitted;

(iv) in sub-heading No. 7308.40, for the entry in column (3), the following entry shall be substituted, namely:—

" - Equipment for scaffolding, shuttering, propping or pit-propping";

(v) in sub-heading No. 7314.30, in column (3), for the words "inter-section", the word "intersection" shall be substituted;

(vi) in sub-heading No. 7321.81, for the entry in column (3), the following entry shall be substituted, namely:—

"- - For gas fuel or for both gas and other fuels";

(40) in Chapter 74, in NOTE 1, in clause *(g)*, for the words "of any size", the words "of any size," shall be substituted;

(41) in Chapter 75, in the NOTE, in clause *(d)*, for the words "of any size", the words "of any size," shall be substituted;

(42) in Chapter 76, in the NOTE, in clause *(d)*, for the words "of any size", the words "of any size," shall be substituted;

(43) in Chapter 78, in the NOTE, in clause *(d)*, for the words "of any size", the words "of any size," shall be substituted;

(44) in Chapter 79, in the NOTE, in clause *(d)*, for the words "of any size", the words "of any size," shall be substituted;

(45) in Chapter 80, in the NOTE, in clause *(d)*, for the words "of any size", the words "of any size," shall be substituted;

(46) in Chapter 82, in sub-heading No. 8211.91, in column (3), for the word "Tables", the word "Table" shall be substituted;

(47) in Chapter 84,—

(i) in heading No. 84.26, in column (3), for the word "DERRICKS", the words "SHIPS' DERRICKS" shall be substituted;

(ii) in heading No. 84.70, for the entry in column (3), the following entry shall be substituted, namely:—

"CALCULATING MACHINES; ACCOUNTING MACHINES, POSTAGE-FRANKING MACHINES, TICKET-ISSUING MACHINES AND SIMILAR MACHINES, INCORPORATING A CALCULATING DEVICE; CASH REGISTERS";

(48) in Chapter 85,—

(i) in NOTE 5, in clause *(B)*, in sub-clause *(c)*, for the words "and passive", the words "and passive," shall be substituted;

(ii) in heading No. 85.21, for the entry in column (3), the following entry shall be substituted, namely:—

"VIDEO RECORDING OR REPRODUCING APPARATUS, WHETHER OR NOT INCORPORATING A VIDEO TUNER";

(iii) in heading No. 85.28, for the entry in column (3), the following entry shall be substituted, namely:—

"TELEVISION RECEIVERS (INCLUDING VIDEO MONITORS AND VIDEO PROJECTORS), WHETHER OR NOT INCORPORATING RADIO-BROADCAST RECEIVERS OR SOUND OR VIDEO RECORDING OR REPRODUCING APPARATUS";

(iv) in sub-heading No. 8532.10, in column (3), for the letters "kVar", the letters "kvar" shall be substituted;

(49) in Chapter 87,—

(i) NOTE 3 shall be omitted;

(ii) the existing NOTES 4 and 5 shall be renumbered as NOTES 3 and 4 respectively;

(iii) in heading No. 87.02, for the entry in column (3), the following entry shall be substituted, namely:—

"MOTOR VEHICLES FOR THE TRANSPORT OF TEN OR MORE PERSONS, INCLUDING THE DRIVER";

(iv) in heading No. 87.05, in column (3), for the words "WORK-SHOPS", the word "WORKSHOPS" shall be substituted;

(50) in Chapter 89, in heading No. 89.07, in column (3), for the words "LANDING STAGES", the words "LANDING-STAGES" shall be substituted;

(51) in Chapter 90,—

(i) in NOTE 1, clauses *(b)* to *(l)* shall be renumbered as clauses *(c)* to *(m)* respectively and before clause *(c)* as so renumbered, the following clause shall be inserted, namely:—

"*(b)* Supporting belts or other support articles of textile material, whose intended effect on the organ to be supported or held derives solely from their elasticity (for example, maternity belts, thoracic support bandages, abdominal support bandages, supports for joints or muscles) (Section XI);";

(ii) in heading No. 90.11, in column (3), for the words "MICROPHOTOGRAPHY, MICROCINEMATOGRAPHY", the words "PHOTOMICROGRAPHY, CINEPHOTOMICROGRAPHY" shall be substituted;

(iii) in the portion occurring immediately after heading No. 90.25, in column (3), for the word *"Thermometers,"*, the words *"Thermometers and pyrometers,"* shall be substituted;

(iv) in sub-heading Nos. 9025.11 and 9025.19, for the entry in column (4), the entry "60%" shall be substituted;

(v) in heading No. 90.29, in column (3), for the figures "90.15", the figures and word "90.14 or 90.15" shall be substituted;

(52) in Chapter 92, in NOTE 1,—

(a) for clauses *(d)* and *(e)*, the following clauses shall be substituted, namely:—

"*(d)* Brushes for cleaning musical instruments (heading No. 96.03); or

(e) Collectors' pieces or antiques (heading No. 97.05 or 97.06).";

(b) clause *(f)* shall be omitted;

(53) in Chapter 94, in sub-heading No .9405.10, in column (3), for the word "thorough-fares", the word "thoroughfares" shall be substituted;

(54) in Chapter 95,—

(i) in NOTE 1, in clause *(h)*, for the words "Walking sticks", the word "Walking-sticks" shall be substituted;

(ii) in heading No. 95.06, for the entry in column (3), the following entry shall be substituted, namely:—

"ARTICLES AND EQUIPMENT FOR GENERAL PHYSICAL EXERCISE, GYMNASTICS, ATHLETICS,OTHER SPORTS (INCLUDING TABLE-TENNIS) OR OUT-DOOR GAMES, NOT SPECIFIED OR INCLUDED ELSEWHERE IN THIS CHAPTER; SWIMMING POOLS AND PADDLING POOLS";

(iii) in sub-heading No. 9506.91, for the entry in column (3), the following entry shall be substituted, namely:—

"- - Articles and equipment for general physical exercise, gymnastics or athletics";

(55) in Chapter 96, in sub-heading No. 9603.21, for the entry in column (3), the following entry shall be substituted, namely:—

"- - Tooth brushes, including dental-plate brushes";

(56) in Chapter 97, in NOTE 5,—

(a) for the words "are to be treated as forming part of", the words "are to be classified with" shall be substituted;

(b) the following shall be inserted at the end, namely:—

"Frames which are not of a kind or of a value normal to the articles referred to in this Note are to be classified separately.".

PART II

Heading No.	Sub-heading No.	Description of article	Rate of Duty	
			Standard	Preferential Areas
(1)	(2)	(3)	(4)	(5)

In the Schedule to the Customs Tariff Act, in heading No. 38.09, for sub-heading Nos. 3809.10, 3809.91, 3809.92 and 3809.99 and the entries relating thereto, the following shall be substituted, namely:—

	"3809.10	- With a basis of amylaceous substances	100% *plus* Rs. 25 per Kg.	..
		- Other		
	3809.91	- - Of a kind used in the textile or like industries	100% *plus* Rs. 25 per Kg.	..
	3809.92	- - Of a kind used in the paper or like industries	100% *plus* Rs. .25 per Kg.	..
	3809.93	- - Of a kind used in the leather or like industries	100% *plus* Rs. .25 per Kg.	..
	3809.99	- - Other	100% *plus* Rs. .25 per Kg.	..".

THE FOURTH SCHEDULE

(*See* section 120)

PART I

In the Schedule to the Central Excise Tariff Act,—

(1) in Chapter 24, in sub-heading Nos. 2404.31 and 2404.39, for the entry in column (4), the entry "Rs. 7.50 per thousand" shall be substituted;

(2) in Chapter 28, in sub-heading No. 2808.10, for the entry in column (4), the entry "15%" shall be substituted;

(3) in Chapter 38, after NOTE 2, the following NOTE shall be inserted, namely:—

'3. This Chapter does not cover products containing alcohol, opium, Indian hemp or other narcotic drugs.

For the purposes of this NOTE, "Alcohol", "Opium", "Indian Hemp"," Narcotic drugs" and "Narcotics" have the meanings assigned to them in section 2 of the Medicinal and Toilet Preparations (Excise Duties) Act, 1955 (16 of 1955).';

(4) in Chapter 39, in sub-heading Nos. 3923.19, 3923.90 and 3926.90, for the entry in column (4), the entry "40%" shall be substituted;

(5) in Chapter 44,—

(a) in NOTE 6, for the words ", laminated wood or densified wood", the words "or laminated wood" shall be substituted;

(b) in sub-heading No. 4410.10, for the entry in column (3), the entry "Flush Doors, Panel Doors and similar doors" shall be substituted;

(6) in Chapter 48, in sub-heading No. 4805.20, for the entry in column (4), the entry "15%" shall be substituted;

(7) in Chapter 50, in sub-heading No. 5002.00, for the entry in column (3), the entry "RAW SILK (NOT THROWN); SILK WASTE (INCLUDING YARN WASTE AND GARNETTED STOCK); OTHER SILK YARN INCLUDING WASTE YARN (HARD WASTE); SILK WORM GUT" shall be substituted;

(8) in Chapter 52, in sub-heading Nos. 5204.21 and 5204.29, for the entry in column (4), the entry "Rs.15 per kilogram" shall be substituted;

(9) in Chapter 53, in sub-heading Nos. 5303.32 and 5303.39, for the entry in column (4), the entry "Rs. 15 per kilogram" shall be substituted;

(10) in Chapter 54, in sub-heading Nos. 5404.00, 5405.00, 5406.11, 5406.12 and 5407.00, for the entry in column (4), the entry "Rs. 50 per kilogram" shall be substituted;

(11) in Chapter 55,—

(a) in sub-heading Nos. 5501.10, 5501.20, 5501.30 and 5501.90, for the entry in column (4), the entry "Rs.50 per kilogram" shall be substituted;

(b) in sub-heading No. 5504.10, for the entry in column (4), the entry "Rs.15 per kilogram" shall be substituted;

(c) in the portion occurring immediately after sub-heading No. 5504.10, for the entry in column (3), the entry "- Yarn of polyester staple fibre" shall be substituted;

(d) in sub-heading Nos. 5504.21 and 5504.22, for the entry in column (4), the entry "Rs.15 per kilogram" shall be substituted;

(e) in the portion occurring immediately after sub-heading No. 5504.29, for the entry in column (3), the entry "- Yarn of acrylic or modacrylic staple fibre" shall be substituted;

(f) in sub-heading Nos. 5505.00, 5506.21 and 5506.29, for the entry in column (4), the entry "Rs.15 per kilogram" shall be substituted;

(12) in Chapter 69,—

(a) in sub-heading No. 6901.00, in column (3), for the words "CONSTRUCTIONAL GOODS,", the words "CONSTRUCTIONAL GOODS AND OTHER REFRACTORY CERAMIC GOODS SUCH AS" shall be substituted;

(b) in sub-heading No. 6908.90, for the entry in column (4), the entry "15%" shall be substituted;

(13) in Chapter 74, existing NOTE shall be renumbered as NOTE 1 and after NOTE 1 as so renumbered, the following NOTE shall be inserted, namely:—

"2. In relation to products of heading No. 74.12, the process of drawing or redrawing shall amount to 'manufacture'.";

(14) in Chapter 76, in heading No. 76.06, in column (3), for the words "STRIP OF", the words "STRIP, OF" shall be substituted;

(15) in Chapter 85,—

(a) in sub-heading No. 8523.11, for the entry in column (4), the entry "25% *plus* Rs. 8 per square metre" shall be substituted;

(b) in sub-heading No. 8523.13, for the entry in column (4), the entry "25% *plus* Rs. 18 per square metre" shall be substituted;

(c) in sub-heading No. 8524.21, for the entry in column (4), the entry "30% *plus* Rs. 8 per square metre" shall be substituted;

(d) in sub-heading No. 8524.23, for the entry in column (4), the entry "30% *plus* Rs. 18 per square metre" shall be substituted;

(e) in sub-heading No. 8528.00, for the entry in column (4), the entry "50% *plus* Rs. 800 per set" shall be substituted;

(f) in sub-heading No. 8540.11, for the entry in column (4), the entry "Rs. 2,000 per tube" shall be substituted;

(g) in sub-heading No. 8540.12, for the entry in column (4), the entry " Rs. 500 per tube" shall be substituted;

(16) in Chapter 87,—

(a) for NOTE 4, the following NOTES shall be substituted, namely:—

"4. For the purposes of heading Nos. 87.01 to 87.05, the activity of body building or fabrication or mounting or fitting of structures or equipment on the chassis shall amount to 'manufacture' of a motor vehicle.

5. Heading No.87.06 shall include chassis, whether or not fitted with a cab.";

(b) existing NOTE 5 shall be renumbered as NOTE 6;

(c) in sub-heading No. 8703.00, for the entry in column (4), the entry "60%" shall be substituted;

(d) in sub-heading No. 8706.30, for the entry in column (4), the entry "60%" shall be substituted.

PART II

Heading No.	Sub-heading No.	Description of goods	Rate of duty
(1)	(2)	(3)	(4)

In the Schedule to the Central Excise Tariff Act,—

(1) in Chapter 32,—

(a) for sub-heading Nos. 3206.11 and 3206.19 and the word "-Pigments:" occurring immediately before sub-heading No. 3206.11, the following shall be substituted, namely:—

	"3206.10	- Pigments	10%";

(b) after sub-heading No. 3212.10 and the entries relating thereto, the following shall be inserted, namely :—

	"3212.20	- Aluminium paste	15%";

(2) in Chapter 55, for heading No. 55.02 and the entries relating thereto, the following shall be substituted, namely:—

"55.02	5502.00	ARTIFICIAL STAPLE FIBRES AND TOW, INCLUDING TOPS THEREOF	Rs. 25 per kilogram".

THE FIFTH SCHEDULE

(*See* section 121)

PART I

In the First Schedule to the Additional Duties of Excise Act,—

(1) sub-heading No. 1701.20 and the entries relating thereto shall be omitted;

(2) in sub-heading Nos. 2404.31 and 2404.39, for the entry in column (4), the entry "Rs. 2.50 per thousand" shall be substituted.

PART II

Heading No.	Sub-heading No.	Description of goods	Rate of additional duty
(1)	(2)	(3)	(4)

In the First Schedule to the Additional Duties of Excise Act,—

(a) for heading Nos. 54.10 and 54.11 and the entries relating thereto, the following shall be substituted, namely:—

"54.10	5410.00	FABRICS OF MAN-MADE FILAMENT YARN (INCLUDING FABRICS OBTAINED FROM MATERIALS OF HEADING NOS. 54.06 AND 54.07 BUT EXCLUDING FABRICS COVERED UNDER HEADING NO. 54.12), — *(a)* WOVEN ON LOOMS OTHER THAN HANDLOOMS, AND *(b)* SUBJECTED TO THE PROCESS OF BLEACHING, DYEING, PRINTING, SHRINK-PROOFING, TENTERING, HEAT-SETTING, CREASE RESISTANT PROCESSING OR ANY OTHER PROCESS OR ANY TWO OR MORE OF THESE PROCESSES, WITHOUT THE AID OF POWER OR STEAM	20% *plus* Rs. 5 per square metre
54.11	5411.00	FABRICS OF MAN-MADE FILAMENT YARN (INCLUDING FABRICS OBTAINED FROM MATERIALS OF HEADING NOS. 54.06 AND 54.07 BUT EXCLUDING FABRICS COVERED UNDER HEADING NO. 54.12),— *(a)* WOVEN ON HANDLOOMS, AND *(b)* SUBJECTED TO THE PROCESS OF BLEACHING, DYEING, PRINTING, SHRINK-PROOFING, TENTERING, HEAT-SETTING, CREASE RESISTANT PROCESSING OR ANY OTHER PROCESS OR ANY TWO OR MORE OF THESE PROCESSES	20% *plus* Rs. 5 per square metre";

(b) for heading Nos. 55.09 and 55.10 and the entries relating thereto, the following shall be substituted, namely:—

"55.09	5509.00	FABRICS OF MAN-MADE STAPLE FIBRES (EXCLUDING FABRICS COVERED UNDER HEADING NOS. 55.11 AND 55.12),— *(a)* WOVEN ON LOOMS OTHER THAN HANDLOOMS, AND *(b)* SUBJECTED TO THE PROCESS OF BLEACHING, DYEING, PRINTING, SHRINK-PROOFING, TENTERING, HEAT-SETTING, CREASE RESISTANT PROCESSING OR ANY OTHER PROCESS OR ANY TWO OR MORE OF THESE PROCESSES, WITHOUT THE AID OF POWER OR STEAM	20% *plus* Rs. 5 per square metre
55.10	5510.00	FABRICS OF MAN-MADE STAPLE FIBRES (EXCLUDING FABRICS COVERED UNDER HEADING NOS. 55.11 AND 55.12),— *(a)* WOVEN ON HANDLOOMS, AND *(b)* SUBJECTED TO THE PROCESS OF BLEACHING, DYEING, PRINTING, SHRINK-PROOFING, TENTERING, HEAT-SETTING, CREASE RESISTANT PROCESSING OR ANY OTHER PROCESS OR ANY TWO OR MORE OF THESE PROCESSES	20% *plus* Rs. 5 per square metre".

STATEMENT OF OBJECTS AND REASONS

The object of the Bill is to give effect to the financial proposals of the Central Government for the financial year 1991-92. The notes on clauses explain the various provisions contained in the Bill.

NEW DELHI; MANMOHAN SINGH.
The 24th July, 1991.

PRESIDENT'S RECOMMENDATION UNDER ARTICLES 117 AND 274 OF THE CONSTITUTION OF INDIA

[Copy of letter No. F.3(1)-B(D)/91, dated the 24th July, 1991 from Shri Manmohan Singh, Minister of Finance, to the Secretary-General, Lok Sabha.]

The President, having been informed of the subject matter of the proposed Bill, recommends under clauses (1) and (3) of article 117, read with clause (1) of article 274, of the Constitution of India, the introduction of the Finance (No. 2) Bill, 1991 to the Lok Sabha and also recommends to the Lok Sabha the consideration of the Bill.

2. The Bill will be introduced in the Lok Sabha immediately after the presentation of the Budget on the 24th July, 1991.

Notes on clauses

Clause 2, read with the First Schedule to the Bill, seeks to prescribe the rates at which income-tax (including surcharge thereon) is to be levied on income chargeable to tax for the assessment year 1991-92. Further, it lays down the rates at which tax is to be deducted at source during the financial year 1991-92 from income subject to such deduction under the Income-tax Act; and the rates at which "advance tax" is to be paid and tax is to be calculated and charged in special cases for the financial year 1991-92.

Rates of income-tax for the assessment year 1991-92

Part I of the First Schedule to the Bill specifies the rates of income-tax on incomes liable to tax for the assessment year 1991-92. These rates are the same as those specified in Part III of the First Schedule to the Finance Act, 1990, for the purposes of deduction of tax at source from"Salaries" and for computation of "advance tax" payable during the financial year 1990-91 as modified by the Taxation Laws (Amendment) Act, 1991.

As provided by the Finance Act, 1990, the amount of income-tax computed in accordance with the provisions of this Part shall in the case of every person having income exceeding seventy-five thousand rupees be increased,—

(i) in the case of every person, being a resident, not being an Indian company, by a surcharge calculated at the rate of 12 per cent., for purposes of the Union,

(ii) in the case of an Indian company, by a surcharge, calculated at the rate of 15 per cent. of such income-tax.

Rates for deduction of tax at source during the financial year 1991-92 from income other than "Salaries"

Part II of the First Schedule to the Bill specifies the rate at which income-tax is to be deducted at source during the financial year 1991-92 from incomes other than "Salaries". These rates are the same as those specified in Part II of the First Schedule to the Finance Act, 1990 for the purposes of deduction of tax at source during the financial year 1990-91. The amount of tax so deducted at source shall be increased,—

(i) in the case where the payment is made to a person, other than a company, resident in India, by a surcharge calculated at the rate of 12 per cent. for purposes of the Union,

(ii) in the case of persons being a domestic company, by a surcharge calculated at the rate of 15 per cent. of such income-tax.

Rates for deduction of tax at source from "Salaries", computation of "advance tax" and charging of income-tax in special cases during the financial year 1991-92.

Part III of the First Schedule to the Bill specifies the rates at which income-tax is to be deducted at source from "Salaries" and also the rates at which "advance tax" is to be paid and income-tax is to be calculated or charged in special cases for the financial year 1991-92.

Sub-Paragraph I of Paragraph A of this Part specifies the rates of income-tax in the case of every individual or Hindu undivided family or every association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, not being a case to which Sub-Paragraph II of Paragraph A or any other Paragraph of Part III applies. In such cases, both the exemption limit and the rates of tax will continue to be the same as those prescribed for assessment year 1991-92.

Sub-Paragraph I of Paragraph C of this Part specifies the rates of income-tax in the case of every registered firm, not being a case to which Sub-Paragraph II of this Paragraph applies. In such cases, both the exemption limit and the rates of tax will continue to be the same as those prescribed for assessment year 1991-92.

Sub-Paragraph II of Paragraph C of this Part specifies the rates of income-tax in the case of every registered firm whose total income includes income derived from a profession carried on by it and the income so included is not less than fifty-one per cent. of such total income. In such cases, both the exemption limit and the rate of tax will continue to be the same as those prescribed for assessment year 1991-92.

Paragraph E of this Part specifies the rates of income-tax in the case of a company. The rate of income-tax in the case of a company in which the public are substantially interested has been increased from 40 per cent. to 45 per cent. A uniform rate of income-tax of 50 per cent. is proposed in the case of a company not being a company in which the public are substantially interested. In other words, the distinction between trading or investment companies in which the public are not substantially interested and other companies in which the public are not substantially interested, is also proposed to be removed.

In the case of every person being an individual, Hindu undivided family, firm, association of persons or body of individuals, being resident in India, co-operative society and local authority, whose total income exceeds seventy-five thousand rupees and where income-tax is to be deducted at source or "advance tax" is payable in accordance with the provisions of this Part, such amount of income-tax shall be increased by a surcharge for purposes of Union calculated at the rate of twelve per cent. of such income-tax. In the case of domestic companies having a total income exceeding seventy-five thousand rupees, the amount of income-tax computed in accordance with the provisions of this Part shall be increased by a surcharge calculated at the rate of fifteen per cent. of such income-tax. However, in the case of individuals, Hindu undivided families and certain association of persons or bodies of individuals, entitled to tax rebate under Chapter VIII-A, the surcharge will be calculated on the amount of income-tax as reduced by the amount of such rebate.

Clause 3 seeks to amend section 2 of the Income-tax Act relating to definitions.

Sub-clause (a) seeks to amend clause (29C) of section 2. The proposed amendment is consequential to the omission of *Explanation* to sub-section (1A) of section 161 and the earlier omission of *Explanation* 2 to section 164 of the Income-tax Act by the Direct Tax Laws (Amendment) Act, 1987 (4 of 1988).

This amendment will take effect retrospectively from 1st April, 1991.

Sub-clause (b)(i) seeks to omit reference to section 195 in sub-clause (ii) of clause (37A). This is consequential to the amendment proposed under sub-clause (b)(ii).

Sub-clause (b)(ii) seeks to insert a new sub-clause (iii) in clause (37A). Under the new sub-clause, deduction of tax at source from payments to non-residents will be made at the rate or rates of income-tax specified in section 115A or the rate or rates specified in the annual Finance Act as may be applicable.

These amendments will take effect from 1st October, 1991.

Clause 4 seeks to amend section 9 of the Income-tax Act relating to income deemed to accrue or arise in India. Under the proposed amendment, it is being provided that so much of the income by way of royalty as consists of lump-sum payment made by a person, who is a resident, for the transfer of all or any rights (including the granting of a licence) in respect of computer software supplied by a non-resident manufacturer along with computer hardware under any scheme approved under the Policy on Computer Software Export, Software Development and Training, 1986 of the Government of India, shall not be deemed to accrue or arise in India.

This amendment will take effect retrospectively from 1st April, 1991.

Clause 5 seeks to amend section 10 of the Income-tax Act.

Sub-clause (a) seeks to amend clause (3) of section 10 relating to non-inclusion of casual and non-recurring receipts up to five thousand rupees in the total income.

The amendment provides that the said benefit will not be available in respect of winnings from races including horse races.

This amendment will take effect from 1st October, 1991.

Sub-clause (b) seeks to substitute sub-clause (ii) of clause (4) of section 10.

Under the proposed amendment, any income by way of interest on money standing to the credit of a person in a Non-Resident (External) Account in any bank in India in accordance with the Foreign Exchange Regulation Act, 1973 and the rules made thereunder will be exempt in case such person has been permitted by the Reserve Bank of India to maintain the said Account. The proposed exemption will be in addition to the exemption already available to individuals who are resident outside India and who are maintaining such Account.

This amendment will take effect retrospectively from 1st April, 1991.

Sub-clause (c) seeks to insert new clauses (8A)and (8B) in section 10. Under the proposed clause (8A), any remuneration or fee received by a consultant, directly or indirectly, out of the funds made available to an international organisation (hereinafter referred to as the agency) under a technical assistance grant agreement between that agency and the Government of a foreign State is proposed to be exempted from income-tax. The expression "consultant" has been defined for the purposes of this clause to mean any individual who is either not a citizen of India or, being a citizen of India, is not ordinarily resident in India or any other person who is a non-resident and is engaged by the agency for rendering technical services in India in accordance with an agreement entered into by the Central Government and the said agency and the agreement relating to the engagement of the consultant is approved by the prescribed authority.

Under the proposed clause (8B), the remuneration received by an employee of the consultant referred to in clause (8A) is proposed to be exempted from income-tax, provided such employee is either not a citizen of India or, being a citizen of India, is not ordinarily resident in India and the contract of his service is approved by the prescribed authority before the commencement of his service.

Sub-clause (d) proposes to amend clause (9) of section 10 to exempt the income of any member of the family of any such individual as is referred to in new clauses (8A) and (8B) accompanying him to India, which accrues or arises outside India, and is not deemed to accrue or arise in India, in respect of which such member is required to pay any income or social security tax to the country of origin of such member.

These amendments will take effect retrospectively from 1st April, 1991.

Sub-clause (e) seeks to insert new clause (10D) in section 10.

The proposed amendment seeks to clarify that any sum received under a life insurance policy, including the sum allocated by way of bonus on such policy, shall not be included in the total income of a person.

This amendment will take effect retrospectively from 1st April, 1962.

Sub-clause (f) seeks to amend clause (15) of section 10.

Item (i) of sub-clause (f) seeks to amend item (d) of sub-clause (iv) of clause (15) so as to provide that interest on moneys borrowed by the National Housing Bank from sources outside India will not form part of the total income of the lender to the extent it does not exceed the amount of interest calculated at the rate approved by the Central Government in this behalf having regard to the terms of the loan and its repayment.

Item (ii) of sub-clause (f) seeks to insert item (fa) in sub-clause (iv) of clause (15) so as to provide that the interest on deposits with a scheduled bank in foreign currency will not form part of the total income of the assessee where the acceptance of such deposits by the bank is approved by the Reserve Bank of India.

Item (iii) of sub-clause (f) seeks to make a consequential amendment in item (g).

Item (iv) of sub-clause (f) seeks to define "industrial undertaking" for the purposes of sub-clause (iv) of clause (15) of the Income-tax Act, as an undertaking which is engaged in the manufacture or processing of goods or in the business of generation or distribution of electricity or any other form of power or in mining or in the construction of ships or in the operation of ships or aircrafts.

These amendments will take effect retrospectively from 1st April, 1991.

Sub-clause (g) and item (ii) of sub-clause (h) of this clause provides that in case of a scientific research association or in case of an association or institution established for the control, supervision, etc., of games or sports, as the case may be, exemption shall not be denied in relation to voluntary contribution other than the voluntary contribution in cash or voluntary contribution of the nature referred to in clause (b) of the first proviso to clause (21) subject to the condition that such voluntary contribution is not held by the scientific research association or the aforesaid association or institution, otherwise than in any one or more of the forms or modes specified in sub-section (5) of section 11, after the expiry of one year from the end of the previous year in which such asset is acquired or the 31st day of March, 1992, whichever is later.

Item (i) of sub-clause (h) seeks to amend the fourth proviso to clause (23) so as to provide further time up to the 30th day of March, 1992 for investing the funds by the trust or institution in any one or more of the forms or modes specified in sub-section (5) of section 11.

These amendments will take effect retrospectively from 1st April, 1990.

Sub-clause (i) seeks to amend clause (23C) of section 10.

Item (a) of this sub-clause seeks to amend the fourth proviso so as to provide further time up to the 30th day of March, 1992, for investing the funds by the trust or institution in any one or more of the forms or modes specified in sub-section (5) of section 11.

Item (b) of this sub-clause seeks to insert a new proviso after the fourth proviso so as to provide that in case of an association or institution referred to in sub-clauses (iv) and (v) of clause (23C), exemption shall not be denied in relation to voluntary contribution, other than the voluntary contribution in cash or voluntary contribution of the nature referred to in clause (b) of the first proviso to clause (23C) subject to the condition that such voluntary contribution is not held by the association or institution, otherwise than in any one or more of the forms or modes specified in sub-section (5) of section 11, after the expiry of one year from the end of the previous year in which such asset is acquired or the 31st day of March, 1992, whichever is later.

These amendments will take effect retrospectively from 1st April, 1990.

Clause 6 seeks to substitute sub-section (4A) of section 11 of the Income-tax Act.

Under the existing provisions, the exemption under section 11 shall be denied where a business, other than the business of printing and publication of books by a trust wholly for public religious purposes is carried on and in case of an institution, for charitable purposes, the business is mainly carried on by the beneficiaries of the institution. The proposed amendment seeks to provide that income of a trust or an institution being profits and gains of business or profession incidental to the objectives of the trust or the institution shall be exempted from tax under section 11 of the Act.

This amendment will take effect from 1st April, 1992.

Clause 7 seeks to amend section 12A of the Income-tax Act relating to registration of trusts or institutions.

Under the existing provisions contained in clause (a) of section 12A, a person in receipt of income of any trust or institution is required to file an application for registration before the expiry of one year from the date of creation of the trust or establishment of the institution. In the proviso to aforesaid clause (a), the Chief Commissioner or Commissioner may in his discretion condone the delay for filing an application for registration. The proposed amendment seeks to limit the discretion of the Chief Commissioner or Commissioner to entertain the application of registration before the period of three years from the creation of trust or establishment of the institution.

This amendment will take effect from 1st October, 1991.

Clause 8 seeks to amend section 13 of the Income-tax Act relating to certain cases in which the exemption under section 11 is not *admissible*.

Sub-clause (a) seeks to insert clause (iia) in the proviso to clause (d) of sub-section (1) of that section so as to provide that where an asset, other than an investment or deposit mentioned in sub-section (5) of section 11, is held by the trust or institution, such asset is required to be disinvested after the expiry of one year from the end of the previous year in which such asset is acquired or the 31st day of March, 1992, whichever is later.

Sub-clause (b) seeks to insert a new sub-section (5) so as to provide that where the debentures of an Indian company are acquired by the trust or institution after the 28th day of February, 1983 but before the 25th day of July, 1991, the exemption from tax under section 11 or section 12 shall not be denied in respect of any other income, except the income which is invested or deposited for acquiring debentures of the company. It is further provided that the investment in debentures shall cease to be so invested after the 31st day of March, 1992.

These amendments will take effect retrospectively from 1st April, 1983.

Clause 9 seeks to amend clause (2) of section 17 of the Income-tax Act relating to definitions of "Salary","perquisite" and "profits in lieu of salary".

The amendment provides that the value of any medical treatment received by the employee or any member of his family in any hospital maintained by the employer, or in any hospital maintained by Government or any local authority or any other hospital approved by the Government for the purposes of medical treatment of its employees, or any premium paid by the employer to effect or keep in force an insurance on the health of the employee or any sum paid by the employer in respect of any such premium paid by the employee or any sum paid by the employer in respect of any expenditure actually incurred by the employee on his medical treatment or treatment of any member of his family to the extent of five thousand rupees in the case of the employee and ten thousand rupees in the case of the employee and his family together, or any expenditure incurred by the employer on medical treatment of the employee or any member of the family of such employee outside India, the travel or stay abroad of such employee or any member of the family of such employee or the travel or stay abroad of an attendant who accompanies such employee or member of the family, will not be included in the "perquisite" of the employee. The facility of travel will not be included in the perquisite only in the case of an employee whose gross total income, as computed before including the said amount in perquisites, does not exceed seventy-five thousand rupees. Further conditions and limits in relation to such expenditure can be laid down by the Board, having regard to guidelines, if any, issued by the Reserve Bank of India.

This amendment will take effect retrospectively from 1st April, 1991.

Clause 10 seeks to amend section 29 of the Income-tax Act so as to substitute the reference of section 43C by section 43D in that section. The proposed amendment is consequential to the insertion of new section 43D *vide* clause 15.

This amendment will take effect from 1st April, 1992 and will, accordingly, apply in relation to the assessment year 1992-93 and subsequent years.

Clause 11 seeks to amend section 32 of the Income-tax Act relating to deduction in respect of depreciation in computing income under the head "Profits and gains of business or profession".

The second proviso to section 32(1)(ii) provides that no deduction for depreciation will be allowed in respect of any motor car manufactured outside India, where such motor car is acquired by the assessee after 28th February, 1975. An exception is made if such foreign car is used in a business of running it on hire for tourists. It is proposed to amend this proviso to make another exception in the case of a foreign motor car used outside India in a business or profession carried on by the assessee in another country, so that depreciation thereon will also be allowed.

It is also proposed to insert a new proviso in section 32 (1)(ii) to provide that where any asset is acquired by the assessee during the previous year and is put to use for the purposes of business or profession for a period of less than 180 days, depreciation thereon shall be allowed at 50% of the depreciation allowable according to the percentage prescribed under that clause in respect of the block of assets comprising such asset.

These amendments will take effect from 1st April, 1992 and will, accordingly, apply in relation to the assessment year 1992-93 and subsequent years.

Clause 12 seeks to substitute clause (iii) of sub-section (1) of section 35 of the Income-tax Act relating to deduction allowed, in computing income from business, in respect of contributions made to an approved university, college or institution to be used for research in social science or statistical research related to the class of business carried on by the assessee.

The amendment proposed will have the effect of omitting the condition that the research in social science or statistical research should be related to class of business carried on by the assessee.

This amendment will take effect from 1st April, 1992 and will, accordingly, apply in relation to the assessment year 1992-93 and subsequent years.

Clause 13 seeks to insert a new section 35AC in the Income-tax Act.

Under the proposed section, deduction will be allowed in computing profits of business or profession chargeable to tax, in respect of the expenditure incurred for an eligible project or scheme for promoting social and economic welfare or uplift of the public as may be specified by the Central Government on the recommendations of the National Committee. For this purpose, 'National Committee' will be the committee constituted by the Central Government from amongst persons of eminence in public life.

The deduction under the proposed new section will be allowed in cases where the qualifying expenditure is either incurred by way of payment to a public sector company, a local authority or to an approved association or institution for carrying out any eligible project or scheme. Companies will, however, be allowed the deduction also in cases where the expenditure is incurred by them directly on an eligible project or scheme. It is proposed to provide that the claim for deduction under the proposed new section should be supported by an audit certificate obtained from the public sector company, local authority or approved association or institution or, from the Chartered Accountant in cases where the claim is in respect of expenditure directly incurred by a company on an eligible project or scheme.

This amendment will take effect from 1st April, 1992 and will, accordingly, apply in relation to assessment year 1992-93 and subsequent years.

Clause 14 seeks to amend section 36 of the Income-tax Act.

Under the proposed amendment to clause (viia) of sub-section (1), a public financial institution, a State financial corporation and a State industrial investment corporation will be entitled to a deduction, in computing the taxable income, in respect of provision for bad and doubtful debt made out of the profits. The maximum amount to be allowed as a deduction will be limited to five per cent. of its gross total income before making any deduction in respect of the provision for bad and doubtful debt or under the provisions of Chapter VI-A. The definitions of the expressions "public financial institution", "State financial corporation" and "State industrial investment corporation" are being incorporated in the

Explanation to the said clause (viia).

This amendment will take effect from 1st April, 1992 and will, accordingly, apply in relation to the assessment year 1992-93 and subsequent years.

Sub-clause (ii) seeks to substitute the *Explanation* under clause (viii) of sub-section (1) of the said section to include therein a definition of "financial corporation" so as to include a public company within the said definition.

This amendment will take effect retrospectively from 1st April, 1987 and will, accordingly, apply in relation to the assessment year 1987-88 and subsequent years.

Clause 15 seeks to insert a new section 43D in the Income-tax Act to provide that in the case of a public financial institution or a scheduled bank or a State financial corporation or a State industrial investment corporation, income by way of interest on such categories of bad and doubtful debts as may be prescribed having regard to the guidelines issued by the Reserve Bank of India in relation to such debts, shall be chargeable to tax in the previous year in which it is credited to the profit and loss account by the said institutions for that year or in the previous year in which it is actually received by them, whichever is earlier. The *Explanation* to the said section defines the expressions "public financial institution", "scheduled bank", "State financial corporation" and "State industrial investment corporation".

This amendment will take effect from 1st April, 1992 and will, accordingly, apply in relation to the assessment year 1992-93 and subsequent years.

Clause 16 seeks to amend section 44D of the Income-tax Act relating to special provisions for computing income by way of royalties, etc., in the case of foreign companies.

The proposed amendment seeks to insert a new clause (d) to provide that in computing the income of a foreign company from units of a mutual fund referred to in clause (23D) of section 10, no deduction shall be allowed in respect of any expenditure or allowance under sections 28 to 44C.

This amendment will take effect retrospectively from 1st April, 1989.

Clause 17 seeks to amend section 45 of the Income-tax Act.

Sub-clause (a) seeks to include the reference of new section 54H in sub-section (1) of section 45.

This amendment will take effect retrospectively from 1st April, 1991.

Sub-clause (b) seeks to provide that where the Capital gain arises from the transfer of a capital asset by way of compulsory acquisition under any law, then, such capital gain shall be chargeable as income under the head "Capital gain" of the previous year in which the compensation is first received.

This amendment will take effect retrospectively from 1st April, 1988.

Clause 18 seeks to amend section 47 of the Income-tax Act relating to transactions not regarded as transfer.

Under the proposed amendment, any transfer, by way of conversion of debentures, debenture-stock, or deposit certificates in any form, of a company into shares or debentures of that company will not be treated as transfer within the meaning of clause (47) of section 2 of that Act.

This amendment will take effect retrospectively from 1st April, 1962.

Clause 19 seeks to amend section 48 of the Income-tax Act relating to mode of computation and deductions in relation to capital gains. Under the proposed amendment, the deduction available under sub-section (2) of section 48, is being increased from ten thousand rupees to fifteen thousand rupees.

This amendment will take effect from 1st April, 1992 and will, accordingly, apply in relation to assessment year 1992-93 and subsequent years.

Clause 20 seeks to amend section 49 of the Income-tax Act relating to cost with reference to certain modes of acquisition.

It is proposed to insert a new sub-section (2A) in section 49 to provide that where the capital asset, being a share or a debenture in a company became the property of the assessee in consideration of a transfer referred to in clause (x) of section 47, the cost of acquisition of the asset to the assessee shall be deemed to be that part of the cost of debenture, debenture-stock or deposit certificates in relation to which such asset is acquired by the assessee.

This amendment will take effect retrospectively from 1st April, 1962.

Clause 21 seeks to insert a new section 54H relating to extension of time for acquiring new asset or depositing or investing the amount of capital gain in certain cases.

The proposed amendment seeks to provide that where the transfer of the original asset is by way of compulsory acquisition under any law and the amount of compensation awarded for such acquisition is not received by the assessee on the date of such transfer, the period of acquiring the new asset by the assessee or the period for depositing or investing the amount of capital gain shall be extended in relation to such amount of compensation as is not received on the date of transfer. The extended period shall be reckoned from the date of receipt of the amount of compensation.

The proviso to this section provides that where the compensation in respect of transfer of the original asset by way of compulsory acquisition under any law is received before the 1st day of April, 1991, the period or periods aforesaid, if expired, shall extend up to 31st day of December, 1991.

This amendment will take effect from 1st October, 1991.

Clause 22 seeks to amend section 57 of the Income-tax Act relating to deductions from 'income from other sources'.

The proposed amendment seeks to substitute the existing proviso to provide that in computing the income referred to in clause (a) or clause (aa) or clause (ab) of sub-section (1) of section 115A of a foreign company, no deduction shall be allowed in respect of expenditure referred to in clauses (i) and (iii) of section 57.

This amendment will take effect retrospectively from 1st April, 1989.

Clause 23 seeks to substitute a new section for section 71 of the Income-tax Act relating to set off of loss from one head against income from another.

Under the existing provision, loss under one head can be set off against income from any other head of income. This provision permits set off of capital loss (both short-term and long-term) against income under any other head of income.

The proposed new section seeks to disallow set off of capital loss (both short-term and long-term) against any other head of income.

This amendment will take effect from 1st April, 1992 and will, accordingly, apply in relation to assessment year 1992-93 and subsequent years.

Clause 24 seeks to amend sub-section (1) of section 74 of the Income-tax Act relating to losses under the head "Capital gains".

The proposed amendment is consequential to the substitution of new section for section 71 *vide* clause 23.

This amendment will take effect from 1st April, 1992 and will, accordingly, apply in relation to assessment year 1992-93 and subsequent years.

Clause 25 seeks to amend section 80CCA of the Income-tax Act relating to deduction in respect of deposits under the National Savings Scheme or payment to a deferred annuity plan.

The proposed amendments seek to omit references to the National Savings Scheme from the section with a view to facilitate the notification of any other saving scheme which may be floated in future.

These amendments will take effect from 1st October, 1991.

Clause 26 seeks to amend section 80G of the Income-tax Act relating to deductions in respect of donations to certain funds, charitable institutions, etc.

Under the proposed amendment by sub-clause (b) (i), a person making donations to the Africa (Public Contributions—India) Fund will be allowed deduction, in the computation of his total income, of the entire amount so donated.

This amendment will take effect retrospectively from 1st April, 1991.

Under the proposed amendment by sub-clause (b) (ii), the Rajiv Gandhi Foundation will be included in the list of funds and institutions donations to which are eligible for the deduction under that section, in computing the income of the donor chargeable to tax under this Act, to the extent of fifty per cent. of the amount so donated.

This amendment will take effect from 1st April, 1992 and will, accordingly, apply in relation to assessment year 1992-93 and subsequent years.

The proposed amendment by sub-clause (c) seeks to insert a new clause (vi) in sub-section (5) of section 80G of the Act so as to provide that the institution or fund is required to be approved by the Commissioner. However, such approval shall have effect for such number of assessment years not exceeding three assessment years, as may be specified in the approval.

This amendment will take effect from 1st October, 1991.

Clause 27 seeks to amend section 80GGA of the Income-tax Act relating to deductions allowable to an assessee, in computing his income from sources other than business or profession, in respect of donations for scientific research or rural development.

It is proposed to insert by sub-clause (i) a new clause (aa) in sub-section (2) of the said section, to provide that donations made to a university, college or other institution to be used for research in social science or statistical research will also qualify for deduction under that section provided such university, college or institution is approved for the purposes of section 35 (1) (iii).

Under the proposed amendment by sub-clause (ii), the deduction under section 80GGA will also be allowed in relation to the amounts paid to a public sector company, local authority or an approved association or institution for carrying out any eligible project or scheme, referred to in the new section 35AC proposed to be inserted vide clause 13.

These amendments will take effect from 1st April, 1992 and will, accordingly, apply in relation to assessment year 1992-93 and subsequent years.

Clause 28 seeks to amend section 80HHC of the Income-tax Act relating to deduction in respect of profits retained for export business.

Sub-clause (a) seeks to amend sub-section (2) of section 80HHC.

Item (i) of sub-clause (a) seeks to extend the benefit of deduction under section 80HHC to profits derived from export of processed minerals and ores specified in the Twelfth Schedule proposed to be inserted *vide* clause *69.*

Item (ii) of sub-clause (a) seeks to insert two *Explanations* below sub-section (2).

Explanation 1 seeks to clarify that sale proceeds of any export credited to a separate account maintained by the assessee with any bank outside India with the approval of the Reserve Bank of India will be deemed to have been received in India.

Explanation 2 seeks to clarify that where any goods or merchandise are transferred by an assessee to a branch, office, warehouse, etc., outside India and such goods or merchandise are sold from such branch, office, warehouse, etc., in that situation the transfer to branch, etc., will be regarded as export of goods and merchandise out of India. The sale proceeds of such exports will be taken at the value declared in the shipping bill or bill of export in respect of such goods or merchandise.

Sub-clause (b) seeks to substitute sub-section (3) by a new sub-section.

Under the proposed sub-section (3), the profits from the business of export of any goods or merchandise will be computed in the following manner :—

(a) where the export is of goods or merchandise manufactured by the assessee, by applying to the profits of the business [as defined in the *Explanation* to the proposed sub-section (3)] the ratio of export turnover to the total turnover;

(b) where the export out of India is of goods not manufactured by the assessee, by deducting from the sale proceeds the direct costs and indirect costs attributable to the export;

(c) where the export out of India is of goods or merchandise manufactured by the assessee as also of goods not manufactured by him, the aggregate of the amount computed by applying to the adjusted profit of business the ratio of adjusted export turnover to the adjusted total turnover and the amount of profits from export of goods not manufactured by the assessee computed in the manner specified in clause (b) of sub-section (3).

In the *Explanation* to the new sub-section (3), the expression "adjusted export turnover" will mean the export turnover as reduced by the export turnover of the trading goods. The adjusted profits of the business will mean the profits of the business as reduced by the profits derived from the business of export of trading goods as computed in accordance with clause (b) of sub-section (3).

The adjusted total turnover will mean the total turnover of the business as reduced by the export turnover in respect of trading goods and direct costs will mean costs directly attributable to the trading goods exported out of India including the purchase price thereof whereas indirect costs will mean costs, other than direct costs, allocated in the ratio of the export turnover of the trading goods to total turnover of such goods. The trading goods will mean goods which are not manufactured by the assessee.

Sub-clauses (c) and (d) seek to amend sub-sections (3A) and (4).

The amendments proposed under these sub-clauses are consequential to the amendment proposed under sub-clause (b).

Sub-clause (e) seeks to amend *Explanation* to section 80HHC.

Item (i) of sub-clause (e) seeks to clarify that sale or any other similar transaction in a shop, emporium or other establishment in India which does not involve customs clearance will not be regarded as export out of India of any goods or merchandise.

Sub-item (1) of item (ii) of sub-clause (e) seeks to modify the definition of the expression total turnover for the purposes of section 80HHC. Under the proposed modification, "total turnover" will not include freight or insurance attributable to transport of goods or merchandise beyond the customs station.

Sub-item (2) of item (ii) of sub-clause (e) seeks to define the expression "profits of the business". Under the proposed definition, profits of the business will be determined by deducting from the profits as computed under the head "Profits and gains of business or profession" the following,-

(a) 90 per cent. of receipts by way of brokerage, commission, interest, rent, etc., included in the profit, and

(b) profits of any foreign branch, office, warehouse, etc.

Item (iii) of sub-clause (e) seeks to omit clause (bb) of the *Explanation* relating to definition of "total turnover". This amendment is consequential to the amendment proposed under sub-clause (e) (ii) (1) relating to new definition of this expression.

The amendments proposed under item (i) of sub-clause (a) and item (iii) of sub-clause (e) will take effect from 1st April, 1991. The amendment proposed under item (i) of sub-clause (e) will take effect from 1st April, 1986. The amendment under sub-item (1) of item (ii) of sub-clause (e) will take effect from 1st April, 1987. The amendments proposed under item (ii) of sub-clause (a), sub-clause (b), sub-clause (c), sub-clause (d) and sub-item (2) of Item (ii) of clause (e) will take effect from 1st April, 1992 and will, accordingly, apply in relation to assessment year 1992-93 and subsequent years.

Clause 29 seeks to amend section 80HHD of the Income-tax Act relating to deduction in respect of earnings in convertible foreign exchange.

Sub-clause (a) seeks to insert a proviso in sub-section (1) so as to clarify that a hotel or a tour operator approved by the prescribed authority on or after 30th November, 1989 and before 1st October, 1991, shall be deemed to have been approved by that authority for the purposes of the section in relation to the assessment year commencing on 1st April, 1989 or 1st April, 1990 or, as the case may be, 1st April, 1991 if the assessee is engaged in the business of such hotel or as such tour operator during the previous year relevant to any of the said assessment years.

This amendment will take effect from 1st October, 1991.

Sub-clause (b) seeks to insert an *Explanation* at the end of sub-section (2) to clarify that payment received by an assessee in Indian currency obtained by conversion of foreign exchange brought into India through an authorised dealer, from a tour operator or a travel agent on behalf of foreign tourists, shall be deemed to have been received by the assessee in convertible foreign exchange, if the person making the payment furnishes to the assessee a certificate specified in the proposed new sub-section (2A).

Sub-clause (c) seeks to insert a new sub-section (2A) to provide that every person making payment to an assessee out of Indian currency obtained by conversion of foreign exchange from or on behalf of foreign tourists shall furnish to that assessee a certificate in the prescribed form indicating the amount received in foreign exchange, its conversion into Indian currency and such other particulars as may be prescribed.

Sub-clause (d) seeks to insert a proviso in sub-section (3) to provide that where the assessee in receipt of convertible foreign exchange from or on behalf of foreign tourists makes any payment to another assessee in providing services to such foreign tourists, then the profit derived from services provided to foreign tourists in the case of the first-mentioned assessee shall be the amount which bears to the profits of the business of the first-mentioned asessee the same proportion as the receipts specified in sub-section (2), as reduced by such payment, bear to the total receipts of the business carried on by the first-mentioned assessee.

Sub-clause (e) seeks to amend sub-section (6) in order to provide that for claiming deduction, the report of Chartered Accountant, certifying the correctness of the deduction, shall be on the basis of the aggregate of the amount of convertible foreign exchange received by the assessee for services provided by him to foreign tourists and the payments received by him in Indian currency as referred to in *Explanation* to sub-section (2), as reduced by the payments made by him to the other assessee as referred to in the proviso to sub-section (3).

Sub-clause (f) seeks to insert a new clause (d) in the *Explanation* to the section to incorporate definitions of "authorised dealer", "foreign exchange" and "Indian currency".

These amendments will take effect from 1st April, 1992 and will, accordingly, apply in relation to the assessment year 1992-93 and subsequent years.

Clause 30 seeks to insert a new section 80HHE in the Income-tax Act.

The proposed section seeks to provide that where an assessee, being an Indian company or a person (other than a company) resident in India is engaged in the business of export out of India of computer software or its transmission from India to a place outside India by any means or in providing technical services outside India in connection with the development or production of computer software, he shall be allowed a deduction in the computation of his total income of the profits derived by him in respect of such computer software on the condition that the consideration in respect of such computer software is received in, or brought into, India in convertible foreign exchange within a period of six months from the end of the previous year or such extended period as the Commissioner may allow in this behalf. Profits derived from the aforesaid business shall be the amount which bears to the profits of the business the same proportion as the export turnover bears to the total turnover of the business carried on by the assessee. Further the expression "Profits of the business" means the profits as computed under the head "Profits and gains or profession" as reduced by 90 per cent. of receipt by way brokerage, commission, interest, rent, etc., included in such profit and further reduced by the profits of any foreign branch, office, warehouse, etc. The deduction under this section will be allowed only if the assessee furnishes a report of Chartered Accountant in the prescribed form certifying that the deduction has been correctly claimed. Export turnover and total turnover, for the purposes of this section, will exclude freight, telecommunication charges or insurance attributable to the delivery of the computer software outside India or expenses, if any, incurred in foreign exchange in providing the technical services outside India. The expression "computer software" has been defined to mean any computer programme, recorded on any disc, tape, perforated media or other information storage device and includes any such programme which is transmitted from India to a place outside India by any means.

This amendment will take effect retrospectively from 1st April, 1991 and will apply in relation to the assessment years 1991-92, 1992-93 and 1993-94.

Clause 31 seeks to amend sub-sections (1A), (2), (3), (4) and (5) of section 80-I of the Income-tax Act relating to deduction in respect of profits and gains from industrial undertaking, etc., after a certain date.

The proposed amendments seek to limit the deduction admissible under this section in respect of industrial undertaking, etc., referred to in sub-section (1A), up to the 31st day of March, 1991. The benefit available under this section in respect of an industrial undertaking, a ship or a hotel will now be available at the new rates specified in the proposed new section 80-IA proposed to be inserted vide clause 32.

These amendments will take effect retrospectively from 1st April, 1991.

Clause 32 seeks to insert a new section 80-IA in the Income-tax Act relating to deduction in respect of profits and gains from industrial undertakings, etc., in certain cases.

The proposed section seeks to provide that deduction at the rates specified in sub-section (1A) of section 80-I for all categories of taxpayers shall be admissible in the case of industrial undertaking, cold storage or ship or the business of a hotel where the business starts functioning after the 31st March, 1991. The amount of deduction, however, shall be fifty per cent. of the profits and gains derived from business in case of a hotel located in a hilly area or a rural area or a place of pilgrimage, etc. The number of assessment years for which the deduction under this section will be admissible in the case of an assessee being a co-operative society shall be twelve years where the profits and gains are derived from an industrial undertaking. In the case of any other assessee, this period will be ten assessment years.

The conditions referred to in sub-sections (2), (3), (4), (6), (7), (8), (9) and (10) subject to which the deduction is available under section 80-I of the Income-tax Act will also apply in case of deduction available under this section. However, in case of a hotel located in a hilly area, etc., and claiming deduction at the rate of 50 pet cent. it is provided that such hotel is approved by the prescribed authority in accordance with the rules made under this Act. Where a hotel is approved before 31st March 1992, it is further provided that such hotel shall be deemed to have been approved by the prescribed authority in relation to the assessment year 1991-92 also.

In the *Explanation* to this section, the expressions "hilly area", "industrial undertaking", "places of pilgrimage" and "rural area" have been defined.

This amendment will take effect retrospectively from 1st April, 1991.

Clause 33 seeks to amend section 80-O of the Income-tax Act relating to deduction in respect of royalties, etc., from certain foreign enterprises. Under the existing provision, deduction under this section is restricted to Indian companies only. The proposed amendment seeks to extend the scope of deduction also to a person (other than a company) who is resident in India.

This amendment will take effect from 1st April, 1992 and will, accordingly, apply in relation to the assessment year 1992-93 and subsequent years.

Clause 34 seeks to insert a new section 80Q in the Income-tax Act so as to provide for deduction in respect of profits and gains from the business of publication of books.

Sub-section (1) seeks to provide that where the gross total income of an assessee includes any profits and gains from the business of printing and publication of books or publication of books, there shall be allowed, in computing the total income, a deduction of an amount equal to 20% of the profits and gains from such business in respect of the income of the previous year relevant to the assessment year commencing on the 1st day of April, 1992 or to any one of the four assessment years next following that assessment year. Sub-section (2) seeks to provide that the amount of deduction referred to in sub-section (1) shall be reduced by the amount of deduction, if any, admissible to the assessee under sections 80HH, 80HHA, 80HHC, 80-I, 80-IA, 80J or 80P. Sub-section (3) defines the expression "books" as not including newspapers, journals, magazines, diaries, brochures, tracts, pamphlets and other publications of similar nature.

This amendment will take effect from 1st April, 1992 and will, accordingly, apply in relation to the assessment year 1992-93 and subsequent years.

Clause 35 seeks to amend section 80QQA of the Income-tax Act relating to deduction in respect of professional income of authors of text books in Indian languages.

Under the existing provision, authors of standard text books prescribed for a degree or post-graduate course of a University in any language specified in the Eighth Schedule to the Constitution or in any other language as the Central Government may notify, having regard to the need for promotion of publication of such text books in that language, were entitled to a deduction, in the computation of the total income, of an amount equal to twenty-five per cent. of the income from such books included in the gross total income. This provision ceased to be operative with effect from the assessment year 1990-91. The proposed amendment seeks to revive the deduction from the assessment year 1992-93 for a period of five years.

This amendment will take effect from 1st April, 1992 and will, accordingly, apply up to the assessment year 1996-97.

Clause 36 seeks to substitute a new section for section 80U of the Income-tax Act relating to deduction in the case of totally blind or physically handicapped resident persons.

Under the existing provision, resident individuals suffering from total blindness or other physical disability of a permanent nature or mental retardation are allowed deduction of Rs.15,000 in computing their taxable income. For the purposes of claiming this deduction, the permanent physical disability (other than blindness) or mental retardation shall be such as may be specified in the rules made by the Central Board of Direct Taxes. The person claiming deduction is also required to furnish a certificate in respect of first assessment year for which deduction is claimed in support of blindness, other physical disability or mental retardation. The certificate regarding total blindness should be from a registered medical practitioner being oculist. Certificate as regards permanent physical disability other than blindness may be furnished from any registered medical practitioner. Certificate as to mental retardation should be from a psychiatrist working in a Government hospital.

Under the new section, deduction will also be available to individuals suffering from partial blindness which has the effect of reducing considerably the individual's capacity for normal work or engaging in a gainful employment or occupation. The amount of deduction is being increased from Rs. 15,000 to Rs. 20,000 in computing the taxable income. The certificate as regards permanent physical disability (including blindness) or mental retardation will have to be obtained from a physician, a surgeon, an oculist or a psychiatrist working in a Government hospital. However, this requirement will not apply in the case of individuals who have already produced a certificate before the Assessing Officer under the provisions of this section as they stood immediately before the 1st day of April, 1992.

This amendment will take effect from 1st April, 1992 and will, accordingly, apply in relation to the assessment year 1992-93 and subsequent years.

Clause 37 seeks to amend sub-section (2) of section 88 of the Income-tax Act relating to rebate on life insurance premia, contribution to provident fund, etc.

Sub-clause (a) seeks to insert a new clause (xiva) in sub-section (2) so as to include in the list of savings qualifying for the tax rebate under section 88, subscription to such schemes of the public sector companies which are engaged in providing long-term finance for construction or purchase of houses in India for residential purposes, not being schemes the interest whereunder qualifies for tax rebate under section 80L, as the Central Government may notify.

Sub-clause (b) seeks to amend clause (xv) of sub-section (2). Under the proposed amendment tax rebate will now also be available on payment of instalments, or repayment of loan, etc., in connection with purchase or construction of residential house property where its construction was completed before 1st April, 1987. Further, payments made towards the cost of land for construction of a residential house property will also qualify for the tax rebate under section 88.

These amendments will take effect from 1st April, 1992 and will, accordingly, apply in relation to the assessment year 1992-93 and subsequent years.

Clause 38 seeks to amend section 90 of the Income-tax Act, relating to agreement with foreign countries.

The proposed amendment seeks to clarify that when the Central Government has entered into an agreement with any foreign Government for granting relief of tax or for avoidance of double taxation the provisions of the Income-tax Act, in relation to any assessee to whom the provisions of the agreement apply, will apply only to the extent these are more beneficial to the assessee.

This amendment will take effect retrospectively from 1st April, 1972.

Clause 39 seeks to amend sub-section (1A) of section 115A of the Income-tax Act relating to tax on dividends, royalty and technical service fees in the case of foreign companies.

Under the existing provisions of section 115A, income by way of royalty or fees for technical services, in the case of foreign companies, is charged to income-tax at the rate of thirty per cent. of such income if the royalty or fee is received from Government or an Indian concern in pursuance of an agreement approved by the Central Government. The proposed amendment seeks to remove the condition of the agreement being approved by the Central Government in cases where the royalty is in respect of computer software permitted to be imported into India under an Open General Licence.

This amendment will take effect retrospectively from 1st April, 1991.

Clause 40 seeks to insert a new section 115AB in the Income-tax Act relating to tax on income from units purchased in foreign currency or capital gains arising from their transfer in the case of overseas financial organisations (hereinafter referred to as off-shore funds).

Sub-section (1) of the new section seeks to provide that in the case of an off-shore fund, the income-tax payable shall be the aggregate of (i) ten per cent. of the income in respect of units purchased in foreign currency, if any, (ii) ten per cent. of the income by way of long-term capital gains arising from the transfer of units purchased in foreign currency, if any, and (iii) the amount of income-tax on the total income as reduced by the income from units and income by way of long-term capital gains arising from the transfer of units.

Sub-section (2) of the new section seeks to provide that in the case of an off-shore fund, no deduction shall be allowed under sections 28 to 44C or sub-section (2) of section 48 or clause (i) or clause (iii) of section 57 or under Chapter VI-A where the gross total income consists only of income from units or income by way of long-term capital gains arising from the transfer of units, or both. However, where the gross total income includes income from units or income by way of long-term capital gains arising from the transfer of units, or both, the deduction under Chapter VI-A shall be allowed as if the gross total income does not include the income from units and long-term capital gains on such units.

The *Explanation* to the section seeks to define various terms. The term "overseas financial organisation" is defined to mean any fund, institution, association or body whether incorporated or not, established under the laws of a country outside India, which has entered into an arrangement for investment in India with any public sector bank or public financial institution or a mutual fund specified under clause (23D) of section 10 and such arrangement is approved by the Central Government for this purpose.

The term "unit" is defined to mean the units of a Mutual Fund specified under clause (23D) of section 10 or of the Unit Trust of India. The term "foreign currency" shall have the meaning as in the Foreign Exchange Regulation Act, 1973. The term "public sector bank" and "public financial institution" shall have the meanings assigned to them in clause (23D) of section 10 and section 4A of the Companies Act, respectively. The term "Unit Trust of India" is defined to mean the Unit Trust of India established under the Unit Trust of India Act, 1963.

This amendment will take effect from 1st April, 1992 and will, accordingly, apply in relation to assessment year 1992-93 and subsequent years.

Clause 41 seeks to amend section 119 of the Income-tax Act, relating to instructions to subordinate authorities.

Under the existing provisions of clause (a) of sub-section (2) of that section, the Board is empowered to relax the provisions of certain sections of the Act relating to assessment and collection of revenue in respect of any class of incomes or class of cases.

The proposed amendment by sub-clause (i) seeks to incorporate references of sub-section (1A) of section 201 and sections 211 and 234C also in the said clause (a).

This amendment will take effect retrospectively from 1st April, 1991.

Sub-clause (ii) seeks to amend section 119 of the Income-tax Act relating to instructions to subordiante authorities by inserting a new clause in sub-section (2) thereof. The proposed amendment seeks to provide that the Board may, if it considers it desirable or expedient so to do for avoiding genuine hardship in any case or class or cases, by general or special order for reasons to be specified therein, relax any requirement contained in any of the provisions of Chapter IV or Chapter VI-A of the Act, in cases where the assessee has failed to comply with any requirement specified in such provision for claiming deduction thereunder. The said order can be made by the Board subject to the conditions that the default has been due to circumstances beyond the control of the assessee and the assessee has complied with the requirement before the completion of assessment in relation to the previous year in which such deduction is claimed. A copy of the order issued under the proposed new clause will have to be laid before each House of Parliament.

This amendment will take effect from 1st October, 1991.

Clause 42 seeks to amend sub-section (8A) of section 132 of the Income-tax Act relating to the extension of the operation of the prohibitory order made under section 132 (3) by the authorised officer with the approval of the Commmissioner.

The proposed amendment seeks to provide that the said order can also be extended with the approval of the Director.

This amendment will take effect from Ist October, 1991.

Clause 43 seeks to amend section 139 relating to return of income, by omitting sub-section (10) thereof. This sub-section provides that a return of income which discloses total income below the maximum amount not chargeable to tax is deemed as never to have been furnished, with certain exceptions.

This amendment will take effect retrospectively from Ist April, 1991 and will, accordingly, apply in relation to the assessment year 1991-92 and subsequent years.

Clause 44 seeks to amend sub-section (1) of section 140 A of the Income-tax Act relating to self-assessment.

The proposed amendment seeks to include within the ambit of the existing sub-section the returns furnished under section 142 of the Act.

This amendment will take effect from the date on which this Bill receives the assent of the President.

Clause 45 seeks to amend section 143 of the Income-tax Act relating to assessment, by substituting the proviso to sub-section (2) thereof.

Under the existing provisions of the proviso, no notice under sub-section (2) of section 143 can be served on the assessee after the expiry of the financial year in which the return is furnished or the expiry of six months from the end of the month in which the return is furnished, whichever is later.

The proposed amendment by sub-clause (a) seeks to provide that no notice under sub-section (2) of section 143 shall be served on the assessee after the expiry of twelve months from the end of the month in which the return is furnished.

Sub-clause (b) seeks to insert an *Explanation* at the end of the section.

This *Explanation* provides that an intimation sent under sub-section (1) or sub-section (1B) of that section shall be deemed to be an order for the purposes of section 264 which empowers the Commissioner of Income-tax to exercise his revisional jurisdiction.

These amendments will take effect from Ist October, 1991.

Clause 46 seeks to amend section 153 of the Income-tax Act relating to time limit for completion of assessments and re-assessments. The proposed proviso in *Explanation 1,* seeks to provide that where immediately after the exclusion of the time or period mentioned in the *Explanation,* the period of limitation referred to in sub-sections (1), (2) and (2A) of the said section available to the Assessing Officer for making orders under those sub-sections is less than sixty days, the remaining period shall be extended to sixty days and the aforesaid period of limitation shall be deemed to be extended accordingly.

This amendment will take effect from the date on which this Bill receives the assent of the President.

Clause 47 seeks to amend section 155 of the Income-tax Act relating to amendment of completed assessment.

The proposed amendment seeks to insert new sub-sections (11) and (12) in section 155 of the Act. Under the new sub-section (11), where an assessment has been completed and after that the assessee has fulfilled the requirements laid down in new section 54H proposed to be inserted vide clause 21, the Assessing Officer shall amend the order of assessment so as to include the amount of capital gain not chargeable to tax under any of the sections referred to in section 54H and the provisions of section 154 relating to rectification of mistake shall apply subject to the modification that the period of four years specified in sub-section (7) of section 154 be reckoned from the end of the previous year in which the compensation was received by the assessee.

The new sub-section (12) seeks to provide that where in relation to the assessment year 1987-88 or any earlier assessment year, deduction under section 80-0 has been denied only on the ground that income otherwise qualifying for deduction had not been received in, or brought into, India in convertible foreign exchange by or on behalf of the assessee in accordance with the law regulating dealings in foreign exchange and such income is so received in, or brought into, India at a subsequent date, the Assessing Officer shall amend the order of assessment at any time within a period of four years from the end of the previous year in which the qualifying amount is received in, or brought into, India in convertible foreign exchange so as to allow deduction under section 80-O in respect of such amount. For computing the period of four years, the period from 1st April, 1988 to 30th September, 1991 shall be excluded.

These amendments will take effect from 1st October, 1991.

Clause 48 seeks to amend section 161 of the Income-tax Act relating to liability of representative assessee. Under the proposed amendment *Explanation* to sub-section (1A) of the said section which defines the expression "maximum marginal rate" is being omitted as the definition of the said expression is already contained in clause (29C) of section 2 of the Act.

This amendment will take effect restrospectively from 1st April, 1991.

Clause 49 seeks to amend section 193 of the Income-tax Act relating to interest on securities.

The proposed amendment by sub-clause (a) seeks to provide that in the case of a scheduled bank, if the Central Government is satisfied that the total income of the bank justifies deduction of income-tax at a lower rate, it may, by notification in the Official Gazette, specify the rate at which deduction of income-tax is to be made in respect of such bank. The notification issued by the Central Government shall, at any one time, have effect for such assessment year or years, not exceeding three assessment years, as may be *specified* in the notification.

Sub-clasue (b) seeks to insert *Explanation 2* which defines the expression "scheduled bank" for the purposes of this section.

These amendments will take effect from 1st October, 1991.

Clause 50 seeks to amend section 194 of the Income-tax Act relating to deduction of tax at source from dividends.

Under the proposed amendment the requirement of deducting tax at source from dividends will apply only to resident shareholders of a company.

The amendment is consequential to the amendment of section 195 of the Income-tax Act *vide* clause 55.

The proposed amendment will take effect from 1st October, 1991.

Clause 51 seeks to amend section 194 A relating to deduction of income-tax at source on income by way of interest other than interest on securities, by omitting clause (vii) of sub-section (3) thereof.

The said clause provides that the provisions regarding deduction of income-tax at source shall not apply to the income credited or paid in respect of deposits with a banking company to which the Banking Regulation Act, 1949 applies (including any bank or banking institutions referred to in section 51 of that Act) or with a co-operative society engaged in carrying on the business of banking (including a co-operative land mortgage bank or a co-operative land development bank).

As a result of omission of that clause, income-tax will be ducted at source on income by way of interest on such deposits re it exceeds two thousand five hundred rupees.

s amendment will take effect from 1st October, 1991.

se 52 seeks to amend section 194BB of the Income-tax Act relating to tax deduction at source out of winnings from horse races.

The proposed amendment provides for omission of the monetary limit of five thousand rupees so that deduction of tax at source is made in respect of all winnings from horse races.

This amendment will take effect from 1st October, 1991.

Clause 53 seeks to insert a new section 194EE in the Income-tax Act relating to deduction of tax at source. Under the proposed section, the person responsible for paying any amount referred to in clause (a) of sub-section (2) of section 80CCA shall deduct income-tax thereon at the rate of twenty per cent. However, no such deduction shall be made where the amount of payment or the aggregate amount of payments in a financial year is less than two thousand five hundred rupees.

The provisions of this section shall not apply to the payments made to the heirs of the assessee.

This amendment will take effect from 1st October, 1991.

Clause 54 seeks to insert new sections 194G and 194H in the Income-tax Act relating to deduction of tax at source.

Under the proposed new section 194G, the person responsible for paying any income by way of commission, remuneration or reward (by whatever name called) on lottery tickets shall deduct income-tax thereon at the rate of ten per cent.

Under the proposed new section 194H, the person responsible for paying any income by way of commission or brokerage for services rendered (not being professional services) or for any services in the course of buying or selling of goods, etc., shall deduct income-tax thereon at the rate of ten per cent. However, no such deduction shall be made where the amount of payment or the aggregate amount of payments, in a financial year, does not exceed two thousand five hundred rupees. The new section will not apply when payments are made by individuals or Hindu undivided families. The expressions "commission or brokerage" and "professional services" are being defined in the *Explanation* to the proposed section.

These amendments will take effect from 1st October, 1991.

Clause 55 seeks to amend section 195 of the Income-tax Act relating to deduction of tax at source from payments made to non-residents.

Sub-clause (i) seeks to amend sub-section (1) of section 195. Under the proposed amendment tax will be deducted at source from payments of dividends to a non-resident assessee.

Sub-clause (ii) seeks to amend sub-section (2) of section 195.

Item (a) of sub-clause (ii) seeks to provide that person responsible for paying any dividend to a non-resident assessee, if he considers that the whole of dividend will not be chargeable to tax in India, will be entitled to apply to the Assessing Officer to determine the appropriate proportion of dividend chargeable to tax.

Item (b) of sub-clause (ii) seeks to omit proviso to sub-section (2) of section 195. Under the proposed amendment persons responsible for paying any sum to a foreign company by way of interest, royalty or fees for technical services will also be entitled to apply to the Assessing Officer to determine the appropriate proportion of such sums chargeable to tax.

These amendments will take effect from 1st October, 1991.

Clause 56 seeks to amend the Income-tax Act to insert a new section 196B relating to deduction of tax at source from income from units purchased in foreign currency.

The proposed amendment seeks to provide that any person responsible for making any payment in the nature of income from such units shall deduct tax at the rate of 10 per cent. of such income. The deduction is required to be made either at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or at the time of issue of a cheque or draft or by any other mode, whichever is earlier.

This amendment will take effect from 1st October, 1991.

Clause 57 seeks to amend section 197A of the Income-tax Act so as to provide that no deduction of Income-tax shall be made from payments in respect of deposits under the National Savings Scheme in the case of a resident individual if he furnishes a declaration in writing in duplicate in the prescribed form and verified in the prescribed manner, to the payer of such income to the effect that the tax on his estimated total income of the previous year in which such income is to be included in computing his total income will be nil.

This amendment will take effect from 1st October, 1991.

Clause 58 seeks to amend sections 198,199, 200, 202, 203, 203A and 205 of the Income-tax Act relating to provisions in respect of tax deduction at source. These amendments are consequential to the insertion of new sections 194EE, 194G, 194H and 196B in the Act vide clauses 53,54 and 56 and the insertion of section 194F by the Finance Act,1990.

These amendments will take effect from 1st October, 1991.

Clause 59 seeks to amend section 204 of the Income-tax Act defining "person responsible for paying".

The proposed amendment by sub-clause (a) seeks to insert the references of new sections 194EE, 194G and 194H proposed to be inserted vide clauses 53 and 54 and reference of section 194F inserted by the Finance Act 1990.

The proposed amendment made by sub-clause (b) is to clarify that the provisions of clause (iii) of section 204 will not apply in the case of payments made by or on behalf of the Central Government or the Government of a State.

These amendments will take effect from 1st October, 1991.

Clause 60 seeks to amend section 206 of the Income-tax Act in order to clarify that the returns under that section are to be prepared and delivered to the prescribed income-tax authority within the time limit specified in the rules made under the Act.

This amendment will take effect from the date on which this Bill receives the assent of the President.

Clause 61 seeks to amend sub-section (1) of section 234C of the Income-tax Act relating to interest for deferment of advance tax.

The proposed amendment seeks to clarify that the provisions of sub-section (1) shall apply even in cases where no advance tax has been paid by the assesse who is liable to pay such tax during the financial year.

This amendment will take effect retrospectively from 1st April, 1989.

Clause 62 seeks to amend section 244A of the Income-tax Act relating to interest on refunds.

The proposed amendment seeks to reduce the rate of interest payable by the Government on refunds from one and one-half per cent. to one per cent. for every month or part of a month comprised in the period of delay in the grant of refund out of any tax or penalty.

This amendment will take effect from 1st October, 1991.

Clause 63 seeks to amend section 245BA of the Income-tax Act regarding jurisdiction and powers of Settlement Commission by inserting sub-section (5A) in the aforesaid section. This sub-section provides that the Chairman of the Income tax Settlement Commission may, for the disposal of any particular case, constitute a Special Bench consisting of more than three Members.

This amendment will take effect from 1st October, 1991.

Clause 64 seeks to amend section 245D of the Income-tax Act relating to procedure on receipt of an application under section 245C by the Settlement Commission.

Sub-clause (a) seeks to insert a new proviso after the existing proviso to sub-section (1) of section 245D. It seeks to provide that the Commissioner shall furnish the report within a period of six months of the receipt of communication from the Settlement Commission in case of all applications made under section 245C on or after the date on which the Finance (No. 2) Bill, 1991 receives the assent of the President and if the Commissioner fails to furnish the report within the said period, the Settlement Commission may make the order without such report.

Sub-clause (b) seeks to omit sub-section (1A) of section 245D relating to filing of objection by the Commissioner against proceeding with the application made under section 245C.

These amendments will take effect from the date on which this Bill receives the assent of the President.

Clause 65 seeks to amend sub-section (3) of section 254 of the Income-tax Act relating to sending copies of orders of Appellate Tribunal to the Chief Commissioner or Commissioner.

It is proposed that the Appellate Tribunal shall send a copy of any order passed by it under the said section only to the Commissioner.

This amendment will take effect from the date on which this Bill receives the assent of the President.

Clause 66 seeks to amend sub-section (2) of section 272A o[illegible] Income-tax Act relating to penalty for failure to furnish inform[illegible] returns or certificates, etc.

Sub-clauses (a) and (b) propose to amend clauses (c) and (g) of sub-section (2) to provide for penalty for failure to furnish returns and certificates under section 206C of the Income-tax Act.

Sub-clause (c) seeks to insert a proviso so as to specify the outer limit of the penalty which can be imposed for failures in relation to returns under sections 206 and 206C. The penalty in such cases shall not exceed the amount of tax deductible or collectible, as the case may be.

These amendments will take effect from 1st October, 1991.

Clause 67 seeks to amend sub-section (3) of section 273A of the Income-tax Act relating to power to reduce or waive penalty, etc., in certain cases.

Under the existing provisions of sub-section (3), where an order has been made under sub-section (1) in favour of any person, whether such order relates to one or more assessment years, he shall not be entitled to any relief under the said section in relation to any other assessment year at any time after the making of such order.

It is now proposed to insert proviso to sub-section (3) which provides that a person in whose favour an order has been made under sub-section (1) on or before the 24th day of July, 1991 shall be entitled to further relief only once under this section in relation to other assessment year or years at any time after the making of such order.

This amendment will take effect from the date on which this Bill receives the assent of the President.

Clause 68 seeks to amend section 279 of the Income-tax Act relating to the powers of the Chief Commissioner or Commissioner for prosecuting any person for certain offences and for compounding such offences.

Under the existing provisions of sub-section (1), the prosecution in respect of the offences under various sections mentioned in the sub-section is to be launched with the previous sanction of the Chief Commissioner or Director General or Commissioner. However, no such sanction is required if the prosecution is at the instance of the Commissioner (Appeals) or the appropriate authority.

Sub-clause (a) seeks to substitute a new sub-section (1) to provide that the prosecution shall be launched with the previous sanction of the Commissioner or Commissioner (Appeals) or appropriate authority. However, the Chief Commissioner or Director General may issue such instructions or directions to the said authorities as he may deem fit for institution of the proceedings under that sub-section.

Under the existing provisions of sub-section (2), any offence, under Chapter XXII, either before or after the institution of proceedings, may be compounded by —

(i) the Board or a Chief Commissioner or a Director General authorised by the Board in this behalf in a case where the prosecution would lie at the instance of the Commissioner (Appeals) or the appropriate authority, and

(ii) Chief Commissioner or Director General or Commissioner, in any other case.

Sub-clause (b) seeks to substitute a new sub-section (2) to provide for the compounding of all the offences under Chapter XXII by the Board or a Chief Commissioner or a Director General.

The said amendments will take effect from 1st October, 1991.

Sub-clause (c) seeks to insert an *Explanation* after sub-section (3) for the removal of doubts with reference to the powers of the Board to issue orders, instructions or directions to other income-tax authorities. It provides that the aforesaid power of the Board shall include and shall be deemed always to have included the power to issue instructions or directions (including instructions or directions to obtain the previous approval of the Board) to other income-tax authorities for the proper composition of offences under section 279.

This amendment will take effect retrospectively from 1st April, 1962, that is to say, the date of commencement of the Income-tax Act, 1961.

Clause 69 seeks to insert Twelfth Schedule in the Income-tax Act in order to specify the processed minerals and ores eligible for deduction under section 80HHC. (The *Explanation* contained in the Schedule defines the expression "processed").

This amendment will take effect retrospectively from 1st April, 1991 and will, accordingly, apply in relation to the assessment year 1991-92 and subsequent years.

Clause 70 seeks to make certain amendments of consequential nature in the Income-tax Act.

Clause 71 seeks to amend sub-section (1) of section 5 of the Wealth-tax Act.

The proposed amendment by sub-clause (a) seeks to provide that where the assessee is an individual or a Hindu undivided family or where the assessee is an association of persons or a body of individuals consisting, in either case, only of husband and wife governed by the system of community of property in force in the State of Goa and the Union territories of Dadra and Nagar Haveli and Daman and Diu, any amount standing to the credit of such persons in any provident fund set up by the Central Government and notified by it in this behalf in the Official Gazette shall not be included in their net wealth subject to the other provisions of the Wealth-tax Act.

This amendment will take effect retrospectively from 1st April, 1984.

Sub-clause (b) seeks to amend clause (xxvb) of that sub-section relating to exemption in respect of deposits made under the National Savings Scheme referred to in section 80CCA of the Income-tax Act.

The proposed amendment seeks to omit reference to the National Savings Scheme from the aforesaid clause with a view to facilitate the notification of any other savings scheme which may be floated in future.

This amendment will take effect from 1st October, 1991.

Clause 72 seeks to amend section 16 of the Wealth-tax Act relating to assessment.

The proposed amendment by sub-clause (a) is on the lines of the amendment made in section 143(2) of the Income-tax Act *vide* clause 45.

Sub-clause (b) seeks to insert a new *Explanation* at the end of the section. The proposed amendment is on the lines of amendment made in section 143 of the Income-tax Act *vide* clause 45.

These amendments will take effect from 1st October, 1991.

Clause 73 seeks to amend section 17A of the Wealth-tax Act relating to time limit for completion of assessment and re-assessment. The proposed amendment is on the lines of the amendment made in section 153 of the Income-tax Act *vide* clause 46.

This amendment will take effect from the date on which this Bill receives the assent of the President.

Clause 74 seeks to amend sub-section (3) of section 18B of the Wealth-tax Act relating to power to reduce or waive penalty, etc., in certain cases.

The proposed amendment is on lines of the amendment made in sub-section (3) of section 273A of the Income-tax Act *vide* clause 67.

This amendment will take effect from the date on which this Bill receives the assent of the President.

Clause 75 seeks to amend section 22BA of the Wealth-tax Act regarding jurisdiction and powers of Settlement Commission by inserting sub-section (5A) in the aforesaid section. This sub-section provides that the Chairman of the Wealth Tax Settlement Commission may, for the disposal of any particular case, constitute a Special Bench consisting of more than three Members.

This amendment will take effect from 1st October, 1991.

Clause 76 seeks to amend section 22D of the Wealth-tax Act relating to procedure on receipt of application under section 22C by the Settlement Commission. Sub-clause (a) seeks to insert a new proviso after the existing proviso to sub-section (1) of section 22D on the lines of the new proviso inserted in section 245D of the Income-tax Act.

Sub-clause (b) seeks to omit sub-section (1A) of section 22 D relating to filing of objection by the Commissioner against proceeding with the application made under section 22C.

These amendments will take effect from the date on which this Bill receives the assent of the President.

Clause 77 seeks to amend section 27 of the Wealth-tax Act relating to reference to High Court.

The proposed amendment seeks to include within the ambit of the said section orders passed by the Appellate Tribunal under section 35(1)(e) of the Act for rectifying any mistake apparent from the record.

This amendment will take effect from the date on which this Bill receives the assent of the President.

Clause 78 seeks to amend sub-section (4B) of section 34A of the Wealth-tax Act relating to interest on refunds.

The proposed amendment is on the lines of the amendment made in section 244A of the Income-tax Act *vide* clause 62.

This amendment will take effect from 1st October, 1991.

Clause 79 seeks to amend section 35-I of the Wealth-tax Act relating to giving powers to certain wealth-tax authorities for prosecuting any person for certain offences and for compounding such offences. The proposed amendments are on the lines of amendments made in section 279 of the Income-tax Act *vide* clause 68.

Clause 80 seeks to amend sub-section (6A) of section 37A of the Wealth-tax Act relating to the extension of the operation of the prohibitory order made under section 37A(3A) by the authorised officer with the approval of the Chief Commissioner or Commissioner.

The proposed amendment seeks to provide that the said order can now be extended with the approval of the Director or, as the case may be, Commissioner.

This amendment will take effect from 1st October, 1991.

Clause 81 seeks to amend Schedule III to the Wealth-tax Act relating to rules for determining the value of assets.

Sub-clasue (a) seeks to amend rule 9A relating to valuation of quoted shares of companies so as to restrict the benefit of that rule to an individual or a Hindu undivided family.

Sub-clause (b) seeks to amend rule 12 so as to restore sub-rules (3) and (5) therein which were earlier omitted by the Direct Tax Laws (Second Amendment) Act, 1989.

These amendments will take effect from 1st April, 1992 and will, accordingly, apply in relation to the assessment year 1992-93 and subsequent years.

Clause 82 seeks to amend section 4 of the Gift-tax Act relating to deemed gifts.

Under the existing provisions of clause (a) of sub-section (1) of the said section, where a property is transferred otherwise than for adequate consideration, the amount by which the market value of the property on the date of the transfer exceeds the value of the consideration shall be deemed to be a gift made by the transferor.

The proposed amendment seeks to substitute the method of valuation of asset where a property is transferred otherwise than for adquate consideration from the market value of the asset to the method of valuation provided under Schedule II to the said Act.

This amendment will take effect from 1st April, 1992 and will, accordingly, apply in relation to the assessment year 1992-93 and subsequent years.

Clause 83 seeks to amend clause (iiie) of sub-section (1) of section 5 of the Gift-tax Act relating to exemption from gift-tax in respect of NRI Bonds specified in section 10(15)(iid) of the Income-tax Act.

Under the existing provisions of the said clause (iiie), gift of such bonds made by the non-resident Indian is exempt from gift-tax only if it is made to a relative and if it is made after a period of three years from the date of their purchase. It is proposed to amend this clause to omit both these conditions. The definition of the term "relative" in the *Explanation* at the end of the aforesaid clause is also proposed to be omitted.

These amendments will take effect retrospectively from 1st April, 1991.

Clause 84 seeks to amend section 15 of the Gift-tax Act relating to assessment.

The proposed amendments by sub-clauses (a) and (b) are on the lines of the amendments made in section 143 of the Income-tax Act *vide* clause 45.

These amendments will take effect from 1st October, 1991.

Clause 85 seeks to amend section 16A of the Gift-tax Act relating to time limit for completion of assessment and reassessment. The proposed amendment is on the lines of the amendment made in section 153 of the Income-tax Act *vide* clause 46.

This amendment will take effect from the date on which this Bill receives the assent of the President.

Clause 86 seeks to amend section 26 of the Gift-tax Act relating to reference to High Court.

The proposed amendment seeks to include within the ambit of the said section orders passed by the Appellate Tribunal under section 34(1)(e) of the Act for rectifying any mistake apparent from the record.

This amendment will take effect from the date on which this Bill receives the assent of the President.

Clause 87 seeks to amend sub-section (4B) of section 33A of the Gift-tax Act relating to interest on refunds.

The proposed amendment is on the lines of the amendment made in section 244A of the Income-tax Act *vide* clause 62.

This amendment will take effect from 1st October, 1991.

Clause 88 seeks to amend section 35 of the Gift-tax Act relating to giving powers to certain Gift-tax authorities for prosecuting any person for certain offences and for compounding such offences. The proposed amendments are on the lines of the amendments made in section 279 of the Income-tax Act *vide* clause 68.

Clauses 89 to 110 seek to provide for the revival of the Interest-tax Act, 1974 with such modifications in the procedural provisions as are necessary for the administration of the Act.

The Interest-tax Act, 1974, in its original form, provided for the levy of a tax on chargeable interest accruing or arising to scheduled banks during the previous year. The rate of tax was seven per cent. The Act was suspended in relation to interest accruing or arising to scheduled banks after 28th February, 1978 by the Finance Act, 1978. Subsequently, the Finance (No. 2) Act, 1980 amended the Interest-tax Act, 1974 to extend the scope of the Interest-tax Act to some selected public financial institutions also. In the Finance Act, 1983, the rate of tax was reduced to three and half per cent. The Finance Act, 1985 suspended the operation of the Act from assessment year 1986-87.

The proposed amendments seek to revive the operation of the Act. It now provides that tax is to be levied at the rate of three per cent. on chargeable interest accruing or arising to a credit institution during the previous year. However, during the previous year relevant to the assessment year 1992-93, only the chargeable interest accruing or arising to a credit institution on or after 1st October, 1991 will be charged to tax.

Credit institution has been defined to mean a banking company to which the Banking Regulation Act applies including a credit co-operative society, public financial institution, state financial corporation and other financial companies.

These amendments will take effect from 1st October, 1991.

Clauses 111 to 117 seek to amend various provisions of the Expenditure-tax Act, 1987.

Under the proposed amendments any expenditure incurred in a restaurant in connection with the provision of food or drink shall be chargeable to tax at the rate of 15 per cent. of such expenditure. It is proposed to define a restaurant as any premises in which the business of sale of food or drink to the public is carried on and such premises have the approval of the Department of Tourism or have any three of these facilities, namely, that they are equipped with or have access to facilities for air-conditioning, such premises have at least two separate cloak rooms fitted with modern sanitary fittings, they have a telephone installed therein or such premises are equipped with or have access to cold storage or deep-freezing facility. The restaurant situated in a hotel referred to in clause (1) of section 3 of the Act is not included in the above definition of restaurant. The tax on restaurants will take effect from 1st October, 1991. The tax shall be collected, as in the case of hotels, by the person who carries on the business of restaurant or by the person providing any service therein. The tax collected during a month shall be deposited to the credit of the Central Government by the 10th of the following month. The provisions relating to the liability for collection of tax and penalty for failure to collect or pay the tax are similar to those in respect of hotels.

It is also proposed that expenditure-tax will not be charged for a period of 10 years commencing on 1st April, 1991 in respect of any expenditure incurred in a hotel in a hilly area or rural area or a place of pilgrimage as referred to in clause (ii) of sub-section (5) of section 80-IA of the Income-tax Act proposed to be inserted vide clause 32.

These amendments will take effect from 1st October, 1991.

Clause 118 seeks to amend the Customs Act, 1962.

Sub-clause (1) seeks to amend section 75 relating to drawback on imported materials used in the manufacture of goods which are exported, so as to insert two provisos whereby no drawback shall be allowed in case the export value of such goods, is less than the value of the imported materials used in such goods or such value is not more than the percentage specified by the Central Government by notification or where the sale proceeds in respect of the exported goods are not received within the time stipulated under the Foreign

Exchange Regulation Act. The sub-clause also seeks to give the powers to the Government to make rules for determining the goods in respect of which no drawback shall be allowed and for specifying the procedure for recovery or adjustment of drawback which has been allowed.

Sub-clause (2) seeks to amend section 113 relating to confiscation of goods attempted to be improperly exported so as to incorporate a provision relating to any goods entered for exportation under claim for drawback which do not correspond to the information furnished by the exporter in relation to fixation of the rate of drawback.

Sub-clause (3) seeks to amend section 142 relating to recovery of sums due to Government, so as to include demands relating to recovery of drawback within its scope.

These amendments will take effect from the date on which this Bill receives the assent of the President.

Clause 119 seeks to amend the Customs Tariff Act, 1975.

Sub-clause (a) of this clause, read with the Second Schedule, seeks to amend the First Schedule to the Customs Tariff Act, 1975, to—

(a) raise the basic customs duty rates on lead and articles of lead;

(b) omit the headings relating to specified, anti cancer drugs, cardiovascular drugs, sera and vaccines; and bonafide gifts not exceeding Rs. 200 in value imported by post or as air freight excluding alcoholic drinks, from Chapter 99.

Sub-clause (b) of this clause, read with the Third Schedule, also seeks to amend the said First Schedule so as to incorporate some editorial amendments approved by the Customs Co-operation Council in the legal text of the Harmonised Commodity Description and Coding System (Harmonised System) in order that the First Schedule is in line with the Harmonised System. As a consequence, it also seeks to amend the rate of basic customs duty in respect of certain measuring instruments of heading No. 90.25 and also amend the tariff description and the rate of basic customs duty in respect of finishing agents, dye stuffs, etc., of heading No. 38.09.

The amendments made by sub-clause (b) will come into force from a date to be notified by the Central Government.

Clause 120, read with the Fourth Schedule, seeks to amend the Central Excise Tariff Act, 1985 to—

(a) increase the statutory rate of basic excise duty on

(1) biris;

(2) nitric acid;

(3) articles of plastics for conveyance or packing of goods and other articles of plastics;

(4) base filter paper;

(5) cotton yarn containing synthetic staple fibre manufactured with the aid of power;

(6) ramie yarn containing polyester staple fibre manufactured with the aid of power;

(7) artificial filament yarn and sewing thread; synthetic monofilament, of high density polyethylene, of polypropylene; artificial monofilament;

(8) synthetic staple fibres and tow;

(9) polypropylene yarn of synthetic staple fibre;

(10) yarn of polyester staple fibre containing cotton;

(11) yarn of artificial staple fibre not containing synthetic staple fibre;

(12) yarn of artificial staple fibre containing synthetic staple fibre manufactured with the aid of power;

(13) sanitary fixtures, other than those of porcelain and china;

(14) unrecorded audio/video tapes in the form of jumbo rolls, pancakes, etc;

(15) recorded audio/video tapes in any form;

(16) television receivers;

(17) cathode ray television picture tubes (colour and black and white)

(18) motor cars for transport of persons and chassis fitted with engines of such motor cars ;

(b) change the tariff description and restructure the duty rates in respect of —

(1) pigments;

(2) artificial staple fibres and tow;

(c) change the tariff description so as to make amendment in respect of —

(1) specified wooden doors;

(2) raw silk, silk waste, etc;

(3) yarn of polyester staple fibre;

(4) yarn of acrylic or modacrylic staple fibre;

(5) refractory ceramic goods and other ceramic constructional goods;

(6) aluminium sheets and plates;

(d) change Chapter Notes in respect of —

(1) Chapter 38, so as to exclude products containing alcohol, opium, Indian hemp or other narcotic drugs from the scope of the Chapter;

(2) Chapter 44, so as to omit densified wood from Note 6;

(3) Chapter 74, so as to introduce a new Chapter Note to define 'manufacture' for the purposes of heading No. 74.12;

(4) Chapter 87, so as to introduce a new Chapter Note to define 'manufacture' for the purposes of heading Nos. 87.01 to 87.05;

Clause 121, read with the Fifth Schedule, seeks to amend the First Schedule to the Additional Duties of Excise Act to—

(a) omit sub-heading 1701.20 relating to khandsari sugar;

(b) increase the rate of additional excise duty in respect of biris;

(c) change the tariff description and restructure the duty rates in respect of certain fabrics of man made filament yarn or of mah made staple fibre.

Clause 122 seeks to omit section 35 of the Industrial Development Bank of India Act, 1964.

Section 35 of the said Act provides that the profits and gains of the Industrial Development Bank of India will not be charged to tax under the Income-tax Act, 1961, the Super Profits Tax Act, 1963 or any other law for the time being in force relating to levy of income-tax, super-tax or super profits tax. The proposed omission of section 35 will make the said Bank liable to income-tax or any other tax in respect of the income, profits or gains accruing or arising to it.

This amendment will take effect from 1st April, 1992.

Clause 123 seeks to amend section 40 of the Finance Act, 1983, relating to levy of wealth-tax on certain assets held by closely-held companies.

The proviso to clause (v) of sub-section (3) of the said section provides that the unused land held by the assessee for industrial purposes shall not be taken to be part of the assets for the purposes of levy of wealth-tax for a period of two years from the date of its acquisition. Under the proposed amendment by sub-clause (a) (i), unused land held by a closely-held company for construction of a hotel will be exempted from the levy of wealth-tax for a period of two years from the date of its acquisition.

The proposed amendment by sub-clause (b) seeks to provide that for the purpose of levy of wealth-tax in the case of closely-held companies, the value of any asset subjected to wealth-tax shall be either its value as determined in the manner laid down in Schedule III to the Wealth-tax Act or its book value, whichever is higher.

The proposed amendments by sub-clause (a) (ii) and sub-clause (c) are of consequential nature.

These amendments will take effect from 1st April, 1992 and will, accordingly, apply in relation to the assessment year 1992-93 and subsequent years.

Clause 124 seeks to repeal section 2 of the Finance Act, 1991.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Sub-clause (c) of clause 5 of the Bill seeks to insert clauses (8A) and (8B) in section 10 of the Income-tax Act relating to incomes not to be included in the total income. The new clauses provide that the agreement relating to engagement of consultant or service agreement of individual shall be approved by the prescribed authority.

Clause 9 of the Bill seeks to insert a proviso to clause (2) of section 17 of the Income-tax Act. In respect of medical treatment abroad, item (vi) of the proviso empowers the Board to make rules, having regard to the guidelines, if any, of the Reserve Bank of India, laying down the conditions and limits subject to which the expenditure on medical treatment abroad will not be taxable as perquisite.

Clauses 12 and 27 of the Bill seek to substitute clause (iii) of sub-section (1) of section 35 and insert a new clause (aa) in sub-section (2) of section 80GGA of the Income-tax Act. The new clauses provide that the university, college, etc., to which donations are made for research in social science or statistical research, are approved by the prescribed authority.

Clause 13 of the Bill seeks to insert a new section 35AC relating to expenditure on eligible projects or schemes. Under the new section, the assessee is required to furnish a certificate from a public sector company or a local authority or an association or institution or, as the case may be, from a Chartered Accountant in such form, manner and containing such particulars as may be prescribed. The new section also empowers the Central Government to specify the details of eligible project or scheme for promoting the social and economic welfare of the people on the recommendation of the National Committee.

Clause 15 of the Bill seeks to insert a new section 43D relating to special provision in case of income of public financial institution, etc., whereunder the Board may prescribe the categories of bad and doubtful debts having regard to the guidelines of the Reserve Bank of India.

Clause 26 of the Bill seeks to amend section 80G relating to deduction in respect of donation, etc. Under the new clause (vi) in sub-section (5), rules are to be made by the Board in accordance with which Commissioner may grant approval to a fund or institution.

Clause 29 of the Bill seeks to amend section 80HHD of the Act. Under the new sub-section (2A), the Board may prescribe form in which certificate is to be given by the person making payment to the assessee regarding the amount of foreign exchange and other matters.

Clause 30 of the Bill seeks to insert a new section 80HHE in the Act. Sub-section (4) of new section empowers the Board to prescribe form in which the certificate from the Accountant that the deduction under this section has been claimed correctly is to be furnished.

Clause 32 of the Bill seeks to insert a new section 80-IA. Under the new section, the hotels which are eligible for deductions at the rate of 50 per cent. are required to be approved by the prescribed authority in accordance with the rules made under the Income-tax Act.

Clause 37 of the Bill seeks to amend sub-section (2) of section 88 of the Income-tax Act. The new clause (xiva) empowers the Central Government to notify in the Official Gazette, the deposit scheme under which the subscription made is eligible for rebate under section 88.

Clause 41 (ii) seeks to insert a new clause (c) in section 119(2) of the Income-tax Act to empower the Board to relax any of the conditions specified in relation to claiming deductions under Chapter IV or Chapter VI-A of the Act, if the Board considers it desirable or expedient so to do for avoiding genuine hardship in any case or class of cases. The new clause contains safeguards for the exercise of this power by the Board including the requirement that the order made by the Board should mention the reasons on the basis of which relaxation is being made and that the said order will have to be laid before each House of Parliament.

Clause 49 of the Bill seeks to amend section 193 of the Income-tax Act. Under the new proviso, the Central Government is empowered to notify in the Official Gazette the lower rate of income-tax for the deduction of tax at source in the case of scheduled bank.

Clause 81 of the Bill seeks to amend rule 12 of Schedule III to the Wealth-tax Act. Under new sub-rule (5), the certificate of the auditor relating to valuation of unquoted equity shares to be furnished to the Assessing Officer and the shareholder shall be in the prescribed form.

The matters in respect of which notifications or orders or rules may be made in accordance with the aforesaid provisions are matters of administrative detail or procedure and it is not practicable to provide for them in the Bill itself. The delegation of legislative power is, therefore, of a normal character.

LOK SABHA

A

BILL

to give effect to the financial proposals of the Central Government for the financial year 1991-92.

(Shri Manmohan Singh,
Minister of Finance.)

Memorandum explaining the Provisions in the Finance Bill 1991

FINANCE (No. 2) BILL, 1991

PROVISIONS RELATING TO DIRECT TAXES

The provisions in the Finance Bill, 1991, in the sphere of direct taxes relate to the following matters:

(i) Prescribing the rates of income-tax on incomes liable to tax for the assessment year 1991-92; the rates at which tax will be deductible at source during the financial year 1991-92 from interest (including interest on securities), dividends, salaries paid to employees, winnings from lotteries or crossword puzzles, winnings from horse-race, insurance commission and other categories of income liable to deduction of tax at source under the Income-tax Act; rates for computation of "advance tax" and charging of income-tax on current incomes in certain cases for the financial year 1991-92.

(ii) The Finance Act, 1990, as modified by the Taxation Laws (Amendment) Act, 1991, provided that in the case of any income chargeable to tax under the head "Salaries" or in respect of which advance tax is to be paid, where the total income in such cases exceeds seventy-five thousand rupees, the amount of income-tax deducted or the advance tax paid, was to be increased by a surcharge calculated at the rate of 12 per cent. of such income-tax in the case of non-corporate taxpayers and 15 per cent. in the case of companies. Further, in respect of any payment by way of interest, dividends, winnings from lotteries or crossword puzzles, winnings from horse-races or payments to contractors and sub-contractors, the amount of tax deducted at source had to be increased by a surcharge-

(a) in the case of a company, calculated at the rate of 15 per cent. of the tax deducted;

(b) in the case of other tax payers, calculated at the rate of 12 per cent. of the tax deducted.

However, surcharge was not to be paid or deducted at source in respect of any income of or any payment made to a non-resident or a foreign company.

The provision for levy of surcharge has, therefore, been incorporated in Part I of the First Schedule.

(iii) It is proposed to continue the levy of surcharge—

(a) in the case of a company, calculated at the rate of 15 per cent. of the tax;

(b) in the case of other tax payers, calculated at the rate of 12 per cent. of the tax,

for the purpose of deduction of tax at source, computation of advance tax and charging of tax on current income in certain cases during 1991-92.

However, no surcharge will be levied on incomes in respect of which payment is made to a non-resident or a foreign company, or incomes on which advance tax is payable by the non-resident or the foreign company.

(iv) Amendment of the Income-tax Act, 1961, with a view to incorporating incentives for promoting socio-economic development and for earning foreign exchange; rationalisation of capital gains taxation and taxation of charities; measures against tax evasion; and certain other matters.

(v) Amendment of the Wealth-tax Act, 1957, with a view to removing certain anomilies.

(vi) Amendment of the Gift-tax Act, 1958, with a view to rationalising certain provisions and providing incentive for investment in NRI Bond.

(vii) Amendment of the Expenditure-tax Act, 1987, with a view to extending the expenditure-tax to expenditure incurred in certain restaurants.

(viii) Amendment of the Interest-tax Act, 1974, with a view to reviving the interest-tax in relation to banks, financial institutions etc.

2. Subject to certain exception, which have been indicated while dealing with the relevant provisions, the Bill follows the principle that changes in the rates of tax, as also in the provisions of the tax laws, should ordinarily be made operative prospectively in relation to current incomes and not in relation to income of past years. The provisions relating to deduction of tax at source have been generally made applicable with effect from 1st October, 1991. The substance of the main provisions in the Bill relating to direct taxes is explained in the following paragraphs.

INCOME-TAX

I. Rates of income-tax in respect of incomes liable for the assessment year 1991-92

3. In respect of incomes of all categories of taxpayers (corporate as well as non-corporate) liable to tax for the assessment year 1991-92, the rates of income-tax (including surcharge thereon) have been specified in Part I of the First Schedule to the Bill and are the same as those laid down in Part III of the First Schedule to the Finance Act, 1990, as modified by the Taxation Laws (Amendment) Act, 1991, for the purposes of computation of "advance tax", deduction of tax at source from salaries and charging of tax payable in certain cases during the financial year 1990-91.

II. Rates for deduction of tax at source during the financial year from income other than "Salaries"

4. The rates for deduction of income-tax at source during the financial year 1991-92 from incomes other than "Salaries" have been specified in Part II of the First Schedule to the Bill. These rates apply to income by way of interest on securities, interest other than 'interest on securities', dividends, insurance commission, winnings from lotteries, crossword puzzles and horse-races and income of non-residents (including non-resident Indians) other than salary income. These rates are basically the same as those specified in Part II of the First Schedule to the Finance Act, 1990, as modified by the Taxation Laws (Amendment) Act, 1991, for purposes of deduction of tax at source during the financial year 1990-91.

III. Rates for deduction of tax at source from "Salaries", computation of "advance tax" and charging of income-tax in special cases during the financial year 1991-92

5. The rates for deduction of tax at source from "Salaries" during the financial year 1991-92 and also for the computation of "advance tax" payable during that year in the case of all categories of taxpayers have been specified in Part III of the First Schedule to the Bill. These

rates are also applicable for charging income-tax during the financial year 1991-92 on current incomes in cases where accelerated assessments have to be made, e.g., provisional assessment of shipping profits arising in India to non-residents, assessment of persons leaving India for good during the financial year 1991-92, assessment of persons who are likely to transfer property to avoid tax or where an order has to be passed in a case of search and seizure for calculating the amount of tax on the estimated undisclosed income, etc.

6. In the case of a person whose income exceeds seventy-five thousand rupees, the amount of income-tax deductible or advance tax payable or income-tax payable, as the case may be, shall be increased by a surcharge calculated at the rate of twelve per cent. of the tax so deductible or advance tax or income-tax so payable. However, no such surcharge shall be levied in a case where the payment is made to or advance tax or income-tax is payable on the income of a non-resident (including a non-resident Indian) or a foreign company.

IV. Individuals, Hindu undivided families, associations of persons, bodies of individuals, co-operative societies and local authorities

7. In the case of individuals, Hindu undivided families, associations of persons etc., the rates of income-tax have been specified in Paragraph A of Part III of the First Schedule to the Bill. In the case of co-operative societies and local authorities, the rates of income-tax have been specified in Paragraph B and Paragraph D respectively of Part III of the First Schedule to the Bill, which are the same as in Part III of the First Schedule to the Finance Act, 1990 as modified by the Taxation Laws (Amendment) Act, 1991. In such cases, both the exemption limit and the rates of tax will continue to be the same as those prescribed for assessment year 1991-92. In the case of tax payers whose total income exceeds seventy-five thousand rupees, surcharge will continue to be levied at the rate of 12 percent. of the amount of income-tax as reduced by the amount of tax rebate under Chapter VIII-A, if any. However, no surcharge will be payable by a non-resident tax payer.

V. Firms

8. In the case of registered firms, the rates of tax have been specified in paragraph C of Part III of the First Schedule to the Bill. In the case of such tax payers whose total income exceeds seventy-five thousand rupees, surcharge will continue to be levied at the rate of 12 percent. of the amount of income-tax. However, no surcharge will be payable by a non-resident tax payer.

VI. Companies

9. In the case of companies, the rates of income-tax have been specified in paragraph E of Part III of the First Schedule to the Bill. The rate of income-tax in the case of a company in which the public are substantially interested has been increased from 40 per cent. to 45 per cent. A uniform rate of income-tax of 50 per cent. is proposed in the case of a company not being a company in which the public are substantially interested. In other words, the distinction between trading or investment companies in which the public are not substantially interested and other companies in which the public are not substantially interested, is proposed to be removed.

The rate of tax for companies other than domestic companies continues to be 65 percent. as in item II of pargraph E of Part I of the First Schedule to the Finance Act, 1990.

In the case of companies, surcharge will continue to be levied at the rate of 15 percent. of the amount of income tax. However, no sucharge will be payable by non-resident corporate tax payers.

VII. Partially integrated taxation of non-agricultural income with income derived from agriculture

10. As in the past, the Finance Bill provides that in the case of individuals, Hindu undivided families, other associations of persons etc. the net agricudltural income will be taken into account for the computation of "advance tax" and charging of income-tax. The net agricultural income will be computed in accordance with the rules contained in Part IV of the First Schedule. These provisions are broadly on the same lines as those in earlier years.

[Clause 2]

MEASURES FOR PROMOTING SOCIO-ECONOMIC DEVELOPMENT

Extending the tax concessions in respect of contributions for research in social science or statistical research

11. Under the existing provisions of section 35(1)(iii) of the Income-tax Act, a 100 per cent. deduction is allowed to an assessee having income from business in respect of contributions made to an approved University, college or institution to be used for research in social science or statistical research, subject to the condition that such research is related to the class of business carried on by him. This condition has put the insitutions carrying on research in social science or statistical research in a disadvantageous position as compared to the institutions carrying on scientific research, where there is no such condition.

In order to encourage research in social science and statistical research, it is proposed to omit the condition in section 35(1)(iii) that such research should be related to the class of business carried on by the assessee.

Under the existing provisions of section 80GGA, 100 per cent. deduction is allowed to an assessee having income from sources other than business or profession, in respect of donations made to an approved University, college or institution for being used in scientific research. No such deduction is available in respect of contributions made for research in social science or statistical research.

To enlarge the tax support to research in social science and statistical research, it is proposed to amend section 80GGA to provide that donations made to an approved University, college or institution for such research will also be entitiled to deduction under this section.

These amendments will take effect from 1st April, 1992 and will, accordingly, apply in relation to the assessment year 1992-93 and subsequent years.

[Clauses 12 and 27]

Tax concession for financing schemes for meeting urgent needs of the people

12. The Bill seeks to insert a new section 35AC for promoting social and economic welfare.

Under the new section 35AC, taxpayers carrying on a business or profession will be entitled to deduct, while computing their taxable profits from any business or profession, the expenditure incurred in financing any eligible project or scheme for promoting social and economic welfare or uplift of the public. The qualifying expenditure would consist of payment made to a public sector company, a local authority or an approved association or an institution for being used for any such eligible project or scheme. Companies may, however, also incur expenditure directly on any such project or scheme.

It is proposed to constitute a National Committee of eminent persons, in accordance with the rules to be prescribed in the Income-tax Rules, for approving associations and institutions for executing projects or schemes for promoting social and economic welfare or uplift of the public and for recommending such projects and schemes for being notified by the Central Government for the proposed tax concession.

also incur expenditure directly on any such project or scheme.

It is proposed to constitute a National Committee of eminent persons, in accordance with the rules to be prescribed in the Income-tax Rules, for approving associations and institutions for executing projects or schemes for promoting social and economic welfare or uplift of the public and for recommending such projects and schemes for being notified by the Central Government for the proposed tax concession.

It is also proposed to provide that any claim for deduction under this provision will be supported by a certificate obtained from the public sector company, the local authority or the association or institution executing the eligible project or scheme. Where, in the case of a company, the claim for deduction is in respect of expenditure incurred directly on an eligible project or scheme, the company will have to obtain this certificate from a chartered accountant. The form of these certificates will be prescribed by the Central Board of Direct Taxes in the Income-tax Rules.

The Bill also seeks to amend section 80GGA of the Income-tax Act to provide for a similar deduction in the case of taxpayers not carrying on any business or profession. The deduction under this provision will be available only in relation to amounts paid to a public sector company, a local authority or an approved association or institution for carrying out any eligible project or scheme.

These amendments will take effect from 1st April,1992 and will, accordingly, apply in relation to the assessment year 1992-93 and subsequent years. *[Clauses 13 and 27]*

Tax concessions to hotels in hilly and other remote areas

13. Under section 80-I of the Income-tax Act, deduction is allowed, in computing the taxable income, in respect of profits derived from a new industrial undertaking or a ship or the business of a hotel. Under the existing provisions, insofar as these apply to a hotel, the deduction is allowed only in cases where the business of hotel is carried on by an Indian company having paid up capital of Rs.5,00,000 or more and the business of the hotel starts functioning after the 31st March, 1990. The deduction under this section is allowed in the case of companies, at 30 per cent. of profits in respect of the assessment year relevant to the previous year in which the hotel starts functioning and nine assessment years immediately succeeding the initial assessment year.

With a view to encouraging development of tourism infrastructure in remote regions where such facilities do not exist, it is proposed to amend section 80-I of the Income-tax Act and insert a new section 80-IA to secure that, in respect of new hotels in a hilly area or a rural area or a place of pilgrimage or such other place as the Central Government may specify, deduction will be admissible at the rate of 50 per cent. of the profits as against 30 per cent. at present provided under section 80-I of the Act.

It is also proposed that to be eligible for the tax concession at the enhanced rate, the hotel in the remote region will have to comply with the conditions as may be prescribed and will also require approval of the prescribed authority.

Under the provisions of the Expenditure Tax Act, 1987, tax is charged on expenditure incurred in a hotel where the room charges for any unit of residential accommodation are Rs.400 or more per day per individual.

It is proposed to amend the Expenditure-tax Act to secure that the expenditure tax will not be charged for a period of 10 years commencing from 1st April, 1991 on any expenditure incurred in a new hotel in a hilly area or a rural area or a place of pilgrimage or such other place as the Central Government may specify which fulfils the conditions for its being eligible for deduction under the proposed section 80-IA at the higher rate of 50 per cent.

These concessions will be available to eligible hotels which start functioning before 31st March, 1994.

These amendments will take effect from 1st April,1991 and will, accordingly, apply in relation to the assessment year 1991-92 and subsequent years. *[Clauses 31, 32 and 113]*

Revival of tax concession in respect of profits from the business of publication of books

14. Under the provisions of section 80QQ of the Income-tax Act prior to its omission by the Direct Tax Laws (Amendment) Act, 1987, any person carrying on a business in India, of printing and publication of books or only of publication of books without the activity of printing, was entitled to a deduction in the computation of his taxable income of an amount equal to 20 per cent. of the profits from such business.

It has been observed that the publishing industry has stagnated over the last few years and this is a cause for serious concern. Keeping in view the vital role of the publishing industry in the development of human resources, it is proposed to insert a new section 80Q in the Income-tax Act to revive the aforesaid tax concession for five years commencing with the assessment year 1992-93. *[Clause 34]*

Revival of fiscal incentive to authors of textbooks in Indian languages

15. Under the provisions of section 80QQA of the Income-tax Act, an individual resident in India is allowed, in the computation of his total income, of a deduction of an amount equal to twenty-five per cent. of any income derived by way of royalties, copyright fees etc in respect of any textbook, dictionary, thesaurus or encyclopaedia written by him in any Indian language specified in the Eighth Schedule to the Constitution. This concession is allowed for the assessment year commencing on 1st April, 1980 and for nine subsequent years. The incentive is, therefore, applicable only in respect of incomes earned upto the previous year relevant to the assessment year 1989-90.

With a view to reviving this fiscal incentive to authors of textbooks in Indian languages, it is proposed to amend section 80QQA to secure that deduction under this section will be allowed for the assessment year commencing on 1st April, 1992 and for four subsequent assessment years.

[Clause 35]

WELFARE MEASURES

Exemption of perquisite in the form of medical facilities provided by the employers

16. For the purpose of charging to income-tax the income under the head "Salaries", the taxable salary includes the value of any benefit or amenity granted or provided free of charge or at concessional rate by the employer. Accordingly, the value of free medical facility provided to employees and members of their families is required to be included in the taxable income of the employee. However, under administrative circulars, the perquisite value of medical facility provided by the employer is not charged to tax upto certain limits.

The Bill seeks to amend section 17 of the Income-tax Act with a view to providing, in the law itself, exemption from tax in respect of perquisite in the form of medical facilities provided by the employer.

Under the proposed amendments, exemption from tax will be available in respect of:-

(i) medical facility provided in hospitals, clinics etc. maintained by the employer;

(ii) reimbursement, by the employer, of expenditure incurred by the employee in hospitals, dispensaries etc. maintained by Government, local authority, or in a hospital approved under the Central Health Scheme or a similar scheme of any State Government;

(iii) group medical insurance obtained by the employer for his employees (including members of their families) or reimbursement of insurance premium to the employees who take such medical insurance;

(iv) reimbursement by employer of amounts spent by the employee in obtaining medical treatment from any doctor, not exceeding in the aggregate, Rs.5000 in a year. In cases where the amounts reimbursed relate to expenditure incurred in obtaining medical treatment of a member of the employee's family as well, a higher ceiling of Rs.10,000 will apply.

As regards medical treatment abroad, the proposed amendment seeks to exempt from tax the actual expenditure incurred on medical treatment, including the expenditure on travel and stay abroad of the patient and of one attendant in cases where an attendant is permitted by the Reserve Bank to accompany the patient. The expenditure on travel and stay abroad will be exempt from tax subject to such further conditions as the Central Board of Direct Taxes may prescribe, only in the case of employees whose gross total income, as computed under the Income-tax Act without including the amount reimbursed for expenditure in connection with medical treatment abroad, does not exceed Rs.75,000.

This amendment will take effect retrospectively from 1st April, 1991 and will accordingly, apply in relation to the assessment year 1991-92 and subsequent years. *[Clause 9]*

Deduction in the computation of taxable income in the case of blind or physically handicapped perons

17. The Bill seeks to substitute a new section for section 80U relating to deduction for the blind or physically handicapped resident persons.

Under the existing provisions, resident individuals suffering from total blindness or other physical disability of a permanent nature or mental retardation are allowed deduction of Rs 15,000 in computing their taxable income. For the purposes of claiming this deduction, the permanent physical disability (other than blindness) or mental retardation should be as specified in the Income-tax Rules. The person claiming deduction is also required to furnish a certificate in support of claim of blindness, other physical disability or mental retardation in the first assessment year for which deduction is claimed. The certificate regarding total blindness should be from a registered medical practitioner being oculist. Certificate as regards permanent physical disability other than blindness may be furnished from any registered medical practitioner. Certificate as to mental retardation should be from a psychiatrist working in a Government hospital.

It has been brought to the notice of Government that there are cases of partial blindness of a permanent nature having the effect of reducing substantially the person's capacity to engage in a gainful employment. It is, therefore, proposed to extend the benefit of deduction under section 80U to individuals suffering from partial blindness which has the effect of reducing considerably the individual's capacity to engage in a gainful employment or occupation.

It is further proposed to increase the amount of deduction allowed in computing the taxable income from Rs 15,000 to Rs. 20,000.

It is also proposed to provide that the certificate as regards permanent physical disability (including blindness) or mental retardation will have to be obtained from a physician, a surgeon, an oculist or a psychiatrist working in a Government hospital. However, this requirement will not apply in the case of individuals who have already produced a certificate before the Assessing Officer under the provisions of this section as they stood immediately before the 1st day of April, 1992.

This amendment will take effect from 1st April, 1992 and will, accordingly, apply in relation to the assessment year 1992-93 and subsequent years. *[Clause 36]*

Incentive for deposits in Home Loan Account schemes floated by certain public sector companies etc.

18. Under the existing provisions of section 88 of the Income-tax Act, deposits in the Home Loan Account Scheme of the National Housing Bank alongwith other long-term savings in life insurance policy, provident fund etc. qualify for tax rebate. It is now proposed to amend the provisions of section 88 so as to include in the list of savings for the purposes of tax rebate under section 88, subscriptions to schemes similar to the Home Loan Accounts Scheme, floated by:

(a) public sector companies engaged in providing long-term finance for construction or purchase of houses in India for residential purposes; or

(b) any authority constituted in India by or any law enacted either for the purpose of dealing with and satisfying the need for housing accommodation or for the purpose of planning, development or improvement of cities, towns, villages or for both.

This amendment will take effect from 1st April, 1992 and will, accordingly, apply in relation to assessment year 1992-93 and subsequent years. *[Clause 37]*

Deduction in respect of repayment of loans taken for purchase or construction of new residential houses constructed before 31st March, 1987.

19. Under the existing provisions of section 88, tax rebate is available in respect of a residential house only if constructed or purchased after 31st March, 1987. No tax rebate is available in cases where the residential house was purchased or constructed prior to 1st April, 1987.

It is now proposed to allow tax rebate even in cases where payment of instalment or repayment of loan is in respect of a house purchased or constructed before 1st April, 1987.

This amendment will take effect from 1st April, 1992 and will, accordingly, apply in relation to assessment year, 1992-93 and subsequent years. *[Clause 37]*

INCENTIVES FOR EARNING FOREIGN EXCHANGE

Tax concession for export of processed minerals and ores

20. Under the existing provisions of section 80HHC of the Income-tax Act, exporters are allowed, in the computation of their total income, a deduction of the entire profits derived from export of goods or merchandise other than mineral oil, minerals and ores. The deduction is subject to the condition that the sale proceeds of such goods or merchandise are received in, or brought into, India in convertible foreign exchange.

In view of the fact that significant value addition is achieved when a mineral is processed or when a stone is cut and polished, it is desirable to encourage their export. It is, therefore, proposed to extend the benefit of deduction under section 80HHC to exporters of processed minerals. The list of processed minerals, in respect of which this concession is being extended, is being provided in a new schedule to the Income-tax Act.

The proposed amendment will take effect from the 1st day of April, 1991 and will, accordingly, apply in relation to the assessment year 1991-92 and subsequent years. *[Clauses 28 and 69]*

Tax concessions for the export of computer software and for import of system software

21. With a view to providing fiscal incentive for promoting export of computer software, it is proposed to insert a new section 80HHE in the Income-tax Act containing tax concessions similar to those available under section 80HHC of that Act in relation to commodity exports.

Under the new provisions, Indian companies and resident non-corporate taxpayers will be eligible for a deduction, in computing their taxable income, of an amount equal to the profits derived from export of computer software.

The broad features of the proposed amendment are as under:-

(i) The tax concession will be available with regard to profits from export of software not only through magnetic media or on paper but also through satellite data link and consultancy delivered at the location of foreign client outside India;

(ii) The tax concession will be available only in cases where the export profits are received in or brought into India in convertible foreign exchange within six months of the end of the relevant financial year or within such further period as the Commissioner of Income-tax may allow;

(iii) It will be necessary for claiming the tax concession that the taxpayer furnishes along with the return of income a report of a chartered accountant in the proforma to be prescribed in the Income-tax Rules, certifying the correctness of the claim for deduction;

(iv) The tax concession will be available with reference to export profits derived during the financial years 1990-91, 1991-92 and 1992-93 relevant to assessment years 1991-92, 1992-93 and 1993-94 respectively.

At present, the value of software in a physical form such as magnetic tape or disc imported into India is subjected to custom duty on the ground that what is imported is commodity. At the same time, since import of software is generally under a licence from the foreign licensor, the lumpsum payment made for using the software is regarded as payment of royalty within the meaning of Explanation 2 to section 9(1)(vi) of the Income-tax Act and taxed accordingly.

In order to prevent this dual levy, it it proposed to amend the Income-tax Act to provide that any lumpsum payment for obtaining use of systems software supplied by a non-resident manufacturer along with the computer hardware will not be subjected to income-tax. This tax concession will not be available in relation to payments in respect of system software imported otherwise than under an approved Computer Software Export Scheme or where the software is supplied separately or independently of the computer hardware even though the software has been developed or marketed by the supplier of the computer hardware.

The proposed amendment will take effect from 1st April, 1991 and will, accordingly, apply for assessment year 1991-92 and subsequent years.

The present policy on software permits import of software on OGL by the actual users or manufacturers of software for stock and sale. The applicable rate of tax on royalty income, in cases where the recipient is a foreign company, is 30 per cent. if the royalty is received under an agreement approved by the Central Government If the royalty payment is otherwise than under an agreement approved by the Central Government, the appplicable rate of tax at present is 65 per cent. These rates of tax are applied to the gross amount of royalty and the taxpayer is not allowed deduction in respect of any expenses incurred in earning the royalty income.

Since software can be imported by the actual users and manufacturer of software in India for stock and sale under OGL, it is proposed to amend section 115A of the Income-tax Act to provide that, the condition regarding approval by the Central Government of the relevant agreement for applying the lower rate of tax at 30 per cent. will not apply in cases where the royalty payment is in respect of use of software permitted to be imported under an Open General Licence in accordance with the Import Trade Control Policy of the Central Government.

The proposed amendment will take effect from 1st April, 1991 and will, accordingly, apply in relation to assessment year 1991-92 and subsequent assessment years. *[Clauses 30 and 39]*

Extending to non-corporate taxpayers the deduction in respect of income from royalties, commission, technical fee etc.

22. Under the existing provisions of section 80-O of the Income-tax Act, an Indian company, deriving income by way of royalties, commission, fees etc. from a foreign Government or a foreign enterprise in consideration of the provision of technical know-how or technical services under an approved agreement, is entitled to a deduction, in computing its taxable income, of an amount equal to 50 per cent. of such income provided such income is received in, or brought into, India in convertible foreign exchange.

With a view to bringing this provision on a parity with other tax concessions for the export sector and also as a measure of rationalisation, it proposed to extend the benefit under section 80-O to non-corporate taxpayers resident in India.

The proposed amendment will take effect from 1st April, 1992 and will, accordingly, apply in relation to the assessment year 1992-93 and subsequent years. *[Clause 33]*

MEASURES RELATING TO TAXATION OF NON-RESIDENTS AND FOREIGN COMPANIES

Relief to Kuwait returnees in respect of interest on deposits in Non-resident (External) Accounts

23. Under the existing provisions of the Income-tax Act, interest on deposits in a Non-resident (External) Account is exempt from income-tax in the case of persons resident outside India as defined in section 2(q) of the Foreign Exchange Regulation Act.

Under the provisions of the Foreign Exchange Regulation Act, only persons resident outside India are permitted to maintain a Non-resident (External) Account in India. However, when Indian nationals residing in Kuwait were forced to return to India due to the Iraqi invasion of Kuwait in August, 1990, the Reserve Bank of India, with a view to mitigating plight of these Kuwait returnees, decided to permit them to continue to maintain their Non-resident (External) Accounts and assets abroad, initially upto 31st March, 1991, and then extended upto 30th September, 1991.

It is, therefore, proposed to amend clause (4)(ii) of section 10 of the Income-tax Act to secure that exemption from tax in respect of the interest on deposits in Non-resident (External) Account will also be available in any case where an individual has been permitted by the Reserve Bank of India to maintain a Non-resident (External) Account.

The proposed amendments will take effect retrospectively from 1st April, 1991 and will, accordingly, apply in relation to the assessment year 1991-92 and subsequent years. *[Clause 5]*

Exemption from Income-tax in India of remuneration or fees received by non-resident consultant and their foreign employees

24. Under the existing provisions of Income-tax Act, individuals assigned to duties in India under a bilateral co-operative technical assistance programme are exempted from Indian income-tax in respect of the remuneration received by them, directly or indirectly, from the foreign government. The exemption from Indian income-tax also extends to other incomes of such individuals accruing or arising outside India if such incomes are subject to income-tax or social security tax levied by the foreign government. This exemption is not available in respect of remuneration etc. received by individuals engaged as consultants by the World Bank and other multilateral agencies for rendering assistance under technical assistance grant agreements, directly or indirectly, from such grant.

Since such grant agreements usually stipulate that no portion of the grant should be utilised towards the tax effort of the recipient country, it is proposed to amend section 10 to exempt from income-tax in India the remuneration or fee received by non-resident consultants and their foreign employees in cases where such consultants have been engaged by the World Bank or any other multilateral agency for rendering assistance under technical assistance grant agreement, and such remuneration etc. is paid, directly or indirectly, from such grant.

This amendment will take effect from 1st April, 1991 and will, accordingly apply in relation to assessment year 1991-92 and subsequent years. *[Clause 5]*

Taxation of foreign companies and other non-resident taxpayers

25. Under the provisions of section 195 of the Income-tax Act, any person responsible for paying to a non-resident taxpayer or to a foreign company any sum, other than interest on securities, salary or dividends, chargeable to income-tax in India, is required, to deduct income-tax thereon at the rates in force. Where the person responsible for paying any sum to a non-resident, considers that the whole amount would not be income chargeable to tax, he may apply to the Assessing Officer to determine the appropriate proportion of such sum chargeable to tax. In such cases, tax is required to be deducted from the portion as determined by the Assessing Officer.

This facility of deducting tax only from a portion of the sum payable is not available in cases where the payment is by way of interest, royalty or fee for technical services to a foreign company.

In some of the bilateral agreements for the avoidance of double taxation, it has been provided that any or all of the incomes referred to above would be taxed in India on net basis. Further, under certain tax treaties, income by way of royalty or fee for technical services is charged to tax on net basis in cases where such income is attributable to any "permanent establishment" of the foreign enterprise in India.

As a result, in a large number of cases of payments of royalty, fee for technical services etc. to non-residents, tax required to be deducted at source is much larger than the final tax liability.

With a view to avoiding such situations, it is proposed to amend section 195 of the Income-tax Act to empower the Assessing Officer to determine, in all cases of payment of interest, dividends, royalties, fees for technical services, etc., paid to a foreign company or to a non-resident taxpayer, the appropriate portion of the amount from which tax is to be deducted at source.

This amendment will take effect from 1st October, 1991.

Under the existing scheme of deduction of tax at source, even in cases where a lower rate of tax income is provided in the tax treaty, tax has to be deducted at the rate prescribed in law. As a result, in many cases, the amount of tax deducted from sums remitted to foreign companies is larger than the final tax liability, thus requiring filing of claims for refund.

With a view to correcting this position, it is proposed to amend section 2(37A) of the Income-tax Act to secure that tax is deducted at source at the rate applicable in a particular case, for final tax liability.

This amendment will take effect from 1st October, 1991.

Tax treaties generally contain a provision to the effect that the laws of the two contracting States will govern the taxation of income in the respective State except when express provision to the contrary is made in the treaty. It may so happen that the tax treaty with a foreign country may contain a provision giving concessional treatment to any income as compared to the position under the Indian law existing at that point of time. However, the Indian law may subsequently be amended, reducing the incidence of tax to a level lower than what has been provided in the tax treaty.

Since the tax treaties are intended to grant tax relief and not to put residents of a contracting country at a disadvantage vis-a-vis other taxpayers, it is proposed to amend section 90 of the Income-tax Act to clarify that any beneficial provision in the law will not be denied to a resident of a contracting country merely because the corresponding provision in the tax treaty is less beneficial.

This amendment will take effect retrospectively from 1st April, 1972. *[Clauses 3, 38 and 55]*

Tax incentive to off-shore mutual funds for investment in India

26. At present, under section 115A of the Income-tax Act, in the case of foreign companies, the income by way of dividend (including income from Unit Trust of India) and income in respect of units of mutual funds, purchased in foreign currency, is charged to tax at the rate of 25 per cent. A lower rate of tax on these incomes is provided in the double taxation avoidance agreement between India and certain foreign countries. Tax on capital gains is charged at the normal rate of 65 per cent., after deducting from the amount of gain the deduction allowed under section 48 of the Income-tax Act.

The Unit Trust of India and some other mutual funds have, during the last few years, floated certain off-shore funds with a view to attracting overseas institutional investment. These off-shore funds compete with other country funds internationally. It is, therefore, necessary that the tax regime for these off-shore funds is competitive vis-a-vis other countries competing for off-shore funds.

In view of the above, it is proposed to insert a new section 115AB in the Income-tax Act to provide special rates of tax applicable to certain incomes of off-shore funds.

The income in respect of units purchased by off-shore funds in foreign currency and the income by way of long-term capital gains arising from the transfer of such units is proposed to be charged to tax at the rate of 10 per cent. However, this rate of tax will apply on the gross income of the nature specified above without allowing for any deduction under sections 28 to 44C, 48 and 57 and Chapter VI-A of the Income-tax Act.

These amendments will be made effective from 1 April, 1992 and will, accordingly, apply in relation to assessment years 1992-93 and subsequent years.

In order to facilitate easy collection of tax from the off-shore fund, it is proposed to insert a new section 196B of the Income-tax Act to provide for deduction of tax source at the rate of 10 per cent. of any payment representing income from units held by off-shore funds. The tax is required to be deducted either at the time of payment or credit to the account of the payee, whichever is earlier.

This amendment will be made effective from 1st October, 1991. *[Clauses 40 and 56]*

TAXATION OF FINANCIAL INSTITUTIONS

Withdrawal of exemption from income-tax granted to IDBI

27. Under the existing provisions of section 35 of the Industrial Development Bank Act, 1964, the Industrial Development Bank of India (IDBI) is not charged to tax on its income. The tax exemption status was given to IDBI on the consideration that, in its nascent stage, it was necessary to provide support to it, keeping in view IDBI's role as a central coordinating agency for providing developmental financial assistance to Indian industry.

Over the last two decades, IDBI has built up substantial reserves and a stage has come when IDBI should be put on par with other financial institutions and commercial banks and should bear its portion of tax as any other financial institution.

In view of this, it is proposed to amend the Industrial Development Bank of India so as to withdraw the exemption from tax granted to IDBI.

The proposed amendment will take effect from the 1st day of April, 1992. IDBI will, therefore, be liable to income-tax for the assessment year 1992-93 and subsequent assessment years. *[Clause 122]*

Deduction in respect of provision for bad and doubtful debt in the case of financial institutions etc.

28. Under the existing provisions of section 36(1)(viia) of the Income-tax Act, in computing the profits of a bank, deduction, limited to an amount not exceeding five per cent. of the gross total income, computed, before making any deduction under the aforesaid clause and Chapter VI-A, is allowed in respect of any provision for bad and doubtful debt.

It is proposed to provide similar facility to public financial institutions, State financial corporations and State industrial investment corporations.

The proposed amendment will take effect from the 1st day of April, 1992 and will, accordingly, apply in relation to the assessment year 1992-93 and subsequent years. *[Clause 14]*

Chargeability of interest on bad and doubtful debts in the case of financial institutions and banks

29. Under the guidelines issued by the Reserve Bank of India, advances given by banks are classified into eight categories called health codes 1 to 8. Sticky advances which are doubtful of realisation fall under health codes 4 to 8. The banks and financial institutions normally credit interest from such sticky advances to the "Interest Suspense Account" and not to the "Profit and Loss Account". The issue whether interest on such bad and doubtful advances should be taxed in the year of accrual or of receipt has been a matter of controversy for a long time.

In view of the fact that interest on bad and doubtful debts in the case of banks and financial institutions is normally very difficult to recover, taxing such income on accrual basis reduces the liquidity of the bank without any actual generation of income.

With a view to improving the viability of banks, public financial institutions, State financial corporations and State industrial investment corporations, it is proposed to amend the Income-tax Act so that interest on sticky loans shall be charged to tax only in the year in which the interest is actually received or is credited to the "Profit and Loss Account", whichever is earlier. The category of bad and doubtful debt in respect of which the interest will qualify for this exemption, will be prescribed by the Central Board of Direct Taxes, keeping in view the guidelines issued by the Reserve Bank of India in relation to such debts.

The proposed amendment will take effect from the 1st day of April, 1992 and will, accordingly, apply in relation to the assessment year 1992-93 and subsequent years. *[Clause 15]*

PROVISIONS RELATING TO CAPITAL GAINS

Raising the exemption limit for long-term capital gains

30. Profit and gains arising from the transfer of a capital asset are included in the taxable income as capital gains. Since these are not annual accruals from a given source but represent appreciation in the market value of asset over a period of time, they are treated on a different footing.

For the purpose of levying tax on capital gains, distinction is made between gains arising on transfers of a short-term capital asset and those on transfer of a long-term capital asset. In order to remove the illusory capital gains in a period of inflation and smoothen the impact of bunching of capital gains, the long-term gains upto Rs.10,000 are exempt from income-tax under section 48 of the Income-tax Act. The excess of long-term capital gains, if any, is scaled down and long term capital gain as so scaled down is subjected to income-tax. Further, the long-term capital gains are exempt if they are rolled-over within a specified time through investment in certain specified assets. These specified assets include, inter-alia, Capital Bonds of UTI, IDBI, HUDCO and National Housing Bank and National Rural Development Bonds.

With a view to neutralising the impact of inflation since 1986 when the monetary ceiling of Rs.10,000 in respect of exemption of long-term capital gains, was fixed, it is proposed to amend section 48 of the Income-tax Act to increase the monetary ceiling from Rs.10,000 to Rs.15,000.

This amendment will take effect from 1st April,1992 and will, accoridingly, apply in relation to assessment year 1992-93 and subsequent years. *[Clause 19]*

Streamlining the provisions relating to exemption for roll-over of capital gains

31. Under the provisions of Income-tax Act, capital gains are deemed to be income of previous year in which the transfer giving rise to the gains takes place, except where otherwise provided. Accordingly, in the case of compulsory acquisition of assets, the capital gains included in the compensation, as originally awarded, is charged to tax in the year in which the transfer by way of compulsory acquisition takes place, but further compensation is brought to tax only in the year in which it is received.

It has been brought to the notice of the Government that in cases of compulsory acquisition of assets there is, at times, a considerable gap between the date of acquisition and payment of compensation. As a result, the existing provisions of capital gains taxation operate harshly in so far as the affected persons are unable to avail the exemption for roll-over of capital gains, within a specified time period, through investment in the specified assets.

It is, therefore, proposed to amend provisions of section 45 of the Income-tax Act to provide that capital gains arising from the transfer of the capital asset by way of compulsory acquisition under any law shall be charged to tax in the previous year in which the compensation is first received.

The proposed amendment will take effect retrospectively from 1st April, 1988.

Further, a new section 54H is proposed to be inserted in the Income-tax Act, to provide that in cases where compensation in respect of any asset compulsorily acquired was first received before 1st April, 1991 and the period or periods for making deposit in specified account or investment in any specified asset expires before 1st October, 1991, such period shall stand extended upto 31st December,1991.

This amendment will take effect from the 1st day of October,1991. *[Clauses 17 and 21]*

Clarification regarding transfer by way of conversion of debentures etc.

32. For the purposes of capital gains taxation, "transfer," in relation to a capital asset, includes , inter-alia, the sale , exchange, or relinquishment of the asset. Doubts have been expressed as to whether capital gains arise at the time of conversion of convertible debentures into shares. With a view to reiterating the legislative intention, it is proposed to insert a new clause (x) in section 47 of the Income-tax Act to provide that any transfer by way of conversion of debentures, debenture-stock, or deposits certificate in any form, of a company into shares or debentures of that company will not be regarded as a transfer giving rise to any capital gains. Further, it is also proposed to insert a new sub-section(2A) in section 49 of the Income-tax Act to provide that on sale of shares or debentures received on such conversion, the capital gain shall be computed by taking the cost of acquisition as that part of the cost of debentures, debentures-stock or deposits certificate which has been appropriated towards the shares or debentures.

These amendments will take effect retrospectively from 1st April, 1962 and will, accordingly, apply in relation to assessment year 1962-63 and subsequent years. *[Clauses 18 and 20]*

Modification of the provisions relating to set off of capital gains

33. Under the existing provisions of the Income-tax Act, capital loss arising from the transfer of a capital asset is allowed to be set off against gain from the transfer of any other asset. Any remaining loss is allowed to be adjusted against other incomes. This provision has been used for tax avoidance through generation of short-term capital loss on sham transactions and its adjustment against taxable incomes under other heads.

With a view to preventing this practice, it is proposed to amend sections 71 and 74 of the Income-tax Act. The amendment to section 71 seeks to provide that capital loss, if any,(whether short-term or long-term) will not be allowed to be set off against any other head of income. The amendment to section 74 seeks to secure that the amount of unabsorbed capital loss, if any, will be allowed to be carried forward for set-off against capital gains, if any, in the subsequent years.

This amendment will take effect from 1st April,1992 and will, accordingly, aply in relation to assessment year 1992-93 and subsequent assessment years. *[Clauses 23 and 24]*

PROVISIONS RELATING TO DONATIONS AND CHARITABLE TRUSTS

Modification of the provisions relating to charitable trusts

34. Under sections 11 to 13 of the Income-tax Act, income from any property held under trust for charitable or religious purposes is exempt from tax to the extent to which it is applied for such purposes in India. For this purpose, income includes voluntary contributions received by a trust. Over the years, these provisions have been modified with a view to reducing the possibilities of misuse of the tax concession by persons connected with the affairs of the trust or institution. These modifications include the amendments made through the Finance Act, 1983 to secure that income of the trust or institution not applied for its purposes but permitted to be accumulated for application to such purposes in a later year must be invested or deposited in the forms or modes prescribed in section 11(5) of the Income-tax Act. The permissible forms or modes of investment, generally, are government securities, units of the Unit Trust of India, bonds issued by certain public financial corporations, deposits in Post Office Savings Bank or in any scheduled bank or in co-operative bank and immovable property other than plant or machinery.

Section 13(1)(d) of the Income-tax Act, as amended by the Finance Act, 1983, provides that exemption from tax to a charitable or religious trust or institution will be forefeited if any funds of the trust or institution are invested or deposited after 28.2.1983, otherwise than in any one or more of the forms or modes mentioned above. Assets held earlier otherwise than in any one or more of the permissible forms or modes including shares in companies were required to be liquidated by 30th November, 1983.

Exception was, however, made in relation to assets received as corpus donation before 1st June, 1973. Exception was also made in relation to debentures of companies acquired before 1st March, 1983.

Another provision relating to taxation of charities is contained in section 10(23C)(iv) and (v) of the Income-tax Act. Prior to the amendment made by the Direct Tax Laws (Amendment) Act, 1989 with effect from 1.4.1990, income of a fund or institution established for charitable or public religious purposes and notified by the Central Government was exempted from tax under this provision without any restrictins or *conditions*. The Direct Tax Laws (Amendment) Act, 1989 amended this provision to secure that notified funds or institutions can claim exemption from tax only if the following conditions are fulfilled:-

(i) the income of the fund or institution is applied wholly and exclusively to the objects for which the fund or institution is established;

(ii) the funds are invested in any one of the forms or modes specified in sub-section (5) of section 11 of the Income-tax Act.

The funds and institutions claiming exemption under section 10(23C)(iv) or (v) were give time upto 30.3.1990 to disinvest any funds invested or deposited before 1.4.1989 in any form or mode not permissible under section 11(5). The exemption to these funds and institutions is not available in respect of any business income unless the business is incidental to the attainment of their objectives and separate books of account are maintained in respect of the business.

Certain procedural anomalies and hardship arising out of the scheme of taxation of trust as envisaged in section 10(23C)(iv) or (v) and sections 11 to 13 of the Income-tax Act have been brought to the notice of the Government. With a view to removing these, it is proposed -

(i) to amend sub-section (4A) of section 11 of the Income-tax Act to permit trust and institutions to carry out business activities if the business activities is incidental to the attainment of its objective, without losing complete exemption from income-tax. However, the profits and gains from such business activity will be subjected to tax. These provisions will now be in line with the corresponding provisions in section 10(23C)(iv) or (v).

The proposed amendment will take effect from 1st April, 1992;

(ii) to insert a new clause (iia) in the proviso in clause (d) of sub-section (1) of section 13 to secure that mere accretion to the existing holding of shares by way of bonus shares or acceptance of donations in kind or any asset not conforming to the provision of section 11 (5) will not make the fund or trust or institution lose tax exemption. The trusts or institutions will, however, be required to dispose of or convert the assets not conforming to the requirement of section 11(5) into permissible investment within one year from the end of the financial year in which such bonus shares or other assets are received or 31.3.1992, whichever is later.

The proposed amendment will take effect retrospectively from 1st April, 1983;

(iii) to insert a new sub-section (5) in section 13 of the Income-tax Act to provide that where the debentures of an Indian company are acquired by the trust or institution after the 28th February, 1983 but before the 25th July, 1991, the exemption from tax under section 11 will be denied only in respect of interest on such debentures. If debentures are not disinvested by the 31st March, 1992, the trust or institution will lose exemption under section 11.

The proposed amendment will take effect retrospectively from 1st April, 1983;

(iv) Funds and institutions claiming exemption under section 10(23C)(iv or (v) will also be given further time upto 31.3.1992 to dispose or convert investments made before 1.4.1989 which do not conform to the investment pattern prescribed in section 11(5) of the Income-tax Act.

Under the existing provision contained in clause (a) of section 12A, a person in receipt of income of any trust or institution is required to file an application for registration before the expiry of one year from the date of creation of the trust or establishment of the institution. In the proviso to aforesaid clause (a), the concerned authority may in his discretion condone the delay for filing an application for registration. The proposed amendment, which will take effect from 1st October, 1991, seeks to limit the discretion of the concerned authority to entertain the application of registration before the expiry of three years from the creation of trust or establishment of the institution.

[Clauses 6, 7 and 8]

Tax concession in respect of contributions to Africa Fund

35. Under the provisions of Section 80G of the Income-tax Act, 1961, a deduction is allowed in computing the total income of a person in respect of donations made to certain trusts and institutions. The deduction is allowed at the rate of 50 per cent. of the amount of donation made except in the case of donations made to the Prime Minister's National Relief Fund, the Prime Minister's Armenia Earthquake Relief Fund, and to the Government or to certain approved associations etc. for promoting family planning where it is allowed at the rate of 100 per cent.

As an expression of our traditional support towards fighting apartheid in South Africa, it is proposed to extend the benefit of 100 per cent deduction on donations made to the Africa (Public Contributions-India) Fund.

The proposed amendment will take effect from the 1st day of April, 1991 and will, accordingly, apply in relation to assessment year 1991-92 and subsequent years.

[Clause 26]

Tax concession in respect of contributions made to Rajiv Gandhi Foundation.

36. It is also proposed to include the Rajiv Gandhi Foundation in the list of funds and institutions donation to which qualify for deduction under section 80G. Taxpayers making donations to the Rajiv Gandhi Foundation will be entitled to deduction of 50 per cent. of the amount donated in computing their taxable income. There will be no ceiling on the amount qualifying for the deduction.

This amendment will take effect from 1st April, 1992 and will, accordingly, apply in relation to assessment year 1992-93 and subsequent years.

[Clause 26]

Streamlining the procedure for approval of trusts

37. Under section 80G of the Income-tax Act, taxpayers making donations to any of the funds specified in that section or to any fund or institution to which that section applies, are entitled to a deduction in relation to such donations. The fund not specified in that section are required to fulfil certain conditions prescribed therein. At present, funds and institutions seeking donation from public, obtain advance approval from Commissioner so as to enable the donors to claim donation under section 80G.

With a view to streamlining the procedure for approval and enabling the concerned fund or institution to indicate to the prospective donors their status as a trust or institution, donations to which would be eligible for deduction under section 80G, it is proposed to amend section 80G to provide that in relation to donations made after 31st March, 1992 deduction under section 80G will be allowed only if the fund or institution is approved by the Commissioner. Such approval shall have effect for such number of assessment years not exceeding three assessment years, as may be specified in the approval.

The proposed amendment will take effect from 1st October, 1991. *[Clause 26]*

MEASURES AGAINST TAX EVASION

Winnings from horse races

38. Under the provisions of sub-section (3) of section 10 of the Income-tax Act, casual and non-recurring receipts upto five thousand rupees are not to be included in the total income of a previous year of any person, with certain exceptions. As a result, income by way of winnings from races including horse races upto five thousand rupees in a financial year is exempt from income-tax. Such income in excess of Rs.5,000, is charged to income-tax at the rate of forty per cent. Section 194 BB of the Income-tax Act relating to deduction of income-tax at source at the time of payment of such income also provides that tax will be deducted at source only if the amount of income exceeds five thousand rupees.

The aforesaid provisions have led to widespread practice of splitting of winnings from horse races, in order to evade tax thereon. The Bill, therefore, seeks to amend,—

(a) sub-section (3) of section 10 of the Income-tax Act with a view to exclude winnings from races including horse races from its ambit, and

(b) section 194 BB of the Income-tax Act to provide for omission of the monetary limit of five thousand rupees so that deduction of tax at source is made in respect of all winnings from horse races.

These amendments will take effect from 1st October, 1991. *[Clauses 5 and 52]*

Provision for deduction of tax at source on interest income from bank deposits etc.

39. Clause (vii) of sub-section (3) of section 194A of the Income-tax Act provides that the provisions regarding deduction of income-tax at source shall not apply to the income credited or paid in respect of deposits with a banking company to which the Banking Regulation Act, 1949, applies (including any bank or banking institution referred to in section 51 of that Act) or with a co-operative society engaged in carrying on the business of banking (including a co-operative land mortgage bank or a co-operataive land development bank).

Instances have come to notice where unaccounted incomes are deposited in banks in one's own name or benami. Interest on such deposits is not likely to be declared in the income-tax returns.

With a view to improving tax compliance it is proposed to amend section 194A of the Income-tax Act to secure deduction of tax at source from interest on bank deposits etc .where it exceeds two thousand five hundred rupees in a financial year. However, there will be no such deduction where an individual, HUF etc. furnishes an affidavit or statement in writing, verified in the prescribed manner, under the proviso to sub-section (1) of section 194A, to the person responsible for making the payment, declaring that his estimated total income for the relevant assessment year is below the taxable limit. Similarly, there will be no such deduction where a resident individual furnishes a declaration under section 197A to the person responsible for making the payment, to the effect that the tax on his estimated total income for the relevant assessament year will be nil.

This amendment will take effect from 1st October, 1991. *[Clause 51]*

Insertion of a provision for deduction of tax at source from payments in respect of deposits under National Savings Scheme

40. Under the provisions of clause (a) of sub-section (2) of section 80CCA of the Income-tax Act, where any amount standing to the credit of an assessee under the National Savings Scheme in respect of which deduction has been allowed under sub-section (1) together with the interest accrued on such amount is withdrawn in whole or in part in any previous year, the amount of withdrawal is deemed to be the income of the assessee in such year.

In order to ensure reporting of these withdrawls for tax purposes and also to facilitate early collection of tax, the Bill seeks to insert a new section 194EE in the Income-tax Act relating to deduction of tax at source. Under the proposed section, the person responsible for paying any amount referred to in clause (a) of sub-section (2) of section 80CCA will deduct income-tax thereon at the rate of 20 per cent. However, no such deduction shall be made, -

(a) where the amount of payment or the aggregate amount of payments in a financial year is less than two thousand five hundred rupees, or

(b) where the payment is made to the heirs of the deceased assessee (depositor), or

(c) where in the case of a resident individual, the tax on whose estimated total income of the previous year including the aforesaid withdrawal would be nil and such individual furnishes a declaration in writing to the above effect in the prescribed form and verified in the prescribed manner, to the person responsible for payment.

The aforesaid amendments will take effect from 1st October, 1991. *[Clauses 53 and 57]*

Insertion of a provision for deduction of tax at source from payments to lottery agents

41. The Income-tax Act contains a provision for deduction of tax at source from any income by way of winnings from any lottery or cross-word puzzle. The rate of deduction of tax at source at present is forty per cent of such income. While tax is required to be deducted at

source in respect of payments to the winner of a lottery or cross-word puzzle, there is no requirement under the law for deduction of tax at source from payments, in the nature of bonus or reward (allowed on prize winning tickets etc.), commission and service charges paid to lottery agents or sellers of lottery tickets with regard to the sales made by them. This being so, there is considerable scope for the lottery agents and sellers of lottery tickets to evade tax on the income arising from receipts by way of reward (allowed on prize winning tickets) or commission or other remuneration on the sale of lottery tickets.

The Bill, therefore, seeks to insert a new section 194G in the Income-tax Act relating to deduction of tax at source. Under the proposed section, the person responsible for paying any income by way of commission, remuneration or reward (by whatever name called) on lottery tickets shall deduct income-tax thereon at the rate of ten per cent.

This amendment will take effect from 1st October, 1991. *[Clause 54]*

Insertion of a provision for deduction of tax at source from payments in the nature of commission, brokerage etc.

42. Income by way of commission (not being insurance commision referred to in section 194D) and brokerage is, at present, not subject to deduction of tax at source. This is one source of income where the incidence of tax evasion is very high. The Bill, therefore, seeks to insert a new section 194H relating to deduction of tax at source. Under the proposed section, the person responsible for paying any income by way of commission or brokerage for services rendered (not being professional services) or for any services in the course of buying or selling of goods, etc., shall deduct income-tax thereon at the rate of ten per cent. However, no such deduction will be made where the amount of payment or the aggregate amount of payments, in a financial year, does not exceed two thousand five hundred rupees. The new section will not apply when payments are made by individuals or Hindu undivided families. The expressions "commission or brokerage" and "professional services" are being defined in the Explanation to the proposed section.

These amendments will take effect from 1st October, 1991. *[Clause 54]*

MEASURES FOR SIMPLIFICATION AND RATIONALISATION

Definition of industrial undertaking

43. There has been some controversy as regards the true import of the expression "industrial undertaking" for the purpose of section 10(15)(iv)(f) of the Income-tax Act relating to exemption from income-tax in respect of interest on certain foreign borrowings. Keeping in view the legislative intent, it is proposed to insert a new clause (27) in section 2 of the Income-tax Act containing definition of "industrial undertaking". Under the proposed definition, an industrial undertaking will mean an undertaking engaged in the business of -

(i) manufacture or processing of goods, or

(ii) generation or distribution of electricity or any other form of power, or

(iii) mining, or

(iv) construction of ships, or

(v) operation of ships or aircrafts.

This amendment will come into force on 1st April, 1992. *[Clause 3]*

Exemption from Income-tax of bonus paid on policies of Life Insurance Corporation

44. Payments received under an insurance policy are not treated as income and hence are not taxable. However, in a recent judicial pronouncement, a distinction has been made between the sum assured under an insurance policy and further sums allocated by way of bonus under life policies with profits. The sum representing bonus has been held to be chargeable to income-tax in the year in which the bonus is declared by the Life Insurance Corporation.

Since such bonus has always been considered as payment under an insurance policy, it is proposed to amend section 10 to exempt from income-tax the bonus declared or paid under a policy by the Life Insurance Corporation.

This amendment will take effect retrospectively from 1st April, 1962. *[Clause 5]*

Rationalisation of the provisions relating to depreciation

45. Under the existing provisions of section 32 of the Income-tax Act, depreciation is not allowed on foreign motor cars. The only exception is with regard to foreign cars used in a business of running them on hire for tourists. It has been pointed out that Indian concerns having foreign branches, have to use foreign cars in their business or profession carried outside India and that the denial of depreciation in such cases results in hardship. To remove this, it is proposed to provide that where a foreign motor car is used outside India in a business or profession carried on by the assessee in another country, depreciation will be allowed on the same.

Further, under the existing provisions of section 32 read with rule 5 of the Income-tax Rules, 1962, full deprecaiation is allowed on an asset even if it has been acquired by the assessee towards the end of the relevant previous year. This results in excessive allowance of depreciation in the year in which the asset is first put to use thereby depleting the taxable profits of that year by an amount which bears no relation to the user of that asset for earning the profits of that year. It is, therefore, proposed to amend section 32 to provide that where in a previous year an asset is acquired and put to use for the purposes of business or profession for less than 180 days, depreciation thereon shall be allowed at 50 per cent. of the depreciation allowable according to the percentage prescribed in respect of the block of assets comprising such asset.

These amendments will take effect from 1st April, 1992 and will, accordingly apply in relation to the assessment year 1992-93 and subsequent years. *[Clause 11]*

Amendment of provisions relation to deduction available to a financial corporation providing long term finance for industrial or agricultural development.

46. Under the existing provisions of clause (viii) of sub-section (1) of section 36, a financial corporation engaged in providing long term finance for industrial or agricultural development in India is entitled to deduction, in the computation of its taxable profits, of an amount upto 40 per cent. of the total income carried to a special reserve. A public company providing long term finance for construction or purchase of residential houses in India is also entitled to a similar deduction. In respect of the former, the intention of the Government is that the term "financial corporation" should include a "public company". However, a view has been expressed that in the context of the provisions of the said clause (viii), the term "corporation" does not include a "public company".

It is proposed to clarify in the Explanation to section 36(1)(viii) that for the purposes of this provision, the term "financial corporation" will include a "public company".

This amendment will take effect retrospectively from 1st April, 1987 and will, accordingly, apply in relation to the assessment year 1987-88 and subsequent years. *[Clause 14]*

Extending the incentive available to National Savings Scheme to other notified schemes

47. Under the existing provisions of section 80CCA of the Income-tax Act, deduction is allowed in the computation of total income of an assessee of the whole amount deposited by him under National Savings Scheme or payment to a deferred annuity plan out of his income chargeable to tax. Similarly, any deposit under the National Savings Scheme are exempt from wealth-tax under the provisions of clause (xxvb) of sub-section (1) of section 5 of the Wealth-tax Act.

With a view to facilitating notification of other similar schemes in future, it is proposed to omit references to the National Savings Scheme in section 80CCA of the Income-tax Act and section 5 of the Wealth-tax Act.

These amendments will take effect from 1st October, 1991. *[Clause 25 and 71]*

Modification of provisions relating to exemption of income from exports

48. Under the provisions of section 80HHC of the Income-tax Act, exporters are allowed, in the computation of their total income, a deduction of the entire profits derived from export. The Reserve Bank of India has evolved a scheme under which exporters are allowed to open a line of credit with a bank outside India. The payments for import of raw material are made from these accounts. The exporter, in such cases, is required to bring into India only such amount of foreign exchange as relates to the value addition.

Since, under the scheme, the entire sale proceeds are not actually brought into India, the exporters availing this facility would be denied full deduction under section 80HHC.

With a view to removing this anomaly, it is proposed to insert an Explanation in section 80HHC of the Income-tax Act to secure that sale proceeds will be deemed to have been received in India, in case where the sale proceeds are credited to a separate account maintained by the exporter for the aforesaid purpose with the approval of the Reserve Bank of India.

The proposed amendment will take effect from the 1st day of April, 1992 and will, accordingly, apply in relation to the assessment year 1992-93 and subsequent years.

Many exporters maintain branches, offices, warehouses etc. abroad. The goods are first sent to these branches, offices etc. and are then sold to foreign buyers from such branches, offices etc. Certain doubts have been raised about the point of time when such goods should be treated as having been exported.

With a view to removing the doubts in this respect, it is proposed to insert an Explanation in section 80HHC clarifying that goods will be deemed to be exported out of India when they are transferred by an assessee to an overseas branch, office etc. The value of such goods declared in the shipping bill etc. will be deemed to be the sale proceeds thereof for the purpose of computing the deduction under section 80 HHC.

The proposed amendment will take effect from the 1st day of April, 1992 and will, accordingly, apply in relation to the assessment year 1992-93 and subsequent years.

Under the existing provisions of sub-section (3) of section 80HHC of the Income-tax Act, profit derived from the export of goods is computed in the following manner:

$$\text{Profits of the business} \times \frac{\text{Export turnover}}{\text{Total turnover}}$$

The application of this formula has given rise to some misuse. Many cases have come to notice where persons, who are not chargeable to income-tax, transfer their export turnover to business houses merely by endorsement of letter of credit received by them. Business houses which "buy" this export turnover, get the benefit of deduction under section 80HHC without any physical export of goods.

The tax concession under section 80HHC is intended to compensate an exporter for the comparative disadvantage faced by him in the international market. With a view to ensuring that the tax concession is not misused, it is proposed to amend sub-section (3) of section 80HHC of the Income-tax Act.

Under the proposed amendment to sub-section (3), the profits from the business of export of any goods or merchandise would be computed in the following manner:

(a) in cases where the export is of goods or merchandise manufactured by the taxpayer, in the ratio of export turnover to total turnover;

(b) in cases where the export is of goods not manufactured by the taxpayer but purchased from a third party, by deducting from the sale proceeds of export the direct costs and indirect costs attributable to the export;

(c) in cases where the export consists of goods manufactured by the taxpayer as well as of goods purchased from a third party, the export profits will consist of the aggregate of the following amount :

(i) profits relating to export of goods manufactured by the taxpayer computed by allocating the profits of the business (as reduced by profits relating to business of exporting third party goods), in the ratio of the export turnover of the manufactured goods to the total turnover of the manufactured goods;

(ii) profit relating to export of goods purchased from the third party by deducting from the sale proceeds of such goods, the direct and indirect cost attributable to such exports.

The proposed amendment will take effect from the 1st day of April, 1992 and will, accordingly, apply in relation to the assessment year 1992-93 and subsequent years.

The existing formula may also give a distorted figure of export profits when receipts like interest, commission etc. which do not have an element of turnover are included in the profit and loss account.

It is, therefore, proposed to clarify that "profits of the business" for the purpose of section 80HHC will not include receipts by way of brokerage, commission, interest, rent, charges or any other receipt of a similar nature. As some expenditure might be incurred in earning these incomes, which in the generality of cases is part of common expenses, it is proposed to provide ad hoc 10 per cent. deduction from such incomes to account for these expenses.

It is also proposed to clarify that "profits of the business" for the purpose of section 80HHC will not include profits of any branch, warehouse etc. situated overseas.

These amendments will take effect from 1st April,1992 and will, accordingly, apply in relation to assessment year 1992-93 and subsequent assessment years.

The issue, whether sale of goods to foreigners in shops or other establishments situated in India is export, has been a subject matter of litigation. The Department's view, all along, has been that such counter sales within India do not constitute export and, therefore, are not eligible for the tax concession under section 80HHC. To give finality to this view and to end all judicial controversies, it is proposed to clarify that "export out of India" shall not include any transaction by way of sale or otherwise, in a shop, emporium or any other establishment in India, not involving clearance at any customs station.

This amendment will take effect retrospectively from the 1st April, 1986, the day on which the substituted section 80HHC took effect. It will, accordingly, apply in relation to assessment year 1986-87 and subsequent years.

Whereas the definition of the term "export turnover" excludes freight and insurance attributable to transport, no such exclusion has been specified in respect of the term "total turnover". As a result, in c.i.f. transactions, while the export turnover is taken at f.o.b. value, the total turnover includes the sale proceeds of exports at c.i.f. value.

With a view to removing this anomaly, it is proposed to clarify that "total turnover" will also not include such freight or insurance.

The proposed amendment will take effect retrospectively from the 1st day of April, 1987, the day from which "total turnover" became relevant for the purpose of computation of deduction under section 80HHC. It will, accordingly, apply in relation to assessment year 1987-88 and subsequent years. *[Clause 28]*

Modification of provisions relating to earnings in foreign exchange by hotels, tour operators etc.

49. Under the existing provisions of section 80HHD of the Income-tax Act, a resident taxpayer engaged in the business of an approved hotel, or as an approved tour operator or a travel agent is allowed a deduction, in computing its total income, of an amount equal to -

(i) 50 per cent. of the profits derived from services provided to foreign tourists, payment for which is received in convertible foreign exchange; and

(ii) so much of the remaining profit referred to above as are credited to a reserve fund to be utilised for the purpose of the business of the taxpayer in the prescribed manner.

The amount credited to the reserve account may be utilised for any of the specified purposes within a period of five years following the year in which the amount is credited to the reserve account.

In many cases, the foreign tourists visit India on a package tour and make a lumpsum payment, in foreign exchange, to a tour operator in India. The Indian tour operator, thereafter, makes payments to the hotels where the tourist groups are lodged. Since the foreign exchange is received only by the tour operator, it is only he who can claim the tax concession under section 80HHD. The hotel owner is denied the benefit of section 80HHD, even though the payment for service to the foreign tourists rendered by the hotel may constitute the major part of the expenditure by the foreign tourist in India. The hotel industry is also denied the benefit of creating tax free reserves for the purpose of construction or expansion of hotels, conference or convention centres and acquiring adventure sports facilities.

With a view to securing the benefits under section 80HHD for hotels, it is proposed to amend section 80HHD to provide that, in cases where payments for services to the foreign tourist provided by an approved hotel, an approved tour operator or a travel agent are received in Indian currency from another hotel, tour operator, travel agent or airline, the person providing the service to the foreign tourists will be eligible for deduction under section 80HHD in relation to profits derived from provision of such services. This will be subject to the condition that the payment in Indian currency is made out of funds obtained by conversion of foreign exchange brought into India, through an authorised dealer in foreign exchange, by the tour operator, the travel agent, the airline or the other hotel, on behalf of the foreign tourist. In such cases, persons in receipt of foreign exchange from or on behalf of the foreign tourists and making payment to an approved hotel, tour operator etc. which had provided services to the foreign tourists, will not be allowed deduction under section 80HHD insofar as it relates to such payments. The person claiming the deduction will be required to furnish, alongwith the return of income, a certificate obtained from the person making payment in Indian currency out of foreign exchange paid by the foreigner.

The proposed amendment will take effect from 1st April, 1992, and will, accordingly, apply in relation to assessment year 1992-93 and subsequent years.

The tax concession under section 80HHD is available for the assessment year 1989-90 and subsequent years. One of the conditions for availing the deduction under this section is that the business of a hotel or a tour operator is approved by the prescribed authority for the purposes of this tax concession. Since the Directorate General of Tourism was notified as prescribed authority only with effect from 30th November, 1989, the hotels and the tour operators, otherwise eligible for the tax concession, could not be approved for the purposes of the tax concession from a date prior to the notification of the Directorate General of Tourism as the prescribed authority. As a result, many a hotels and tour operators had been denied this concession for the assessment years 1989-90 and 1990-91.

With a view to correcting this situation, it is proposed to amend section 80HHD of the Income-tax Act to provide that a hotel or a tour operator approved by the prescribed authority between 30th November, 1989 and 1st October, 1991 will be deemed to have been approved by the authority for the purposes of section 80HHD in relation to assessment years 1989-90, 1990-91 and 1991-92 if the business of the hotel or of the tour operator existed during the previous year relevant to any of these assessment years.

The proposed amendment will take effect from the 1st day of October, 1991. *[Clause 29]*

Amendment to the provisions which empower the Board to relax the effect of provisions of certain sections

50. Under the existing provisions of clause (a) of sub-section (2) of section 119 of the Income-tax Act, the Board is empowered to relax, by issue of general or special orders, the provisions of certain sections of the Act relating to assessment and collection of revenue in

respect of any class of incomes or class of cases. The provisions of sub-section (1A) of section 201 relating to charge of mandatory interest for defaults in deduction of tax at source or payment of such tax, section 211 relating to instalments of advance tax and due dates for payment thereof and section 234C relating to charge of mandatory interest for deferment of advance tax may sometimes need relaxation. At present, it is not possible for the Board to relax these provisions.

Therefore, the Bill seeks to incorporate a reference to sub-section (1A) of section 201, sections 211 and 234C in clause (a) of sub-section (2) of section 119 so that the Board is empowered to relax the provisions of these sections applicable to any class of incomes or class of cases.

This amendment will take effect from 1st April, 1991.

The existing provisions of sub-section (2) of section 119 of the Income-tax Act do not empower the Board to relax the requirements contained in any of the provisions of Chapter IV (Computation of total income) and Chapter VI-A (Deductions to be made in computing total income) for claiming deductions thereunder, in cases of genuine hardship.

The Bill, therefore, seeks to empower the Board to relax any of the provisions of chapter IV or chapter VI-A of the Act, if it considers it desirable or expedient so to do for avoiding genuine hardship in any case or class of cases. However, this can be done only by a general or special order and for reasons to be specified therein. The said order can be made by the Board only if the default has been due to circumstances beyond the control of the assessee and the assessee has complied with the requirement before the completion of assessment in relation to the previous year in which such deduction is claimed. A copy of the order issued is also required to be laid before each House of Parliament.

This amendment will take effect from 1st October, 1991. *[Clause 41]*

Modification of the provisions of sub-section (8A) of section 132 of the Income-tax Act

51. The existing provisions of sub-section (8A) of section 132 of the Income-tax Act provide that the authorised officer can extend the operation of the prohibitory order made under sub-section (3) of section 132 with the approval of the Commissioner.

In a majority of the cases, searches under the Income-tax Act are authorised by the Directors of Income-tax(Investigation). The Bill, therefore, seeks to provide that the said prohibitory order can also be extended with the approval of the Director.

Similar amendment has been proposed to the coresponding provisions in sub-section (6A) of section 37A of the Wealth-tax Act. Further, reference to the expression "Chief Commissioner" therein is also proposed to be deleted.

These amendments will take effect from 1st October, 1991. *[Clauses 42 and 80]*

Modification of provisions relating to furnishing of returns of income

52. Sub-section (10) of section 139 of the Income-tax Act, which was inserted with effect from 1st April, 1986, provides that a return of income which shows total income below the maximum amount not chargeable to tax is deemed as never to have been furnished, with certain exceptions. The insertion of the aforesaid sub-section has created certain anomalies. For example, furnishing of evidence along with the return of income is a necessary condition for claiming exemption from tax or deduction from gross total income in a number of provisions of the Income-tax Act. However, if as a result of such claims, the returned income falls below the taxable limit, the return becomes *non est* and such claims cannot be verified by the Assessing Officer. This provision has also disturbed the continuity of assessment records in certain cases.

Therefore, the Bill seeks to omit sub-section (10) of section 139 of the Income-tax Act.

This amendment will take effect from 1st April, 1991 and will be applicable to the assessment year 1991-92 and subsequent years. *[Clause 43]*

Extending the period of limitation for the service of notice under sub-section (2) of section 143 of the Income-tax Act

53. Under the existing provisions of section 143 of the Income-tax Act relating to the assessment procedure, no notice under sub-section (2) thereof can be served on the assessee after the expiry of the financial year in which the return is furnished or the expiry of six months from the end of the month in which the return is furnished, whichever is later.

It is felt that the aforesaid period of limitation for the service of a notice under sub-section (2) of section 143 does not allow sufficient time to the Assessing Officers to select returns for scrutiny before assessment. The Bill, therefore, seeks to provide that the notice under sub-section (2) of section 143 can be served on the assessee within twelve months from the end of the month in which the return is furnished.

Similar amendments have been proposed to the corresponding provisions in section 16 of the Wealth-tax Act and section 15 of the Gift-tax Act.

These amendments will take effect from 1st October, 1991. *[Clauses 45, 72 and 84]*

Provision for enlarging the scope of the revisional jurisdiction of Commissioner of Income-tax

54. Under section 143 of the Income-tax Act, the Assessing Officer may make adjustment to the returned income with a view to—

(i) rectifying any arithematical error;

(ii) allowing any deduction, allowance etc., prima facie admissible but not claimed; and

(iii) disallowing any deduction, allowance etc. claimed but prima facie inadmissible.

Whenever any such adjustment is made to the returned income the Assessing Officer is required to send an "intimation" to the taxpayers. The taxpayers have no remedy against such adjustment, except to apply for rectification of any mistake in the " intimation".

With a view to providing avenue for redressal of taxpayers' grievance, the Bill seeks to amend section 143 of the Income-tax Act in order to bring an intimation within the ambit of section 264 which empowers the Commissioner of Income-tax to exercise his revisional jurisdiction.

Similar amendments have been proposed to the corresponding provisions in section 16 of the Wealth-tax Act and in section 15 of the Gift-tax Act.

These amendments will take effect from 1st October, 1991. *[Clauses 45, 72 and 84]*

Modification of provisions relating to time limit for completion of assessments and reassessments

55. Under the existing provisions of Explanation 1 to section 153 of the Income-tax Act, the period relating to certain contingencies specified therein is to be excluded while computing the period of limitation laid down in sub-sections (1), (2) and (2A) of the said section for completion of assessments and reassessments etc. In certain cases, the proceedings are stayed by the order or injunction of a court when only a few days are left within the normal operation of the rule of limitation. In such cases, on vacation of the stay, the remaining period available to the Assessing Officer for completing assessment etc. is not sufficient for consideration of the various issues involved in the assessment, as continuity in assessment proceedings is broken by the stay. This also applies to other cases where the time available, after the exclusion of the periods on account of the contingencies specified in the Explanation, for completion of assessments or reassessments etc. is very short. Therefore, the Bill seeks to amend Explanation 1 to section 153 of the Income-tax Act to provide therein that where immediately after the exclusion of the time or period mentioned in the Explanation, the remaining period of limitation referred to in sub-sections (1), (2) and (2A) for completing assessments or reassessments etc. is less than sixty days, such remaining period shall be extended to sixty days and the aforesaid period of limitation shall be deemed to be extended accordingly.

Similar amendments have been proposed to the corresponding provisions in section 17A of the Wealth-tax Act and in section 16A of the Gift-tax Act.

These amendments will take effect from the date on which this Bill receives the assent of the President.

[Clauses 46,73 and 85]

Removal of hardship in provisions relating to rectification in respect of foreign exchange earnings

56. Under the provisions of section 80-O of the Income-tax Act, an assessee deriving income by way of royalty, commission, fees etc. is entitled to a deduction, in computing its taxable income, of an amount equal to 50 per cent. of such income provided such income is received in, or brought into, India in convertible foreign exchange.

Since, in some cases, delay in remitting the foreign exchange income to India is unavoidable, a provision was made in section 155(12) of the Income-tax Act enabling rectification of an assessment where deduction under section 80-O was denied on the ground that income otherwise qualifying for deduction had not been received in India in convertible foreign exchange. Under this provision, the assessment order could be rectified within a period of 4 years from the date on which the qualifying income was received.

Through the Finance Act, 1987, certain amendments were made in section 80-O under which the Chief Commissioner or Commissioner is authorised to grant extension of time for bringing in the foreign exchange into India if he is satisfied that the taxpayer was prevented by reasons beyond his control from bringing the income within specified time. As a consequence, section 155 (12) was deleted with effect from 1st April, 1988. An unintended effect of these changes has been that taxpayers who were denied the benefit of section 80-O for any of the assessment years upto assessment year 1987-88 on the ground that qualifying income was not received in convertible foreign exchange during the relevant previous year would lose the benefit even though the qualifying income is brought into India at a subsequent date and the delay in the remittance was for reasons beyond their control.

With a view to removing this anomaly, it is proposed to insert a new sub-section (11) in section 155 of the Income-tax Act to enable rectification of an assessment for assessment year 1987-88 or any earlier assessment year where deduction under section 80-O has been denied only on the ground that income otherwise qualifying for deduction had not been received in convertible foreign exchange during the relevant previous year and such income is so received at a subsequent date. The Assessing Officer will have the power to modify the assessment at any time within the period of 4 years from the end of the previous year in which the qualifying income is received in or brought into India in convertible foreign exchange. In computing this period of 4 years, the period between 1.4.1988 and 30.9.1991, during which the power to rectify was not available, will be excluded.

The proposed amendment will take effect from 1st October,1991.

[Clause 47]

Provision of enabling powers to the Central Government to authorise deduction of income-tax at source at a lower rate on income from interest on securities in the case of scheduled banks

57. Under the provisions of section 193 of the Income-tax Act, income-tax is deductible at source on income by way of interest on securities, either at the time of credit to the account of the payee or at the time of payment thereof in cash or by issue of a cheque etc., whichever is earlier, at the rates in force.

The scheduled banks are required to invest a sizeable portion of their funds in various Government securities. Representations have been received that certain scheduled banks have been put to considerable hardship as a substantial portion of their funds gets blocked in the form of tax deducted at source which is far in excess of their ultimate tax liability. On the other hand, the Government has to pay interest at the rate of 18 per cent per annum on the amount of such excess from the beginning of the assessment year till the refund is granted. In view of the aforesaid, the Bill seeks to amend section 193 of the Income-tax Act to provide that in the case of a scheduled bank, if the Central Government is satisfied that the total income of the bank justifies deduction of income-tax at a rate lower than the rate in force, it may, by notification in the Official Gazette, specify the rate at which deduction of income-tax is to be made in respect of such bank. The notification issued by the Central Government shall, at any one time, have effect for a maximum of three assessment years. The expression "scheduled bank" is being defined for the purposes of this section.

This amendment will take effect from 1st October, 1991.

[Clause 49]

Interest for deferment of advance tax

58. Section 234C provides for furnishing of interest at the rate of 1.5 per cent. per month or part thereof in the case of shortfall in payment of advance tax instalment. Opinion has been expressed that shortfall in payment of advance tax instalment does not include non-payment of advance tax and hence the aforesaid provisions would not apply in cases where no advance tax is paid.

The Bill, therefore, seeks to make a clarificatory amendment to the effect that the provisions of sub-section (1) of section 234C shall apply even in cases where no advance tax has been paid by the assessee who is liable to pay such tax during the financial year.

This amendment will take effect retrospectively from 1st April, 1989.

[Clause 61]

Modification of the provisions relating to interest on refunds

59. Under the existing provisions of section 244A of the Income-tax Act relating to interest on refunds, the rate of interest payable by the Government is one and one-half per cent for every month or part of a month.

The Bill seeks to reduce the aforesaid rate of interest from one and one-half per cent. to one per cent.

Similar amendments have been proposed to the corresponding provisions in section 34A of the Wealth-tax Act and section 33A of the Gift-tax Act.

These amendments will take effect from 1st October, 1991. *[Clauses 62,78 and 87]*

Provision for constitution of Special Benches of the Settlement Commission

60. Under the existing provisions of section 245BA of the Income-tax Act, a Bench of the Income Tax Settlement Commission is to consist of three Members which, in certain circumstances, may function even with two Members. At present, the Income Tax Settlement Commission is functioning through four Benches, i.e., the principal Bench at Delhi and the additional Benches at Bombay, Calcutta and Madras. There can be cases when the two Benches of Settlement Commission may hold contrary views on a particular issue. Such a situation needs to be avoided in order to provide uniform treatment to the taxpayers who approach the Commission for settlement of their cases. The Bill, therefore, seeks to amend section 245BA of the Income-tax Act to provide therein that the Chairman of the Income Tax Settlement Commission, may, for the disposal of any particular case, constitute a Special Bench consisting of more than three Members.

Similar amendment is proposed to the corresponding provisions in section 22BA of the Wealth-tax Act.

These amendments will take effect from 1st October, 1991. *[Clauses 63 and 75]*

Modification of the provisions of section 245D regarding procedure on receipt of an application under section 245C for settlement of cases

61. Under the existing provisions of sub-section (1) of section 245D of the Income-tax Act, the Settlement Commission, on receipt of an application under section 245C, has to call for a report from the Commissioner and on the basis of the materials contained in such report and having regard to the nature and circumstances of the case etc., the Settlement Commission may allow the application to be proceeded with or reject the application. Further, sub-section (1A) of section 245D provides for filing of objection by the Commissioner against proceeding with the application made under section 245C.

The above provisions cause delay, at times, in the disposal of applications filed before the Settlement Commission under section 245C. In order to expedite the disposal of such applications, the Bill seeks to provide that the Commissioner shall furnish the report within a period of six months of the receipt of communication from the Settlement Commission in case of all applications made under section 245C on or after the date on which the Finance (No.2) Bill, 1991, receives the assent of the President and if the Commissioner fails to furnish the report within the said period, the Settlement Commission may make the order on the application without such report. The Bill also seeks to omit the provisions relating to filing of objection by the Commissioner against proceeding with the application made under secton 245C.

Similar amendment has been proposed to the corresponding provisions in section 22D of the Wealth-tax Act.

These amendments will take effect from the date on which the Finance (No. 2) Bill, 1991 receives the assent of the President.

[Clauses 64 and 76]

Modification of the provisions regarding the service of the orders of the Appellate Tribunal

62. Under the existing provisions of sub-section (3) of section 254 of the Income-tax Act, the Appellate Tribunal has to send a copy of any order passed by it to the Commissioner or Chief Commissioner. On the other hand, section 256 of the Income-tax Act provides that a Commissioner may, within sixty days of receipt of the order of the Appellate Tribunal, by an application, require the Tribunal to refer to the High Court any question of law arising out of such order.

The reference to Commissioner as well as Chief Commisioner in the provisions of sub-section (3) of section 254 has resulted in some of the reference applications filed by the Department under section 256 being held as time barred by the Appellate Tribunal. This is because the Appellate Tribunal, in these cases, has reckoned the period of filing the applications from the date of the service of the order on the Chief Commisioner and not the concerned Commissioner.

The time lag between the receipt of the order of the Appellate Tribunal by the Chief Commissioner and the concerned Commissioner is unavoidable, especially in mofussil charges where the office of the Chief Commissioner is situated at a place other than that of the Commisioner. Therefore, the Bill seeks to omit reference to the expression "Chief Commissioner" in the aforesaid sub-section.

This amendment will take effect from the date on which this Bill receives the assent of the President. *[Clause 65]*

Modification of provisions for levy of penalties for certain defaults

63. Section 272A of the Income-tax Act contains provisions for levy of penalty for various defaults, including for failure to furnish returns or statements etc. Under the existing provisions of this section, penalty is provided for failure to furnish in due time returns regarding tax deducted at source mentioned in section 206 and for failure to furnish certificate of tax deducted at source as required by section 203.

Section 206C of the Income-tax Act contains provisions for the collection of tax at source relating to profits and gains from the business of trading in alcoholic liquor, forest produce, etc. Sub-section (5) thereof provides that the person collecting such tax has to furnish to the buyer of goods, i.e., the person on whose behalf the collection of tax is made, a certificate specifying the particulars of tax collected within ten days of such collection. Further, sub-section (5A) of section 206C provides for the furnishing of the half-yearly returns of the tax collected for the period ending on 30th September and 31st March of the financial year, within one month from the said dates, to the prescribed income-tax authorities. However, no penalty has been provided in the Income-tax Act in the event of failure of a person to comply with the requirements of the aforesaid provisions of section 206C. Such a penalty is essential to enforce compliance with these provisions.

The quantum of penalty for cases in which default is of continuous nature is provided in sub-section (2) of section 272A. The minimum and maximum penalty is prescribed at the rate of Rs.100 and Rs.200 for every day during which the default continues. Representations have been received that the aforesaid provision creates hardship in cases where the amount of tax deductible for which the return under section 206 is to be furnished is very small and the return could not be furnished in time for various reasons.

The Bill, therefore, seeks to amend section 272A of the Income-tax Act to,-

(a) provide for levy of penalty for failure to furnish the certificate and the return required by section 206C, and

(b) provide that the amount of penalty leviable for failure to furnish returns under sections 206 and 206C shall not exceed the amount of tax deductible/collectible for which such returns are required to be furnished.

These amendments will come into force with effect from 1st October, 1991. *[Clause 66]*

Modification of the provisions relating to the power to reduce or waive penalty, etc., in certain cases

64. Under the existing provisions of sub-section (3) of section 273A of the Income-tax Act relating to powers to reduce or waive penalty, etc., in certain cases, where an order has been made under sub-section (1) in favour of any person, whether such order relates to one or more assessment years, he shall not be entitled to any relief under the said section in relation to any other assesment year at any time after the making of such order.

In order to provide one more opportunity to the taxpayers who have already availed the relief under this section to disclose fully their income, the Bill seeks to provide that a person in whose favour an order has been made under sub-section (1) of section 273A relating to one or more assessment years on or before the 24th day of July, 1991, shall be entitled to further relief only once under this section in relation to other assessment year or years at any time after the making of such order.

Similar amendment has been proposed to the corresponding provisions in section 18B of the Wealth-tax Act.

These amendments will take effect from the date on which the Finance (No.2) Bill, 1991 receives the assent of the President.

[Clauses 67 and 74]

Modification of provisions relating to offences and prosecutions

65. Under the existing provisions of sub-section (1) of section 279 of the Income-tax Act, a Director General or a Chief Commissioner or a Commissioner or a Commissioner(Appeals) or an appropriate authority may authorise launching of prosecution. By administrative orders of the Board, the functions of the Chief Commissioner, the Director General and the Commissioner have been clearly demarcated. In order to give effect to this, the Bill seeks to provide that prosecution proceedings shall be launched with the previous sanction of the Commissioner or Commissioner(Appeals) or appropriate authority. It is also being provided that the Chief Commissioner or, as the case may be, Director General may issue such instructions or directions to the aforesaid income-tax authorities as he may deem fit in relation to initiation of such proceedings.

Under the existing provisions of sub-section (2), any offence under Chapter XXII, either before or after the institution of proceedings, may be compounded by -

(i) the Board or a Chief Commissioner or a Director General authorised by the Board in this behalf in a case where the prosecution would lie at the instance of the Commissioner(Appeals) or the appropriate authority, and

(ii) Chief Commissioner or Director General or Commissioner, in any other case.

As the Board has been issuing instructions from time to time laying down guidelines for compounding the offences for the benefit of the other income-tax authorities, and the Chief Commisioner and the Director General exercise supervisory control over the technical functions of the officers of the rank of Commissioners, the Bill seeks to provide for the compounding of all the offences under Chapter XXII, either before or after the institution of proceedings, by the Board or a Chief Commissioner or a Director General.

Similar amendments have been proposed to the corresponding provisions of section 35-I in the Wealth-tax Act and section 35 in the Gift-tax Act.

The aforesaid amendments will take effect from 1st October, 1991.

As stated above, the Board has been issuing instructions laying down guidelines for compounding the offences, on uniform basis, for the benefit of other income-tax authorities, by virtue of sub-section (1) of section 119 of the Income-tax Act. It has also been specified in these instructions that compounding of an offence by these authorities will be done only with the previous approval of the Board. In a judicial pronouncement, it has been held that the Board cannot restrict the statutory powers of the Commissioner under sub-section (2) of section 279 by issuing instructions to the effect that the previous approval of the Board has to be obtained.

The Bill seeks to make a clarificatory amendment to the effect that the powers of the Board to issue orders, instructions or directions to other income-tax authorities shall include and shall be deemed always to have included the powers to issue instructions or directions (including instructions or directions to obtain the previous approval of the Board) to other income-tax authorities for the proper composition of offences under section 279.

Similar amendments are proposed to the corresponding provisions of section 35-I in the Wealth-tax Act and section 35 in the Gift-tax Act

These amendments will take effect retrospectively from 1st April, 1962, that is to say, the date of commencement of the Income-tax Act, 1961. *[Clauses 68,79 and 88]*

REMOVAL OF ANOMALIES

66. (a) **Amendment of clause (29C) of section 2 and sub-section (1A) of section 161 of the Income-tax Act:-** Sub-section (1A) of section 161 provides that where the income of a trustee consists of, or includes profits and gains of business, income-tax shall be charged on the whole of the income at the maximum marginal rate. The Explanation below sub-section (1A) states that the term "maximum marginal rate" shall have the meaning assigned to it in Explanation 2 to section 164. The latter Explanation has been omitted with effect from 1st April, 1989 and instead, a definition of the term "maximum marginal rate" has been inserted in clause (29C) of section 2 from the said date. Therefore, as the Explanation to sub-section (1A) of section 161 has become redundant, it is proposed to omit the same.

It is also proposed to amend clause (29C) of section 2 relating to definition of the term "maximum marginal rate", to provide that this term will also mean the rate of income-tax applicable in relation to the highest slab of income in the case of an association of persons or body of individuals. The proposed amendment is consequential to the omission of Explanation to sub-section (1A) of section 161 and the earlier omission of Explanation 2 to section 164 by the Direct Tax Laws (Amendment) Act, 1987.

(b) **Amendment of section 140A of the Income-tax Act:-** Under the existing provisions of sub-section (1) of section 140A relating to payment of self-assessment tax etc., an assessee is required to pay the tax payable on the basis of the return before filing the return, after taking into account the taxes already paid. With effect from 1st April, 1989, section 142 of the Income-tax Act was amended to provide that a notice thereunder can be served on the person, who has not made a return within the time allowed under sub-section (1) of section 139, to furnish a return of his income or the income of any other person in respect of which he is assessable under the Act. The provisions of section 140A of the Income-tax Act are intended to cover all the returns filed under the Income-tax Act. Therefore, it is proposed to amend sub-section (1) of section 140A to insert therein a reference to the returns furnished under section 142 of the Act.

(c) **Amendment of section 206 of the Income-tax Act:-** The provisions of section 206 provide that the person responsible for deducting income-tax under Chapter XVII of the Act is to prepare, within the prescribed time after the end of each financial year, and deliver or cause to be delivered the return of such tax deduced at source to the prescribed income-tax authority. Certain doubts were raised on account of the aforesaid language of this section that the prescribed time limit is relateable to the preparation of the return and not its delivery to the prescribed income-tax authority. In order to set these doubts at rest, it is proposed to amend section 206 to clarify that the returns under that section are to be prepared and delivered to the prescribed income-tax authority within the time prescribed after the end of each financial year.

(d) **Amendment of section 27 of the Wealth-tax Act and section 26 of the Gift-tax Act:-** Under the existing provisions of section 27 relating to reference to High Court, a reference application can be filed for statement of a case to the High Court with regard to the orders made by the Appellate Tribunal under section 24 or section 26 of the Wealth-tax Act. The Appellate Tribunal can also rectify any of its order passed under section 24, in view of the provisions of clause (e) of sub-section (1) of section 35. Such an order also needs to be brought within the ambit of section 27. Therefore, section 27 of the Wealth-tax Act is proposed to be amended for inserting a reference therein to an order made under clause (e) of sub-section (1) of section 35. Similar amendment has been proposed to the corresponding provisions in section 26 of the Gift-tax Act.

The amendments to clause (29C) of section 2 and sub-section (1A) of section 161 of the Income-tax Act will take effect from 1st April, 1991. The amendments to section 140A and section 206 of the Income-tax Act, section 27 of the Wealth-tax Act and section 26 of the Gift-tax Act will take effect from the date on which this Bill receives the assent of the President. *[Clauses 3, 44, 48, 60, 77 and 86]*

WEALTH TAX

Exemption from Wealth tax in respect of deposits held by Hindu undivided family etc. in accounts under Public Provident Fund Scheme

67. Under the Public Provident Fund Scheme, as formulated in 1968, only individuals could contribute to the Public Provident Fund. Under an amendment made to section 80C of the Income-tax Act by the Finance Act, 1968, such contributions were eligible for deduction under that section relating to deduction in respect of savings. The amount standing to the credit of a taxpayer's account in the Public Provident Fund was also excluded from the net wealth under section 5 (1) (xviia) of the Wealth-tax Act.

Hindu undivided families and associations of persons or bodies of individuals consisting only of husband and wife governed by the Portugese Civil Code were made eligible to contribute in the Public Provident Fund in 1983. With a view to extending to these categories of taxpayers the same concession as were available to individuals, the Finance Act, 1983 had amended section 80C of the Income-tax Act. Corresponding amendment to section 5 (1) (xviia) of the Wealth-tax Act had, however, remained to be made. As a result, while all categories of persons who are permitted to contribute to the Public Provident Fund enjoy the same tax benefit under the Income-tax Act, the amounts standing to the credit of a contributor to the Public Provident Fund is exempt from wealth-tax only in the case of individuals but not in other cases.

With a view to removing this anomaly, it is proposed to amend section 5 (1) (xviia) of the Wealth-tax Act to provide exemption from wealth-tax in respect of deposits under the Public Provident Fund held by Hindu undivided families and associations of persons or bodies of individuals consisting only of husband and wife governed by the Portugese Civil Code.

This amendment will apply retrospectively from 1st April, 1984, the date from which the corresponding conesssion under the Income-tax Act was made applicable to these categories of taxpayers. *[Clause 71]*

Modification of the provisions relating to levy of wealth-tax in the case of closely held companies

68. Under the provisions of section 40 of the Finance Act, 1983, wealth-tax at the rate of 2 per cent. is levied in the case of closely held companies on the net value of certain unproductive assets. The value of these assets, for the purpose of levy of wealth-tax, is determined at the price which in the opinion of the Wealth tax Officer or the Valuation Officer these assests would fetch if sold in the open market. This provision was made on the same lines as in the then existing provisions in section 7 of the Wealth-tax Act relating to valuation of assets. The Direct Tax Laws (Amendment) Act,1989, however, substituted section 7 of the Wealth-tax Act by a new section under which the value of an asset is determined in accordance with rules of valuation laid down in Schedule III of Wealth-tax Act.

It is proposed to amend section 40 of the Finance Act, 1983, to bring the provisions relating to valuation of assets for the purposes of levy of wealth-tax in the case of closely held companies, in line with the provisions relating to valuation of assets in other cases under the Wealth-tax Act.

Under the existing provisions, land held for industrial use by closely held companies is not charged to wealth tax for a period of two years. This concession has been provided on the consideration that it is generally not feasible to commence construction of a factory building soon after the acquisition of land for that purpose.

On a parity of reasoning, it is proposed to exempt from wealth tax the value of any land held for constructing a hotel which remains unused for a period of two years from the date of acquisition.

These amendments will take effect from 1st April,1991 and will accordingly, apply in relation to the assessment year 1991-92 and *subsequent years.*

[Clause123]

GIFT TAX

Rationalisation of the provisions relating to deemed gifts

69. Under the existing provisions of section 4(1)(a) of the Gift-tax Act, where a property is transferred otherwise than for adequate consideration, the amount by which the market value of the property on the date of transfer exceeds the value of the consideration is deemed to be a gift made by the transferor.

Since, for the purposes of valuation of gifts, the concept of "market value" has now been replaced by rules contained in Schedule II to the Gift-tax Act for determining the value of each category of gifted assets, it is proposed to amend section 4(1)(a) so that deemed gift shall now be an amount by which the value of the transferred property determined in the manner laid down in Schedule II exceeds the value of the consideration.

This amendment will take effect from 1st April, 1992 and will, accordingly, apply in relation to the assessment year 1992-93 and subsequent years.

[Clause 82]

Incentive for Investment in NRI Bonds

70. Under the existing provisions of section 5(1)(iiie) of the Gift- tax Act, gifts made by non-resident Indians, to any relative, of NRI bonds specified in section 10(15)(iid) of the Income-tax Act, 1961, are exempt from Gift- tax. Such bonds are to be notified by the Central Government for the purposes of exemption. One of the conditions for exemption in respect of such bonds is that the gift should be made after a period of three years from the date of purchase.

To make the new issues of NRI bonds more attractive, it is considered necessary to do away with the conditions that the gift should be made to a relative and that it should be made after a period of three years from the date of purchase. Accordingly, it is proposed to amend the said section 5(1)(iiie) to omit both these conditions.

This amendment will take effect from 1st April, 1991 and will accordingly, apply in relation to the assessment year 1991-92 and subsequent years.

[Clause 83]

EXPENDITURE TAX

Extension of the scope of expenditure tax

71. Under the existing provisions of the Expenditure-tax Act, 1987 a tax at the rate of 20 per cent is levied on expenditure incurred in certain hotels. This tax is charged on expenditure on accommodation, food or drink, and other services incurred in a hotel where the room charge for any unit of accommodation is Rs 400 or more per day per individual.

As a further measure for discouraging ostentatious and wasteful expenditure, it is proposed to extend the scope of expenditure-tax to expenditure incurred in restaurants which are either approved by the Department of Tourism or have any three of the following four facilities:-

(i) air-conditioning;

(ii) two or more seperate cloak rooms;

(iii) telephone;

(iv) deep freezing or cold storage facility

It is proposed to levy tax of 15 per cent. on expenditure incurred in, or any payment made to, such restaurant in connection with the provision of food or drink by the restaurant, whether inside or outside, or by any other person in the restaurant. The proposed tax will, however, not be levied on expenditure incurred by diplomatic personnel and others enjoying diplomatic immunities.

The tax will be collected by the person providing the services at the restaurant. He will be required to pay the tax to the credit of the Central Government on the 10th of every month.

The existing provisions relating to filing of return, assessment, penalty for failure to collect or pay tax will apply to the new tax as they apply to the tax on expenditure in hotels.

The proposed amendment to the Expenditure-tax Act will apply in relation to expenditure incurred after the 30th September,1991.

[Clauses 111 to 117]

INTEREST TAX

Revival of the Interest-tax Act, 1974

72. As an anti-inflationary measure, the Bill seeks to revive the levy of interest-tax which was earlier introduced in 1974 and withdrawn in 1978 and again reintroduced in a modified form in 1980 and withdrawn in 1985.

The proposed tax will be levied on the gross interest income of "credit institutions", that is, banks, including co-operative societies engaged in the business of banking, co-operative land mortgage banks and co-operative land development banks; public financial institutions; state financial corporations and financial companies. For this purpose, financial companies will mean companies engaged in the business of hire purchase transactions or financing such transactions; investment companies; house finance companies; companies engaged in the business of providing finance by way of making loans, advances or otherwise, mutual benefit finance companies and companies which carry on business consisting of one or more of the activities referred to above.

The interest income chargeable to tax will include commitment charges and discount on promissory notes and bills of exchange. However, interest on deposits made by a bank with the Reserve Bank of India under section 42(1B) of the Reserve Bank of India Act and discount on treasury bills will not form part of the chargeable interest.

Interest earned by a credit institution on loans and advances made to another credit institution will also not form part of the chargeable interest.

The proposed tax will be levied on interest income accruing or arising to a credit institution on or after 1st October, 1991.

The rate of tax will be three per cent. of the gross amount of interest received by the credit institution.

Interest-tax levied under the Interest-tax Act will be allowed as a deduction in computing the income of the credit institution chargeable to income-tax under the head "Profits and gains of business or profession".

It is proposed to provide that the credit institutions will pay interest-tax in advance during the financial year immediately preceding the relevant assessment year. The due dates for payment of instalments of advance interest-tax and the amount payable as advance interest-tax, are similar to the corresponding provisions in the Income-tax Act, which will be as under:

Due date of instalment	Amount payable
On or before 15th September	not less than 20% of interest- tax. payable in advance.
On or before 15th December	not less than 50% of interest-tax payable in advance as reduced the amount already paid.
On or before 15th March	whole of interest- tax payable in advance as reduced by the amount already paid.

The Income-tax authorities will also perform the function as interest-tax authorities and they shall exercise powers and perform functions and will be subject to control as income-tax authorities are under the corresoponding provision in the Income-tax Act.

Credit institutions will be required to file return of chargeable interest by 31st December of the relevant assessment year.

The procedure for assessment, payment of tax on self-assessment, time given for completion of assessment and re-assessment, payment of interest for default in furnishing return of interest-tax, for default in payment of interest-tax in advance and for deferment of tax payable in advance are, more or less, on the same lines as in the corresponding provisions of the Income-tax Act.

It is also proposed to provide that in cases of concealment of interest or of furnishing inaccurate particulars of interest will attract penalty of amount equal to interest-tax sought to be evaded but which may extend upto three time of such amount.

It is also proposed to provide for prosecution for making false statement in any verification or document, for wilful attempt to evade tax, and for abetment of these offences. It is proposed to provide rigorous imprisonment of not less than three month but which may extend upto 7 years and with fine for these offences.

These amendments will take effect from 1st October, 1991. *[Clauses 89 to 110]*

CUSTOMS

(Effective from 25.7.91 unless otherwise stated)

The proposals include the following :-

Estimated net revenue effect in one full year *(Rs. in lakhs)*

A. GENERAL

1. *The First Schedule to the Customs Tariff Act, 1975 is being amended vide clause 119 read with the Second Schedule of the Bill to give effect to the Budget proposals relating to the Union Customs Duties.*

B. **Proposals** involving changes in rates of duty, whether by amendment of tariff rates or by notifications.

1.	Additional (countervailing) duty of customs due to the increase in Special Excise duty rates.	(+)	6000
2.	Reduction in auxiliary duty rates by 10% *ad valorem* in cases where the rates had gone up generally by 20% *ad valorem* on 15.12.1990.	(-)	40000
3.	Reduction in the total of *ad valorem* rates of basic and auxiliary duties of customs to the level of 150% where such rates are in excess thereof (except on alcoholic beverages and baggage).	(-)	13200
4.	Reduction in import duty on Magnesia-chrome sinters, Magnesia-lime sinters and Magnesia- alumina sinters from 120% (basic + auxiliary) to 70% *ad valorem* (basic + auxiliary).	(-)	214
5.	Reduction in import duty on Chromite ore of given specifications from 90% (basic + auxiliary) to 70% *ad valorem* (basic + auxiliary).	(-)	34
6.	Reduction in import duty on : (a) Zirconium oxide and Yttrium oxide for the manufacture of raw cubic Zirconia from 154.65% to 40% *ad valorem* (total); (b) granulated silver oxide for the manufacture of button cells from 110% (basic + auxiliary) to 65% *ad valorem* (basic + auxiliary); and (c) Silicon carbide for the manufacture of crucibles from 70% (basic) to 35% *ad valorem* (basic).	(-)	190
7.	Prescribing concessional rate of basic customs duty of 45% *ad valorem* on specified drug intermediates.	(-)	750
8.	Reduction in import duty on : (a) Ethylene from 20% (basic) to 10% *ad valorem* (basic); (b) specified drug intermediates to 60% *ad valorem* (basic + auxiliary); (c) Thio Cyano Methyl Thio Benzothiazole (TCMTB) and Para Chloro Meta Cresol (PCMC) and formulations containing TCMTB, PCMC or both from154.65% (total) to 50% *ad valorem*(total); (d) specified bulk pesticides from 60% (basic) to 25% *ad valorem* (basic); and (e) specified pesticide intermediates for the manufacture of specified bulk pesticides to 15% *ad valorem* (basic) and also exemption from the whole of countervailing duty.	(-)	3603
9.	Reduction in import duty on fused magnesia from 120% (basic+ auxiliary) to 70% *ad valorem* (basic + auxiliary).	(-)	100
10.	Reduction in import duty on : (a) Polypropylene and copolymers of Propylene from Rs. 5000 per tonne (basic) + 50% *ad valorem*(auxiliary) to 50% *ad valorem* (total), imported for use in aseptic packaging of pharmaceuticals; (b) Polyurethane film/foil for leather industry and Polyols for the manufacture of polyurethane soles from 150%(basic + auxiliary) to 40%*ad valorem*(basic + auxiliary); and (c) Isocyanates from 120% (basic + auxiliary) to 40% *ad valorem* (basic + auxiliary) imported for the manufacture of polyurethane soles.	(-)	30
11.	Reduction in auxiliary duty of customs on waste paper, wood in the rough, wood roughly squared and half squared from 25% to 5% *ad valorem.*	(-)	4280
12.	Exemption from whole of the import duty on standard newsprint.	(-)	900
13.	Prescribing a concessional rate of import duty of 60% *ad valorem* (basic + auxiliary) on specified electroplating grade copper sheets imported for the manufacture of black continuously selective coatings for solar energy applications.	(-)	40
14.	Reduction in import duty on : (a) specified projects, general machinery and components by 5% *ad valorem;* (b) specified items of machinery for machine tool, cutting tool, commercial tool room, steel forging and for textile industries from 85% to 50% *ad valorem* (total); (c) specified parts of outboard motors from 114% to 40% *ad valorem* (total); and (d) components required for the manufacture of power transmission system for earth moving machinery, fork lift trucks and locomotives from 85% (basic + auxiliary) to 65% *ad valorem* (basic + auxiliary).	(-)	17875
15.	Extension of the concessional import duty of 40% *ad valorem* (total) for specified items of machinery/equipments required by the leather and sea food industries.	(-)	170
16.	Withdrawal of import duty concession on specified items of machinery covered by the technology upgradation scheme.	(+)	300

No.	Item		Estimated net revenue effect in one full year (Rs. in lakhs)
17.	Reduction in import duty from 60% (basic + auxiliary) to 40% *ad valorem* (basic + auxiliary) on: (a) machinery and its components for the manufacture of fuel injection equipments; (b) specified items of machinery for printing and newspaper industry; and (c) specified machinery for the pharmaceutical industry.		Negligible
18.	Reduction in import duty on specified offset printing machine imported by newspaper establishments from 80% (total) to 60% *ad valorem* (total).		Negligible
19.	I Reduction in import duty from 60% (basic + auxiliary) to 40% *ad valorem* (basic + auxiliary) on : (a) liquid nitrogen plant having capacity upto 10 litres per hour, its accessories and spares for cattle breeding; and (b) specified equipments and chemicals for cattle breeding. II Prescribing concessional import duty of 40% (basic + auxiliary) for six additional equipments/instruments for cattle breeding.	(-)	46
20.	Prescribing a uniform rate of 60% *ad valorem* (total) on specified project imports, tools and dies and capital goods for electronic industry.	(+)	1000
21.	I Prescribing import duty of 40% (total) on wind operated electricity generators and wind operated battery chargers. II Withdrawal of the general exemption for parts and accessories of wind operated electricity generators and battery chargers and restrict full customs duty exemption to specified parts for the manufacture of wind operated electric generators.	(+)	400
22.	Reduction in import duty on: (a) specified components required for the manufacture of arc tubes for High Pressure Sodium Vapour (HPSV) lamps to 65% *ad valorem* (total); (b) specified items of machinery for the modernisation of vegetable oil industry to 70% *ad valorem*(total); and (c) components for specified capital goods for electronic industry to 60% *ad valorem.*	(-)	600
23.	Amendments to specified notifications dealing with import of raw materials, components and capital goods for electronic industry.	(-)	60
24.	I Reduction in import duty on on-line ultra sonic flaw detection machine from 80% (basic + auxiliary) to 50% *ad valorem* (basic+ auxiliary).	(-)	70
	II Enhancement of the duty free limit on imports of photographic goods by accredited cameramen from Rs. 30,000 to Rs. 60,000.	(-)	11
25.	Baggage rules: (a) Increase in the duty free limits of various baggage allowances. (b) Increase in the value limits for bona-fide gifts imported by post.		
26.	Reduction in import duty on : (a) *Jigat* from 60% (basic + auxiliary) to 40% *ad valorem* (basic + auxiliary); and (b) donkey stallions imported for the purpose of breeding mules from 105% (basic + auxiliary) to 40% *ad valorem* (basic + auxiliary)	(-)	79
27.	Exclusion of certain items used in the leather industry from the scope of concessional customs duty of 50% *ad valorem.*	(+)	100
28.	Prescribing a concessional rate of import duty of 40% *ad valorem* on adventure sports equipments subject to certain conditions.		Negligible

The net effect of the proposals in a year is as shown below :

(i)	*Gain in revenue due to increase in import duties*	(+)	7800
(ii)	*Loss of revenue due to reduction in import duties*	(-)	82252
	NET LOSS	**(-)**	**74452**

(Clauses 118 and 119 of the Finance Bill)

ABSTRACT

Chapter No.	Brief Description	Revenue Effect (Rs. in lakhs) (+)	(-)	(Net)
	Additional duty of customs (countervailing duty)	6000	-	6000
	Auxiliary duty of customs	-	40000	-40000
	High duty rated items	-	13200	-13200
25	Chrome, lime & magnesia alumina sinters	-	214	-214
26	Chromite ore	-	34	-34
28	Inorganic chemicals	-	190	-190
29	Organic chemicals	-	4353	-4353
38	Fused magnesia	-	100	-100
39	Plastics	-	30	-30
47	Waste paper, newsprint, etc.	-	5180	-5180
74	Copper	-	40	-40
84	Non-electrical machinery	300	18091	-17791
85	Electrical machinery	1400	660	740
90	Instruments	-	81	-81
	OTHERS	100	79	21
	TOTAL FOR ONE FULL YEAR	**7800**	**82252**	**-74452**
	Net loss for the remaining part (251 days) of the financial year 1991-92	**5349**	**56408**	**-51059**

UNION EXCISE DUTIES

ABBREVIATIONS

B	Basic + Special excise duty	Adv.	Ad valorem
AED	Additional duty in lieu of sales tax	MODVAT	Modified Value Added Tax
AT&T	Additional duty on textiles and textile articles	CE	Central Excises
CET	Schedule to the Central Excise Tariff Act,1985(5 of 1986)	SED	Special excise duty

Unless otherwise indicated, all changes are effective from 25.7.91 and the changes in rates of duty refer only to basic duty.

The proposals include the following :-

Estimated net revenue effect in one full year *(Rs. in lakhs)*

A. GENERAL

1. *The Schedules to the Central Excise Tariff Act, 1985 and the Additional Duties of Excise (Goods of Special Importance) Act, 1957 are being amended vide clauses 120 and 121 read with Fourth and Fifth Schedules of the Bill to give effect to the Budget proposals relating to the Union Excise Duties and to rationalise some of the entries of the Schedules.*

B. **Proposals** involving changes in rates of duty, whether by amendment of tariff rates or by notifications.

1. Increase in Special excise duty rates on all goods from 5% to 10% of basic excise duty except diesel oil and motor cycles including scooters and mopeds *(Continuation of the present exemption of Special excise duty on sugar, coffee, tea, matches, kerosene, vanaspati)*. (+) 95000* (SED)

* **Impact of new SED rates have not been included in the estimated revenue effect shown against the following proposals:—**

2. Exemption from whole of the excise duty on skimmed milk powder, butter, cheese, dried vegetables & dried leguminous vegetables and peel or citrus fruits or melons put up in unit containers, edible fruits and nuts, products of milling industry, malt, starches, etc. and fixed vegetable oils. (-) 4500 (B)
3. Extension of money credit scheme for minor oils to bakery shortening. (-) 25 (B)
4. Exemption from whole of the excise duty on preparations of meat, fish or crustaceans put up in unit containers. Negligible
5. Increase in the effective rates of excise duty on free sale sugar as under :- (+) 5740 (B); (+) 6460 (AED)

	Present	Proposed
	(per quintal)	
BASIC	Rs.24	Rs.34
AED	Rs.26	Rs.37
TOTAL	Rs.50	Rs.71

6. Deletion of khandsari sugar from the Schedule to the Additional Duties of Excise (Goods of Special Importance) Act, 1957. Nil
7. Increase in excise duty on molasses from Rs. 120 per tonne to Rs. 150 per tonne. (+) 1300 (B)
8. Exemption from whole of the excise duty on: (-) 3900 (B)
   (a) jam, jelly, fruit juice and other preparations of vegetables;
   (b) sauces, ketchups, etc.; and
   (c) soya cheese, soya tofu and soya yoghurt,
   put up in unit containers.
9. Increase in excise duty on pan masala: (+) 400 (B)
   (a) not containing tobacco and having a value not exceeding Rs. 75 per kg from Rs. 25 per kg to Rs. 30 per kg.; and
   (b) not containing tobacco and having a value exceeding Rs. 75 per kg from Rs. 50 per kg to Rs. 60 per kg.
10. Extension of MODVAT scheme to aerated waters falling under heading Nos. 22.01 and 22.02 of CET. (-) 1500 (B)
11. Increase in the effective duty rates on cigarettes as indicated below:- (+) 20141 (B); (+) 9859 (AED)

EFFECTIVE RATES
(BASIC + AED)

	Present	Proposed
	(Per thousand cigarettes)	
***Non filter** cigarettes of length*		
Not exceeding 60 mm	Rs.100	Rs.110
Exceeding 60 mm but not exceeding 70 mm	Rs.175	Rs.200

Estimated net revenue effect in one full year (Rs. in lakhs)

EFFECTIVE RATES (BASIC + AED)

	Present	Proposed
	(Per thousand cigarettes)	
Filter cigarettes of length		
Not exceeding 70 mm	Rs.225	Rs.260
Exceeding 70 mm but not exceeding 75 mm	Rs.400	Rs.500
Exceeding 75 mm but not exceeding 85 mm	Rs.550	Rs.675
Exceeding 85 mm	Rs.750	Tariff rate

12. Increase in statutory and effective excise duty rates on Biris as under : (+) 2370 (B); (+) 930 (AED)

STATUTORY RATES

	Present	Proposed
	(Per thousand biris)	
Machine made biris:		
BASIC	Rs.6.30	Rs 7.50
AED	Rs 2.00	Rs 2.50
Hand made biris		
BASIC	Rs 2.85	Rs 7.50
AED	Rs 0.90	Rs 2.50

EFFECTIVE RATES (BASIC + AED)

	Present	Proposed
	(Per thousand biris)	
Machine made biris	Same as statutory rates	
Hand made biris other than paper rolled biris	Rs.3.75	Rs.4.50
Paper rolled biris	Same as statutory rates	

(Duties proposed to be apportioned in the ratio 75 : 25 between Basic and AED as against the existing ratio of 76:24)

No.	Item		Revenue effect	
13.	Exemption from whole of the excise duty on solid fuel briquettes.	(-)	12	(B)
14.	Exemption from whole of the excise duty on soapstone.	(-)	10	(B)
15.	Prescribing excise duty of 15% adv. on Nitric Acid and providing exemption to the same when used for fertilisers.			-
16.	Exemption from whole of the excise duty on : (a) specified pesticide intermediates; (b) organic chemicals falling under Chapter 29 of CET when used captively in the manufacture of bulk drugs, pesticides and fertilisers; (c) phosphogypsum, white phosphorus for manufacture of specified chemicals, oleum (when used in the manufacture of fertilisers) and M.M. monomer (manufactured out of imported duty paid plastic scraps); and (d) five specified formulations for treatment of epilepsy.	(-)	936	(B)
17.	Prescribing excise duty of 5% adv. on specified drug intermediates, namely 6 APA, 7 ACA, 7 ADCA and 7 ACCA.	(-)	100	(B)
18.	I Extension of money credit scheme for eleven specified varieties of minor oils for use in the manufacture of soap	(-)	200	(B)
	II Increase in the amount of money credit from Rs. 640 to Rs. 1,000 per tonne for rice bran oil used for manufacture of soap.	(-)	750	(B)
19.	Increase in the threshold limit of assessable value of soaps for concessional duty of 5% adv. from Rs.12,000 to Rs.15,000 per tonne.		Negligible	
20.	Inclusion of synthetic detergents in the exemption scheme for KVIC and cooperative units in rural areas.	(-)	100	(B)
21.	Withdrawal of concessional rate of excise duty on advertisement shorts and advertisement films.	(+)	100	(B)
22.	I Increase in excise duty on alkyd resins from nil to 20% adv. and multilayered plastic laminated tubes from 15% to 30% adv.	(+)	175	(B)
	II Prescribing excise duty on polyvinyl alcohol from 40% or 20% to 30% adv.			
23.	Reduction in excise duty on gun carriage tyres and tubes of specified sizes to 20% adv.	(-)	3	(B)
24.	Increase in excise duty on base filter paper from nil to 15% adv.	(+)	25	(B)
25.	Reduction in excise duty on diversified jute products containing atleast 35% by weight of jute from Rs.660 to Rs. 330 per tonne.	(-)	30	(B)

		Estimated net revenue effect in one full year (*Rs. in lakhs*)		
26.	I Increase in excise duty on filament yarns :	(+) (+)	546 74	(B) (AT&T)

	Present	*Proposed*
	(per kg.)	
Polypropylene monofilament yarn	NIL	Rs. 12.00
Polypropylene multifilament yarn below 250 deniers	Rs.6.50	Rs.34.00

	II Extension of the MODVAT scheme to man-made fibres and filament yarns falling under heading Nos. 54.01 to 54.07 and 55.01 to 55.03 of CET.	(-) (-)	19360 2640	(B) (AT&T)
27.	Rationalisation of excise duty on blended yarns containing polyester varying from Rs. 3 to Rs. 20 per kg to Rs. 4, Rs. 8 or Rs. 12 per kg depending on the polyester content.	(+) (+)	2023 277	(B) (AT&T)
28.	Exemption from whole of the excise duty on book binding cloth, buckram and similar stiffened textile fabrics falling under heading No. 59.01 of CET.	(-) (-)	48 52	(B) (AED)
29.	Enhancement of the value limit for exemption from excise duty on footwear produced in rural areas by KVIC units etc. from Rs. 100 per pair to Rs. 150 per pair and for other units from Rs. 60 per pair to Rs.75 per pair.	(-)	100	(B)
30.	Prescribing excise duty on rockwool at 15% adv.	(+)	200	(B)
31.	Exemption from whole of excise duty on all articles falling under Chapter 68 of CET and containing more than 25% of fly ash or phosphogypsum or both.	(-)	100	(B)
32.	Reduction in excise duty on unglazed sintered clay tiles from 12% to 10% adv.		Negligible	
33.	Reduction in excise duty on :- (a) all glassware produced by mouth blown process from 30%, 25% or 20% adv. to a uniform level of 15% adv.; and (b) specified tableware namely, jugs, cups, plates, drinking glasses and bowls produced by semi automatic process from 20% to 15% adv.	(-)	50	(B)
34.	Withdrawal of exemption to specified foundry grade iron manufactured by a unit (other than an integrated steel plant using coke as a principal fuel) and prescribing a duty of Rs. 300 per tonne.	(+)	300	(B)
35.	Exemption from whole of excise duty on : (a) energy saving *chulhas*; and (b) table, kitchen or other household articles of stainless steel, copper and aluminium.	(-)	25	(B)
36.	Exemption from whole of the excise duty on specified goods falling under Chapter Nos. 28, 29, 36 and 38 of CET when used in the manufacture of copper concentrates.	(-)	200	(B)
37.	Exemption from whole of excise duty on aluminium doors, windows and their frames and threshold for doors.	(-)	40	(B)
38.	Withdrawal of exemption from excise duty on zinc manufactured by secondary manufacturers.	(+)	400	(B)
39.	Extension of concessional rate of excise duty at 10% adv. for hand tools to parts of specified hand tools.	(-)	50	(B)
40.	Increase in excise duty on gas compressors used in air conditioners of capacity upto 7.5 tonnes from Rs. 4,200 to Rs.6,000 per compressor.	(+)	1080	(B)
41.	Increase in excise duty on air conditioners and refrigerators as indicated below :	(+)	8000	(B)

(a) **Air conditioners**

	Present	*Proposed*
	(per air conditioner)	
Not exceeding 1.5 tonnes	Rs.10,000	Rs.12,000
Exceeding 1.5 tonnes but not exceeding 3 tonnes	Rs.12,000	Rs.15,000
Exceeding 3 tonnes but not exceeding 7.5 tonnes	Rs.21,000	Rs.33,000
Exceeding 7.5 tonnes but not exceeding 10 tonnes	Rs.42,000	Rs.70,000
Exceeding 10 tonnes but not exceeding 15 tonnes	Rs.44,000	Rs.74,000

(b) **Refrigerators**

	Present	*Proposed*
	(per refrigerator)	
Not exceeding 100 litres	Rs.300	Rs.500
Exceeding 100 litres but not exceeding 165 litres	Rs.1,100	Rs.1,500
Exceeding 165 litres but not exceeding 310 litres	Rs.2,800	Rs.3,500
Exceeding 310 litres	Rs.4,200	Rs.5,000

42.	Exemption from whole of the excise duty on : (a) Nickel cylinders for printing when used captively; (b) Nickel as well as Gravure cylinders when used in another factory of the same manufacturer; and (c) briquetting machine required for manufacturing briquettes from agricultural and municipal wastes.	(-)	50	(B)

Estimated net revenue effect in one full year *(Rs. in lakhs)*

43. Increase in statutory and effective excise duty rate on picture tubes and television sets as indicated below: (+) 6000 (B)

STATUTORY RATES

	Present	*Proposed*
TV picture tubes		
Black and white	Rs.300 per tube	Rs.500 per tube
Colour	Rs.1,000 per tube	Rs.2,000 per tube
TV receivers	50% adv.	50% adv. *plus* Rs.800 per set.

EFFECTIVE RATES

	Present	*Proposed*
Picture tubes of TV of screen size		
Black & White		
Not exceeding 15 cms.	Rs.150 per tube	Rs.200 per tube
Exceeding 36 cms.	Rs.150 per tube	Rs.300 per tube
Colour		
Not exceeding 36 cms.	Rs.1,000 per tube	Rs.1,500 per tube
Exceeding 36 cms.	Rs.1,000 per tube	Rs.1,750 per tube
TV receivers of screen size		
Black & White (except combination sets)		
Not exceeding 15 cms.	Rs.200 per set	NIL
Exceeding 36 cms.	Rs.300 per set	NIL
Colour		
Exceeding15 cms. but not exceeding 36 cms.		
without remote control	Rs.1,500 per set	Rs.2,000 per set
with remote control	Rs.1,750 per set	Rs.2,250 per set
Exceeding 36 cms. but not exceeding 55 cms.		
without remote control (other than PIP type)	Rs.2,250 per set	Rs.3,000 per set
with remote control (other than PIP type)	Rs.2,500 per set	Rs.3,250 per set
Picture in picture type(PIP) (with or without remote control)	Rs.4,000 per set	Rs.4,750 per set

44. Increase in excise duty rates on VCR/VCPs as indicated below: (+) 600 (B)

EFFECTIVE RATES

	Present	*Proposed*
VHS VCRs		
without remote control	Rs.2,300 per set	Rs.2,700 per set
with remote control	Rs.2,500 per set	Rs.2,900 per set
VHS VCPs		
without remote control	Rs.1,650 per set	Rs.1,900 per set
with remote control	Rs.1,850 per set	Rs.2,100 per set
Other VCRs/VCPs	25% adv.	30% adv.

45. Prescribing uniform rate of excise duty at 20% adv. as against 15%, 20% or 25% adv. on all audio systems. Negligible

46. Increase in excise duty rates on magnetic tapes as indicated below: (+) 2900 (B)

STATUTORY RATES

	Present	*Proposed*
Unrecorded **audio** tapes	25% adv.+Rs.4 per Sq.m	25% adv.+Rs.8 per Sq.m
Recorded **audio** tapes	30% adv.+Rs.4 per Sq.m	30% adv.+Rs.8 per Sq.m
Unrecorded **video** tapes	25% adv.+Rs.10 per Sq.m	25%adv.+Rs.18 per Sq.m
Recorded **Video** tapes	30% adv.+Rs.10 per Sq.m	30% adv.+Rs.18 per Sq.m

EFFECTIVE RATES

	Present	*Proposed*
Recorded/unrecorded tapes		
audio tapes	Rs. 3.00 per Sq.m	Rs. 5.00 per Sq.m
video tapes	Rs. 10.50 per Sq.m	Rs.15.00 per Sq.m

Estimated net revenue effect in one full year *(Rs. in lakhs)*

EFFECTIVE RATES

	Present	Proposed
Video cassettes		
Unrecorded	Rs.4 per cassette *plus* Rs.10.50 per Sq.m.	Rs.4 per cassette *plus* Rs.15.00 per Sq.m.
Recorded	Rs.5 per cassette *plus* Rs.10.50 per Sq.m.	Rs.5 per cassette *plus* Rs.15.00 per Sq.m.

47.	Exemption from whole of the excise duty on vacuum and gas filled bulbs exceeding 60 watts.	(-)	700	(B)
48.	Increase in the statutory and effective excise duty on motor cars falling under heading No.87.03 and chassis thereof falling under sub-heading No.8706.30 of CET from 50% to 60% adv.	(+)	15000	(B)
49.	Extension of concessional excise duty rate of 15% adv. on two wheelers of engine capacity from 50 cc upto 75 cc.	(-)	300	(B)
50.	Reduction in excise duty on chassis for battery powered road vehicles from 20% to 5% adv.	(-)	25	(B)
51.	Prescribing excise duty on goods cleared from 100% EOUs/EPZs to Domestic Tariff Area (DTA) at 50% of the normal effective rate of import duty leviable on like goods imported subject to minimum of 25% adv. import duty on like goods imported or normal effective excise duty leviable on similar goods manufactured in DTA, whichever is higher.		Negligible	

(Clauses 120 and 121 of the Finance Bill)

ABSTRACT

Chapter No.	Brief Description	Revenue Effect (Rs. in lakhs) (+)	(-)	(Net)
	Special excise duties	95000	-	95000
4	Dairy products	-	2000	-2000
11	Products of milling industry	-	1400	-1400
15	Fixed vegetable oils	-	1125	-1125
17	Sugar and Molasses	13500	-	13500
20	Jam, jelly, fruit juices, etc.	-	1900	-1900
21	Sauces, ketchups and pan masala	400	2000	-1600
22	Aerated waters	-	1500	-1500
24	Cigarettes and biris	33300	-	33300
25	Soapstone	-	10	-10
27	Solid fuel briquettes	-	12	-12
29	Organic chemicals	-	1036	-1036
34	Soap and Synthetic detergents	-	1050	-1050
37	Advertisement shorts and films	100	-	100
39	Plastics	175	-	175
40	Tyres	-	3	-3
48	Paper	25	-	25
53	Jute products	-	30	-30
54,55	Man-made fibres & filament yarns and blended yarns	2920	22000	-19080
59	Stiffened textile fabrics	-	100	-100
64	Footwear	-	100	-100
68	Fly ash & rock wool	200	100	100
70	Glass & glassware	-	50	-50
72,73	Iron & steel	300	25	275
74	Copper	-	200	-200
76	Aluminium frames, doors, etc.	-	40	-40
79	Zinc	400	-	400
82	Parts of Hand tools	-	50	-50
84	Compressors, air-conditioners, referigerators & non-electrical machinery	9080	50	9030
85	Audio systems, magnetic tapes, TVs, VCRs, bulbs, etc.	9500	700	8800
87	Motor vehicles	15000	325	14675
	TOTAL	**179900**	**35806**	**144094**

SUMMARY

	CENTRE	STATE	TOTAL
Basic including special excise duty	71052	58134	129186
Additional excise duty (AT&T)	-2289		-2289
Additional excise duty(ST)	327	16870	17197
TOTAL FOR ONE FULL YEAR	**69090**	**75004**	**144094**
Total for the remaining part (251days) of the financial year 1991-92	**47381**	**51437**	**98818**

7

The Finance Act, 1991

रजिस्ट्री सं० डी (डीएन) 127/88 REGISTERED NO. D(DN)127/88

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The Gazette of India

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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके ।
Separate paging is given to this Part in order that it may be filed as a separate compilation.

MINISTRY OF LAW, JUSTICE AND COMPANY AFFAIRS
(Legislative Department)

New Delhi, the 27th September, 1991/Asvina 5, 1913 (Saka)

The following Act of Parliament received the assent of the President on the 27th September, 1991, and is hereby published for general information:—

THE FINANCE (No. 2) ACT, 1991
No. 49 OF 1991

[*27th September*, 1991.]

An Act to give effect to the financial proposals of the Central Government for the financial year 1991-92.

BE it enacted by Parliament in the Forty-second Year of the Republic of India as follows:—

CHAPTER I
PRELIMINARY

Short title and commencement.

1. (*1*) This Act may be called the Finance (No. 2) Act, 1991.

(*2*) Save as otherwise provided in this Act, sections 2 to 119 and 126 (except sections 45, 47, 62, 66, 67, 69, 75, 76, 78, 79, 87, 88 and 120) shall be deemed to have come into force on the 1st day of April, 1991.

CHAPTER II
RATES OF INCOME-TAX

Income-tax.

2. (*1*) Subject to the provisions of sub-sections (*2*) and (*3*), for the assessment year commencing on the 1st day of April, 1991, income-tax shall be charged at the rates specified in Part I of the First Schedule

and such tax as reduced by the rebate of income-tax calculated under Chapter VIII-A of the Income-tax Act, 1961 (hereinafter referred to as the Income-tax Act) shall be increased,— 43 of 1961.

(a) in the cases to which Paragraphs A, B, C and D of that Part apply, by a surcharge for purposes of the Union; and

(b) in the cases to which Paragraph E of that Part applies, by a surcharge,

calculated in each case in the manner provided therein.

(2) In the cases to which Sub-Paragraph I or Sub-Paragraph II of Paragraph A of Part I of the First Schedule applies, where the assessee has, in the previous year, any net agricultural income exceeding six hundred rupees, in addition to total income, and the total income exceeds,—

(i) in a case to which the said Sub-Paragraph I applies, twenty-two thousand rupees, and

(ii) in a case to which the said Sub-Paragraph II applies, twelve thousand rupees,

then,—

(a) the net agricultural income shall be taken into account, in the manner provided in clause (b) [that is to say, as if the net agricultural income were comprised in the total income after,—

(i) in a case to which the said Sub-Paragraph I applies, the first twenty-two thousand rupees, and

(ii) in a case to which the said Sub-Paragraph II applies, the first twelve thousand rupees,

of the total income but without being liable to tax], only for the purpose of charging income-tax in respect of the total income; and

(b) the income-tax chargeable shall be calculated as follows:—

(i) the total income and the net agricultural income shall be aggregated and the amount of income-tax shall be determined in respect of the aggregate income at the rates specified in Sub-Paragraph I or, as the case may be, Sub-Paragraph II of the said Paragraph A, as if such aggregate income were the total income;

(ii) the net agricultural income shall be increased,—

(A) in a case to which the said Sub-Paragraph I applies, by a sum of twenty-two thousand rupees; and

(B) in a case to which the said Sub-Paragraph II applies, by a sum of twelve thousand rupees,

and the amount of income-tax shall be determined in respect of the net agricultural income as so increased at the rates specified in Sub-Paragraph I or, as the case may be, Sub-Paragraph II of the said Paragraph A, as if the net agricultural income as so increased were the total income;

(*iii*) the amount of income-tax determined in accordance with sub-clause (*i*) shall be reduced by the amount of income-tax determined in accordance with sub-clause (ii) and the sum so arrived at shall be the income-tax in respect of the total income:

Provided that the amount of income-tax so arrived at, as reduced by the rebate of income-tax calculated under Chapter VIII-A of the Income-tax Act, shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax and the sum so arrived at shall be the income-tax in respect of the total income.

(*3*) In cases to which the provisions of Chapter XII or Chapter XII-A or sub-section (*1A*) of section 161 or section 164 or section 164A or section 167B of the Income-tax Act apply, the tax chargeable shall be determined as provided in that Chapter or that section, and with reference to the rates imposed by sub-section (*1*) or the rates as specified in that Chapter or section, as the case may be:

Provided that in respect of any income chargeable to tax under section 115B or section 115BB of the Income-tax Act,—

(*a*) the income-tax computed under section 115B shall be increased by a surcharge calculated at the rate of fifteen per cent. of such income-tax; and

(*b*) the income-tax computed under section 115BB shall be increased,—

(*i*) in the case of a person other than a company, being a resident in India, by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax; and

(*ii*) in the case of a domestic company, by a surcharge calculated at the rate of fifteen per cent. of such income-tax.

(*4*) In cases in which tax has to be deducted under sections 193, 194, 194A, 194B, 194BB, 194D and 195 of the Income-tax Act at the rates in force, the deduction shall be made at the rates specified in Part II of the First Schedule and shall be increased,—

(*a*) in the case to which the provisions of sub-item (*a*) of item 1 of that Part apply, by a surcharge for purposes of the Union; and

(*b*) in the cases to which the provisions of sub-item (*a*) of item 2 of that Part apply, by a surcharge,

calculated in each case in the manner provided therein.

(*5*) In cases in which tax has to be deducted under sections 194C, 194EE, 194G and 194H of the Income-tax Act, the deduction shall be made at the rates specified in those sections and shall be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such deduction:

Provided that in the case of an assessee, being a domestic company, the provisions of this sub-section shall have effect, as if for the words "twelve per cent.", the words "fifteen per cent." had been substituted.

(*6*) In cases in which tax has to be collected under section 206C of the Income-tax Act, the collection shall be made at the rate specified in that section and shall be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such collection:

Provided that in the case of a buyer, being a domestic company, the provisions of this sub-section shall have effect, as if for the words "twelve per cent.", the words "fifteen per cent." had been substituted.

(7) Subject to the provisions of sub-section (8), in cases in which income-tax has to be calculated under the first proviso to sub-section (5) of section 132 of the Income-tax Act or charged under sub-section (4) of section 172 or sub-section (2) of section 174 or section 175 or sub-section (2) of section 176 of the said Act or deducted under section 192 of the said Act from income chargeable under the head "Salaries" or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed, at the rate or rates in force, such income-tax or, as the case may be, "advance tax" shall be so calculated, charged, deducted or computed at the rate or rates specified in Part III of the First Schedule and such tax as reduced by the rebate of income-tax calculated under Chapter VIII-A of the said Act shall be increased,—

(a) in the cases to which Paragraphs A, B, C and D of that Part apply, by a surcharge for purposes of the Union; and

(b) in the cases to which Paragraph E of that Part applies, by a surcharge,

calculated in each case in the manner provided therein:

Provided that in cases to which the provisions of Chapter XII or Chapter XII-A or sub-section (1A) of section 161 or section 164 or section 164A or section 167B of the Income-tax Act apply, "advance tax" shall be computed with reference to the rates imposed by this sub-section or the rates as specified in that Chapter or section, as the case may be:

Provided further that in respect of any income chargeable to tax under section 115B of the Income-tax Act, the "advance tax" computed under the first proviso shall be increased by a surcharge for purposes of the Union calculated at the rate of fifteen per cent. of such "advance tax".

(8) In the cases to which Sub-Paragraph I or Sub-Paragraph II of Paragraph A of Part III of the First Schedule applies, where the assessee has, in the previous year or, if by virtue of any provision of the Income-tax Act, income-tax is to be charged in respect of the income of a period other than the previous year, in such other period, any net agricultural income exceeding six hundred rupees, in addition to total income and the total income exceeds,—

(i) in a case to which the said Sub-Paragraph I applies, twenty-two thousand rupees, and

(ii) in a case to which the said Sub-Paragraph II applies, twelve thousand rupees,

then, in calculating income-tax under the first proviso to sub-section (5) of section 132 of the Income-tax Act or in charging income-tax under sub-section (2) of section 174 or section 175 or sub-section (2) of section 176 of the said Act or in computing the "advance tax" payable under Chapter XVII-C of the said Act, at the rate or rates in force,—

(*a*) the net agricultural income shall be taken into account, in the manner provided in clause (*b*) [that is to say, as if the net agricultural income were comprised in the total income after,—

(*i*) in a case to which the said Sub-Paragraph I applies, the first twenty-two thousand rupees, and

(*ii*) in a case to which the said Sub-Paragraph II applies, the first twelve thousand rupees,

of the total income but without being liable to tax], only for the purpose of calculating, charging or computing such income-tax or, as the case may be, "advance tax" in respect of the total income; and

(*b*) such income-tax or, as the case may be, "advance tax" shall be so calculated, charged or computed as follows:—

(*i*) the total income and the net agricultural income shall be aggregated and the amount of income-tax or "advance tax" shall be determined in respect of the aggregate income at the rates specified in Sub-Paragraph I or, as the case may be, Sub-Paragraph II of the said Paragraph A, as if such aggregate income were the total income;

(*ii*) the net agricultural income shall be increased,—

(*A*) in a case to which the said Sub-Paragraph I applies, by a sum of twenty-two thousand rupees; and

(*B*) in a case to which the said Sub-Paragraph II applies, by a sum of twelve thousand rupees,

and the amount of income-tax or "advance tax" shall be determined in respect of the net agricultural income as so increased at the rates specified in the said Sub-Paragraph I or, as the case may be, the said Sub-Paragraph II as if the net agricultural income as so increased were the total income;

(*iii*) the amount of income-tax or "advance tax" determined in accordance with sub-clause (*i*) shall be reduced by the amount of income-tax or, as the case may be, "advance tax" determined in accordance with sub-clause (*ii*) and the sum so arrived at shall be the income-tax or, as the case may be, "advance tax" in respect of the total income:

Provided that the amount of income-tax or "advance tax" so arrived at, as reduced by the rebate of income-tax calculated under Chapter VIII-A of the said Act, shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax or, as the case may be, "advance tax" and the sum so arrived at shall be the income-tax or, as the case may be, "advance tax" in respect of the total income.

(9) For the purposes of this section and the First Schedule,—

(a) "company in which the public are substantially interested" means a company within the meaning of clause (18) of section 2 of the Income-tax Act, and includes a subsidiary of such company if the whole of the share capital of such subsidiary company has been held by the parent company or by its nominees throughout the previous year;

(b) "domestic company" means an Indian company, or any other company which, in respect of its income liable to income-tax under the Income-tax Act for the assessment year commencing on the 1st day of April, 1991, has made the prescribed arrangements for the declaration and payment within India of the dividends (including dividends on preference shares) payable out of such income in accordance with the provisions of section 194 of the Act;

(c) "insurance commission" means any remuneration or reward, whether by way of commission or otherwise, for soliciting or procuring insurance business (including business relating to the continuance, renewal or revival of policies of insurance);

(d) "investment company" means a company whose gross total income (as defined in section 80B of the Income-tax Act) consists mainly of income which is chargeable under the heads "Income from house property", "Capital gains" and "Income from other sources" or of income by way of interest on securities;

(e) "net agricultural income", in relation to a person, means the total amount of agricultural income, from whatever source derived, of that person computed in accordance with the rules contained in Part IV of the First Schedule;

(f) "tax-free security" means any security of the Central Government issued or declared to be income-tax free, or any security of a State Government issued income-tax free, the income-tax whereon is payable by the State Government;

(g) "trading company" means a company whose business consists mainly in dealing in goods or merchandise manufactured, produced or processed by a person other than that company and whose income attributable to such business included in its gross total income (as defined in section 80B of the Income-tax Act) is not less than fifty-one per cent. of the amount of such gross total income;

(h) all other words and expressions used in this section or in the First Schedule but not defined in this sub-section and defined in the Income-tax Act shall have the meanings respectively assigned to them in that Act.

CHAPTER III

DIRECT TAXES

Income-tax

Amendment of section 2.

3. In section 2 of the Income-tax Act,—

(a) in clause (29C), after the words "in the case of an individual", the words "association' of persons or, as the case may be, body of individuals" shall be inserted;

(b) in clause (37A), with effect from the 1st day of October, 1991,—

(i) in sub-clause (ii), for the figures, letter and word ", 194D and 195", the word, figures and letter "and 194D" shall be substituted;

(ii) after sub-clause (ii), the following sub-clause shall be inserted, namely:—

"(iii) for the purposes of deduction of tax under section 195, the rate or rates of income-tax specified in section 115A or the rate or rates of income-tax specified in this behalf in the Finance Act of the relevant year, whichever is applicable;".

4. In section 9 of the Income-tax Act, in sub-section (1), in clause (vi),— Amendment of section 9.

(a) after the existing proviso and before *Explanation 1*, the following proviso shall be inserted, namely:—

"Provided further that nothing contained in this clause shall apply in relation to so much of the income by way of royalty as consists of lumpsum payment made by a person, who is a resident, for the transfer of all or any rights (including the granting of a licence) in respect of computer software supplied by a non-resident manufacturer along with a computer or computer-based equipment under any scheme approved under the Policy on Computer Software Export, Software Development and Training, 1986 of the Government of India.";

(b) in *Explanation 1*, for the words "foregoing proviso", the words "first proviso" shall be substituted;

(c) after *Explanation 2*, the following *Explanation* shall be inserted, namely:—

'*Explanation 3*.—For the purposes of this clause, the expression "computer software" shall have the meaning assigned to it in clause (b) of the *Explanation* to section 80HHE.'.

5. In section 10 of the Income-tax Act,— Amendment of section 10.

(a) in clause (3), in the proviso, with effect from the 1st day of October, 1991,—

(i) in clause (iii), the word "or" shall be inserted at the end;

(ii) after clause (iii), the following clause shall be inserted, namely:—

"(iv) winnings from races including horse races;";

(b) in clause (4), for sub-clause (ii), the following sub-clause shall be substituted, namely:—

"(ii) in the case of an individual, any income by way of interest on moneys standing to his credit in a Non-Resident (External) Account in any bank in India in accordance with the Foreign Exchange Regulation Act, 1973 and the rules made thereunder: 46 of 1973.

Provided that such individual is a person resident outside India as defined in clause (*q*) of section 2 of the said Act or is a person who has been permitted by the Reserve Bank of India to maintain the aforesaid Account;";

(*c*) after clause (*8*), the following clauses shall be inserted, namely:—

'(*8A*) in the case of a consultant—

(*a*) any remuneration or fee received by him or it, directly or indirectly, out of the funds made available to an international organisation [hereafter referred to in this clause and clause (*8B*) as the agency] under a technical assistance grant agreement between the agency and the Government of a foreign State; and

(*b*) any other income which accrues or arises to him or it outside India, and is not deemed to accrue or arise in India, in respect of which such consultant is required to pay any income or social security tax to the Government of the country of his or its origin.

Explanation.—In this clause, "consultant" means—

(*i*) any individual, who is either not a citizen of India or, being a citizen of India, is not ordinarily resident in India; or

(*ii*) any other person, being a non-resident,

engaged by the agency for rendering technical services in India in connection with any technical assistance programme or project, provided the following conditions are fulfilled, namely:—

(*1*) the technical assistance is in accordance with an agreement entered into by the Central Government and the agency; and

(*2*) the agreement relating to the engagement of the consultant is approved by the prescribed authority for the purposes of this clause;

(*8B*) in the case of an individual who is assigned to duties in India in connection with any technical assistance programme and project in accordance with an agreement entered into by the Central Government and the agency—

(*a*) the remuneration received by him, directly or indirectly, for such duties from any consultant referred to in clause (*8A*); and

(*b*) any other income of such individual which accrues or arises outside India, and is not deemed to accrue or arise in India, in respect of which such individual is required to pay any income or social security tax to the country of his origin, provided the following conditions are fulfilled, namely:—

(*i*) the individual is an employee of the consultant referred to in clause (*8A*) and is either not a citizen of India or, being a citizen of India, is not ordinarily resident in India; and

(*ii*) the contract of service of such individual is approved by the prescribed authority before the commencement of his service;';

(*d*) in clause (*9*),—

(*i*) after the words, brackets and figure "in clause (*8*)", the words, brackets, figures and letters "or clause (*8A*) or, as the case may be, clause (*8B*)" shall be inserted;

(*ii*) after the words "foreign State", the words "or, as the case may be, country of origin of such member" shall be inserted;

(*e*) after clause (*10C*), the following clause shall be inserted and shall be deemed to have been inserted, with effect from the 1st day of April, 1962, namely:—

"(10D) any sum received under a life insurance policy, including the sum allocated by way of bonus on such policy;";

(*f*) in clause (*15*), in sub-clause (*iv*),—

28 of 1981. 53 of 1987. (*i*) in item (*d*), after the words and figures "Export-Import Bank of India Act, 1981,", the words and figures "or the National Housing Bank established under section 3 of the National Housing Bank Act, 1987," shall be inserted;

(*ii*) after item (*f*), the following item shall be inserted, namely:—

'(*fa*) by a scheduled bank, on deposits in foreign currency where the acceptance of such deposits by the bank is approved by the Reserve Bank of India.

Explanation.—For the purposes of this item, the expression "scheduled bank" shall have the meaning assigned to it in clause (*ii*) of the *Explanation* to clause (*viia*) of sub-section (*1*) of section 36;';

(*iii*) in the *Explanation* below item (*g*), for the words, brackets and letters "items (*f*) and (*g*)", the words, brackets and letters "items (*f*), (*fa*) and (*g*)" shall be substituted;

(*iv*) the following *Explanation* shall be inserted at the end, namely:—

'*Explanation*.—For the purposes of this sub-clause, the expression "industrial undertaking" means any undertaking which is engaged in—

(*a*) the manufacture or processing of goods; or

(*b*) the business of generation or distribution of electricity or any other form of power; or

(c) mining; or

(d) the construction of ships; or

(e) the operation of ships or aircrafts;';

(g) in clause (21), in the second proviso, for the words "Provided further". the following shall be substituted and shall be deemed to have been substituted, with effect from the 1st day of April, 1990, namely:—

"Provided further that the exemption under this clause shall not be denied in relation to voluntary contribution, other than voluntary contribution in cash or voluntary contribution of the nature referred to in clause (b) of the first proviso to this clause, subject to the condition that such voluntary contribution is not held by the scientific research association, otherwise than in any one or more of the forms or modes specified in sub-section (5) of section 11, after the expiry of one year from the end of the previous year in which such asset is acquired or the 31st day of March, 1992, whichever is later:

Provided also";

(h) in clause (23),—

(i) in the fourth proviso, for the words, figures and letters "the 30th day of March, 1990", the words, figures and letters "the 30th day of March, 1992" shall be substituted and shall be deemed to have been substituted, with effect from the 1st day of April, 1990;

(ii) after the fourth proviso, the following proviso shall be inserted and shall be deemed to have been inserted, with effect from the 1st day of April, 1990, namely:—

"Provided also that the exemption under this clause shall not be denied in relation to voluntary contribution, other than voluntary contribution in cash or voluntary contribution of the nature referred to in clause (b) of the third proviso to this clause, subject to the condition that such voluntary contribution is not held by the association or institution, otherwise than in any one or more of the forms or modes specified in sub-section (5) of section 11, after the expiry of one year from the end of the previous year in which such asset is acquired or the 31st day of March, 1992, whichever is later.";

(i) in clause (23C),—

(a) in the fourth proviso, for the words, figures and letters "the 30th day of March, 1990", the words, figures and letters "the 30th day of March, 1992" shall be substituted and shall be deemed to have been substituted, with effect from the 1st day of April, 1990;

(b) after the fourth proviso, the following proviso shall be inserted and shall be deemed to have been inserted, with effect from the 1st day of April, 1990, namely:—

"Provided also that the exemption under sub-clause (iv) or sub-clause (v) shall not be denied in relation to vountary contribution, other than voluntary contribution in cash or voluntary contribution of the nature referred to in clause (b) of the third proviso to this sub-clause, subject to the condition that such voluntary contribution is not held by the trust or institution, otherwise than in any one or more of the forms or modes specified in sub-section (5) of section 11, after the expiry of one year from the end of the previous year in which such asset is acquired or the 31st day of March, 1992, whichever is later.".

Amendment of section 11.

6. In section 11 of the Income-tax Act, for sub-section (4A), the following sub-section shall be substituted, with effect from the 1st day of April, 1992, namely:—

"(4A) Sub-section (1) or sub-section (2) or sub-section (3) or sub-section (3A) shall not apply in relation to any income of a trust or an institution, being profits and gains of business, unless the business is incidental to the attainment of the objectives of the trust or, as the case may be, institution, and separate books of account are maintained by such trust or institution in respect of such business.".

Amendment of section 12A.

7. In section 12A of the Income-tax Act, in clause (a), for the proviso, the following proviso shall be substituted, with effect from the 1st day of October, 1991, namely:—

"Provided that where an application for registration of the trust or institution is made after the expiry of the period aforesaid, the provisions of sections 11 and 12 shall apply in relation to the income of such trust or institution,—

(i) from the date of the creation of the trust or the establishment of the institution if the Chief Commissioner or Commissioner is, for reasons to be recorded in writing, satisfied that the person in receipt of the income was prevented from making the application before the expiry of the period aforesaid for sufficient reasons;

(ii) from the first day of the financial year in which the application is made, if the Chief Commissioner or Commissioner is not so satisfied;".

Amendment of section 13.

8. In section 13 of the Income-tax Act,—

(a) in sub-section (1), in clause (d), in the proviso, after clause (ii), the following clause shall be inserted and shall be deemed to have been inserted, with effect from the 1st day of April, 1983, namely:—

"(iia) any asset, not being an investment or deposit in any of the forms or modes specified in sub-section (5) of section 11, where such asset is not held by the trust or institution, otherwise than in any of the forms or modes specified in sub-section (5) of section 11, after the expiry of one year from the end of the previous year in which such asset is acquired or the 31st day of March, 1992, whichever is later;";

(b) after sub-section (4), the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1983, namely:—

"(5) Notwithstanding anything contained in clause (d) of sub-section (1), where any assets (being debentures issued by, or on behalf of, any company or corporation) are acquired by the trust or institution after the 28th day of February, 1983 but before the 25th day of July, 1991, the exemption under section 11 or section 12 shall not be denied in relation to any income other than the income arising to the trust or the institution from such assets, by reason only that the funds of the trust or the institution have been invested in such assets if such funds do not continue to remain so invested in such assets after the 31st day of March, 1992.".

Amendment of section 17.

9. In section 17 of the Income-tax Act, in clause (2), after sub-clause (v), the following shall be inserted, namely:—

'Provided that nothing in this clause shall apply to,—

(i) the value of any medical treatment provided to an employee or any member of his family in any hospital maintained by the employer;

(ii) any sum paid by the employer in respect of any expenditure actually incurred by the employee on his medical treatment or treatment of any member of his family in any hospital maintained by Government or any local authority or any other hospital approved by the Government for the purposes of medical treatment of its employees;

(iii) any portion of the premium paid by an employer in relation to an employee, to effect or to keep in force an insurance on the health of such employee under any scheme approved by the Central Government for the purposes of clause (ib) of sub-section (1) of section 36;

(iv) any sum paid by the employer in respect of any premium paid by the employee to effect or to keep in force an insurance on his health or the health of any member of his family under any scheme approved by the Central Government for the purposes of section 80D;

(v) any sum paid by the employer in respect of any expenditure actually incurred by the employee on his medical treatment or treatment of any member of his family [other than the treatment referred to in clauses (i) and (ii)]; so, however, that such sum does not exceed ten thousand rupees in the previous year;

(vi) any expenditure incurred by the employer on—

(1) medical treatment of the employee, or any member of the family of such employee, outside India;

(2) travel or stay abroad of the employee or any member of the family of such employee for medical treatment;

(3) travel and stay abroad of one attendant who accompanies the patient in connection with such treatment,

subject to the condition that the expenditure on travel referred to in sub-clauses (2) and (3) of this clause shall be excluded from perquisite only in the case of an employee whose gross total income, as computed before including therein the said expenditure, does not exceed one lakh rupees and subject to such further conditions and limits in relation to such expenditure as the Board may, having regard to the guidelines, if any, issued by the Reserve Bank of India in this behalf, prescribe;

(*vii*) any sum paid by the employer in respect of any expenditure actually incurred by the employee for any of the purposes specified in clause (*vi*) subject to the conditions specified in or under that clause.

Explanation—For the purposes of clause (2),—

(*i*) "hospital" includes a dispensary or a clinic;

(*ii*) "family", in relation to an individual, shall have the same meaning as in clause (5) of section 10; and

(*iii*) "gross total income" shall have the same meaning as in clause (5) of section 80B;'.

10. In section 29 of the Income-tax Act, for the figures and letter "43C", the figures and letter "43D" shall be substituted, with effect from the 1st day of April, 1992. Amendment of section 29.

11. In section 32 of the Income-tax Act, in sub-section (*1*), in clause (*ii*), with effect from the 1st day of April, 1992,— Amendment of section 32.

(*a*) for the second proviso, the following proviso shall be substituted, namely:—

"Provided furthe that no deduction shall be allowed under this clause in respect of—

(*a*) any motor car manufactured outside India, where such motor car is acquired by the assessee after the 28th day of February, 1975, unless it is used—

(*i*) in a business of running it on hire for tourists; or

(*ii*) outside India in his business or profession in another country; and

(*b*) any machinery or plant if the actual cost thereof is allowed as a deduction in one or more years under an agreement entered into by the Central Government under section 42:";

(*b*) after the second proviso, the following proviso shall be inserted, namely:—

"Provided also that where any asset falling within a block of assets is acquired by the assessee during the previous year and is put to use for the purposes of business or profession for a period of less than one hundred and eighty days in that previous year, the deduction under this clause in respect of such asset shall be financial institution or the scheduled bank or the State financial corporation or the State industrial investment corporation to its profit and loss account for that year or, as the case may be, in which it is actually received by that institution or bank or corporation, whichever is earlier.

Explanation.—For the purposes of this section—

(*a*) "public financial institution" shall have the meaning assigned to it in section 4A of the Companies Act, 1956; 1 of 1956.

(b) "scheduled bank" shall have the meaning assigned to it in clause (*ii*) of the *Explanation* to clause (*viia*) of sub-section (*1*) of section 36;

(c) "State financial corporation" means a financial corporation established under section 3 or section 3A or an institution notified under section 46 of the State Financial Corporations Act, 1951; 63 of 1951

(*d*) "State industrial investment corporation" means a Government company within the meaning of section 617 of the Companies Act, 1956, engaged in the business of providing long-term finance for industrial projects and approved by the Central Government under clause (*viii*) of sub-section (*1*) of section 36.'. 1 of 1956.

Amendment of section 44D.

16. In section 44D of the Income-tax Act, after clause (*c*), the following clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1989, namely:—

"(*d*) no deduction in respect of any expenditure or allowance shall be allowed under any of the said sections in computing the income referred to in clause (*ab*) of sub-section (*1*) of section 115A.".

Amendment of section 45.

17. In section 45 of the Income-tax Act,—

(*a*) in sub-section (*1*), for the word, figures and letter "and 54G", the figures, letters and word ", 54G and 54H" shall be substituted;

(*b*) in sub-section (*5*), in clause (*a*), for the words 'income under the head "Capital gains" of the previous year in which the transfer took place', the words 'income under the head "Capital gains" of the previous year in which such compensation or part thereof, or such consideration or part thereof, was first received' shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1988.

Amendment of section 47.

18. In section 47 of the Income-tax Act, after clause (*ix*) and the *Explanation* thereto, the following clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1962, namely:—

"(*x*) any transfer by way of conversion of debentures, debenture-stock or deposit certificates in any form, of a company into shares or debentures of that company.".

Amendment of section 48.

19. In section 48 of the Income-tax Act, in sub-section (*2*), for the words "ten thousand rupees", wherever they occur, the words "fifteen thousand rupees" shall be substituted with effect from the 1st day of April, 1992.

(3) travel and stay abroad of one attendant who accompanies the patient in connection with such treatment,

subject to the condition that the expenditure on travel referred to in sub-clauses (2) and (3) of this clause shall be excluded from perquisite only in the case of an employee whose gross total income, as computed before including therein the said expenditure, does not exceed one lakh rupees and subject to such further conditions and limits in relation to such expenditure as the Board may, having regard to the guidelines, if any, issued by the Reserve Bank of India in this behalf, prescribe;

(*vii*) any sum paid by the employer in respect of any expenditure actually incurred by the employee for any of the purposes specified in clause (*vi*) subject to the conditions specified in or under that clause.

Explanation—For the purposes of clause (2),—

(*i*) "hospital" includes a dispensary or a clinic;

(*ii*) "family", in relation to an individual, shall have the same meaning as in clause (5) of section 10; and

(*iii*) "gross total income" shall have the same meaning as in clause (5) of section 80B;'.

10. In section 29 of the Income-tax Act, for the figures and letter "43C", the figures and letter "43D" shall be substituted, with effect from the 1st day of April, 1992. Amendment of section 29.

11. In section 32 of the Income-tax Act, in sub-section (*1*), in clause (*ii*), with effect from the 1st day of April, 1992,— Amendment of section 32.

(*a*) for the second proviso, the following proviso shall be substituted, namely:—

"Provided furthe that no deduction shall be allowed under this clause in respect of—

(*a*) any motor car manufactured outside India, where such motor car is acquired by the assessee after the 28th day of February, 1975, unless it is used—

(*i*) in a business of running it on hire for tourists; or

(*ii*) outside India in his business or profession in another country; and

(*b*) any machinery or plant if the actual cost thereof is allowed as a deduction in one or more years under an agreement entered into by the Central Government under section 42:";

(*b*) after the second proviso, the following proviso shall be inserted, namely:—

"Provided also that where any asset falling within a block of assets is acquired by the assessee during the previous year and is put to use for the purposes of business or profession for a period of less than one hundred and eighty days in that previous year, the deduction under this clause in respect of such asset shall be restricted to fifty per cent. of the amount calculated at the percentage prescribed under this clause in the case of block of assets comprising such asset:".

Amendment of section 35.

12. In section 35 of the Income-tax Act, in sub-section (*1*), for clause (*iii*), the following clause shall be substituted, with effect from the 1st day of April, 1992, namely:—

"(*iii*) any sum paid to a university, college or other institution to be used for research in social science or statistical research:

Provided that such university, college or institution is for the time being approved for the purposes of this clause by the prescribed authority by notification in the Official Gazette;".

Insertion of new section 35AC.

13. After section 35AB of the Income-tax Act, the following section shall be inserted, with effect from the 1st day of April, 1992, namely:—

Expenditure on eligible projects or schemes.

'35AC. (*1*) Where an assessee incurs any expenditure by way of payment of any sum to a public sector company or a local authority or to an association or institution approved by the National Committee for carrying out any eligible project or scheme, the assessee shall, subject to the provisions of this section, be allowed a deduction of the amount of such expenditure incurred during the previous year:

Provided that a company may, for claiming the deduction under this sub-section, incur expenditure either by way of payment of any sum as aforesaid or directly on the eligible project or scheme.

(*2*) The deduction under sub-section (*1*) shall not be allowed unless the assessee furnishes along with his return of income a certificate—

(*a*) where the payment is to a public sector company or a local authority or an association or institution referred to in sub-section (*1*), from such public sector company or local authority, or, as the case may be, association or institution;

(*b*) in any other case, from an accountant, as defined in the *Explanation* below sub-section (*2*) of section 288,

in such form, manner and containing such particulars (including particulars relating to the progress in the work relating to the eligible project or scheme during the previous year) as may be prescribed.

(*3*) Where a deduction under this section is claimed and allowed for any assessment year in respect of any expenditure referred to in sub-section (*1*), deduction shall not be allowed in respect of such expenditure under any other provision of this Act for the same or any other assessment year.

Explanation.—For the purposes of this section,—

(*a*) "National Committee" means the Committee constituted by the Central Government, from amongst persons of eminence in public life, in accordance with the rules made under this Act;

(*b*) "eligible project or scheme" means such project or scheme for promoting the social and economic welfare of, or the uplift of, the public as the Central Government may, by notification in the Official Gazette, specify in this behalf on the recommendations of the National Committee.'.

Amendment of section 36.

14. In section 36 of the Income-tax Act, in sub-section (*1*),—

(*i*) in clause (*viia*), with effect from the 1st day of April, 1992,—

(*a*) after sub-clause (*b*), the following sub-clause shall be inserted, namely:—

"(*c*) a public financial institution or a State financial corporation or a State industrial investment corporation, an amount not exceeding five per cent. of the total income (computed before making any deduction under this clause and Chapter VI-A).";

(*b*) in the *Explanation*, after clause (*ii*), the following clauses shall be inserted, namely:—

'(*iii*) "public financial institution" shall have the meaning assigned to it in section 4A of the Companies Act, 1956; 1 of 1956.

(*iv*) "State financial corporation" means a financial corporation established under section 3 or section 3A or an institution notified under section 46 of the State Financial Corporations Act, 1951; 63 of 1951.

(*v*) "State industrial investment corporation" means a Government company within the meaning of section 617 of the Companies Act, 1956, engaged in the business of providing long-term finance for industrial projects and approved by the Central Government under clause (*viii*) of this sub-section;'; 1 of 1956.

(*ii*) in clause (*viii*), for the *Explanation*, the following *Explanation* shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1987, namely:—

'*Explanation*.—In this clause,—

(*a*) "financial corporation" shall include a public company;

(*b*) "public company" shall have the meaning assigned to it in section 3 of the Companies Act, 1956.'. 1 of 1956.

Insertion of new section 43D.

15. After section 43C of the Income-tax Act, the following section shall be inserted, namely:—

Special provision in case of income of public financial institutions, etc.

'43D. Notwithstanding anything to the contrary contained in any other provision of this Act, in the case of a public financial institution or a scheduled bank or a State financial corporation or a State industrial investment corporation, the income by way of interest in relation to such categories of bad or doubtful debts as may be prescribed having regard to the guidelines issued by the Reserve Bank of India in relation to such debts, shall be chargeable to tax in the previous year in which it is credited by the public financial institution or the scheduled bank or the State financial corporation or the State industrial investment corporation to its profit and loss account for that year or, as the case may be, in which it is actually received by that institution or bank or corporation, whichever is earlier.

Explanation.—For the purposes of this section—

(*a*) "public financial institution" shall have the meaning assigned to it in section 4A of the Companies Act, 1956; 1 of 1956.

(b) "scheduled bank" shall have the meaning assigned to it in clause (*ii*) of the *Explanation* to clause (*viia*) of sub-section (*1*) of section 36;

(c) "State financial corporation" means a financial corporation established under section 3 or section 3A or an institution notified under section 46 of the State Financial Corporations Act, 1951; 63 of 1951

(d) "State industrial investment corporation" means a Government company within the meaning of section 617 of the Companies Act, 1956, engaged in the business of providing long-term finance for industrial projects and approved by the Central Government under clause (*viii*) of sub-section (*1*) of section 36.'. 1 of 1956.

Amendment of section 44D.

16. In section 44D of the Income-tax Act, after clause (c), the following clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1989, namely:—

"(*d*) no deduction in respect of any expenditure or allowance shall be allowed under any of the said sections in computing the income referred to in clause (*ab*) of sub-section (*1*) of section 115A.".

Amendment of section 45.

17. In section 45 of the Income-tax Act,—

(*a*) in sub-section (*1*), for the word, figures and letter "and 54G", the figures, letters and word ", 54G and 54H" shall be substituted;

(*b*) in sub-section (5), in clause (*a*), for the words 'income under the head "Capital gains" of the previous year in which the transfer took place', the words 'income under the head "Capital gains" of the previous year in which such compensation or part thereof, or such consideration or part thereof, was first received' shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1988.

Amendment of section 47.

18. In section 47 of the Income-tax Act, after clause (*ix*) and the *Explanation* thereto, the following clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1962, namely:—

"(*x*) any transfer by way of conversion of debentures, debenture-stock or deposit certificates in any form, of a company into shares or debentures of that company.".

Amendment of section 48.

19. In section 48 of the Income-tax Act, in sub-section (*2*), for the words "ten thousand rupees", wherever they occur, the words "fifteen thousand rupees" shall be substituted with effect from the 1st day of April, 1992.

Amendment of section 49.

20. In section 49 of the Income-tax Act, after sub-section (*2*), the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1962, namely:—

"(*2A*) Where the capital asset, being a share or debenture in a company, became the property of the assessee in consideration of a transfer referred to in clause (*x*) of section 47, the cost of acquisition of the asset to the assessee shall be deemed to be that part of the cost of debenture, debenture-stock or deposit certificates in relation to which such asset is acquired by the assessee.".

Insertion of new section 54H.

21. After section 54G of the Income-tax Act, the following section shall be inserted, with effect from the 1st day of October, 1991, namely:—

Extension of time for acquiring new asset or depositing or investing amount of capital gain.

"54H. Notwithstanding anything contained in sections 54, 54B, 54D, 54E and 54F, where the transfer of the original asset is by way of compulsory acquisition under any law and the amount of compensation awarded for such acquisition is not received by the assessee on the date of such transfer, the period for acquiring the new asset by the assessee referred to in those sections or, as the case may be, the period available to the assessee under those sections for depositing or investing the amount of capital gain in relation to such compensation as is not received on the date of the transfer, shall be reckoned from the date of receipt of such compensation:

Provided that where the compensation in respect of transfer of the original asset by way of compulsory acquisition under any law is received before the 1st day of April, 1991, the aforesaid period or periods, if expired, shall extend up to the 31st day of December, 1991.".

Amendment of section 57.

22. In section 57 of the Income-tax Act, for the proviso, the following proviso shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1989, namely:—

"Provided that nothing contained in clause (*i*) or clause (*iii*) shall apply in computing the income referred to in clause (*a*) or clause (*aa*) or clause (*ab*) of sub-section (*1*) of section 115A in the case of an assessee, being a foreign company.".

Substitution of new section for section 71.

23. For section 71 of the Income-tax Act, the following section shall be substituted, with effect from the 1st day of April, 1992, namely:—

Set off of loss from one head against income from another.

'71. (*1*) Where in respect of any assessment year the net result of the computation under any head of income, other than "Capital gains", is a loss and the assessee has no income under the head "Capital gains", he shall, subject to the provisions of this Chapter, be entitled to have the amount of such loss set off against his income, if any, assessable for that assessment year under any other head.

(*2*) Where in respect of any assessment year, the net result of the computation under any head of income, other than "Capital gains", is a loss and the assessee has income assessable under the head "Capital gains", such loss may, subject to the provisions of this

Chapter, be set off against his income, if any, assessable for that assessment year under any head of income including the head "Capital gains" (whether relating to short-term capital assets or any other capital assets).

(3) Where in respect of any assessment year, the net result of the computation under the head "Capital gains" is a loss and the assessee has income assessable under any other head of income, the assessee shall not be entitled to have such loss set off against income under the other head.'.

Amendment of section 74.

24. In section 74 of the Income-tax Act, in sub-section (*1*), the words and figures "and such loss cannot be or is not wholly set off against income under any other head of income in accordance with the provisions of section 71, so much of the loss as has not been so set off, or where he has no income under any other head" shall be omitted, with effect from the 1st day of April, 1992.

Amendment of section 80CCA.

25. In section 80CCA of the Income-tax Act, with effect from the 1st day of October, 1991,—

(*a*) in sub-section (*1*), in clause (*i*), the brackets and words "(hereafter in this section referred to as the National Savings Scheme)" shall be omitted;

(*b*) in sub-section (*2*), in clause (*a*), for the words "under the National Savings Scheme", the words, brackets, letter and figure "under the scheme referred to in clause (*i*) of sub-section (*1*)" shall be substituted;

(c) in *Explanation 1*, for the words "under the National Savings Scheme", the words, brackets, letter and figure "under the scheme referred to in clause (*i*) of sub-section (*1*)" shall be substituted.

Amendment of section 80G.

26. In section 80G of the Income-tax Act,—

(*a*) in sub-section (*1*), in clause (*i*), after the words, brackets, figures and letters "sub-clause (*iiiaa*)", the words, brackets, figures and letters "or in sub-clause (*iiiab*)" shall be inserted;

(*b*) in sub-section (*2*), in clause (*a*),—

(*i*) after sub-clause (*iiiaa*), the following sub-clause shall be inserted, namely:—

"(*iiiab*) the Africa (Public Contributions—India) Fund; or";

(*ii*) after sub-clause (*iiic*), the following sub-clause shall be inserted, with effect from the 1st day of April, 1992, namely:—

"(*iiid*) the Rajiv Gandhi Foundation, the deed of declaration in respect whereof was registered at New Delhi on the 21st day of June, 1991; or";

(c) in sub-section (5), after clause (*v*), the following clause shall be inserted, with effect from the 1st day of October, 1991, namely:—

"(*vi*) in relation to donations made after the 31st day of March, 1992, the institution or fund is for the time being approved by the Commissioner in accordance with the rules made in this behalf:

Provided that any approval shall have effect for such assessment year or years, not exceeding three assessment years, as may be specified in the approval.".

27. In section 80GGA of the Income-tax Act, in sub-section (2), with effect from the 1st day of April, 1992,— Amendment of section 80GGA.

(i) after clause (a), the following clause shall be inserted, namely:—

"(aa) any sum paid by the assessee in the previous year to a university, college or other institution to be used for research in social science or statistical research:

Provided that such university, college or institution is for the time being approved for the purposes of clause (iii) of sub-section (1) of section 35;";

(ii) after clause (b), the following clause shall be inserted, namely:—

'(bb) any sum paid by the assessee in the previous year to a public sector company or a local authority or to an association or institution approved by the National Committee, for carrying out any eligible project or scheme:

Provided that the assessee furnishes the certificate referred to in clause (a) of sub-section (2) of section 35AC from such public sector company or local authority or, as the case may be, association or institution.

Explanation.—For the purposes of this clause, the expressions "National Committee" and "eligible project or scheme" shall have the meanings respectively assigned to them in the *Explanation* to section 35AC.'.

28. In section 80HHC of the Income-tax Act,— Amendment of section 80HHC.

(a) in sub-section (2),—

(i) in clause (b), in sub-clause (ii), after the words "minerals and ores", the brackets and words "(other than processed minerals and ores specified in the Twelfth Schedule)" shall be inserted;

(ii) the following *Explanations* shall be inserted at the end, with effect from the 1st day of April, 1992, namely:—

"*Explanation 1*.—The sale proceeds referred to in clause (a) shall be deemed to have been received in India where such sale proceeds are credited to a separate account maintained for the purpose by the assessee with any bank outside India with the approval of the Reserve Bank of India.

Explanation 2.—For the removal of doubts, it is hereby declared that where any goods or merchandise are transferred by an assessee to a branch, office, warehouse or any other establishment of the assessee situate outside India and such goods or merchandise are sold from such branch, office, warehouse or establishment, then, such transfer shall be deemed to be export out of India of such goods and merchandise and the value of such goods or merchandise declared in the shipping bill or bill of export as referred to in sub-section (1) of section 50 of the Customs Act, 1962, shall, for the purposes of this section, be deemed to be the sale proceeds thereof.";

52 of 1962.

(b) for sub-section (3), the following sub-section shall be substituted with effect from the 1st day of April, 1992, namely—

'(3) For the purposes of sub-section (*1*),—

(*a*) where the export out of India is of goods or merchandise manufactured by the assessee, the profits derived from such export shall be the amount which bears to the profits of the business, the same proportion as the export turnover in respect of such goods bears to the total turnover of the business carried on by the assessee;

(*b*) where the export out of India is of trading goods, the profits derived from such export shall be the export turnover in respect of such trading goods as reduced by the direct costs and indirect costs attributable to such export;

(*c*) where the export out of India is of goods or merchandise manufactured by the assessee and of trading goods, the profits derived from such export shall,—

(*i*) in respect of the goods or merchandise manufactured by the assessee, be the amount which bears to the adjusted profits of the business, the same proportion as the adjusted export turnover in respect of such goods bears to the adjusted total turnover of the business carried on by the assessee; and

(*ii*) in respect of trading goods, be the export turnover in respect of such trading goods as reduced by the direct and indirect costs attributable to export of such trading goods:

Provided that the profits computed under clause (*a*) or clause (*b*) or clause (*c*) of this sub-section shall be further increased by the amount which bears to ninety per cent. of any sum referred to in clause (*iiia*) (not being profits on sale of a licence acquired from any other person), and clauses (*iiib*) and (*iiic*) of section 28, the same proportion as the export turnover bears to the total turnover of the business carried on by the assessee.

Explanation.—For the purposes of this sub-section,—

(*a*) "adjusted export turnover" means the export turnover as reduced by the export turnover in respect of trading goods;

(*b*) "adjusted profits of the business" means the profits of the business as reduced by the profits derived from the business of export out of India of trading goods as computed in the manner provided in clause (*b*) of sub-section (*3*);

(*c*) "adjusted total turnover" means the total turnover of the business as reduced by the export turnover in respect of trading goods;

(*d*) "direct costs" means costs directly attributable to the trading goods exported out of India including the purchase price of such goods;

(e) "indirect costs" means costs, not being direct costs, allocated in the ratio of the export turnover in respect of trading goods to the total turnover;

(f) "trading goods" means goods which are not manufactured by the assessee.';

(c) in sub-section (3A), with effect from the 1st day of April, 1992,—

(i) in clause (a), the words 'as computed under the head "Profits and gains of business or profession"' shall be omitted;

(ii) in clause (b), the brackets and words '(as computed under the head "Profits and gains of business or profession")' shall be omitted;

(d) in sub-section (4), for the words "on the basis of the amount of export turnover", the words "in accordance with the provisions of this section" shall be substituted, with effect from the 1st day of April, 1992;

(e) in the *Explanation*,—

(i) after clause (a), the following clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1986, namely:—

'(aa) "export out of India" shall not include any transaction by way of sale or otherwise, in a shop, emporium or any other establishment situate in India, not involving clearance at any customs station as defined in the Customs Act, 1962;'; 52 of 1962.

(ii) (1) after clause (b), the following clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1987, namely:—

'(ba) "total turnover" shall not include freight or insurance attributable to the transport of the goods or merchandise beyond the customs station as defined in the Customs Act, 1962: 52 of 1962.

Provided that in relation to any assessment year commencing on or after the 1st day of April, 1991, the expression "total turnover" shall have effect as if it also excluded any sum referred to in clauses (*iiia*), (*iiib*) and (*iiic*) of section 28;';

(2) after clause (ba) as so inserted, the following clause shall be inserted, with effect from the 1st day of April, 1992, namely:—

'(baa) "profits of the business" means the profits of the business as computed under the head "Profits and gains of business or profession" as reduced by—

(1) ninety per cent. of any sum referred to in clauses (*iiia*), (*iiib*) and (*iiic*) of section 28 or of any

receipts by way of brokerage, commission, interest, rent, charges or any other receipt of a similar nature included in such profits; and

(2) the profits of any branch, office, warehouse or any other establishment of the assessee situate outside India;';

(iii) clause (bb) shall be omitted.

Amendment of Section 80 HHD.

29. In section 80HHD of the Income-tax Act,—

(a) in sub-section (1), the following proviso shall be inserted at the end, with effect from the 1st day of October, 1991, namely:—

"Provided that a hotel or, as the case may be, a tour operator approved by the prescribed authority on or after the 30th day of November, 1989 and before the 1st day of October, 1991, shall be deemed to have been approved by the prescribed authority for the purposes of this section in relation to the assessment year commencing on the 1st day of April, 1989 or the 1st day of April, 1990 or, as the case may be, the 1st day of April, 1991 if the assessee was engaged in the business of such hotel or as such tour operator during the previous year relevant to any of the said assessment years.";

(b) in sub-section (2), the following *Explanation* shall be inserted at the end, with effect from the 1st day of April, 1992, namely:—

"*Explanation*.—For the purposes of this sub-section, any payment received by an assessee, engaged in the business of a hotel or of a tour operator or of a travel agent, in Indian currency obtained by conversion of foreign exchange brought into India through an authorised dealer, from a tour operator or, as the case may be, a travel agent on behalf of a foreign tourist or group of foreign tourists, shall be deemed to have been received by the assessee in convertible foreign exchange if the person making the payment furnishes to the assessee a certificate specified in sub-section (2A).";

(c) after sub-section (2), the following sub-section shall be inserted, with effect from the 1st day of April, 1992, namely:—

"(2A) Every person making payment to an assessee referred to in the *Explanation* to sub-section (2) out of Indian currency obtained by conversion of foreign exchange received from or on behalf of a foreign tourist or a group of foreign tourists shall furnish to that assessee a certificate in the prescribed form indicating the amount received in foreign exchange, its conversion into Indian currency and such other particulars as may be prescribed.";

(d) in sub-section (6), for the words "amount of convertible foreign exchange received by the assessee for services provided by him to the foreign tourist", the following shall be substituted, with effect from the 1st day of April, 1992, namely:—

"aggregate of the amount of convertible foreign exchange received by the assessee for services provided by him to foreign tourists and the payments received by him in Indian currency as referred to in the *Explanation* to sub-section (*2*)";

(*e*) in the *Explanation*, after clause (*c*), the following clause shall be inserted, with effect from the 1st day of April, 1992, namely:—

'(*d*) "authorised dealer", "foreign exchange" and "Indian currency" shall have the meanings respectively assigned to them in clauses (*b*), (*h*) and (*k*) of section 2 of the Foreign Exchange Regulation Act, 1973.'. 46 of 1973.

30. After section 80HHD of the Income-tax Act, the following section shall be inserted, namely:— Insertion of new section 80HHE.

'80HHE. (*1*) Where an assessee, being an Indian company or a person (other than a company) resident in India, is engaged in the business of,— Deduction in respect of profits from export of computer software, etc.

(*i*) export out of India of computer software or its transmission from India to a place outside India by any means;

(*ii*) providing technical services outside India in connection with the development of production of computer software,

there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction of the profits derived by the assessee from such business:

Provided that no such deduction shall be allowed in relation to the assessment year commencing on the 1st day of April, 1994 or any subsequent assessment year.

(*2*) The deduction specified in sub-section (*1*) shall be allowed only if the consideration in respect of the computer software referred to in that sub-section is received in, or brought into, India by the assessee in convertible foreign exchange, within a period of six months from the end of the previous year or, where the Commissioner is satisfied (for reasons to be recorded in writing) that the assessee is, for reasons beyond his control, unable to do so within the said period of six months, within such further period as the Commissioner may allow in this behalf.

Explanation.—The said consideration shall be deemed to have been received in India where it is credited to a separate account maintained for the purpose by the assessee with any bank outside India with the approval of the Reserve Bank of India.

(*3*) For the purposes of sub-section (*1*), profits derived from the business referred to in that sub-section shall be the amount which bears to the profits of the business, the same proportion as the export turnover bears to the total turnover of the business carried on by the assessee.

(4) The deduction under sub-section (1) shall not be admissible unless the assessee furnishes in the prescribed form, along with the return of income, the report of an accountant, as defined in the *Explanation* below sub-section (2) of section 288, certifying that the deduction has been correctly claimed in accordance with the provisions of this section.

(5) Where a deduction under this section is claimed and allowed in respect of profits of the business referred to in sub-section (1) for any assessment year, no deduction shall be allowed in relation to such profits under any other provision of this Act for the same or any other assessment year.

Explanation.—For the purposes of this section,—

(a) "convertible foreign exchange" shall have the meaning assigned to it in clause (a) of the *Explanation* to section 80HHC;

(b) "computer software" means any computer programme recorded on any disc, tape, perforated media or other information storage device and includes any such programme which is transmitted from India to a place outside India by any means;

(c) "export turnover" means the consideration in respect of computer software received in, or brought into, India by the assessee in convertible foreign exchange in accordance with sub-section (2), but does not include freight, telecommunication charges or insurance attributable to the delivery of the computer software outside India or expenses, if any, incurred in foreign exchange in providing the technical services outside India;

(d) "profits of the business" means the profits of the business as computed under the head "Profits and gains of business or profession" as reduced by—

(1) ninety per cent. of any receipts by way of brokerage, commission, interest, rent, charges or any other receipt of a similar nature included in such profits; and

(2) the profits of any branch, office, warehouse or any other establishment of the assessee situate outside India;

(e) "total turnover" shall not include—

(i) any sum referred to in clauses (iiia), (iiib) and (iiic) of section 28;

(ii) any freight, telecommunication charges or insurance attributable to the delivery of the computer software outside India; and

(iii) expenses, if any, incurred in foreign exchange in providing the technical services outside India.'.

Amendment of section 80-I.

31. In section 80-I of the Income-tax Act,—

(a) in sub-section (1A), after the figures, letters and words "1st day of April, 1990", the words, figures and letters "but before the 1st day of April, 1991" shall be inserted;

(b) in sub-section (2), in clause (iii), for the words "fourteen years", the words "ten years" shall be substituted;

(c) in sub-section (3), in clause (iii), for the words "fourteen years", the words "ten years" shall be substituted;

(d) in sub-section (4), in clause (iv), for the figures "1995", the figures "1991" shall be substituted;

(e) in sub-section (5), in the third proviso, after the words, figures and letters "the 1st day of April, 1990", the words, figures and letters "but before the 1st day of April, 1991" shall be inserted.

Insertion of new section 80-IA.

32. After section 80-I of the Income-tax Act, the following section shall be inserted, namely:—

Deduction in respect of profits and gains from industrial undertakings, etc., in certain cases.

'80-IA. (1) Where the gross total income of an assessee includes any profits and gains derived from any business of an industrial undertaking or a hotel or operation of a ship (such business being hereinafter referred to as the eligible business), to which this section applies, there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction from such profits and gains of an amount equal to the percentage specified in sub-section (5) and for such number of assessment years as is specified in sub-section (6).

(2) This section applies to any industrial undertaking which fulfils all the following conditions, namely:—

(i) it is not formed by splitting up, or the reconstruction, of a business already in existence:

Provided that this condition shall not apply in respect of an industrial undertaking which is formed as a result of the re-establishment, reconstruction or revival by the assessee of the business of any such industrial undertaking as is referred to in section 33B, in the circumstances and within the period specified in that section;

(ii) it is not formed by the transfer to a new business of machinery or plant previously used for any purpose;

(iii) it manufactures or produces any article or thing, not being any article or thing specified in the list in the Eleventh Schedule, or operates one or more cold storage plant or plants, in any part of India:

Provided that the condition in this clause shall, in relation to a small-scale industrial undertaking, apply as if the words "not being any article or thing specified in the list in the Eleventh Schedule" had been omitted;

(iv) it begins to manufacture or produce articles or things or to operate such plant or plants, at any time during the period beginning on the 1st day of April, 1991 and ending on the 31st day of March, 1995, or such further period as the Central Government may, by notification in the Official Gazette, specify with reference to any particular industrial undertaking;

(v) in a case where the industrial undertaking manufactures or produces articles or things, the undertaking employs ten or more workers in a manufacturing process carried on with the aid of power, or employs twenty or more workers in a manufacturing process carried on without the aid of power.

Explanation 1.—For the purposes of clause (ii) of this sub-section, any machinery or plant which was used outside India by any person other than the assessee shall not be regarded as machinery or plant previously used for any purpose, if the following conditions are fulfilled, namely:—

(a) such machinery or plant was not, at any time previous to the date of the installation by the assessee, used in India;

(b) such machinery or plant is imported into India from any country outside India; and

(c) no deduction on account of depreciation in respect of such machinery or plant has been allowed or is allowable under the provisions of this Act in computing the total income of any person for any period prior to the date of the installation of the machinery or plant by the assessee.

Explanation 2.—Where in the case of an industrial undertaking, any machinery or plant or any part thereof previously used for any purpose is transferred to a new business and the total value of the machinery or plant or part so transferred does not exceed twenty per cent. of the total value of the machinery or plant used in the business, then, for the purposes of clause (ii) of this sub-section, the condition specified therein shall be deemed to have been complied with.

(3) This section applies to any ship, where all the following conditions are fulfilled, namely:—

(i) it is owned by an Indian company and is wholly used for the purposes of the business carried on by it;

(ii) it was not, previous to the date of its acquisition by the Indian company, owned or used in Indian territorial waters by a person resident in India; and

(iii) it is brought into use by the Indian company at any time during the period beginning on the 1st day of April, 1991 and ending on the 31st day of March, 1995.

(4) This section applies to the business of any hotel, where conditions (i), (ii), (v), and either of the conditions (iii) or (iv), are fulfilled, namely:—

(i) the business of the hotel is not formed by the splitting up, or the reconstruction, of a business already in existence or by the transfer to a new business of a building previously used as a hotel or of any machinery or plant previously used for any purpose;

(ii) the business of the hotel is owned and carried on by a company registered in India with a paid-up capital of not less than five hundred thousand rupees;

(iii) the business of the hotel, located in a hilly area or a rural area or a place of pilgrimage or such other place as the Central Government may having regard to the need for development of infrastructure for tourism in any place and other relevant considerations specify for the purpose of this clause, starts functioning at any time during the period beginning on the 1st day of April, 1990 and ending on the 31st day of March, 1994;

(iv) the business of the hotel—

(1) located in any place, or

(2) located in a place other than a place referred to in clause (iii) of this sub-section,

starts functioning at any time during the period beginning on the 1st day of April, 1991 and ending on the 31st day of March, 1995;

(v) the hotel is for the time being approved by the prescribed authority.

(5) The amount referred to in sub-section (1) shall be—

(i) in the case of an industrial undertaking, twenty-five per cent. of the profits and gains derived from such industrial undertaking:

Provided that where the assessee is a company, the provisions of this clause shall have effect as if for the words "twenty-five per cent.", the words "thirty per cent." had been substituted;

(ii) in the case of a hotel referred to in clause (iii) of sub-section (4), fifty per cent. of the profits and gains derived from the business of such hotel:

Provided that the said hotel is approved by the prescribed authority for the purpose of this clause in accordance with the rules made under this Act:

Provided further that the said hotel approved by the prescribed authority before the 31st day of March, 1992, shall be deemed to have been approved by the prescribed authority for the purposes of this section in relation to the assessment year commencing on the 1st day of April, 1991;

(iii) in the case of a hotel referred to in clause (iv) of sub-section (4), thirty per cent. of the profits and gains derived from the business of such hotel;

(iv) in the case of a ship, thirty per cent. of the profits and gains derived from such ship.

(6) The number of assessment years referred to in sub-section (1) shall, including the initial assessment year, be—

(i) twelve in the case of an assessee, being a co-operative society, deriving profits and gains from an industrial undertaking;

(ii) ten in the case of any other assessee deriving profits and gains from an industrial undertaking;

(*iii*) ten in the case of any other assessee deriving profits and gains, from a ship or the business of a hotel.

(7) Notwithstanding anything contained in any other provision of this Act, the profits and gains of an eligible business to which the provisions of sub-section (*1*) apply shall, for the purposes of determining the quantum of deduction under sub-section (*5*) for the assessment year immediately succeeding the initial assessment year or any subsequent assessment year, be computed as if such eligible business were the only source of income of the assessee during the previous year relevant to the initial assessment year and to every subsequent assessment year up to and including the assessment year for which the determination is to be made.

(*8*) Where the assessee is a person other than a company or a co-operative society, the deduction under sub-section (*1*) from profits and gains derived from an industrial undertaking shall not be admissible unless the accounts of the industrial undertaking for the previous year relevant to the assessment year for which the deduction is claimed have been audited by an accountant, as defined in the *Explanation* below sub-section (*2*) of section 288, and the assessee furnishes, along with his return of income, the report of such audit in the prescribed form duly signed and verified by such accountant.

(*9*) Where any goods held for the purposes of the eligible business are transferred to any other business carried on by the assessee, or where any goods held for the purposes of any other business carried on by the assessee are transferred to the eligible business and, in either case, the consideration, if any, for such transfer as recorded in the accounts of the eligible business does not correspond to the market value of such goods as on the date of the transfer, then, for the purposes of the deduction under this section, the profits and gains of such eligible business shall be computed as if the transfer, in either case, had been made at the market value of such goods as on that date:

Provided that where, in the opinion of the Assessing Officer, the computation of the profits and gains of the eligible business in the manner hereinbefore specified presents exceptional difficulties, the Assessing Officer may compute such profits and gains on such reasonable basis as he may deem fit.

Explanation.—In this sub-section, "market value", in relation to any goods, means the price that such goods would ordinarily fetch on sale in the open market.

(*10*) Where it appears to the Assessing Officer that, owing to the close connection between the assessee carrying on the eligible business to which this section applies and any other person, or for any other reason, the course of business between them is so arranged that the business transacted between them produces to the assessee more than the ordinary profits which might be expected to arise in such eligible business, the Assessing Officer shall, in computing the profits and gains of such eligible business for the purposes of the deduction under this section, take the amount of profits as may be reasonably deemed to have been derived therefrom.

(*11*) The Central Government may, after making such inquiry as it may think fit, direct, by notification in the Official Gazette, that the exemption conferred by this section shall not apply to any class of industrial undertakings with effect from such date as it may specify in the notification.

(*12*) For the purposes of this section,—

(*a*) "hilly area" means any area located at a height of one thousand metres or more above the sea level;

(*b*) "industrial undertaking" shall have the meaning assigned to it in the *Explanation* to section 33B;

(*c*) "initial assessment year" means the assessment year relevant to the previous year in which the industrial undertaking begins to manufacture or produce articles or things, or to operate its cold storage plant or plants or the ship is first brought into use or the business of the hotel starts functioning;

(*d*) "place of pilgrimage" means a place where any temple, mosque, gurudwara, church or other place of public worship of renown throughout any State or States is situated;

(*e*) "rural area" means any area other than—

(*i*) an area which is comprised within the jurisdiction of a municipality (whether known as a municipality, municipal corporation, notified area committee, town area committee or by any other name) or a cantonment board and which has a population of not less than ten thousand according to the preceding census of which relevant figures have been published before the first day of the previous year; or

(*ii*) an area within such distance not being more than fifteen kilometres from the local limits of any municipality or cantonment board referred to in sub-clause (*i*), as the Central Government may, having regard to the stage of development of such area (including the extent of, and scope for, urbanisation of such area) and other relevant considerations specify in this behalf by notification in the Official Gazette;

(*f*) "small-scale industrial undertaking" means an industrial undertaking where the aggregate value of the machinery and plant (other than tools, jigs, dies and moulds) installed, as on the last day of the previous year, for the purposes of business of the undertaking does not exceed sixty lakh rupees and for this purpose the value of any machinery or plant shall be,—

(*i*) in the case of any machinery or plant owned by the assessee, the actual cost thereof to the assessee; and

(*ii*) in the case of any machinery or plant hired by the assessee, the actual cost thereof as in the case of the owner of such machinery or plant.'.

Amendment of section 80L.

33. In section 80L of the Income-tax Act, in sub-section (*1*), for clause (*ia*), the following clause shall be substituted, with effect from the 1st day of April, 1992, namely:—

"(*ia*) interest on National Savings Certificates (VI Issue) or National Savings Certificates (VII Issue) or National Savings Certificates (VIII Issue) issued under the Government Savings Certificates Act, 1959;". 46 of 1959.

Amendment of section 80-O.

34. In section 80-O of the Income-tax Act, with effect from the 1st day of April, 1992,—

(*a*) after the words "an Indian company", the words and brackets "or a person (other than a company) who is resident in India" shall be inserted;

(*b*) for the words "technical services", the words "technical or professional services" shall be substituted;

(*c*) the words "under an agreement approved in this behalf by the Chief Commissioner or the Director General;" shall be omitted;

(*d*) the first and second provisos shall be omitted;

(*e*) in the third proviso, for the words "Provided also", the word "Provided" shall be substituted;

(*f*) in the *Explanation*, after clause (*ii*), the following clause shall be inserted, namely:—

'(*iii*) "services rendered or agreed to be rendered outside India" shall include services rendered from India but shall not include services rendered in India.'.

Insertion of new section 80Q.

35. After section 80P of the Income-tax Act, the following section shall be inserted, with effect from the 1st day of April, 1992, namely:—

Deduction in respect of profits and gains from the business of publication of books.

'80Q. (*1*) Where in the case of an assessee the gross total income of the previous year relevant to the assessment year commencing on the 1st day of April, 1992, or to any one of the four assessment years next following that assessment year, includes any profits and gains derived from a business carried on in India of printing and publication of books or publication of books, there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction from such profits and gains of an amount equal to twenty per cent. thereof.

(*2*) In a case where the assessee is entitled also to the deduction under section 80HH or section 80HHA or section 80HHC or section 80-I or section 80-IA or section 80J or section 80P, in relation to any part of the profits and gains referred to in sub-section (*1*), the deduction under sub-section (*1*) shall be allowed with reference to such profits and gains included in the gross total income as reduced by the deduction under section 80HH, section 80HHA, section 80HHC, section 80-I, section 80-IA, section 80J and section 80P.

(3) For the purposes of this section, "books" shall not include newspapers, journals, magazines, diaries, brochures, tracts, pamphlets and other publications of a similar nature by whatever name called.'

36. In section 80QQA, in sub-section (1), for the words "commencing on the 1st day of April, 1980, or to any one of the nine assessment years next following that assessment year, includes", the following shall be substituted, with effect from the 1st day of April, 1992, namely:— Amendment of section 80QQA.

"commencing on—

(a) the 1st day of April, 1980, or to any one of the nine assessment years next following that assessment year; or

(b) the 1st day of April, 1992, or to any one of the four assessment years next following that assessment year,

includes".

37. For section 80U of the Income-tax Act, the following section shall be substituted, with effect from the 1st day of April, 1992, namely:— Substitution of new section for section 80U.

'80U. In computing the total income of an individual, being a resident, who, at the end of the previous year, is suffering from a permanent physical disability (including blindness) or is subject to mental retardation, being a permanent physical disability or mental retardation specified in the rules made in this behalf by the Board, which is certified by a physician, a surgeon, an oculist or a psychiatrist, as the case may be, working in a Government hospital, and which has the effect of reducing considerably such individual's capacity for normal work or engaging in a gainful employment or occupation, there shall be allowed a deduction of a sum of twenty thousand rupees: Deduction in the case of permanent physical disability (including blindness).

Provided that such individual produces the aforesaid certificate before the Assessing Officer in respect of the first assessment year for which he claims deduction under this section:

Provided further that the requirement of producing the aforesaid certificate from a physician, a surgeon, an oculist or a psychiatrist, as the case may be, working in a Government hospital shall not apply to an individual who has already produced a certificate before the Assessing Officer under the provisions of this section as they stood immediately before the 1st day of April, 1992.

Explanation.—For the purposes of this section, the expression "Government hospital" shall have the meaning assigned to it in the *Explanation* to section 80DD.'.

38. In section 88 of the Income-tax Act, in sub-section (2), with effect from the 1st day of April, 1992,— Amendment of section 88.

(a) after clause (*xiv*), the following clause shall be inserted, namely:—

"(*xiva*) as subscription to any such deposit scheme of—

(a) a public sector company which is engaged in providing long-term finance for construction or purchase of houses in India for residential purposes; or

(b) any authority constituted in India by or under any law enacted either for the purpose of dealing with and satisfying the need for housing accommodation or for the purpose of planning, development or improvement of cities, towns and villages, or for both,

not being a scheme the interest on deposits whereunder qualifies for the purposes of computing the deduction under section 80L, as the Central Government may, by notification in the Official Gazette, specify in this behalf;";

(b) in clause (*xv*),—

(*i*) the words, figures and letters "construction of which is completed after the 31st day of March, 1987, and the" shall be omitted;

(*ii*) sub-clause (*B*) shall be omitted.

Amendment of section 90.

39. Section 90 of the Income-tax Act shall be renumbered and shall be deemed to have been renumbered as sub-section (*1*) thereof, and after sub-section (*1*) as so renumbered, the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1972, namely:—

"(*2*) Where the Central Government has entered into an agreement with the Government of any country outside India under sub-section (*1*) for granting relief of tax, or as the case may be, avoidance of double taxation, then, in relation to the assessee to whom such agreement applies, the provisions of this Act shall apply to the extent they are more beneficial to that assessee.".

Amendment of section 115A

40. In section 115A of the Income-tax Act,—

(*a*) in sub-section (*1A*),—

(*i*) after the words "an Indian concern", the words "or in respect of any computer software to a person resident in India" shall be inserted;

(*ii*) after the proviso, the following proviso shall be inserted, namely:—

"Provided further that such computer software is permitted according to the Import Trade Control Policy of the Government of India for the time being in force to be imported into India under an Open General Licence.";

(*iii*) the existing *Explanation* shall be renumbered as *Explanation 1* and after *Explanation 1* as so renumbered, the following *Explanation* shall be inserted, namely:—

'*Explanation 2*.—In this sub-section, the expression "computer software" shall have the meaning assigned to it in clause (*b*) of the *Explanation* to section 80HHE.';

(*b*) in sub-section (*2*), for the words "purposes of the proviso", the words "purposes of the first proviso" shall be substituted.

41. After section 115A of the Income-tax Act, the following section shall be inserted, with effect from the 1st day of April, 1992, namely:—

Insertion of new section 115AB.

'115AB. (*1*) Where the total income of an assessee, being an overseas financial organisation (hereinafter referred to as Offshore Fund) includes—

Tax on income from units purchased in foreign currency or capital gains arising from their transfer.

(*a*) income received in respect of units purchased in foreign currency; or

(*b*) income by way of long-term capital gains arising from the transfer of units purchased in foreign currency,

the income-tax payable shall be the aggregate of—

(*i*) the amount of income-tax calculated on the income in respect of units referred to in clause (*a*), if any, included in the total income, at the rate of ten per cent.;

(*ii*) the amount of income-tax calculated on the income by way of long-term capital gains referred to in clause (*b*), if any, included in the total income, at the rate of ten per cent.; and

(*iii*) the amount of income-tax with which the Offshore Fund would have been chargeable had its total income been reduced by the amount of income referred to in clause (*a*) and clause (*b*).

(*2*) Where the gross total income of the Offshore Fund,—

(*a*) consists only of income from units or income by way of long-term capital gains arising from the transfer of units, or both, no deduction shall be allowed to the assessee under sections 28 to 44C or sub-section (2) of section 48 or clause (*i*) or clause (*iii*) of section 57 or under Chapter VI-A;

(*b*) includes any income referred to in clause (*a*), the gross total income shall be reduced by the amount of such income and the deduction under Chapter VI-A shall be allowed as if the gross total income as so reduced were the gross total income of the assessee.

Explanation.—For the purposes of this section,—

(*a*) "overseas financial organisation" means any fund, institution, association or body, whether incorporated or not, established under the laws of a country outside India, which has entered into an arrangement for investment in India with any public sector bank or public financial institution or a mutual fund specified under clause (*23D*) of section 10 and such arrangement is approved by the Central Government for this purpose;

(*b*) "unit" means unit of a mutual fund specified under clause (*23D*) of section 10 or of the Unit Trust of India;

(c) "foreign currency" shall have the meaning as in the Foreign Exchange Regulation Act, 1973; 46 of 1973.

(d) "public sector bank" shall have the meaning assigned to it in clause (23D) of section 10;

(e) "public financial institution" shall have the meaning assigned to it in section 4A of the Companies Act, 1956; 1 of 1956.

(f) "Unit Trust of India" means the Unit Trust of India established under the Unit Trust of India Act, 1963.'. 52 of 1963.

Amendment of section 119.

42. In section 119 of the Income-tax Act, in sub-section (2),—

(i) in clause (a), for the figures and letters "210, 234A, 234B", the words, brackets, figures and letters "sub-section (1A) of section 201, sections 210, 211, 234A, 234B, 234C" shall be substituted;

(ii) after clause (b), the following clause shall be inserted, with effect from the 1st day of October, 1991, namely:—

"(c) the Board may, if it considers it desirable or expedient so to do for avoiding genuine hardship in any case or class of cases, by general or special order for reasons to be specified therein, relax any requirement contained in any of the provisions of Chapter IV or Chapter VI-A, where the assessee has failed to comply with any requirement specified in such provision for claiming deduction thereunder, subject to the following conditions, namely:—

(i) the default in complying with such requirement was due to circumstances beyond the control of the assessee; and

(ii) the assessee has complied with such requirement before the completion of assessment in relation to the previous year in which such deduction is claimed;

Provided that the Central Government shall cause every order issued under this clause to be laid before each House of Parliament.".

Amendment of section 132.

43. In section 132 of the Income-tax Act, in sub-section (8A), for the word "Commissioner", wherever it occurs, the words "Director or, as the case may be, Commissioner" shall be substituted with effect from the 1st day of October, 1991.

Amendment of section 139.

44. In section 139 of the Income-tax Act, sub-section (10) shall be omitted.

Amendment of section 140A.

45. In section 140A of the Income-tax Act, in sub-section (1), for the words and figures "section 139 or section 148", the words and figures "section 139 or section 142 or, as the case may be, section 148" shall be substituted.

46. In section 143 of the Income-tax Act, with effect from the 1st day of October, 1991,— **Amendment of section 143.**

(*a*) in sub-section (*2*), for the proviso, the following proviso shall be substituted, namely:—

"Provided that no notice under this sub-section shall be served on the assessee after the expiry of twelve months from the end of the month in which the return is furnished.";

(*b*) the following *Explanation* shall be inserted at the end, namely:—

"*Explanation*.—An intimation sent to the assessee under sub-section (*1*) or sub-section (*1B*) shall be deemed to be an order for the purposes of section 264.".

47. In section 153 of the Income-tax Act, in *Explanation* 1, the following proviso shall be inserted at the end, namely:— **Amendment of section 153.**

"Provided that where immediately after the exclusion of the aforesaid time or period, the period of limitation referred to in sub-sections (*1*), (*2*) and (*2A*) available to the Assessing Officer for making an order of assessment, reassessment or recomputation, as the case may be, is less than sixty days, such remaining period shall be extended to sixty days and the aforesaid period of limitation shall be deemed to be extended accordingly.".

48. In section 155 of the Income-tax Act, after sub-section (*10C*), the following sub-sections shall be inserted, with effect from the 1st day of October, 1991, namely:— **Amendment of section 155.**

"(*11*) Where in the assessment for any year, a capital gain arising from the transfer of any original asset as is referred to in section 54H is charged to tax and within the period extended under that section the assessee acquires the new asset referred to in that section or, as the case may be, deposits or invests the amount of such capital gain within the period so extended, the Assessing Officer shall amend the order of assessment so as to exclude the amount of the capital gain not chargeable to tax under any of the sections referred to in section 54H; and the provisions of section 154 shall, so far as may be, apply thereto, the period of four years specified in sub-section (*7*) of section 154 being reckoned from the end of the previous year in which the compensation was received by the assessee.

(*12*) Where in the assessment for any year commencing before the 1st day of April, 1988, the deduction under section 80-O in respect of any income, being the whole or any part of income by way of royalty, commission, fees or any similar payment as is referred to in that section, has not been allowed on the ground that such income has not been received in convertible foreign exchange in India, or having been received in convertible foreign exchange outside India, or having been converted into convertible foreign exchange outside India, has not been brought into India, by or on behalf of the assessee in accordance with any law for the time being in force for regulating payments and dealings in foreign exchange and subsequently such income or part thereof has been or is received in, or brought into, India in the manner aforesaid, the Assessing Officer shall amend the order of assessment so as to allow deduction under section 80-O in respect of such income or part thereof as is so received in, or brought into, India; and the provisions of section 154 shall, so far as may be, apply thereto, the period of four years specified in sub-section (7) of that section being reckoned from the end of the previous year in which such income is so received in, or brought into, India; so, however, that the period from the 1st day of April, 1988 to the 30th day of September, 1991 shall be excluded in computing the period of four years.".

Amendment of section 161.

49. In section 161 of the Income-tax Act, in sub-section *(1A)*, the *Explanation* shall be omitted.

Amendment of section 193.

50. In section 193 of the Income-tax Act, with effect from the 1st day of October, 1991,—

(*a*) for the words "Provided that", the following shall be substituted, namely:—

"Provided that where, in the case of a scheduled bank, the Central Government is satisfied that the total income of the bank justifies deduction of income-tax at a lower rate, it may, by notification in the Official Gazette, specify the rate at which deduction of income-tax shall be made in the case of such bank under this section and such notification shall, at any one time, have effect for such assessment year or years, not exceeding three assessment years, as may be specified in the notification:

Provided further that";

(*b*) the existing *Explanation* shall be renumbered as *Explanation 1* and after *Explanation 1* as so renumbered, the following *Explanation* shall be inserted, namely:—

'*Explanation 2.*—For the purposes of this section, the expression "scheduled bank" shall have the meaning assigned to it in clause (*ii*) of the *Explanation* to clause (*viia*) of sub-section *(1)* of section 36.'.

Amendment of section 194.

51. In section 194 of the Income-tax Act, with effect from the 1st day of October, 1991,—

(*i*) after the words "distribution or payment to shareholder,", the words "who is resident in India," shall be inserted;

(*ii*) in the proviso, the words "who is resident in India" shall be omitted.

Amendment of section 194A.

52. In section 194A of the Income-tax Act, in sub-section (*3*), for clause (*vii*), the following clauses shall be substituted, with effect from the 1st day of October, 1991, namely:—

'(*vii*) to such income credited or paid in respect of deposits (other than time deposits) with a banking company to which the

10 of 1949. Banking Regulation Act, 1949, applies (including any bank or banking institution referred to in section 51 of that Act);

(*viia*) to such income credited or paid in respect of,—

(*a*) deposits with a primary agricultural credit society or a primary credit society or a co-operative land mortgage bank or a co-operative land development bank;

(*b*) deposits (other than time deposits) with a co-operative society other than a co-operative society or bank referred to in sub-clause (*a*),

engaged in carrying on the business of banking.

Explanation.—For the purposes of clauses (*vii*) and (*viia*), "time deposits" means deposits (excluding recurring deposits) repayable on the expiry of fixed period.'.

Amendment of section 194BB.

53. In section 194BB of the Income-tax Act, for the words "five thousand rupees", the words "two thousand five hundred rupees" shall be substituted with effect from the 1st day of October, 1991.

Insertion of new section 194EE.

54. After section 194E of the Income-tax Act, the following section shall be inserted, with effect from the 1st day of October, 1991, namely:—

Payments in respect of deposits under National Savings Scheme, etc.

"194EE. The person responsible for paying to any person any amount referred to in clause (*a*) of sub-section (*2*) of section 80CCA shall, at the time of payment thereof, deduct income-tax thereon at the rate of twenty per cent.:

Provided that no deduction shall be made under this section where the amount of such payment or, as the case may be, the aggregate amount of such payments to the payee during the financial year is less than two thousand five hundred rupees:

Provided further that nothing contained in this section shall apply to the payment of the said amount to the heirs of the assessee.".

Insertion of new sections 194G and 194H.

55. After section 194F of the Income-tax Act, the following sections shall be inserted, with effect from the 1st day of October, 1991, namely:—

Commission, etc., on sale of lottery tickets.

'194G. Any person who is responsible for paying, on or after the 1st day of October, 1991 to any person, who is or has been stocking, distributing, purchasing or selling lottery tickets, any income by way of commission, remuneration or prize (by whatever name called) on such tickets in an amount exceeding one thousand rupees shall, at the time of credit of such income to the account of the payee or at the time of payment of such income in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of ten per cent.

Explanation.—For the purposes of this section, where any income is credited to any account, whether called "Suspense account" or by any other name, in the books of account of the person liable to pay such income, such crediting shall be deemed to be credit of such income to the account of the payee and the provisions of this section shall apply accordingly.

Commission, brokerage, etc.

194H. (*1*) Any person, not being an individual or a Hindu undivided family, who is responsible for paying, on or after the 1st day of October, 1991, to a resident, any income by way of commission (not being insurance commission referred to in section 194D) or brokerage, shall, at the time of credit of such income to the account of the payee or at the time of payment of such income in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of ten per cent.

(*2*) The provisions of sub-section (*1*) shall not apply—

(*a*) to such persons or class or classes of persons as the Central Government may, having regard to the extent of inconvenience caused or likely to be caused to them and being satisfied that it will not be prejudicial to the interests of the revenue, by notification in the Official Gazette, specify in this behalf;

(*b*) where the amount of such income or, as the case may be, the aggregate of the amounts of such income credited or paid or likely to be credited or paid during the financial year by the person referred to in sub-section (*1*) to the account of, or to, the payee, does not exceed two thousand five hundred rupees.

Explanation.—For the purposes of this section,—

(*i*) "commission or brokerage" includes any payment received or receivable, directly or indirectly, by a person acting on behalf of another person for services rendered (not being professional services) or for any services in the course of buying or selling of goods or in relation to any transaction relating to any asset, valuable article or thing;

(*ii*) "professional services" means services rendered by a person in the course of carrying on a legal, medical, engineering or architectural profession or the profession of accountancy or technical consultancy or interior decoration or such other profession as is notified by the Board for the purposes of section 44AA;

(*iii*) where any income is credited to any account, whether called "Suspense account" or by any other name, in the books of account of the person liable to pay such income, such crediting shall be deemed to be credit of such income to the account of the payee and the provisions of this section shall apply accordingly.'.

Amendment of section 195.

56. In section 195 of the Income-tax Act with effect from the 1st day of October, 1991.—

(*i*) in sub-section (*1*), the words "or dividends" shall be omitted;

(*ii*) in sub-section (*2*),—

(*a*) the word, "dividend" shall be omitted;

(*b*) the proviso shall be omitted.

57. In section 196A of the Income-tax Act, after sub-section (2), the following sub-section shall be inserted, with effect from the 1st day of October, 1991, namely:— Amendment of section 196A.

"(3) Notwithstanding anything contained in this Act, no deduction of tax shall be made from any income payable in respect of units issued under any scheme of the Unit Trust of India established under section 3 of the Unit Trust of India Act, 1963, to any institution or fund where such income is not liable to inclusion in its total income under the provisions of sections 11 and 12 or clause (22) or clause (22A) or clause (23) or clause (23AA) or clause (23C) of section 10.". 52 of 1963.

58. After section 196A of the Income-tax Act, the following section shall be inserted, with effect from the 1st day of October, 1991, namely:— Insertion of new section 196B.

"196B. Where any income is payable in respect of units referred to in section 115AB to an Offshore Fund, the person responsible for making the payment shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of ten per cent.". Income from units.

59. In section 197A of the Income-tax Act, with effect from the 1st day of October, 1991,— Amendment of section 197A.

(a) after the words, figures and letter "or section 194A", the words, figures and letters "or section 194EE" shall be inserted;

(b) for the words, figures and letter "or, as the case may be, section 194A", the words, figures and letters "or section 194A or, as the case may be, section 194EE" shall be substituted.

60. In sections 198, 199, 200, 202, 203, 203A and 205 of the Income-tax Act, for the words, figures and letter "section 195 and section 196A", the words, figures and letters "section 194EE, section 194F, section 194G, section 194H, section 195, section 196A and section 196B" shall be substituted with effect from the 1st day of October, 1991. Amendment of sections 198 to 200, 202, 203, 203A and 205.

61. In section 204 of the Income-tax Act, in the opening portion, after the word, figures and letter "section 194E,", the words, figures and letters "section 194EE, section 194F, section 194G, section 194H," shall be inserted with effect from the 1st day of October, 1991. Amendment of section 204.

62. In section 206 of the Income-tax Act, for the words "shall prepare, within the prescribed time after the end of each financial year, and deliver or cause to be delivered", the words "shall, within the prescribed time after the end of each financial year, prepare and deliver or cause to be delivered" shall be substituted. Amendment of section 206.

63. In section 234C of the Income-tax Act, in sub-section (1), in the opening portion, after the words "in any financial year,", the words and figures "the assessee who is liable to pay advance tax under section 208 has failed to pay such tax or" shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1989. Amendment of section 234C.

Amendment of section 244A.

64. In section 244A of the Income-tax Act, in sub-section (1), the words "and one-half", wherever they occur, shall be omitted with effect from the 1st day of October, 1991.

Amendment of section 245BA.

65. In section 245BA of the Income-tax Act, with effect from the 1st day of October, 1991,—

(a) after sub-section (5), the following sub-section shall be inserted, namely:—

"(5A) Notwithstanding anything contained in the foregoing provisions of this section, the Chairman may, for the disposal of any particular case, constitute a Special Bench consisting of more then three Members.";

(b) in sub-section (6), the following shall be inserted at the end, namely:—

"and the Special Bench shall sit at a place to be fixed by the Chairman".

Amendment of section 245D.

66. In section 245D of the Income-tax Act,—

(a) in sub-section (1), after the first proviso, the following proviso shall be inserted, namely:—

"Provided further that the Commissioner shall furnish the report within a period of one hundred and twenty days of the receipt of communication from the Settlement Commission in case of all applications made under section 245C on or after the date on which the Finance (No. 2) Act, 1991 receives the assent of the President and if the Commissioner fails to furnish the report within the said period, the Settlement Commission may make the order without such report.";

(b) sub-section (1A) shall be omitted.

Amendment of section 254.

67. In section 254 of the Income-tax Act, in sub-section (3), the words "Chief Commissioner or" shall be omitted.

Amendment of section 272 A.

68. In section 272A of the Income-tax Act, in sub-section (2), with effect from the 1st day of October, 1991,—

(a) in clause (c), after the figures and letter "206B", the words, figures and letter "or section 206C" shall be inserted;

(b) in clause (g), after the figures "203", the words, figures and letter "or section 206C" shall be inserted;

(c) the following proviso shall be inserted at the end, namely:—

"Provided that the amount of penalty for failures in relation to returns under sections 206 and 206C shall not exceed the amount of tax deductible or collectible, as the case may be.".

Amendment of section 273A.

69. In section 273A of the Income-tax Act, in sub-section (3), the following proviso shall be inserted at the end, namely:—

"Provided that where an order has been made in favour of any person under sub-section (*1*) on or before the 24th day of July, 1991, such person shall be entitled to further relief only once in relation to other assessment year or years if he makes an application to the income-tax authority referred to in sub-section (*4*) at any time before the 1st day of April, 1992.".

70. In section 279 of the Income-tax Act,— Amendment of section 279.

(*a*) for sub-section (*1*), the following sub-section shall be substituted, with effect from the 1st day of October, 1991, namely:—

'(*1*) A person shall not be proceeded against for an offence under section 275A, section 276, section 276A, section 276B, section 276BB, section 276C, section 276CC, section 276D, section 277 or section 278 except with the previous sanction of the Commissioner or Commissioner (Appeals) or the appropriate authority:

Provided that the Chief Commissioner or, as the case may be, Director General may issue such instructions or directions to the aforesaid income-tax authorities as he may deem fit for institution of proceedings under this sub-section.

Explanation.—For the purposes of this section, "appropriate authority" shall have the same meaning as in clause (c) of section 269UA.';

(*b*) for sub-section (*2*), the following sub-section shall be substituted, with effect from the 1st day of October, 1991, namely:—

"(*2*) Any offence under this Chapter may, either before or after the institution of proceedings, be compounded by the Chief Commissioner or Director General.";

(c) after sub-section (*3*), the following *Explanation* shall be inserted and shall be deemed always to have been inserted, namely:—

"*Explanation*.—For the removal of doubts, it is hereby declared that the power of the Board to issue orders, instructions or directions under this Act shall include and shall be deemed always to have included the power to issue instructions or directions (including instructions or directions to obtain the previous approval of the Board) to other income-tax authorities for the proper composition of offences under this section.".

71. After the Eleventh Schedule to the Income-tax Act, the following Schedule shall be inserted, namely:— Insertion of Twelfth Schedule.

'THE TWELFTH SCHEDULE

[*See* section 80HHC(*2*) (*b*) (*ii*)]

PROCESSED MINERALS AND ORES

(*i*) Pulverised or micronised—barytes, calcite, steatite, pyrophylite, wollastonite, zircon, bentonite, red or yellow oxide, red or yellow ochre, talc, quartz, feldspar, silica powder, garnet, silliminite, fireclay, ballclay, manganese dioxide ore.

(ii) Processed or activated—bentonite, diatomious earth, fullers earth.

(iii) Processed—kaolin (china clay), whiting, calcium carbonate.

(iv) Beneficated—chromite, flourspar, graphite, vermiculite, ilminite, brown ilminite (lencoxene) rutile, monazite and other mineral concentrates.

(v) Mica blocks, mica spilittings, mica condenser films, mica powder, micanite, silvered mica, punched mica, mica paper, mica tapes, mica flakes.

(vi) Exfoliated—vermiculite, calcined kyanite, magnesite, calcined magnesite, calcined alumina.

(vii) Sized iron ore processed by mechanical screening or crushing and screening through dry process or mechanical crushing, screening, washing and classification through wet process.

(viii) Iron ore concentrates processed through crushing, grinding or magnetic separation.

(ix) Agglomerated iron ore.

(x) Cut and polished minerals and rocks including cut and polished granite.

Explanation.—For the purposes of this Schedule, "processed", in relation to any mineral or ore, means—

(a) dressing through mechanical means to obtain concentrates after removal of gangue and unwanted deleterious substances or through other means without altering the minerological identity;

(b) pulverisation, calcination or micronisation;

(c) agglomeration from fines;

(d) cutting and polishing;

(e) washing and levigation;

(f) benefication by mechanical crushing and screening through dry process;

(g) sizing by crushing, screening, washing and classification through wet process;

(h) other upgrading techniques such as removal of impurities through chemical treatment, refining by gravity separation, bleaching, floatation or filtration.'.

Consequential amendments.

72. The following amendments (being amendments of a consequential nature) shall be made in the Income-tax Act, with effect from the 1st day of April, 1992, namely:—

(i) in section 54, in sub-section (2), in the *Explanation* to the proviso, in clause (a), for the words "ten thousand rupees", the words "fifteen thousand rupees" shall be substituted;

(ii) in section 54B, in sub-section (2), in the *Explanation* to the proviso, for the words "ten thousand rupees", the words "fifteen thousand rupees" shall be substituted;

(iii) in section 54D, in sub-section (2), in the *Explanation* to the proviso, for the words "ten thousand rupees", the words "fifteen thousand rupees" shall be substituted;

(*iv*) in section 54F, in the *Explanation*, for the words "ten thousand rupees", the words "fifteen thousand rupees" shall be substituted;

(*v*) in section 54G, in sub-section (*2*), in the *Explanation* to the proviso, for the words "ten thousand rupees", the words "fifteen thousand rupees" shall be substituted.

Wealth-tax

27 of 1957. **73.** In section 5 of the Wealth-tax Act, 1957 (hereinafter referred to as the Wealth-tax Act), in sub-section (*1*),— Amendment of section 5.

(*a*) for clause (*xviia*), the following clause shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1984, namely:—

"(*xviia*) the amount standing to the credit of—

(*a*) an individual; or

(*b*) a Hindu undivided family; or

(*c*) an association of persons or body of individuals consisting, in either case, only of husband and wife governed by the system of community of property in force in the State of Goa and the Union territories of Dadra and Nagar Haveli and Daman and Diu,

in any provident fund set up by the Central Government and notified by it in this behalf in the Official Gazette;";

(*b*) in clause (*xxvb*), for the words "the National Savings Scheme referred to in", the words, brackets and figures "any scheme referred to in clause (*i*) of sub-section (*1*) of" shall be substituted with effect from the 1st day of October, 1991.

74. In section 16 of the Wealth-tax Act, with effect from the 1st day of October, 1991,— Amendment of section 16.

(*a*) in sub-section (*2*), for the proviso, the following proviso shall be substituted, namely:—

"Provided that no notice under this sub-section shall be served on the assessee after the expiry of twelve months from the end of the month in which the return is furnished.";

(*b*) the following *Explanation* shall be inserted at the end, namely:—

"*Explanation*.—An intimation sent to the assessee under sub-section (*1*) or sub-section (*1B*) shall be deemed to be an order for the purposes of sub-section (*1*) of section 25.".

75. In section 17A of the Wealth-tax Act, in *Explanation* 1, the following proviso shall be inserted at the end, namely:— Amendment of section 17A.

"Provided that where immediately after the exclusion of the aforesaid time or period, the period of limitation referred to in sub-sections (*1*), (*2*) and (*3*) available to the Assessing Officer for making an order of assessment or reassessment, as the case may be, is less than sixty days, such remaining period shall be extended to sixty days and the aforesaid period of limitation shall be deemed to be extended accordingly.".

Amendment of section 18B.

76. In section 18B of the Wealth-tax Act, in sub-section (*3*), the following proviso shall be inserted at the end, namely:—

"Provided that where an order has been made in favour of any person under sub-section (*1*) on or before the 24th day of July, 1991, such person shall be entitled to further relief only once in relation to other assessment year or years if he makes an application to the wealth-tax authority referred to in sub-section (*4*) at any time before the 1st day of April, 1992.".

Amendment of section 22BA.

77. In section 22BA of the Wealth-tax Act, with effect from the 1st day of October, 1991,—

(*a*) after sub-section (*5*), the following sub-section shall be inserted, namely:—

"(*5A*) Notwithstanding anything contained in the foregoing provisions of this section, the Chairman may, for the disposal of any particular case, constitute a Special Bench consisting of more than three Members.";

(*b*) in sub-section (*6*), the following shall be inserted at the end, namely:—

"and the Special Bench shall sit at a place to be fixed by the Chairman".

Amendment of section 22D.

78. In section 22D of the Wealth-tax Act,—

(*a*) in sub-section (*1*), after the first proviso, the following proviso shall be inserted, namely:—

"Provided further that the Commissioner shall furnish the report within a period of one hundred and twenty days of the receipt of communication from the Settlement Commission in case of all applications made under section 22C on or after the date on which the Finance (No. 2) Act, 1991 receives the assent of the President and if the Commissioner fails to furnish the report within the said period, the Settlement Commission may make the order without such report.";

(*b*) sub-section (*1A*) shall be omitted.

Amendment of section 27.

79. In section 27 of the Wealth-tax Act, in sub-section (*1*), after the word and figures "section 26", the words, brackets, letter and figures "or clause (*e*) of sub-section (*1*) of section 35" shall be inserted.

Amendment of section 34A.

80. In section 34A of the Wealth-tax Act, in sub-section (*4B*), in clause (*a*), the words "and a half" shall be omitted with effect from the 1st day of October, 1991.

Amendment of section 35-I.

81. In section 35-I of the Wealth-tax Act,—

(*a*) for sub-sections (*1*) and (*2*), the following sub-sections shall be substituted, with effect from the 1st day of October, 1991, namely:—

"(*1*) A person shall not be proceeded against for an offence under this Act except with the previous sanction of the Commissioner or Commissioner (Appeals):

Provided that the Chief Commissioner or, as the case may be, Director General may issue such instructions or directions to the aforesaid wealth-tax authorities as he may deem fit for institution of proceedings under this sub-section.

(2) Any such offence may, either before or after the institution of proceedings, be compounded by the Chief Commissioner or Director General.";

(b) after sub-section (2) as so substituted, the following *Explanation* shall be inserted and shall be deemed always to have been inserted, namely:—

"*Explanation*.—For the removal of doubts, it is hereby declared that the power of the Board to issue orders, instructions or directions under this Act shall include and shall be deemed always to have included the power to issue instructions or directions (including instructions or directions to obtain the previous approval of the Board) to other wealth-tax authorities for the proper composition of offences under this section.".

82. In section 37A of the Wealth-tax Act, in sub-section (*6A*), for the words "Chief Commissioner or Commissioner", wherever they occur, the words "Director or, as the case may be, Commissioner" shall be substituted with effect from the 1st day of October, 1991. Amendment of section 37A.

83. In Schedule III to the Wealth-tax Act, with effect from the 1st day of April, 1992,— Amendment of Schedule III.

(*a*) in rule 9A,—

(*i*) after the words "at the option of the assessee", the words "or a company" shall be inserted;

(*ii*) for the words "four assessment years", wherever they occur, the words "nine assessment years" shall be substituted;

(b) in rule 12,—

(*i*) after sub-rule (2), the following sub-rule shall be inserted, namely:—

"(3) For the purposes of sub-rule (2), the value of an asset disclosed in the balance-sheet of the company shall be taken to be its value determined in accordance with the rules as applicable to that particular asset and, in the absence of any such rule, the value of such asset shall be its value as determined under rule 20.";

(*ii*) after sub-rule (4), the following sub-rule shall be inserted, namely:—

"(5) For the purpose of facilitating the valuation of unquoted equity shares under this rule and rule 13, the company concerned shall have such valuation made by its auditors appointed under section 224 of the Companies Act, 1956, and a certificate of the auditors relating to such valuation in the prescribed form shall be furnished to the Assessing Officer and the shareholders of the company; and the valuation made by the auditors shall be taken into account in the assessment of the shareholders of the company.". 1 of 1956.

Gift-tax

Amendment of section 4.

84. In section 4 of the Gift-tax Act, 1958 (hereinafter referred to as the Gift-tax Act), in sub-section (*1*), in clause (*a*), for the words "market value of the property at the date of the transfer", the words and figures "value of the property as on the date of the transfer and determined in the manner laid down in Schedule II," shall be substituted with effect from the 1st day of April, 1992. 18 of 1958.

Amendment of section 5.

85. In section 5 of the Gift-tax Act, in sub-section (*1*), in clause (*iiie*),—

(*a*) for the portion beginning with the words "to any relative" and ending with the words "Provided further that", the following shall be substituted, namely:—

"of property in the form of the bonds specified under sub-clause (*iid*) of clause (*15*) of section 10 of the Income-tax Act:;

Provided that";

(*b*) in the *Explanation*, clause (*a*) shall be omitted.

Amendment of section 15.

86. In section 15 of the Gift-tax Act, with effect from the 1st day of October, 1991,—

(*a*) in sub-section (*2*), for the proviso, the following proviso shall be substituted, namely:—

"Provided that no notice under this sub-section shall be served on the assessee after the expiry of twelve months from the end of the month in which the return is furnished.";

(*b*) the following *Explanation* shall be inserted at the end, namely:—

"*Explanation*.—An intimation sent to the assessee under sub-section (*1*) or sub-section (*1B*) shall be deemed to be an order for the purposes of sub-section (*1*) of section 24.".

Amendment of section 16A.

87. In section 16A of the Gift-tax Act, in *Explanation 1*, the following proviso shall be inserted at the end, namely:—

"Provided that where immediately after the exclusion of the aforesaid time or period, the period of limitation referred to in sub-sections (*1*), (*2*) and (*3*) available to the Assessing Officer for making an order of assessment or reassessment, as the case may be, is less than sixty days, such remaining period shall be extended to sixty days and the aforesaid period of limitation shall be deemed to be extended accordingly.".

Amendment of section 26.

88. In section 26 of the Gift-tax Act, in sub-section (*1*), after the word and figures "section 25", the words, brackets, letter and figures "or clause (*e*) of sub-section (*1*) of section 34" shall be inserted.

89. In section 33A of the Gift-tax Act, in sub-section (*4B*), in clause (*a*), the words "and a half" shall be omitted with effect from the 1st day of October, 1991. Amendment of section 33A.

90. In section 35 of the Gift-tax Act,— Amendment of section 35.

(*a*) for sub-sections (*3*) and (*4*), the following sub-sections shall be substituted, with effect from the 1st day of October, 1991, namely:—

"(*3*) A person shall not be proceeded against for an offence under this Act except with the previous sanction of the Commissioner or Commissioner (Appeals):

Provided that the Chief Commissioner or, as the case may be, Director General may issue such instructions or directions to the aforesaid gift-tax authorities as he may deem fit for institution of proceedings under this sub-section.

(*4*) Any such offence may, either before or after the institution of proceedings, be compounded by the Chief Commissioner or Director General.";

(*b*) the existing *Explanation* shall be renumbered as *Explanation 1* and after *Explanation 1* as so renumbered, the following *Explanation* shall be inserted and shall be deemed always to have been inserted, namely:—

"*Explanation 2*.—For the removal of doubts, it is hereby declared that the power of the Board to issue orders, instructions or directions under this Act shall include and shall be deemed always to have included the power to issue instructions or directions (including instructions or directions to obtain the previous approval of the Board) to other gift-tax authorities for the proper composition of offences under this section.".

Interest-tax

45 of 1974. 91. In the Interest-tax Act, 1974 (hereinafter referred to as the Interest-tax Act), in section 2, with effect from the 1st day of October, 1991,— Amendment of section 2.

(*a*) after clause (5), the following clauses shall be inserted, namely:—

'(*5A*) "credit institution" means,—

(*i*) a banking company to which the Banking Regulation Act, 1949, applies (including any bank or banking institution referred to in section 51 of that Act) or a co-operative society engaged in carrying on the business of banking not being a co-operative society providing credit facilities to farmers or village artisans; 10 of 1949.

(*ii*) a public financial institution as defined in section 4A of the Companies Act, 1956; 1 of 1956.

(*iii*) a State financial corporation established under section 3 or section 3A or an institution notified under section 46 of the State Financial Corporations Act, 1951; and 63 of 1951.

(*iv*) any other financial company;

'(5B) "financial company" means a company, other than a company referred to in sub-clause (i), (ii) or (iii) of clause (5A), being—

(i) a hire-purchase finance company, that is to say, a company which carries on, as its principal business, hire-purchase transactions or the financing of such transactions;

(ii) an investment company, that is to say, a company which carries on, as its principal business, the acquisition of shares, stock, bonds, debentures, debenture stock or securities issued by the Government or a local authority, or other marketable securities of a like nature;

(iii) a housing finance company, that is to say, a company which carries on, as its principal business, the business of financing of acquisition or construction of houses, including acquisition or development of land in connection therewith;

(iv) a loan company, that is to say, a company [not being a company referred to in sub-clauses (i) to (iii)] which carries on, as its principal business, the business of providing finance, whether by making loans or advances or otherwise;

(v) a mutual benefit finance company, that is to say, a company which carries on, as its principal business, the business of acceptance of deposits from its members and which is declared by the Central Government under section 620A of the Companies Act, 1956, to be a *Nidhi* or Mutual Benefit Society; or 1 of 1956.

(vi) a miscellaneous finance company, that is to say, a company which carries on exclusively, or almost exclusively, two or more classes of business referred to in the preceding sub-clauses;';

(b) for clause (7), the following clause shall be substituted, namely:—

'(7) "interest" means interest on loans and advances made in India and includes—

(a) commitment charges on unutilised portion of any credit sanctioned for being availed of in India; and

(b) discount on promissory notes and bills of exchange drawn or made in India,

but does not include—

(i) interest referred to in sub-section (1B) of section 42 of the Reserve Bank of India Act, 1934; 2 of 1934.

(ii) discount on treasury bills;';

(c) clause (9) shall be omitted.

Amendment of section 3.

92. In section 3 of the Interest-tax Act, for sub-section (1), the following sub-sections shall be substituted, with effect from the 1st day of October, 1991, namely:—

"(1) The income-tax authorities specified in section 116 of the Income-tax Act shall be the interest-tax authorities for the purposes of this Act.

(*1A*) Every such authority shall exercise the powers and perform the functions of an interest-tax authority under this Act in respect of any person within his jurisdiction.

(*1B*) The jurisdiction of an interest-tax authority under this Act shall be the same as he has under the Income-tax Act by virtue of orders or directions issued under section 120 of that Act (including orders or directions assigning the concurrent jurisdiction) or under any other provision of that Act.

(*1C*) The interest-tax authority having jurisdiction in relation to a credit institution which has no income assessable to income-tax under the Income-tax Act shall be the interest-tax authority having jurisdiction in respect of the area in which that institution carries on its business or has its principal place of business.

(*1D*) Section 118 of the Income-tax Act and any notification issued thereunder shall apply in relation to the control of interest-tax authorities as they apply in relation to the control of the corresponding income-tax authorities, except to the extent to which the Board may, by notification in the Official Gazette, otherwise direct in respect of any interest-tax authority.".

Amendment of section 4.

93. Section 4 of the Interest-tax Act shall be renumbered as sub-section (*1*) threof, and after sub-section (*1*) as so renumbered, the following sub-section shall be inserted, with effect from the 1st day of October, 1991, namely:—

"(*2*) Notwithstanding anything contained in sub-section (*1*) but subject to the other provisions of this Act, there shall be charged on every credit institution for every assessment year commencing on and from the 1st day of April, 1992, interest-tax in respect of its chargeable interest of the previous year at the rate of three per cent. of such chargeable interest.".

Substitution of new section for section 5.

94. For section 5 of the Interest-tax Act, the following section shall be substituted, with effect from the 1st day of October, 1991, namely:—

Scope of chargeable interest.

"5. Subject to the provisions of this Act, the chargeable interest of any previous year of a credit institution shall be the total amount of interest (other than interest on loans and advances made to other credit institutions) accruing or arising to the credit institution in that previous year:

Provided that any interest in relation to categories of bad or doubtful debts referred to in section 43D of the Income-tax Act shall be deemed to accrue or arise to the credit institution in the previous year in which it is credited by the credit institution to its profit and loss account for that year or, as the case may be, in which it is actually received by the credit institution, whichever is earlier.".

Amendment of section 6.

95. In section 6 of the Interest-tax Act, with effect from the 1st day of October, 1991,—

(*a*) in sub-section (*1*), for the words "scheduled banks", the words "credit institutions" shall be substituted;

(b) in sub-section (2), for the words, figures and letters "after the 31st day of March, 1985", the words, figures and letters "during the period commencing on the 1st day of April, 1985 and ending with the 30th day of September, 1991" shall be substituted.

Amendment of section 7.

96. In section 7 of the Interest-tax Act, with effect from the 1st day of October, 1991,—

(a) for sub-sections (1) and (2), the following sub-sections shall be substituted, namely:—

"(1) In the case of every credit institution, its principal officer, or where in the case of a non-resident credit institution any person has been treated as its agent under section 163 of the Income-tax Act, such person, shall furnish a return of the chargeable interest of the credit institution of the previous year in the prescribed form and verified in the prescribed manner and setting forth such other particulars as may be prescribed, before the 31st day of December of the assessment year.

(2) Without prejudice to the provisions of sub-section (1), the Assessing Officer may, before the end of the relevant assessment year, serve a notice upon the principal officer of any credit institution, or where in the case of a non-resident credit institution any person has been treated as its agent under section 163 of the Income-tax Act, upon such person, requiring him to furnish within thirty days from the date of service of the notice a return of the chargeable interest of the credit institution of the previous year in the prescribed form and verified in the prescribed manner and setting forth such other particulars as may be prescribed.";

(b) in sub-section (3), for the words "before the assessment is made", the words "before the expiry of one year from the end of the relevant assessment year or before the completion of the assessment, whichever is earlier" shall be substituted.

Amendment of section 8.

97. In section 8 of the Interest-tax Act, with effect from the 1st day of October, 1991,—

(a) for the words "Income-tax Officer", wherever they occur, the words "Assessing Officer" shall be substituted;

(b) after sub-section (2), the following sub-section shall be inserted, namely:—

"(3) If any person—

(a) fails to make a return as required under sub-section (1) of section 7 and has not made a return or a revised return under sub-section (3) of that section, or

(b) fails to comply with all the terms of notice under sub-section (2) of that section,

the Assessing Officer shall, after taking into account all the relevant material which he has gathered and after giving the assessee an opportunity of being heard, make the assessment of the total chargeable interest to the best of his judgment and determine the sum payable by the assessee on the basis of such assessment:

Provided that such opportunity shall be given by the Assessing Officer by serving a notice calling upon the assessee to show cause, on a date and time to be specified in the notice, why the assessment should not be completed to the best of his judgment:

Provided further that it shall not be necessary to give such opportunity in a case where a notice under sub-section (*1*) has been issued prior to the making of an assessment under this section.".

98. For section 9 of the Interest-tax Act, the following section shall be substituted, with effect from the 1st day of October, 1991, namely:— Substitution of new section for scetion 9.

"9. (*1*) Where interest-tax is payable on the basis of any return required to be furnished under section 7 or section 10, after taking into account the amount of interest-tax, if any, already paid under any provision of this Act, the assessee shall be liable to pay such interest-tax, together with interest payable under any provision of this Act for any delay in furnishing the return or any default or delay in payment of advance interest-tax, before furnishing the return and the return shall be accompanied by proof of payment of such interest-tax and interest. Self-assessment.

Explanation.—Where the amount paid by the assessee under this sub-section falls short of the aggregate of the interest-tax and interest as aforesaid, the amount so paid shall first be adjusted towards the interest payable as aforesaid and the balance, if any, shall be adjusted towards the interest-tax payable.

(*2*) After the assessment under section 8 has been made, any amount paid under sub-section (*1*) shall be deemed to have been paid towards such assessment.

(*3*) If any assessee fails to pay the whole or any part of interest-tax or interest or both in accordance with the provisions of sub-section (*1*), he shall, without prejudice to any other consequences which he may incur, be deemed to be an assessee in default in respect of the interest-tax or interest or both remaining unpaid, and all the provisions of this Act shall apply accordingly.".

99. In section 10 of the Interest-tax Act, for the words "Income-tax Officer", wherever they occur, the words "Assessing Officer" shall be substituted with effect from the 1st day of October, 1991. Amendment of section 10.

100. After section 10 of the Interest-tax Act, the following section shall be inserted with effect from the 1st day of October, 1991, namely:— Insertion of new section 10A.

"10A. (*1*) No order of assessment shall be made under section 8 at any time after the expiry of two years from the end of the assessment year in which the interest was first assessable. Time limit for completion of assessments and reassessments.

(*2*) No order of assessment or reassessment shall be made under section 10 after the expiry of two years from the end of the financial year in which the notice under that section was served.

(*3*) Notwithstanding anything contained in sub-sections (*1*) and (*2*), an order of fresh assessment in pursuance of an order passed under section 15, section 16, section 19 or section 20 setting aside or cancelling an assessment, may be made at any time before the expiry of two years from the end of the financial year in which the order under section 15 or section 16 is received by the Commissioner or, as the case may be, the order under section 19 or section 20 is passed by the Commissioner.

(4) The provisions of sub-sections (1) and (2) shall not apply to the assessment or reassessment made in consequence of, or to give effect to, any finding or direction contained in an order under section 15 or section 16 or section 19 or section 20 of this Act or section 256 or section 260 of the Income-tax Act as applicable to this Act by virtue of section 21 of this Act or in an order of any court in a proceeding otherwise than by way of appeal or reference under this Act and such assessment or reassessment may, subject to the provisions of sub-section (3), be completed at any time.

Explanation 1.— In computing the period of limitation for the purposes of this section—

(*i*) the time taken in reopening the whole or any part of the proceeding; or

(*ii*) the period during which the assessment proceeding is stayed by an order or injunction of any court,

shall be excluded.

Explanation 2.—Where, by an order referred to in sub-section (4), any interest is excluded from the chargeable interest for an assessment year in respect of an assessee, then, an assessment of such interest for another assessment year shall, for the purposes of section 10 and this section, be deemed to be one made in consequence of, or to give effect to, any finding or direction contained in the said order.".

Substitution of new sections for sections 11 to 13.

101. For sections 11 to 13 of the Interest-tax Act, the following sections shall be substituted, with effect from the 1st day of October, 1991, namely:—

Advance payment of interest-tax.

'11. (*1*) Interest-tax shall be payable in advance during the financial year in respect of the chargeable interest for the assessment year immediately following that financial year in accordance with the provision of this section.

(2) Interest-tax shall be payable in advance in three instalments during each financial year, the due date of, and the amount payable in, each such instalment being as specified in the following Table:

TABLE

Due date of instalment	Amount payable
On or before the 15th September	Not less than twenty per cent. of such interest-tax payable in advance.
On or before the 15th December	Not less than fifty per cent. of such interest-tax payable in advance, as reduced by the amount, if any, paid in the earlier instalment.
On or before the 15th March	The whole amount of such interest-tax payable in advance as reduced by the amount or amounts, if any, paid in the earlier instalment or instalments.

Provided that any amount paid by way of interest-tax payable in advance on or before the 31st day of March shall also be treated as interest-tax paid in advance during the financial year ending on that day for all the purposes of this Act.

Interest for default in furnishing return of chargeable interest.

12. (*1*) Where the return of chargeable interest for any assessment year under sub-section (*1*) of section 7, or in response to a notice under sub-section (*2*), of that section is furnished after the due date, or is not furnished, the assessee shall be liable to pay simple interest at the rate of two per cent. for every month or part of a month comprised in the period commencing on the date immediately following the due date, and,—

(*a*) where the return is furnished after the due date, ending on the date of the furnishing of the return; or

(*b*) where no return has been furnished, ending on the date of completion of assessment under sub-section (*3*) of section 8,

on the amount of the interest-tax on the chargeable interest as determined under sub-section (*2*) or sub-section (*3*) of section 8 as reduced by the interest-tax paid in advance.

Explanation 1.—In this section, "due date" means the 31st day of December of the relevant assessment year or, as the case may be, the date on which return in response to a notice under sub-section (*2*) of section 7 is due to be filed.

Explanation 2.—Where in relation an assessment year, an assessment is made for the first time under section 10, the assessment so made shall be regarded as assessment made under sub-section (*2*), or, as the case may be, sub-section (*3*) of section 8.

Explanation 3.—For the purposes of computing the interest payable under section 9, interest-tax on the chargeable interest declared in the return shall be deemed to be the interest-tax on total chargeable interest determined under sub-section (*2*) or sub-section (*3*) of section 8.

(*2*) The interest payable under sub-section (*1*) shall be reduced by the interest, if any, paid under section 9 towards the interest chargeable under this section.

(*3*) Where the return of chargeable interest for any assessment year, required by a notice under section 10 issued after the completion of assessment under sub-section (*2*) or sub-section (*3*) of section 8 or section 10 is furnished after the expiry of the time allowed under such notice or is not furnished, the assessee shall be liable to pay simple interest at the rate of two per cent. for every month or part of a month comprised in the period commencing on the date immediately following the expiry of time allowed as aforesaid, and,—

(*a*) where the return is furnished after the expiry of the time aforesaid, ending on the date of furnishing the return; or

(*b*) where no return has been furnished, ending on the day of completion of the reassessment under section 10.

on the amount by which the interest-tax on the chargeable interest as determined on the basis of such reassessment exceeds the interest-tax on chargeable interest on the basis of earlier assessment aforesaid.

(4) Where, as a result of an order under section 15 or section 17 of this Act or section 254 or section 260 or section 262 of the Income-tax Act, as applicable to this Act by virtue of section 21 of this Act, the amount on which interest was payable under sub-section (1) or sub-section (3) has been increased or reduced, as the case may be, the interest shall be increased or reduced accordingly, and—

(i) in a case where the interest is increased, the Assessing Officer shall serve on the assessee a notice of demand in the prescribed form specifying the sum payable and such notice of demand shall be deemed to be a notice under section 156 of the Income-tax Act as applicable to this Act by virtue of section 21, and the provisions of this Act shall apply accordingly;

(ii) in a case where the interest is reduced, the excess interest paid, if any, shall be refunded.

(5) The provisions of this section shall apply in respect of assessments for the assessment year commencing on the 1st day of April, 1992 and subsequent years.

Interest for default in payment of interest-tax in advance.

12A. (1) Subject to the other provisions of this section, where in any financial year, an assessee, who is liable to pay interest-tax in advance under section 11 has failed to pay such tax, or where the interest-tax paid in advance by such assessee is less than ninety per cent. of the assessed interest-tax, the assessee shall be liable to pay simple interest at the rate of two per cent for every month or part of a month comprised in the period from the 1st day of April next following such financial year to the date of determination of chargeable interest under sub-section (2) or, as the case may be, sub-section (3) of section 8 on an amount equal to the assessed interest-tax, or, as the case may be, on the amount by which the interest-tax payable in advance falls short of the assessed interest-tax.

Explanation 1.—In this section "assessed interest-tax" means,—

(a) for the purpose of computing the interest payable under section 9, the interest-tax on the chargeable interest as declared in the return referred to in that section;

(b) in any other case, interest-tax on chargeable interest as determined under sub-section (2) or, as the case may be, sub-section (3) of section 8.

Explanation 2.—Where, in relation to an assessment year, an assessment is made for the first time under section 10, the assessment so made shall be regarded as assessment made under sub-section (2) or, as the case may be, sub-section (3) of section 8.

(2) Where, before the date of completion of assessment under sub-section (2) or sub-section (3) of section 8, interest-tax is paid by the assessee under section 9 or otherwise,—

(i) interest shall be calculated in accordance with the foregoing provisions of this section up to the date on which the tax is so paid, and reduced by the interest, if any, paid under section 9 towards the interest chargeable under this section;

(ii) thereafter, interest shall be calculated at the rate aforesaid on the amount by which the tax so paid together with interest-tax paid in advance falls short of the assessed interest-tax.

(3) Where, as a result of an order of reassessment under section 10, the amount on which the interest was payable under sub-section (1) is increased, the assessee shall be liable to pay simple interest at the rate of two per cent. for every month or part of a month comprised in the period commencing on the day following the completion of the assessment under sub-section (2) or, as the case may be, sub-section (3) of section 8 referred to in sub-section (1) and ending on the date of reassessment under section 10, on the amount by which the interest-tax on the basis of the reassessment exceeds the interest-tax on the chargeable interest determined on the basis of assessment under sub-section (2) or, as the case may be, sub-section (3) of section 8.

(4) Where, as a result of an order under section 15 or section 17 of this Act or section 254 or section 260 or section 262 of the Income-tax Act as applicable to this Act by virtue of section 21 of this Act, the amount on which interest was payable under sub-section (1) or sub-section (3) has been increased or reduced, as the case may be, the interest shall be increased or reduced accordingly, and—

(i) in a case where the interest is increased, the Assessing Officer shall serve on the assessee a notice of demand in the prescribed form specifying the sum payable and such notice of demand shall be deemed to be a notice under section 156 of the Income-tax Act as applicable to this Act by virtue of section 21 of this Act, and provisions of this Act shall apply accordingly;

(ii) in a case where the interest is reduced, the excess interest paid, if any, shall be refunded.

(5) The provisions of this section shall apply in respect of assessments for the assessment year commencing on the 1st day of April, 1992 and subsequent assessment years.

Interest for deferment of interest-tax payable in advance.

12B. (1) Where in any financial year, the assessee who is liable to pay interest-tax in advance under section 11 has failed to pay the interest-tax and where such tax paid by the assessee on his chargeable interest on or before the 15th day of September is less than twenty per cent. of the interest-tax due on the returned chargeable interest or the amount of such interest-tax paid on or before the 15th day of December is less than fifty per cent. of the tax due on the returned chargeable interest, then, the assessee shall be liable to pay simple interest at the rate of one and one-half per cent. per month of the shortfall for a period of three months on the amount of shortfall from twenty per cent. or; as the case may be, fifty per cent. of the interest-tax due on the returned chargeable interest.

(2) The provisions of this section shall apply in respect of assessments for the assessment year commencing on the 1st day of April, 1992 and subsequent assessment years.

Penalty for concealment of chargeable interest.

13. If the Assessing Officer or the Commissioner (Appeals) in the course of any proceeding under this Act, is satisfied that any person has concealed the particulars of chargeable interest or has furnished inaccurate particulars of such interest, he may direct that such person shall pay by way of penalty, in addition to any interest-tax payable by him, a sum which shall not be less than, but shall not exceed three times, the amount of interest-tax sought to be evaded by reason of the concealment of particulars of his chargeable interest or the furnishing of inaccurate particulars of such chargeable interest.'.

Amendment of section 15.

102. In section 15 of the Interest-tax Act, for the words "Income-tax Officer", wherever they occur, the words "Assessing Officer" shall be substituted, with effect from the 1st day of October, 1991.

Omission of section 15A.

103. Section 15A of the Interest-tax Act, shall be omitted with effect from the 1st day of October, 1991.

Amendment of section 16.

104. In section 16 of the Interest-tax Act, for the words "Income-tax Officer", wherever they occur, the words "Assessing Officer" shall be substituted, with effect from the 1st day of October, 1991.

Amendment of section 17.

105. In section 17 of the Interest-tax Act, for the words "Income-tax Officer", wherever they occur, the words "Assessing Officer" shall be substituted, with effect from the 1st day of October, 1991.

Substitution of new section for section 18.

106. For section 18 of the Interest-tax Act, the following section shall be substituted, with effect from the 1st day of October, 1991, namely:—

Interest-tax deductible in computing total income under the Income-tax Act.

'18. Notwithstanding anything contained in the Income-tax Act, in computing the income of a credit institution chargeable to income-tax under the head "Profits and gains of business or profession" or under the head "Income from other sources", the interest-tax payable by the credit institution for any assessment year shall be deductible from the income, under the respective heads, of the credit institution assessable for that assessment year.'.

Amendment of section 19.

107. In section 19 of the Interest-tax Act, with effect from the 1st day of October, 1991,—

(a) in sub-section (1),—

(i) for the words "Income-tax Officer", the words "Assessing Officer" shall be substituted;

(*ii*) for the *Explanation*, the following *Explanation* shall be substituted, namely:—

'*Explanation*.—For the removal of doubts, it is hereby declared that, for the purposes of this sub-section,—

(*a*) "record" shall include and shall be deemed always to have included all records relating to any proceeding under this Act available at the time of examination by the Commissioner;

(*b*) where any order referred to in this sub-section is the subject matter of any appeal, the power of the Commissioner under this sub-section shall extend to all such matters as had not been considered and decided in such appeal.';

(*b*) in sub-section (*3*), in the *Explanation*, after the word, brackets and figure "sub-section (*2*),", the words and figures "the time taken in giving an opportunity to the assessee to be reheard under the proviso to section 129 of the Income-tax Act, as applicable to this Act by virtue of section 21 of this Act, and" shall be inserted.

108. In section 20 of the Interest-tax Act, with effect from the 1st day of October, 1991,— Amendment of section 20.

(*a*) in sub-section (*1*), for the words "Income-tax Officer", the words "Assessing Officer" shall be substituted;

(*b*) for the words and brackets "to the Commissioner (Appeals)", wherever they occur, the words and brackets "to the Commissioner (Appeals) or to the Appellate Tribunal" shall be substituted.

109. In section 21 of the Interest-tax Act, for the portion beginning with "2(*43B*) and (*44*)" and ending with "the Third Schedule", the following shall be substituted, with effect from the 1st day of October, 1991, namely:— Amendment of section 21.

"2(44), 129, 131, 132, 132A, 132B, 133 to 136 (both inclusive), 138, 140, 145, 156, 160, 161, 162, 163, 166, 167, 170, 173, 175, 176, 178, 179, 220 to 227 (both inclusive), 228A, 229, 232, 237 to 245 (both inclusive), 254 to 262 (both inclusive), 265, 266, 268, 269, 281, 281B, 282, 284, 287, 288, 288A, 288B, 289 to 293 (both inclusive), the Second Schedule and the Third Schedule.".

110. For sections 23 to 26, the following sections shall be substituted, with effect from the 1st day of October, 1991, namely:— Substitution of new sections for sections 23 to 26.

'23. If any person fails, without reasonable cause, to produce or cause to be produced, any accounts or documents required to be produced under section 8, he shall pay by way of penalty, a sum which shall not be less than one thousand rupees, but which may extend to twenty-five thousand rupees, for each such failure. Failure to comply with notices.

False statements.

24. If a person makes a statement in any verification under this Act or any rule made thereunder, or delivers an account or statement which is false, and which he either knows or believes to be false or does not believe to be true, he shall be punishable with rigorous imprisonment for a term which shall not be less than three months but which may extend to seven years and with fine.

Wilful attempt to evade tax, etc.

25. If a person wilfully attempts in any manner whatsoever to evade any interest-tax, penalty or interest chargeable or imposable under this Act, he shall, without prejudice to any penalty that may be imposable on him under any other provision of this Act, be punishable with rigorous imprisonment for a term which shall not be less than three months but which may extend to seven years and with fine.

Explanation.—For the purposes of this section, a wilful attempt to evade any interest-tax, penalty or interest chargeable or imposable under this Act or the payment thereof shall include a case where any person—

(*i*) has in his possession or control any books of account or other documents (being books of account or other documents relevant to any proceeding under this Act) containing a false entry or statement; or

(*ii*) makes or causes to be made any false entry or statement in such books of account or other documents; or

(*iii*) wilfully omits or causes to be omitted any relevant entry or statement in such books of account or other documents; or

(*iv*) causes any other circumstances to exist which will have the effect of enabling such person to evade any interest-tax, penalty or interest chargeable or imposable under this Act or the payment thereof.

Abetment of false returns, etc.

26. If a person abets or induces in any manner another person to make and deliver any account or a statement or declaration relating to any chargeable interest which is false and which he either knows or believes to be false or does not believe to be true or to commit an offence under section 25, he shall be punishable with rigorous imprisonment for a term which shall not be less than three months but which may extend to seven years and with fine.

Offences by credit institutions.

26A. (*1*) Where an offence under this Act has been committed by a credit institution, every person who, at the time the offence was committed, was in charge of, and was responsible to, the credit institution or the conduct of the business of the credit institution as well as the credit institution shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render any such person liable to any punishment if he proves that the offence was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence.

(2) Notwithstanding anything contained in sub-section (1), where an offence under this Act has been committed by a credit institution and it is proved that the offence has been committed with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the credit institution, such director, manager, secretary or other officer shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

Explanation.—For the purposes of this section, "director", in relation to a co-operative society, means any member controlling the affairs thereof.

26B. (1) A person shall not be proceeded against for any offence under section 24 or section 25 or section 26 or for any offence under the Indian Penal Code, except with the previous sanction of the Commissioner or Commissioner (Appeals): Institution of proceedings and composition of offences. 45 of 1860.

Provided that the Chief Commissioner or, as the case may be, Director General may issue such instructions or directions to the aforesaid interest-tax authorities as he may deem fit for institution of proceedings under this sub-section.

(2) Any offence under the sections referred to in sub-section (1) may, either before or after the institution of proceedings, be compounded by the Chief Commissioner or Director General.

Explanation.—For the removal of doubts, it is hereby declared that the power of the Board to issue orders, instructions or directions under this Act shall include the power to issue instructions or directions (including instructions or directions to obtain the previous approval of the Board) to other interest-tax authorities for the proper composition of offences under this section.

26C. Notwithstanding anything contained in any agreement under which any term loan has been sanctioned by the credit institution before the 1st day of October, 1991, it shall be lawful for the credit institution to vary the agreement, so as to increase the rate of interest stipulated therein to the extent to which such institution is liable to pay the interest-tax under this Act in relation to the amount of interest on the term loan which is due to the credit institution. Power of credit institutions to vary certain agreements.

Explanation.— For the purposes of this section, "term loan" means a loan which is not repayable on demand.'.

111. In section 28 of the Interest-tax Act, for the words "any scheduled bank or any class of scheduled banks", the words "any credit institution or any class of credit institutions or any interest on any category of loans or advances" shall be substituted, with effect from the 1st day of October, 1991. Amendment of section 28.

112. Section 29 of the Interest-tax Act shall be renumbered as sub-section (1) thereof and after sub-section (1), as so renumbered, the following sub-sections shall be inserted, with effect from the 1st day of October, 1991, namely:— Amendment of section 29.

"(2) If any difficulty arises in giving effect to the provisions of this Act, as amended by the Finance (No. 2) Act, 1991, the Central Government may, by order, do anything not inconsistent with such provisions for the purpose of removing the difficulty:

Provided that no such order shall be made after the expiry of two years from the 1st day of October, 1991.

(3) Every order made under sub-section (2) shall be laid before each House of Parliament.".

Expenditure-tax

Amendment of long title.

113. In the long title to the Expenditure-tax Act, 1987 (hereinafter referred to as the Expenditure-tax Act), after the words "in certain hotels", the words "or restaurants and for matters connected therewith or incidental thereto" shall be inserted, with effect from the 1st day of October, 1991. 35 of 1987.

Amendment of section 2.

114. In section 2 of the Expenditure-tax Act, after clause (9), the following clause shall be inserted, with effect from the 1st day of October, 1991, namely:—

'(9A) "restaurant" means any premises, not being a restaurant situated in a hotel referred to in clause (1) of section 3, in which the business of sale of food or drink to the public is carried on and such premises, at the beginning of any month, are equipped with, or have access to, facilities for air-conditioning;'.

Substitution of new sections for sections 3 to 5.

115. For sections 3 to 5 of the Expenditure-tax Act, the following sections shall be substituted, with effect from the 1st day of October, 1991, namely:—

Application of the Act.

'3. This Act shall apply in relation to any chargeable expenditure—

(1) incurred in a hotel wherein the room charges for any unit of residential accommodation at the time of incurring of such expenditure are four hundred rupees or more per day per individual and where,—

(a) a composite charge is payable in respect of such unit and food, the room charges included therein shall be determined in the prescribed manner;

(b) (i) a composite charge is payable in respect of such unit, food, drinks and other services, or any of them, and the case is not covered by the provisions of sub-clause (a), or

(ii) it appears to the Assessing Officer that the charges for such unit, food, drinks or other services are so arranged that the room charges are understated and the other charges are overstated, the Assessing Officer shall, for the purposes of this clause determine the room charges on such reasonable basis as he may deem fit; and

(*2*) incurred in a restaurant.

4. Subject to the provisions of this Act, there shall be charged on and from— Charge of expenditure-tax.

(*a*) the commencement of this Act, a tax at the rate of twenty per cent. of the chargeable expenditure incurred in a hotel referred to in clause (*1*) of section 3:

Provided that nothing in this clause shall apply in the case of a hotel referred to in clause (*ii*) of sub-section (*5*) of section 80-IA of the Income-tax Act during the period beginning on the 1st day of April, 1991 and ending on the 31st day of March, 2001;

(*b*) the 1st day of October, 1991, a tax at the rate of fifteen per cent. of the chargeable expenditure incurred in a restaurant referred to in clause (*2*) of section 3.

5. For the purposes of this Act, chargeable expenditure,— Meaning of Chargeable expenditure.

(*1*) in relation to a hotel referred to in clause (*1*) of section 3, means any expenditure incurred in, or payments made to, the hotel in connection with the provision of—

(*a*) any accommodation, residential or otherwise; or

(*b*) food or drink by the hotel, whether at the hotel or outside, or by any other person at the hotel; or

(*c*) any accommodation in such hotel on hire or lease; or

(*d*) any other services at the hotel, either by the hotel or by any other person, by way of beauty parlour, health club, swimming pool or other services,

but does not include—

(*i*) any expenditure which is incurred, or payment for which is made, in foreign exchange;

(*ii*) any expenditure incurred by persons within the purview of the Vienna Convention on Diplomatic Relations, 1961 or the Vienna Convention on Consular Relations, 1963;

(*iii*) any expenditure incurred in any shop or in any office which is not owned or managed by the person who carries on the business of a hotel;

(*iv*) any expenditure by way of any tax, including tax under this Act.

Explanation.—For the purposes of this clause,—

(*a*) expenditure incurred or any payments made in Indian currency obtained by conversion of foreign exchange into Indian currency shall in such cases and in such circumstances as may be prescribed be deemed to have been incurred or, as the case may be, made in foreign exchange; and

(b) "foreign exchange" and "Indian currency" shall have the meanings respectively assigned to them in clauses (h) and (k) of section 2 of the Foreign Exchange Regulation Act, 1973; 46 of 1973.

(2) in relation to a restaurant referred to in clause (2) of section 3, means any expenditure incurred in, or payments made to, a restaurant in connection with the provision of food or drink by the restaurant, whether at the restaurant or outside, or by any other person in the restaurant, but does not include any expenditure referred to in sub-clauses (ii) and (iv) of clause (1).'.

Substitution of new section for section 7.

116. For section 7 of the Expenditure-tax Act, the following section shall be substituted, with effect from the 1st day of October, 1991, namely:—

Collection and recovery of expenditure-tax.

"7. (1) Where any chargeable expenditure is incurred in a hotel referred to in clause (1) of section 3,—

(a) if such expenditure relates to any of the services, specified in sub-clauses (a) to (d) of clause (1) of section 5, provided by the hotel, the person who carries on the business of such hotel; and

(b) if such expenditure relates to any of the services, specified in sub-clause (b) or sub-clause (d) of clause (1) of section 5, provided by the other person referred to therein, such other person,

shall collect the expenditure-tax at the rate specified in clause (a) of section 4.

(2) Where any chargeable expenditure is incurred in a restaurant referred to in clause (2) of section 3 in relation to any services specified in clause (2) of section 5 and where such services are—

(a) provided by the restaurant, the person who carries on the business of such restaurant; and

(b) provided by the other person, such other person,

shall collect the expenditure-tax at the rate specified in clause (b) of section 4.

(3) The tax collected during any calendar month in accordance with the provisions of sub-sections (1) and (2) shall be paid to the credit of the Central Government by the 10th of the month immediately following the said calendar month.

(4) Any person responsible for collecting the tax, who fails to collect the tax in accordance with the provisions of sub-section (1) or sub-section (2) shall, notwithstanding such failure, be liable to pay the tax to the credit of the Central Government in accordance with the provisions of sub-section (3).".

117. For section 15 of the Expenditure-tax Act, the following section shall be substituted, with effect from the 1st day of October, 1991, namely:— Substitution of new section for section 15.

"15. Any person responsible for collecting expenditure-tax in accordance with the provisions of sub-section (*1*) or sub-section (*2*) of section 7, who— Penalty for failure to collect or pay expenditure-tax.

(*a*) fails to collect such tax; or

(*b*) having collected the tax, fails to pay such tax to the credit of the Central Government in accordance with the provisions of sub-section (*3*) of that section,

shall pay,—

(*i*) in the case referred to in clause (*a*), in addition to paying tax in accordance with the provisions of sub-section (*4*) of that section, by way of penalty, a sum equal to the amount of tax that he failed to collect; and

(*ii*) in the case referred to in clause (*b*), in addition to paying interest in accordance with the provisions of section 14, by way of penalty, a sum which shall not be less than one hundred rupees but which may extend to two hundred rupees for every day during which the failure continues, so, however, that the penalty under this clause shall not exceed the amount of tax that he failed to pay.".

118. In section 24 of the Expenditure-tax Act, with effect from the 1st day of October, 1991,— Amendment of section 24.

(*a*) for the figures and letter "140, 144A", the figures and letters "139A, 140, 144A, 145" shall be substituted;

(*b*) after the figures "188,", the figures and letter "188A" shall be inserted;

(*c*) after the figures and letter "278E,", the figures and letter "279B" shall be inserted.

119. In section 31 of the Expenditure-tax Act, in sub-section (*2*), with effect from the 1st day of October, 1991,— Amendment of section 31.

(*i*) in clause (*a*), for the words, brackets and figures "sub-section (*2*) of section 3", the words, brackets, letter and figures "sub-clause (*a*) of clause (*1*) of section 3 shall be substituted;

(*ii*) in clause (*b*), for the word and figure "section 5", the words, brackets and figures "clause (*1*) of section 5" shall be substituted.

CHAPTER IV

INDIRECT TAXES

Customs

Amendment of Act 52 of 1962.

120. In the Customs Act, 1962 (hereinafter referred to as the Customs Act),—

(*1*) in section 75,—

(*a*) in sub-section (*1*), the following provisos shall be inserted, namely:—

"Provided that no drawback shall be allowed under this sub-section in respect of any of the aforesaid goods which the Central Government may, by rules made under sub-section (*2*), specify, if the export value of such goods or class of goods is less than the value of the imported materials used in the manufacture of such goods or class of goods, or is not more than such percentage of the value of the imported materials used in the manufacture of such goods or class of goods as the Central Government may, by notification in the Official Gazette, specify in this behalf:

Provided further that where any drawback has been allowed on any goods under this sub-section and the sale proceeds in respect of such goods are not received by or on behalf of the exporter in India within the time allowed under the Foreign Exchange Regulation Act, 1973, such drawback shall be deemed never to have been allowed and the Central Government may, by rules made under sub-section (*2*), specify the procedure for the recovery or adjustment of the amount of such drawback."; 46 of 1973.

(*b*) in sub-section (*2*), after clause (*a*), the following clauses shall be inserted, namely:—

"(*aa*) for specifying the goods in respect of which no drawback shall be allowed;

(*ab*) for specifying the procedure for recovery or adjustment of the amount of any drawback which had been allowed under sub-section (*1*);";

(*2*) in section 113, after clause (*i*), the following clause shall be inserted, namely:—

"(*ii*) any goods entered for exportation under claim for drawback which do not correspond in any material particular with any information furnished by the exporter or manufacturer under this Act in relation to the fixation of rate of drawback under section 75;";

(*3*) in section 142, in sub-section (*1*), for the words "demanded from any person", the words "demanded from any person or any amount of drawback to be recovered from any person" shall be substituted.

121. The Customs Tariff Act, 1975 (hereinafter referred to as the Customs Tariff Act),— Amendment of Act 51 of 1975.

(*a*) shall be amended in the manner specified in the Second Schedule; and

(*b*) shall, with effect from such date as the Central Government may, by notification in the Official Gazette, appoint, be also amended in the manner specified in the Third Schedule.

Excise

122. The Central Excise Tariff Act, 1985 (hereinafter referred to as the Central Excise Tariff Act), shall be amended in the manner specified in the Fourth Schedule. Amendment of Act 5 of 1986.

123. The Additional Duties of Excise (Goods of Special Importance) Act, 1957 (hereinafter referred to as the Additional Duties of Excise Act), shall be amended in the manner specified in the Fifth Schedule. Amendment of Act 58 of 1957.

CHAPTER V

MISCELLANEOUS

124. In the Industrial Development Bank of India Act, 1964, section 35 shall be omitted with effect from the 1st day of April, 1992. Omission of section 35 of Act 18 of 1964.

125. In section 40 of the Finance Act, 1983, with effect from the 1st day of April, 1992,— Amendment of section 40 of Act 11 of 1983.

(*a*) in sub-section (*3*),—

(*i*) in clause (*v*), in the proviso, after the words "for industrial purposes", the words "or for construction of a hotel" shall be inserted;

(*ii*) in clause (*vib*), in the *Explanation*, for the words, brackets, letters and figures "in clause (*b*) of *Explanation 1* to section 80F", the words and figures "in *Explanation 1* to section 13" shall be substituted;

(*b*) for sub-section (*4*), the following sub-section shall be substituted, namely:—

'(*4*) The value of any asset specified in sub-section (*3*) shall be either its value as on the valuation date determined in the manner laid down in Schedule III to the Wealth-tax Act or its value, disclosed in the balance sheet of the company, on the valuation date, whichever is higher.

Explanation.—For the purposes of this sub-section, "balance sheet", as drawn up on the valuation date, shall have the same meaning as in rule 11 of Schedule III to the Wealth-tax Act.';

(*c*) in sub-section (*5*), in clause (*a*), the words, brackets, letter and figures", clause (*a*) of sub-section (*2*) of section 7" shall be omitted.

18 of 1991. **126.** Section 2 of the Finance Act, 1991 is hereby repealed and shall be deemed never to have been enacted. Repeal.

THE FIRST SCHEDULE

(*See* section 2)

PART I

INCOME-TAX

Paragraph A

Sub-Paragraph I

In the case of every individual or Hindu undivided family or unregistered firm or other association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (*vii*) of clause (*31*) of section 2 of the Income-tax Act, not being a case to which Sub-Paragraph II of this Paragraph or any other Paragraph of this Part applies,—

Rates of income-tax

(1) where the total income does not exceed Rs. 22,000	*Nil;*
(2) where the total income exceeds Rs. 22,000 but does not exceed Rs. 30,000	20 per cent. of the amount by which the total income exceeds Rs. 22,000;
(3) where the total income exceeds Rs. 30,000 but does not exceed Rs. 50,000	Rs. 1,600 *plus* 30 per cent. of the amount by which the total income exceeds Rs. 30,000;
(4) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000	Rs. 7,600 *plus* 40 per cent. of the amount by which the total income exceeds Rs. 50,000;
(5) where the total income exceeds Rs. 1,00,000	Rs. 27,600 *plus* 50 per cent. of the amount by which the total income exceeds Rs· 1,00,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall,—

(*i*) in the case of every individual, Hindu undivided family or association of persons or body of individuals referred to in sections 88 and 88A having a total income exceeding seventy-five thousand rupees, be reduced by the amount of rebate of income-tax calculated under Chapter VIII-A, and the income-tax as so reduced;

(*ii*) in the case of every person, other than those mentioned in item (*i*), having a total income exceeding seventy-five thousand rupees,

be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent of such income-tax:

Provided that no such surcharge shall be payable by a non-resident.

Sub-Paragraph II

In the case of every Hindu undivided family which at any time during the previous year has at least one member whose total income of the previous year relevant to the assessment year commencing on the 1st day of April, 1991 exceeds Rs. 22,000,—

Rates of income-tax

(1) where the total income does not exceed Rs. 12,000	*Nil*;
(2) where the total income exceeds Rs. 12,000 but does not exceed Rs. 20,000	25 per cent. of the amount by which the total income exceeds Rs. 12,000;
(3) where the total income exceeds Rs. 20,000 but does not exceed Rs. 40,000	Rs. 2,000 *plus* 30 per cent. of the amount by which the total income exceeds Rs. 20,000;
(4) where the total income exceeds Rs. 40,000 but does not exceed Rs. 60,000	Rs. 8,000 *plus* 40 per cent. of the amount by which the total income exceeds Rs. 40,000;
(5) where the total income exceeds Rs. 60,000 but does not exceed Rs.1,00,000	Rs. 16,000 *plus* 50 per cent. of the amount by which the total income exceeds Rs. 60,000;
(6) where the total income exceeds Rs. 1,00,000	Rs. 36,000 *plus* 55 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be reduced by the amount of rebate of income-tax calculated under Chapter VIII-A and the income-tax as so reduced be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax:

Provided that no such surcharge shall be payable by a non-resident.

Paragraph B

In the case of every co-operative society,—

Rates of income-tax

(1) where the total income does not exceed Rs. 10,000	10 per cent. of the total income;
(2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 20,000	Rs. 1,000 *plus* 20 per cent, of the amount by which the total income exceeds Rs. 10,000;
(3) where the total income exceeds Rs. 20,000	Rs. 3,000 *plus* 35 per cent. of the amount by which the total income exceeds Rs. 20,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax.

Paragraph C

Sub-Paragraph I

In the case of every registered firm, not being a case to which Sub-Paragraph II of this Paragraph applies,—

Rates of income-tax

(1) where the total income does not exceed Rs. 15,000	*Nil;*
(2) where the total income exceeds Rs. 15,000 but does not exceed Rs. 50,000	6 per cent. of the amount by which the total income exceeds Rs. 15,000;
(3) where the total income exceeds Rs. 50 000 but does not exceed Rs. 1,00,000	Rs. 2,100 *plus* 12 per cent. of the amount by which the total income exceeds Rs. 50,000;
(4) where the total income exceeds Rs. 1,00,000	Rs. 8,100 *plus* 18 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax.

Sub-Paragraph II

In the case of every registered firm whose total income includes income derived from a profession carried on by it and the income so included is not less than fifty-one per cent. of such total income,—

Rates of income-tax

(1) where the total income does not exceed Rs. 15,000	*Nil;*
(2) where the total income exceeds Rs. 15,000 but does not exceed Rs. 50,000	5 per cent. of the amount by which the total income exceeds Rs. 15,000;
(3) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000	Rs. 1,750 *plus* 10 per cent. of the amount by which the total income exceeds Rs. 50,000;
(4) where the total income exceeds Rs. 1,00,000	Rs. 6,750 *plus* 15 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax.

Explanation.—For the purposes of this Paragraph, "registered firm" includes an unregistered firm assessed as a registered firm under clause (*b*) of section 183 of the Income-tax Act.

Paragraph D

In the case of every local authority,—

Rate of income-tax

On the whole of the total income 50 per cent.

Surcharge on income-tax

The amount of income-tax computed at the rate hereinbefore specified shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax.

Paragraph E

In the case of a company,—

Rates of income-tax

I. In the case of a domestic company,—	
(1) where the company is a company in which the public are substantially interested	40 per cent. of the total income;
(2) where the company is not a company in which the public are substantially interested—	
(*i*) in the case of a trading company or an investment company	50 per cent. of the total income;
(*ii*) in any other case	45 per cent. of the total income.
II. In the case of a company other than a domestic company,—	
(*i*) on so much of the total income as consists of—	
(*a*) royalties received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1961 but before the 1st day of April, 1976, or	
(*b*) fees for rendering technical services received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 29th day of February, 1964 but before the 1st day of April, 1976,	
and where such agreement has, in either case been approved by the Central Government	50 per cent.:
(*ii*) on the balance, if any, of the total income	65 per cent.

Surcharge on income-tax

The amount of income-tax computed in accordance with the provisions of item I of this Paragraph shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge calculated at the rate of fifteen per cent. of such income-tax.

PART II

RATES FOR DEDUCTION OF TAX AT SOURCE IN CERTAIN CASES

In every case in which under the provisions of sections 193, 194, 194A, 194B, 194BB, 194D and 195 of the Income-tax Act, tax is to be deducted at the rates in force, deduction shall be made from the income subject to deduction at the following rates:—

	Rate of income-tax
1. In the case of a person other than a company—	
(*a*) where the person is resident in India—	
(*i*) on income by way of interest other than "Interest on securities"	10 per cent.;
(*ii*) on income by way of winnings from lotteries and crossword puzzles	40 per cent.;
(*iii*) on income by way of winnings from horse races	40 per cent.;
(*iv*) on income by way of insurance commission	10 per cent.;
(*v*) on income by way of interest payable on—	10 per cent.;
(*A*) any security, other than a tax-free security, of the Central or a State Government;	
(*B*) any debentures or other securities for money issued by or on behalf of any local authority or a corporation established by a Central, State or Provincial Act;	
(*C*) any debentures issued by a company where such debentures are listed on a recognised stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and any rules made thereunder;	
(*vi*) on any other income (excluding interest payable on a tax-free security)	20 per cent.;
(*b*) where the person is not resident in India—	
(*i*) in the case of a non-resident Indian—	
(*A*) on investment income and long-term capital gains	20 per cent.;
(*B*) on income by way of interest payable on a tax-free security	15 per cent.;
(*C*) on income by way of winnings from lotteries and crossword puzzles	40 per cent.;
(*D*) on income by way of winnings from horse races	40 per cent.;

	Rate of income-tax
(*E*) on the whole of other income	income-tax at 30 per cent. of the amount of income or income-tax in respect of the income at the rates prescribed in Sub-Paragraph I of Paragraph A of Part III of this Schedule, if such income had been the total income, whichever is higher;
(*ii*) in the case of any other person—	
(*A*) on income by way of interest payable on a tax-free security	15 per cent.;
(*B*) on income by way of winnings from lotteries and crossword puzzles	40 per cent.;
(*C*) on income by way of winnings from horse races	40 per cent.;
(*D*) on the whole of the other income	income-tax at 30 per cent. of the amount of income or income-tax in respect of the income at the rates prescribed in Sub-Paragraph I of Paragraph A of Part III of this Schedule, if such income had been the total income, whichever is higher.
2. In the case of a company—	
(*a*) where the company is a domestic company—	
(*i*) on income by way of interest other than "Interest on securities"	20 per cent.;
(*ii*) on income by way of winnings from lotteries and crossword puzzles	40 per cent.;
(*iii*) on income by way of winnings from horse races	40 per cent.;
(*iv*) on any other income (excluding interest payable on tax-free security)	21.5 per cent.;
(*b*) where the company is not a domestic company—	
(*i*) on income by way of dividends payable by any domestic company	25 per cent.;
(*ii*) on income by way of winnings from lotteries and crossword puzzles	40 per cent.;
(*iii*) on income by way of winnings from horse races	40 per cent.;
(*iv*) on income by way of interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency	25 per cent.;

	Rate of income-tax
(*v*) on income by way of royalty payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1976, where such royalty is in consideration for the transfer of all or any rights (including the granting of a licence) in respect of copyright in any book on a subject referred to in the proviso to sub-section (*1A*) of section 115A of the Income-tax Act, to the Indian concern	30 per cent.;
(*vi*) on income by way of royalty [not being royalty of the nature referred to in sub-item (*b*) (*v*)] payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and which has been approved by the Central Government—	
(*A*) where the agreement is made after the 31st day of March, 1961 but before the 1st day of April, 1976	50 per cent.;
(*B*) where the agreement is made after the 31st day of March, 1976	30 per cent.;
(*vii*) on income by way of fees for technical services payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and which has been approved by the Central Government—	
(*A*) where the agreement is made after the 29th day of February, 1964 but before the 1st day of April, 1976	50 per cent.;
(*B*) where the agreement is made after the 31st day of March, 1976	30 per cent.;
(*viii*) on income by way of interest payable on a tax-free security	44 per cent.;
(*ix*) on any other income	65 per cent.

Explanation.—For the purposes of this Part, "investment income", "long-term capital gains" and "non-resident Indian" shall have the meanings assigned to them in Chapter XII-A of the Income-tax Act.

Surcharge on income-tax

The amount of income-tax deducted in accordance with the provisions of—

(*a*) sub-item (*a*) of item 1 of this Part shall be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax, and

(*b*) sub-item (*a*) of item 2 of this Part shall be increased by a surcharge, calculated at the rate of fifteen per cent. of such income-tax.

PART III

RATES FOR CALCULATING OR CHARGING INCOME-TAX IN CERTAIN CASES, DEDUCTING INCOME-TAX FROM INCOME CHARGEABLE UNDER THE HEAD "SALARIES" AND COMPUTING "ADVANCE TAX"

In cases in which income-tax has to be calculated under the first proviso to sub-section (5) of section 132 of the Income-tax Act or charged under sub-section (4) of section 172 or sub-section (2) of section 174 or section 175 or sub-section (2) of section 176 of the said Act or deducted under section 192 of the said Act from income chargeable under the head "Salaries" or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed at the rate or rates in force, such income-tax or, as the case may be, "advance tax" [not being "advance tax" in respect of any income chargeable to tax under Chapter XII or Chapter XII-A or sub-section (*1A*) of section 161 or section 164 or section 164A or section 167B of the Income-tax Act at the rates as specified in that Chapter or section or surcharge on such "advance tax" in respect of any income chargeable to tax under section 115B], shall be calculated, charged, deducted or computed at the following rate or rates:

Paragraph A

Sub-Paragraph I

In the case of every individual or Hindu undivided family or unregistered firm or other association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (*vii*) of clause (*31*) of section 2 of the Income-tax Act, not being a case to which Sub-Paragraph II of this Paragraph or any other Paragraph of this Part applies,—

Rates of income-tax

(1) where the total income does not exceed Rs. 22,000	*Nil;*
(2) where the total income exceeds Rs. 22,000 but does not exceed Rs. 30,000	20 per cent. of the amount by which the total income exceeds Rs. 22,000;
(3) where the total income exceeds Rs. 30,000 but does not exceed Rs. 50,000	Rs. 1,600 *plus* 30 per cent. of the amount by which the total income exceeds Rs. 30,000;
(4) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000	Rs. 7,600 *plus* 40 per cent. of the amount by which the total income exceeds Rs. 50,000;
(5) where the total income exceeds Rs. 1,00,000	Rs. 27,600 *plus* 50 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall,—

(*i*) in the case of every individual, Hindu undivided family or association of persons or body of individuals referred to in sections 88 and 88A having a total income exceeding seventy-five thousand rupees, be reduced by the amount of rebate of income-tax calculated under Chapter VII-A, and the income-tax as so reduced,

(ii) in the case of every person, other than those mentioned in item (i), having a total income exceeding seventy-five thousand rupees,

be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax:

Provided that no such surcharge shall be payable by a non-resident.

Sub-Paragraph II

In the case of every Hindu undivided family which at any time during the previous year has at least one member whose total income of the previous year relevant to the assessment year commencing on the 1st day of April, 1992 exceeds Rs. 22,000,—

Rates of income-tax

(1) where the total income does not exceed Rs. 12,000	*Nil;*
(2) where the total income exceeds Rs. 12,000 but does not exceed Rs. 20,000	25 per cent. of the amount by which the total income exceeds Rs. 12,000
(3) where the total income exceeds Rs. 20,000 but does not exceed Rs. 40,000	Rs. 2,000 *plus* 30 per cent. of the amount by which the total income exceeds Rs. 20,000;
(4) where the total income exceeds Rs. 40,000 but does not exceed Rs. 60,000	Rs. 8,000 *plus* 40 per cent. of the amount by which the total income exceeds Rs. 40,000;
(5) where the total income exceeds Rs. 60,000 but does not exceed Rs. 1,00,000	Rs. 16,000 *plus* 50 per cent. of the amount by which the total income exceeds Rs. 60,000;
(6) where the total income exceeds Rs. 1,00,000	Rs. 36,000 *plus* 55 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be reduced by the amount of rebate of income-tax calculated under Chapter VIII-A and the income-tax as so reduced be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax:

Provided that no such surcharge shall be payable by a non-resident.

Paragraph B

In the case of every co-operative society,—

Rates of income-tax

(1) where the total income does not exceed Rs. 10,000	10 per cent. of the total income;

(2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 20,000	Rs. 1,000 *plus* 20 per cent. of the amount by which the total income exceeds Rs. 10,000;
(3) where the total income exceeds Rs. 20,000	Rs. 3,000 *plus* 35 per cent. of the amount by which the total income exceeds Rs. 20,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax.

Paragraph C

Sub-Paragraph I

In the case of every registered firm, not being a case to which Sub-Paragraph II of this Paragraph applies,—

Rates of income-tax

(1) where the total income does not exceed Rs. 15,000	*Nil;*
(2) where the total income exceeds Rs. 15,000 but does not exceed Rs. 50,000	6 per cent. of the amount by which the total income exceeds Rs. 15,000;
(3) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000	Rs. 2,100 *plus* 12 per cent. of the amount by which the total Income exceeds Rs. 50,000;
(4) where the total income exceeds Rs. 1,00,000	Rs. 8,100 *plus* 18 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax.

Sub-Paragraph II

In the case of every registered firm whose total income includes income derived from a profession carried on by it and the income so included is not less than fifty-one per cent. of such total income,—

Rates of income-tax

(1) where the total income does not exceed Rs. 15,000	*Nil;*
(2) where the total income exceeds Rs. 15,000 but does not exceed Rs. 50,000	5 per cent. of the amount by which the total income exceeds Rs. 15,000;

(3) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000	Rs. 1,750 *plus* 10 per cent. of the amount by which the total income exceeds Rs. 50,000;
(4) where the total income exceeds Rs. 1,00,000	Rs. 6,750 *plus* 15 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax.

Explanation.—For the purposes of this Paragraph, "registered firm" includes an unregistered firm assessed as a registered firm under clause (b) of section 183 of the Income-tax Act.

Paragraph D

In the case of every local authority,—

Rate of income-tax

On the whole of the total income 50 per cent.

Surcharge on income-tax

The amount of income-tax computed at the rate hereinbefore specified shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax.

Paragraph E

In the case of a company,—

Rates of income-tax

I. In the case of a domestic company,—

(1) where the company is a company in which the public are substantially interested	45 per cent. of the total income;
(2) where the company is not a company in which the public are substantially interested	50 per cent. of the total income.

II. In the case of a company other than a domestic company,—

(*i*) on so much of the total income as consists of—

(*a*) royalties received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1961 but before the 1st day of April, 1976, or

(*b*) fees for rendering technical services received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 29th day of February, 1964 but before the 1st day of April, 1976,

and where such agreement has, in either case, been approved by the Central Government	50 per cent;
(*ii*) on the balance, if any, of the total income	65 per cent.

Surcharge on income-tax

The amount of income-tax computed in accordance with the provisions of item I of this Paragraph shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge calculated at the rate of fifteen per cent. of such income-tax.

PART IV

[*See* section 2(*9*) (*e*)]

RULES FOR COMPUTATION OF NET AGRICULTURAL INCOME

Rule 1.—Agricultural income of the nature referred to in sub-clause (*a*) of clause (*1A*) of section 2 of the Income-tax Act shall be computed as if it were income chargeable to income-tax under that Act under the head "Income from other sources" and the provisions of sections 57 to 59 of that Act shall, so far as may be, apply accordingly:

Provided that sub-section (*2*) of section 58 shall apply subject to the modification that the reference to section 40A therein shall be construed as not including a reference to sub-sections (*3*) and (*4*) of section 40A.

Rule 2.—Agricultural income of the nature referred to in sub-clause (*b*) or sub-clause (*c*) of clause (*1A*) of section 2 of the Income-tax Act [other than income derived from any building required as a dwelling house by the receiver of the rent or revenue or the cultivator or the receiver of rent-in-kind referred to in the said sub-clause (*c*)] shall be computed as if it were income chargeable to income-tax under that Act under the head "Profits and gains of business or profession" and the provisions of sections 30, 31, 32, 36, 37, 38, 40, 40A [other than sub-section (*3*) and (*4*) thereof], 41, 43, 43A, 43B and 43C of the Income-tax Act shall, so far as may be, apply accordingly.

Rule 3.—Agricultural income of the nature referred to in sub-clause (*c*) of clause (*1A*) of section 2 of the Income-tax Act, being income derived from any building required as a dwelling house by the receiver of the rent or revenue or the cultivator or the receiver of rent-in-kind referred to in the said sub-clause (*c*) shall be computed as if it were income chargeable to income-tax under that Act under the head "Income from house property" and the provisions of sections 23 to 27 of that Act shall, so far as may be, apply accordingly.

Rule 4.—Notwithstanding anything contained in any other provisions of these rules, in a case where the assessee derives income from sale of tea grown and manufactured by him in India, such income shall be computed in accordance with rule 8 of the Income-tax Rules, 1962, and sixty per cent. of such income shall be regarded as the agricultural income of the assessee.

Rule 5.—Where the assessee is a partner of a registered firm or an unregistered firm assessed as a registered firm under clause (*b*) of section

183 of the Income-tax Act, which in the previous year has any agricultural income, or is a partner of an unregistered firm which has not been assessed as a registered firm under clause (*b*) of the said section 183 and which in the previous year has either no income chargeable to tax under the Income-tax Act or has total income not exceeding the maximum amount not chargeable to tax in the case of an unregistered firm but has any agricultural income, then, the agricultural income or loss of the firm shall be computed in accordance with these rules and his share in the agricultural income or loss of the firm shall be computed in the manner laid down in sub-section (*1*), sub-section (*2*) and sub-section (*3*) of section 67 of the Income-tax Act and the share so computed shall be regarded as the agricultural income or loss of the assessee.

Rule 6.—Where the assessee is a member of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) which in the previous year has either no income chargeable to tax under the Income-tax Act or has total income not exceeding the maximum amount not chargeable to tax in the case of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) but has any agricultural income, then, the agricultural income or loss of the association or body shall be computed in accordance with these rules and the share of the assessee in the agricultural income or loss so computed shall be regarded as the agricultural income or loss of the assessee.

Rule 7.—Where the result of the computation for the previous year in respect of any source of agricultural income is a loss, such loss shall be set off against the income of the assessee, if any, for that previous year from any other source of agricultural income:

Provided that where the assessee is a partner of an unregistered firm which has not been assessed as a registered firm under clause (*b*) of section 183 of the Income-tax Act or is a member of an association of persons or a body of individuals and the share of the assessee in the agricultural income of the firm, association or body, as the case may be, is a loss, such loss shall not be set off against any income of the assessee from any other source of agricultural income.

Rule 8.—Any sum payable by the assessee on account of any tax levied by the State Government on the agricultural income shall be deducted in computing the agricultural income.

Rule 9.—(*1*) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 1991, any agricultural income and the net result of the computation of the agricultural income of the assessee for any one or more of the previous years relevant to the assessment years commencing on the 1st day of April, 1983 or the 1st day of April, 1984 or the 1st day of April, 1985 or the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989 or the 1st day of April, 1990, is a loss, then, for the purposes of sub-section (2) of section 2 of this Act,—

(*i*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1983, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1984 or the 1st day of April, 1985 or the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989 or the 1st day of April, 1990,

(*ii*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1984, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1985 or the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989 or the 1st day of April, 1990,

(*iii*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1985, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989 or the 1st day of April, 1990,

(*iv*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1986, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989 or the 1st day of April, 1990,

(*v*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1987, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1988 or the 1st day of April, 1989 or the 1st day of April, 1990,

(*vi*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1988, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1980 or the 1st day of April, 1990,

(*vii*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1989, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1990, and

(*viii*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1990,

shall be set off against the agricultural income of the assessee for the previous year relevant to the assessment year commencing on the 1st day of April, 1991.

(*2*) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 1992 or, if by virtue of any provision of the Income-tax Act, income-tax is to be charged in respect of the income of a period other than that previous year, in such other period, any agricultural income and the net result of the computation of the agricultural income of the assessee for any one or more of the previous years relevant to the assessment years commencing on the 1st day of April, 1984 or the 1st day of April, 1985 or the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989 or the 1st day of April, 1990 or the 1st day of April, 1991, is a loss, then, for the purposes of sub-section (8) of section 2 of this Act,—

(*i*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1984, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1985 or the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989 or the 1st day of April, 1990 or the 1st day of April, 1991,

(*ii*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1985, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989 or the 1st day of April, 1990 or the 1st day of April, 1991,

(*iii*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1986, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989 or the 1st day of April, 1990 or the 1st day of April, 1991,

(*iv*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1987, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1988 or the 1st day of April, 1989 or the 1st day of April, 1990 or the 1st day of April, 1991,

(*v*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1988, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1989 or the 1st day of April, 1990 or the 1st day of April, 1991,

(*vi*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1989, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1990 or the 1st day of April, 1991, (*vii*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1990, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1991, and

(*viii*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1991,

shall be set off against the agricultural income of the assessee for the previous year relevant to the assessment year commencing on the 1st day of April, 1992.

(*3*) Where a change has occurred in the constitution of a firm, nothing in sub-rule (*1*) or sub-rule (*2*) shall entitle the firm to set off so much of the loss proportionate to the share of a retired or deceased partner computed in the manner laid down in sub-section (*1*), sub-section (*2*) and sub-section (*3*) of section 67 of the Income-tax Act as exceeds his share of profits, if any, of the previous year in the firm, or entitle any partner to the benefit of any portion of the said loss (computed in the manner aforesaid) which is not apportionable to him.

(*4*) Where any person deriving any agricultural income from any source has been succeeded in such capacity by another person, otherwise than by inheritance, nothing in sub-rule (*1*) or sub-rule (*2*) shall entitle any person, other than the person incurring the loss, to have it set off under sub-rule (*1*) or, as the case may be, sub-rule (*2*).

(*5*) Notwithstanding anything contained in this rule, no loss which has not been determined by the Assessing Officer under the provisions of these rules or the rules contained in Part IV of the First Schedule to the
11 of 1983. Finance Act, 1983, or of the First Schedule to the Finance Act, 1984, or of
21 of 1984. the First Schedule to the Finance Act, 1985, or of the First Schedule to the
32 of 1985. Finance Act, 1986, or of the First Schedule to the Finance Act, 1987, or of
23 of 1986. the First Schedule to the Finance Act, 1988, or of the First Schedule to the
11 of 1987. Finance Act, 1989, or of the First Schedule to the Finance Act, 1990, shall
26 of 1988. be set off under sub-rule (*1*) or, as the case may be, sub-rule (*2*).
13 of 1989.

Rule 10.—Where the net result of the computation made in accordance with these rules is a loss, the loss so computed shall be ignored and the net agricultural income shall be deemed to be *nil*.

Rule 11.—The provisions of the Income-tax Act relating to procedure for assessment (including the provisions of section 288A relating to rounding off of income) shall, with the necessary modifications, apply in relation to the computation of the net agricultural income of the assessee as they apply in relation to the assessment of the total income.

Rule 12.—For the purposes of computing the net agricultural income of the assessee, the Assessing Officer shall have the same powers as he has under the Income-tax Act for the purposes of assessment of the total income.

THE SECOND SCHEDULE

[*See section* 121(*a*)]

In the First Schedule to the Customs Tariff Act,—

(*a*) in Chapter 78, in sub-heading Nos. 7801.10, 7801.91, 7801.99, 7802.00, 7803.00, 7804.11, 7804.19, 7804.20, 7805.00 and 7806.00, for the entry in column (4), the entry "100% *plus* Rs. 10,000 per tonne" shall be substituted;

(*b*) in Chapter 99,—

(*i*) heading Nos. 99.01, 99.02, 99.03 and the entries relating thereto shall be omitted and heading Nos. 99.04 to 99.15 and sub-heading Nos. 9904.00 to 9915.00 shall be renumbered as heading Nos. 99.01 to 99.12 and sub-heading Nos. 9901.00 to 9912.00 respectively;

(*ii*) heading No. 99.16 and the entries relating thereto shall be omitted and heading Nos. 99.17, 99.18 and sub-heading Nos. 9917.00, 9918.00 shall be renumbered as heading Nos. 99.13, 99.14 and sub-heading Nos. 9913.00 and 9914.00 respectively.

THE THIRD SCHEDULE

[*See* section 121 (*b*).]

PART I

In the First Schedule to the Customs Tariff Act,—

(*1*) in Chapter 3,—

(*i*) existing NOTE shall be renumbered as NOTE 1 and after NOTE 1 as so renumbered, the following NOTE shall be inserted, namely:—

'2. In this Chapter, the term "pellets" means products which have been agglomerated either directly by compression or by the addition of a small quantity of binder.';

(*ii*) in heading No. 03.05, in column (3), for the words "Fish Meal", the words Flours, Meals and Pellets, of Fish" shall be substituted;

(*iii*) in sub-heading No. 0305.10, in column (3), for the words "Fish meal", the words "Flours, meals and pellets, of fish," shall be substituted;

(*iv*) in heading No. 03.06, in the entry in column (3), the following shall be inserted at the end, namely:—

"FLOURS, MEALS AND PELLETS, OF CRUSTACEANS, FIT FOR HUMAN CONSUMPTION";

(*v*) in sub-heading No. 0306.19, for the entry in column (3) the following entry shall be substituted, namely:—

"-Other, including flours, meals and pellets, of crustaceans, fit for human consumption";

(*vi*) in sub-heading No. 0306.29, for the entry in column (3), the following entry shall be substituted, namely:—

"--Other, including flours, meals and pellets, of crustaceans, fit for human consumption";

(*vii*) in heading No. 03.07, in the entry in column (3), the following entry shall be inserted at the end, namely:—

";FLOURS, MEALS AND PELLETS OF AQUATIC INVERTEBRATES OTHER THAN CRUSTACEANS, FIT FOR HUMAN CONSUMPTION";

(*viii*) in the portion occurring immediately after sub-heading No. 0307.60, for the entry in column (3), the entry "-Other, including flours, meals and pellets, of aquatic invertebrates other than crustaceans, fit for human consumption:" shall be substituted;

(*2*) in Chapter 4,—

(*i*) after NOTE 2, the following NOTE and SUB-HEADING NOTE shall be inserted, namely:—

"3. This Chapter does not cover:

(*a*) products obtained from whey, containing by weight more than 95% lactose, expressed as anhydrous lactose calculated on the dry matter (heading No. 17.02); or

(*b*) albumins (including concentrates of two or more whey proteins, containing by weight more than 80% whey proteins, calculated on the dry matter) (heading No. 35.02) or globulins (heading No. 35.04).

SUB-HEADING NOTE

For the purpose of sub-heading No. 0404.10, the expression "modified whey" means products consisting of whey constituents, *i.e.*, whey from which all or part of the lactose, proteins or minerals have been removed, they to which natural whey constituents have been added, and products obtained by mixing natural whey constituents.";

(*ii*) in sub-heading No. 0404.10, for the entry in column (3), the following entry shall be substituted, namely:—

"-Whey and modified whey, whether or not concentrated or containing added sugar or other sweetening matter";

(*iii*) in sub-heading No. 0406.10, for the entry in column (3), the following entry shall be substituted, namely:—

"-Fresh (unripened or uncured) cheese, including whey cheese and curd";

(3) in Chapter 8,—

(i) after NOTE 2, the following NOTE shall be inserted, namely:—

"3. Dried fruit or dried nuts of this Chapter may be partially rehydrated, or treated for the following purposes:

(a) for additional preservation or stabilisation (*e.g.*, by moderate heat treatment, sulphuring, the addition of sorbic acid or potassium sorbate);

(b) to improve or maintain their appearance (*e.g.*, by the addition of vegetable oil or small quantities of glucose syrup), provided that they retain the character of dried fruit or dried nuts.";

(ii) in heading No. 08.12, in the entry in column (3), for the word "NUTS", the word "NUTS," shall be substituted;

(4) in Chapter 9, in heading No. 09.02, for the entry in column (3), the following entry shall be substituted, namely:—

"TEA, WHETHER OR NOT FLAVOURED"

(5) in Chapter 11,—

(i) in heading No. 11.05, for the entry in column (3), the following entry shall be substituted, namely:—

"FLOUR, MEAL, FLAKES, GRANULES AND PELLETS, OF POTATOES";

(ii) in sub-heading No. 1105.20, for the entry in column (3), the following entry shall be substituted, namely:—

"-Flakes, granules and pellets";

(6) in Chapter 15,—

(i) in NOTE 3, for the words "or their fractions", the words "or their fractions," shall be substituted;

(ii) in the portion occurring immediately after heading No. 15.19, in column (3), for the words "*-Industrial monocarboxylic fatty acids:*", the words "*-Industrial monocarboxylic fatty acids; Acid oils from refining:*" shall be substituted;

(iii) sub-heading No. 1519.20 and the entries relating thereto shall be omitted;

(iv) sub-heading No. 1519.30 shall be renumbered as sub-heading No. 1519.20;

(7) in Chapter 18, in sub-heading No. 1806.20, in column (3), for the words "blocks or slabs", the words "blocks, slabs or bars" shall be substituted;

(8) in Chapter 19, for NOTE 2, the following NOTE shall be substituted, namely:—

'2. For the purposes of heading No. 19.01, the terms "flour" and "meal" mean:

(a) Cereal flour and meal of Chapter 11, and (*b*) Flour, meal and powder of vegetable origin of any Chapter, other than flour, meal or powder of dried vegetables (heading No. 07.12), of potatoes (heading No. 11.05) or of dried leguminous vegetables (heading No. 11.06).';

(*9*) in Chapter 21, in NOTE 1, clauses (*c*) to (*g*) shall be renumbered as clauses (*d*) to (*h*) respectively and before clause (*d*) as so renumbered, the following clause shall be inserted, namely:—

"(*c*) flavoured tea (heading No. 09.02);";

(*10*) in Chapter 22,—

(*i*) in NOTE 1, clauses (*a*) to (*e*) shall be renumbered as clauses (*b*) to (*f*) respectively and before clause (*b*) as so renumbered, the following clause shall be inserted, namely:—

"(*a*) products falling thereunder (other than those of heading No. 22.09) prepared for culinary purposes and thereby rendered unsuitable for consumption as beverages (generally heading No. 21.03);";

(*ii*) in heading No. 22.06, for the entry in column (*3*), the following entry shall be substituted, namely:—

"OTHER FERMENTED BEVERAGES (FOR EXAMPLE, CIDER, PERRY, MEAD); MIXTURES OF FERMENNTED BEVERAGES AND MIXTURES, OF FERMENTED BEVERAGES AND NON-ALCOHOLIC BEVERAGES NOT ELSEWHERE SPECIFIED OR INCLUDED";

(*11*) in Chapter 25,—

(*i*) in heading No. 25.01, for the entry in column (3), the following entry shall be substituted, namely:—

"SALT (INCLUDING TABLE SALT AND DENATURED SALT) AND PURE SODIUM CHLORIDE, WHETHER OR NOT IN AQUEOUS SOLUTION OR CONTAINING ADDED ANTI-CAKING OR FREE FLOWING AGENTS; SEA WATER";

(*ii*) in sub-heading No. 2528.10, for the entry in column (3), the following entry shall be substituted, namely:—

"-Natural sodium borates and concentrates thereof (whether or not calcined)";

(*12*) in Chapter 26, in heading No. 26.20, for the words "METALLIC COMPOUNDS", the words "METAL COMPOUNDS" shall be substituted;

(*13*) in Chapter 28,—

(*i*) in NOTE 2, in clause (*e*), for the words "metallic derivatives", the words "metal derivatives" shall be substituted;

(*ii*) in NOTE 4, for the words "a metallic acid", the words "a metal acid" shall be substituted;

(*iii*) in NOTE 5, for the word "metallic", the word "metal" shall be substituted;

(*iv*) in NOTE 6, in clause (*d*), for the figures and words "0.002 micro-curie per gram", the figures and letters "74Bq/g (0.002 micro ci/g);" shall be substituted;

(*v*) in heading No. 28.18, for the entry in column (3), the following entry shall be substituted, namely:—

"ARTIFICIAL CORUNDUM, WHETHER OF NOT CHEMICALI-X DEFINED; ALUMINIUM OXIDE; ALUMINIUM HYDROXIDE";

(*vi*) in sub-heading No. 2818.10, for the entry in column (*3*), the following entry shall be substituted, namely:—

"-Artificial corundum, whether or not chemically defined";

(*vii*) in sub-heading No. 2818.20, for the entry in column (*3*), the following entry shall be substituted, namely:—

"-Aluminium oxide, other than artificial corundum";

(*viii*) in heading No. 28.50, for the entry in column (*3*), the following entry shall be substituted, namely:—

"HYDRIDES, NITRIDES, AZIDES, SILICIDES AND BORIDES, WHETHER OR NOT CHEMICALLY DEFINED, OTHER THAN COMPOUNDS WHICH ARE ALSO CARBIDES OF HEADING No. 28.49";

(*14*) in Chapter 29, in NOTE 7, for the words "and imides of polybasic acids", the words ", or imides of polybasic acids" shall be substituted;

(*15*) in Chapter 32, in NOTE 3, for the words "colouring matters", the words "colouring matter" shall be substituted;

(*16*) in Chapter 34, in NOTE 5, in clause (*b*), for the word "coloured", the words "refined or coloured" shall be substituted;

(*17*) in Chapter 35, in heading No. 35.02, for the entry in column (3), the following entry shall be substituted, namely:—

"ALBUMINS (INCLUDING CONCENTRATES OF TWO OR MORE WHEY PROTEINS, CONTAINING BY WEIGHT MORE THAN 80% WHEY PROTEINS, CALCULATED ON THE DRY MATTER), ALBUMINATES AND OTHER ALBUMIN DERIVATIVES";

(*18*) in Chapter 37, in sub-heading No. 3707.10, for the entry in column (3), the following entry shall be substituted, namely:—

"-Sensitising emulsions";

(*19*) in Chapter 38, in sub-heading No. 3806.10, for the entry in column (*3*), the following entry shall be substituted, namely:—

"-Rosin and resin acids";

(*20*) in Chapter 39, in NOTE 10, for the words "when so cut,", the words "when so cut" shall be substituted;

(*21*) in Chapter 42, in heading No. 42.02, in column (*3*), for the words "WITH SUCH MATERIALS", the words "WITH SUCH MATERIALS OR WITH PAPER" shall be substituted;

(*22*) in Chapter 44,—

(*i*) in sub-heading No. 4403.91, for the entry in column (3), the following entry shall be substituted, namely:—

"- Of, oak (Quercus spp.)";

(*ii*) in sub-heading No. 4403.92, for the entry in column (3), the following entry shall be substituted, namely:—

"- Of beech (Fagus spp.)";

(*iii*) in sub-heading No. 4407.91, for the entry in column (3), the following entry shall be substituted, namely:—

"- Of, oak (Quercus spp.)";

(*iv*) in sub-heading No. 4407.92, for the entry in column (3), the following entry shall be substituted, namely:—

"- Of beech (Fagus spp.)";

(*23*) in Chapter 48, in sub-heading No. 4820.30, for the entry in column (3), the following entry shall be substituted, namely:—

"Binders (other than book covers), folders and file covers";

(*24*) in Chapter 49,—

(*i*) in heading No. 49.05, in column (3), for the words " ALL KINDS INCLUDING", the words "ALL KINDS, INCLUDING" shall be substituted;

(*ii*) in sub-heading No. 4905.91, in column (3), for the word "book-form", the words "book form" shall be substituted;

(*iii*) in heading No. 49.07, in column (3), for the words "CHEQUE FORMS; BANKNOTES,", the words "BANKNOTES, CHEQUE FORMS;" shall be substituted;

(*25*) in Section XI,—

(*i*) in clause (*A*) of NOTE 2, the following shall be inserted at the end, namely:—

"When no one textile material predominates by weight, the goods are to be classified as if consisting wholly of that one textile material which is covered by the heading which occurs last in numerical order among those which equally merit consideration.";

(*ii*) in clause (c) of NOTE 7, for the words "fabrics, the", the words "fabrics the" shall be substituted;

(*26*) in Chapter 51,—

(*i*) in the portion occurring immediately after heading No. 51.11, in column (3), for the words "*or fine animal hair*", the words "*or of fine animal hair*" shall be substituted;

(*ii*) in the portion occurring immediately after heading No. 51.12, in column (3), for the words "*or fine animal hair*", the words "*or of fine animal hair*" shall be substituted;

(*27*) in Chapter 54, in sub-heading No. 5407.10, in column (3), for the words "polyamides, or of", the words "polyamides or of" shall be substituted.

(28) in Chapter 55, in sub-heading No. 5504.10, for the entry in column (3), the following entry shall be substituted, namely:—

"-Of viscose rayon";

(29) in Chapter 56,—

(i) in clause (c) of NOTE 3, for the word "strips", the word "strip" shall be substituted;

(ii) in heading No. 56.07, in column (3), for the word "ROPE", the word "ROPES" shall be substituted;

(30) in Chapter 58, in NOTE 3, for the word "purpose", the word "purposes" shall be substituted;

(31) in Chapter 59, in NOTE 7, in clause (a), in sub-clause (iv), for the word "fabric", the word "fabrics" shall be substituted;

(32) in Chapter 61, for NOTE 8, the following NOTE shall be substituted, namely:—

"8. Garments of this Chapter designed for left over right closure at the front shall be regarded as men's or boys' garments, and those designed for right over left closure at the front as women's or girls' garments. These provisions do not apply where the cut of the garment clearly indicates that it is designed for one or other of the sexes.

Garments which cannot be identified as either men's or boys' garments or as women's or girls' garments are to be classified in the headings covering women's or girls' garments.";

(33) in Chapter 62, for NOTE 8, the following NOTE shall be substituted, namely:—

"8. Garments of this Chapter designed for left over right closure at the front shall be regarded as men's or boys' garments, and those designed for right over left closure at the front as women's or girls' garments. These provisions do not apply where the cut of the garment clearly indicates that it is designed for one or other of the sexes.

Garments which cannot be identified as either men's or boys' garments or as women's or girls' garments are to be classified in the headings covering women's or girls' garments.";

(34) in Chapter 63, in heading No. 63.06, in column (3), for the words "SAIL BOATS", the word "SAILBOARDS" shall be substituted;

(35) in Chapter 64, in heading No. 64.06, for the entry in column (3), the following entry shall be substituted, namely:—

"PARTS OF FOOTWEAR (INCLUDING UPPERS WHETHER OR NOT ATTACHED TO SOLES OTHER THAN OUTER SOLES); REMOVABLE IN-SOLES, HEEL CUSHIONS AND SIMILAR ARTICLES; GAITERS, LEGGINGS AND SIMILAR ARTICLES, AND PARTS THEREOF";

(*36*) in Chapter 70, in NOTE 1, in clause (*c*), for the brackets, words and figures "(heading No. 85.47)", the words and figures "of heading No. 85.47" shall be substituted;

(*37*) in Chapter 71,—

(*i*) in NOTE 3,—

(*a*) in clause (*c*), for the words "Articles of", the words "Goods of" shall be substituted;

(*b*) for clause (*n*), the following clause shall be substituted, namely:—

"(*n*) Articles classified in Chapter 96 by virtue of NOTE 4 to that Chapter; or";

(*ii*) in NOTE 10, for the words "and hairpins", the words "or hairpin" shall be substituted;

(*38*) in Chapter 72, in NOTE 1, in clause (*k*), in the last paragraph, for the words "of any size", the words "of any size" shall be substituted;

(*39*) in Chapter 73,—

(*i*) in sub-heading No. 7304.20, in column (3), the word "the" shall be omitted;

(*ii*) in sub-heading No. 7305.20, in column (3), the word "the" shall be omitted;

(*iii*) in sub-heading No. 7306.20, in column (3), the word "the" shall be omitted;

(*iv*) in sub-heading No. 7308.40. for the entry in column (3), the following entry shall be substituted, namely:—

"-Equipment for scaffolding, shuttering, propping or pit-propping";

(*v*) in sub-heading No. 7314.30, in column (3), for the word "inter-section", the word "intersection" shall be substituted;

(*vi*) in sub-heading No. 7321.81, for the entry in column (3), the following entry shall be substituted, namely:—

"--For gas fuel or for both gas and other fuels";

(*40*) in Chapter 74, in NOTE 1, in clause (*g*), for the words "of any size", the words "of any size," shall be substituted;

(*41*) in Chapter 75, in the NOTE, in clause (*d*), for the words "of any size", the words "of any size," shall be substituted;

(*42*) in Chapter 76, in the NOTE, in clause (*d*), for the words "of any size", the words "of any size," shall be substituted;

(*43*) in Chapter 78, in the NOTE, in clause (*d*), for the words "of any size", the words "of any size," shall be substituted;

(*44*) in Chapter 79, in the NOTE, in clause (*d*). for the words "of any size", the words "of any size," shall be substituted;

(45) in Chapter 80, in the NOTE, in clause (d), for the words "of any size", the words "of any size," shall be substituted;

(46) in Chapter 82, in sub-heading No. 8211.91, in column (3), for the word "Tables", the word "Table" shall be substituted;

(47) in Chapter 84,—

(i) in heading No. 84.26, in column (3), for the word "DERRICKS", the words "SHIPS' DERRICKS" shall be substituted;

(ii) in heading No. 84.70, for the entry in column (3), the following entry shall be substituted, namely:—

"CALCULATING MACHINES; ACCOUNTING MACHINES, POST-AGE-FRANKING MACHINES, TICKET-ISSUING MACHINES AND SIMILAR MACHINES, INCORPORATING A CALCULATING DEVICE; CASH REGISTERS";

(48) in Chapter 85,—

(i) in NOTE 5, in clause (B), in sub-clause (c), for the words "and passive", the words "and passive," shall be substituted;

(ii) in heading No. 85.21, for the entry in column (3), the following entry shall be substituted, namely:—

"VIDEO RECORDING OR REPRODUCING APPARATUS, WHETHER OR NOT INCORPORATING A VIDEO TUNER";

(iii) in heading No. 85.28, for the entry in column (3), the following entry shall be substituted, namely:—

"TELEVISION RECEIVERS (INCLUDING VIDEO MONITORS AND VIDEO PROJECTORS), WHETHER OR NOT INCORPORATING RADIO-BROADCAST RECEIVERS OR SOUND OR VIDEO RECORDING OR REPRODUCING APPARATUS";

(iv) in sub-heading No. 8532.10, in column (3), for the letters "Kvar", the letters "kvar" shall be substituted;

(49) in Chapter 87,—

(i) NOTE 3 shall be omitted;

(ii) the existing NOTES 4 and 5 shall be renumbered as NOTES 3 and 4 respectively;

(iii) in heading No. 87.02, for the entry in column (3), the following entry shall be substituted, namely:—

"MOTOR VEHICLES FOR THE TRANSPORT OF TEN OR MORE PERSONS, INCLUDING THE DRIVER";

(iv) in heading No. 87.05, in column (3), for the word "WORK-SHOPS", the word "WORKSHOPS" shall be substituted;

(50) in Chapter 89, in heading No. 89.07, in column (3), for the words "LANDING STAGES", the word "LANDING-STAGES" shall be substituted;

(51) in Chapter 90,—

(i) in NOTE 1, clauses (b) to (l) shall be renumbered as clauses (c) to (m) respectively and before clause (c) as so renumbered, the following clause shall be inserted, namely:—

"(b) supporting belts or other support articles of textile material, whose intended effect on the organ to be supported or held derives solely from their elasticity (for example, maternity belts, thoracic support bandages, abdominal support bandages, supports for joints or muscles) (Section XI);";

(ii) in heading No. 90.11, in column (3), for the words "MICROPHOTOGRAPHY, MICROCINEMATOGRAPHY", the words "PHOTOMICROGRAPHY, CINEPHOTOMICROGRAPHY" shall be substituted;

(iii) in the portion occurring immediately after heading No. 90.25, in column (3), for the word "*Thermometers,*", the words "*Thermometers and pyrometers,*" shall be substituted;

(iv) in sub-heading Nos. 9025.11 and 9025.19, for the entry in column (4), the entry "60%" shall be substituted;

(v) in heading No. 90.29, in column (3), for the figures "90.15", the figures and word "90.14 OR 90.15" shall be substituted;

(52) in Chapter 92, in NOTE 1,—

(a) for clauses (d) and (e), the following clauses shall be substituted, namely:—

"(d) Brushes for cleaning musical instruments (heading No. 96.03); or

(e) Collectors' pieces or antiques (heading No. 97.05 or 97.06).";

(b) clause (f) shall be omitted;

(53) in Chapter 94, in sub-heading No. 9405.10, in column (3), for the word "thorough-fares", the word "thoroughfares" shall be substituted;

(54) in Chapter 95,—

(i) in NOTE 1, in clause (h), for the words "Walking sticks", the word "Walking-sticks" shall be substituted;

(ii) in heading No. 95.06, for the entry in column (3), the following entry shall be substituted, namely:—

"ARTICLES AND EQUIPMENT FOR GENERAL PHYSICAL EXERCISE, GYMNASTICS, ATHLETICS, OTHER SPORTS (INCLUDING TABLE-TENNIS) OR OUT-DOOR GAMES, NOT SPECIFIED OR INCLUDED ELSEWHERE IN THIS CHAPTER; SWIMMING POOLS AND PADDLING POOLS";

(iii) in sub-heading No. 9506.91, for the entry in column (3), the following entry shall be substituted, namely:—

"—Articles and equipment for general physical exercise, gymnastics or athletics";

(d) in sub-heading Nos. 5504.21 and 5504.22, for the entry in column (4), the entry "Rs. 15 per kilogram" shall be substituted;

(e) in the portion occurring immediately after sub-heading No. 5504.29, for the entry in column (3), the entry "-Yarn of acrylic or modacrylic staple fibre" shall be substituted;

(f) in sub-heading Nos. 5505.00, 5506.21 and 5506.29, for the entry in column (4), the entry "Rs. 15 per kilogram" shall be substituted;

(12) in Chapter 69,—

(a) in sub-heading No. 6901.00, in column (3), for the words "CONSTRUCTIONAL GOODS,", the words "CONSTRUCTIONAL GOODS AND OTHER REFRACTORY CERAMIC GOODS SUCH AS" shall be substituted;

(b) in sub-heading No. 6908.90, for the entry in column (4), the entry "15%" shall be substituted;

(13) in Chapter 74, existing NOTE shall be renumbered as NOTE 1 and after NOTE 1 as so renumbered, the following NOTE shall be inserted, namely:—

"2. In relation to products of heading No. 74.11, the process of drawing or redrawing shall amount to 'manufacture'.";

(14) in Chapter 76, in heading No. 76.06, in column (3), for the words "STRIP OF", the words "STRIP, OF" shall be substituted;

(15) in Chapter 85,—

(a) in sub-heading No. 8523.11, for the entry in column (4), the entry "25% *plus* Rs. 8 per square metre" shall be substituted;

(b) in sub-heading No. 8523.13, for the entry in column (4), the entry "25% *plus* Rs. 18 per square metre" shall be substituted;

(c) in sub-heading No. 8524.21, for the entry in column (4), the entry "30% *plus* Rs. 8 per square metre" shall be substituted;

(d) in sub-heading No. 8524.23, for the entry in column (4), the entry "30% *plus* Rs. 18 per square metre" shall be substituted;

(e) in sub-heading No. 8528.00, for the entry in column (4), the entry "50% *plus* Rs. 800 per set" shall be substituted;

(f) in sub-heading No. 8540.11, for the entry in column (4), the entry "Rs. 2,000 per tube" shall be substituted;

(*51*) in Chapter 90,—

(*i*) in NOTE 1, clauses (*b*) to (*l*) shall be renumbered as clauses (*c*) to (*m*) respectively and before clause (c) as so renumbered, the following clause shall be inserted, namely:—

"(*b*) supporting belts or other support articles of textile material, whose intended effect on the organ to be supported or held derives solely from their elasticity (for example, maternity belts, thoracic support bandages, abdominal support bandages, supports for joints or muscles) (Section XI);";

(*ii*) in heading No. 90.11, in column (*3*), for the words "MICROPHOTOGRAPHY, MICROCINEMATOGRAPHY", the words "PHOTOMICROGRAPHY, CINEPHOTOMICROGRAPHY" shall be substituted;

(*iii*) in the portion occurring immediately after heading No. 90.25, in column (3), for the word "*Thermometers,*", the words "*Thermometers and pyrometers,*" shall be substituted;

(*iv*) in sub-heading Nos. 9025.11 and 9025.19, for the entry in column (4), the entry "60%" shall be substituted;

(*v*) in heading No. 90.29, in column (3), for the figures "90.15", the figures and word "90.14 OR 90.15" shall be substituted;

(52) in Chapter 92, in NOTE 1,—

(*a*) for clauses (*d*) and (*e*), the following clauses shall be substituted, namely:—

"(*d*) Brushes for cleaning musical instruments (heading No. 96.03); or

(*e*) Collectors' pieces or antiques (heading No. 97.05 or 97.06).";

(*b*) clause (*f*) shall be omitted;

(53) in Chapter 94, in sub-heading No. 9405.10, in column (3), for the word "thorough-fares", the word "thoroughfares" shall be substituted;

(54) in Chapter 95,—

(*i*) in NOTE 1, in clause (*h*), for the words "Walking sticks", the word "Walking-sticks" shall be substituted;

(*ii*) in heading No. 95.06, for the entry in column (3), the following entry shall be substituted, namely:—

"ARTICLES AND EQUIPMENT FOR GENERAL PHYSICAL EXERCISE, GYMNASTICS, ATHLETICS, OTHER SPORTS (INCLUDING TABLE-TENNIS) OR OUT-DOOR GAMES, NOT SPECIFIED OR INCLUDED ELSEWHERE IN THIS CHAPTER; SWIMMING POOLS AND PADDLING POOLS";

(*iii*) in sub-heading No. 9506.91, for the entry in column (3), the following entry shall be substituted, namely:—

"–Articles and equipment for general physical exercise, gymnastics or athletics";

(55) in Chapter 96, in sub-heading No. 9603.21, for the entry in column (3), the following entry shall be substituted, namely:—

" -Tooth brushes, inclduing dental-plate brushts";

(56) in Chapter 97, in NOTE 5,—

(a) for the words "are to be treated as forming part of", the words "are to be classified with" shall be substituted;

(b) the following shall be inserted at the end, namely:—

"Frames which are not of a kind or of a value normal to the articles referred to in this Note are to be classified separately.".

PART II

Heading No.	Sub-heading No.	Description of article	Rate of Duty	
			Standard	Preferential Areas
(1)	(2)	(3)	(4)	(5)

In the Schedule to the Customs Tariff Act, in heading No. 38·09, for sub-heading Nos. 3809·10, 3809·91, 3809·92 and 3809·99 and the entries relating thereto, the following shall be substituted, namely:—

	"3809·10	-With a basis of amylaceous substances	100% *plus* Rs. 25 per Kg.	..
		-Other		
	3809·91	--Of a kind used in the textile or like industries	100% *plus* Rs. 25 per Kg.	..
	3809·92	--Of a kind used in the paper or like industries	100% *plus* Rs. 25 per Kg.	..
	3809·93	--Of a kind used in the leather or like industries	100% *plus* Rs. 25 per Kg.	...
	3809·99	--Other	100% *plus* Rs. 25 per Kg.	...",

THE FOURTH SCHEDULE

(*See* section 122)

PART I

In the Schedule to the Central Excise Tariff Act,—

(1) in Chapter 24, in sub-heading Nos. 2404.31 and 2404.39, for the entry in column (4), the entry "Rs. 7.50 per thousand" shall be substituted;

(2) in Chapter 28, in sub-heading No. 2808.10, for the entry in column (4), the entry "15%" shall be substituted;

(3) in Chapter 38, after NOTE 2, the following NOTE shall be inserted, namely:—

'3. This Chapter does not cover products containing alcohol, opium, Indian hemp or other narcotic drugs. For the purposes of this Note. "Alcohol", "Opium", "Indian Hemp", "Narcotic drugs" and "Narcotics" have the meanings assigned to them in section 2 of the Medicinal and Toilet Preparations (Excise Duties) Act, 1955 (16 of 1955).';

(4) in Chapter 39, in sub-heading Nos. 3923.19, 3923.90 and 3926.90, for the entry in column (4), the entry "40%" shall be substituted;

(5) in Chapter 44,—

(a) in NOTE 6, for the words ", laminated wood or densified wood", the words "or laminated wood" shall be substituted;

(b) in sub-heading No. 4410.10, for the entry in column (3), the entry "Flush Doors, Panel Doors and Similar doors" shall be substituted;

(6) in Chapter 48, in sub-heading No. 4805.20, for the entry in column (4), the entry "15%" shall be substituted;

(7) in Chapter 50, in sub-heading No. 5002.00, for the entry in column (3), the entry "RAW SILK (NOT THROWN); SILK WASTE (INCLUDING YARN WASTE AND GARNETTED STOCK); OTHER SILK YARN INCLUDING WASTE YARN (HARD WASTE); SILK WORM GUT" shall be substituted;

(8) in Chapter 52, in sub-heading Nos. 5204.21 and 5204.29, for the entry in column (4), the entry "Rs. 15 per kilogram" shall be substituted;

(9) in Chapter 53, in sub-heading Nos. 5303.32 and 5303.39, for the entry in column (4), the entry "Rs. 15 per kilogram" shall be substituted;

(10) in Chapter 54, in sub-heading Nos. 5404.00, 5405.00, 5406.11, 5406.12 and 5407.00, for the entry in column (4), the entry "Rs. 50 per kilogram" shall be substituted;

(11) in Chapter 55,—

(a) in sub-heading Nos. 5501.10, 5501.20, 5501.30 and 5501.90, for the entry in column (4), the entry "Rs. 50 per kilogram" shall be substituted;

(b) in sub-heading No. 5504.10, for the entry in column (4), the entry "Rs. 15 per kilogram" shall be substituted;

(c) in the portion occurring immediately after sub-heading No. 5504.10, for the entry in column (3), the entry "-Yarn of polyester staple fibre" shall be substituted;

(d) in sub-heading Nos. 5504.21 and 5504.22, for the entry in column (4), the entry "Rs. 15 per kilogram" shall be substituted;

(e) in the portion occurring immediately after sub-heading No. 5504.29, for the entry in column (3), the entry "-Yarn of acrylic or modacrylic staple fibre" shall be substituted;

(f) in sub-heading Nos. 5505.00, 5506.21 and 5506.29, for the entry in column (4), the entry "Rs. 15 per kilogram" shall be substituted;

(12) in Chapter 69,—

(a) in sub-heading No. 6901.00, in column (3), for the words "CONSTRUCTIONAL GOODS,", the words "CONSTRUCTIONAL GOODS AND OTHER REFRACTORY CERAMIC GOODS SUCH AS" shall be substituted;

(b) in sub-heading No. 6908.90, for the entry in column (4), the entry "15%" shall be substituted;

(13) in Chapter 74, existing NOTE shall be renumbered as NOTE 1 and after NOTE 1 as so renumbered, the following NOTE shall be inserted, namely:—

"2. In relation to products of heading No. 74.11, the process of drawing or redrawing shall amount to 'manufacture'.";

(14) in Chapter 76, in heading No. 76.06, in column (3), for the words "STRIP OF", the words "STRIP, OF" shall be substituted;

(15) in Chapter 85,—

(a) in sub-heading No. 8523.11, for the entry in column (4), the entry "25% *plus* Rs. 8 per square metre" shall be substituted;

(b) in sub-heading No. 8523.13, for the entry in column (4), the entry "25% *plus* Rs. 18 per square metre" shall be substituted;

(c) in sub-heading No. 8524.21, for the entry in column (4), the entry "30% *plus* Rs. 8 per square metre" shall be substituted;

(d) in sub-heading No. 8524.23, for the entry in column (4), the entry "30% *plus* Rs. 18 per square metre" shall be substituted;

(e) in sub-heading No. 8528.00, for the entry in column (4), the entry "50% *plus* Rs. 800 per set" shall be substituted;

(f) in sub-heading No. 8540.11, for the entry in column (4), the entry "Rs. 2,000 per tube" shall be substituted;

(g) in sub-heading No. 8540.12, for the entry in column (4), the entry "Rs. 500 per tube" shall be substituted;

(16) in Chapter 87,—

(a) for NOTE 4, the following NOTES shall be substituted, namely:—

"4. For the purposes of heading Nos. 87.01 to 87.05, building a body or fabrication or mounting or fitting of structures or equipment on the chassis shall amount to 'manufacture' of a motor vehicle.

5. Heading No. 87.06 shall include chassis, whether or not fitted with a cab.";

(b) existing NOTE 5 shall be renumbered as NOTE 6;

(c) in sub-heading No. 8703.00, for the entry in column (4), the entry "60%" shall be substituted;

(d) in sub-heading No. 8706.30, for the entry in column (4), the entry "60%" shall be substituted.

PART II

Heading No.	Sub-heading No.	Description of goods	Rate of duty
(1)	(2)	(3)	(4)

In the Schedule to the Central Excise Tariff Act,—

(1) in Chapter 32,—

(a) for sub-heading Nos. 3206.11 and 3206.19 and the word "Pigments" occurring immediately before sub-heading No. 3206.11, the following shall be substituted, namely:—

	"3206.10	-Pigments	10%";

(b) after sub-heading No. 3212.10 and the entries relating thereto, the following shall be inserted, namely:—

	"3212.20	-Aluminium paste	15%";

(2) in Chapter 55, for heading No. 55.02 and the entries relating thereto, the following shall be substituted, namely:—

"55.02	5502.00	ARTIFICIAL STAPLE FIBRES AND TOW, INCLUDING TOPS THEREOF	Rs. 25 per kilogram".

THE FIFTH SCHEDULE

(*See* section 123)

PART I

In the First Schedule to the Additional Duties of Excise Act,—

(1) sub-heading No. 1701.20 and the entries relating thereto shall be omitted;

(2) in sub-heading Nos. 2404.31 and 2404.39, for the entry in column (4), the entry "Rs. 2.50 per thousand" shall be substituted.

PART II

Heading No.	Sub-heading No.	Description of goods	Rate of additional duty
(1)	(2)	(3)	(4)

In the First Schedule to the Additional Duties of Excise Act,—

(a) for heading Nos. 54.10 and 54.11 and the entries relating thereto, the following shall be substituted, namely:—

"54.10	5410.00	FABRICS OF MAN-MADE FILAMENT YARN (INCLUDING FABRICS OBTAINED FROM MATERIALS OF HEADING NOS. 54.06 AND 54.07 BUT EXCLUDING FABRICS COVERED UNDER HEADING NO. 54.12),— (a) WOVEN ON LOOMS OTHER THAN HANDLOOMS, AND (b) SUBJECTED TO THE PROCESS OF BLEACHING, DYEING, PRINTING, SHRINK-PROOFING, TENTERING, HEAT-SETTING, CREASE RESISTANT PROCESSING OR ANY OTHER PROCESS OR ANY TWO OR MORE OF THESE PROCESSES, WITHOUT THE AID OF POWER OR STEAM	20% *plus* Rs. 5 per square metre
54.11	5411.00	FABRICS OF MAN-MADE FILAMENT YARN (INCLUDING FABRICS OBTAINED FROM MATERIALS OF HEADING NOS. 54.06 AND 54.07 BUT EXCLUDING FABRICS COVERED UNDER HEADING NO. 54.12),— (a) WOVEN ON HANDLOOMS, AND (b) SUBJECTED TO THE PROCESS OF BLEACHING, DYEING, PRINTING, SHRINK-PROOFING, TENTERING, HEAT-SETTING, CREASE RESISTANT PROCESSING OR ANY OTHER PROCESS OR ANY TWO OR MORE OF THESE PROCESSES	20% *plus* Rs. 5 per square metre";

(1)	(2)	(3)	(4)

(*b*) for heading Nos. 55.09 and 55·10 and the entries relating thereto, the following shall be substituted, namely :—

"55·09	5509·00	FABRICS OF MAN-MADE STAPLE FIBRES (EXCLUDING FABRICS COVERED UNDER HEADING NOS. 55.11 AND 55·12),— (*a*) WOVEN ON LOOMS OTHER THAN HANDLOOMS, AND (*b*) SUBJECTED TO THE PROCESS OF BLEACHING, DYEING, PRINTING, SHRINK-PROOFING, TENTERING, HEAT-SETTING, CREASE RESISTANT PROCESSING OR ANY OTHER PROCESS OR ANY TWO OR MORE OF THESE PROCESSES, WITHOUT THE AID OF POWER OR STEAM	20% *plus* Rs. 5 per square metre
55.10	5510.00	FABRICS OF MAN-MADE STAPLE FIBRES (EXCLUDING FABRICS COVERED UNDER HEADING NOS. 55·11 AND 55·12),— (*a*) WOVEN ON HANDLOOMS, AND (*b*) SUBJECTED TO THE PROCESS OF BLEACHING, DYEING, PRINTING, SHRINK-PROOFING, TENTERING, HEAT-SETTING CREASE RESISTANT PROCESSING OR ANY OTHER PROCESS OR ANY TWO OR MORE OF THESE PROCESSES	20% *plus* Rs. 5 per square metre".

K. L. MOHANPURIA,
Additional Secretary to the Govt. of India.

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Resolution on Final Budget Statements 1991-92

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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके
Separate Paging is given to this Part in order that it may be filed as a separate compilation

वित्त मंत्रालय

आर्थिक कार्य विभाग

अधिसूचना

नई दिल्ली, 26 नवंबर, 1991

संख्या एफ. 2(171)-बी.(सी.डी.एन.)/91.—24 जुलाई, 1991 को संसद में यथा प्रस्तुत वार्षिक वित्तीय विवरण को, आम जानकारी के लिए, अब अंतिम रूप में प्रकाशित किया जाता है।

2. 1991-92 के बजट-प्रस्तावों में 1991-92 में 2616.59 करोड़ रुपए प्राप्त होने का अनुमान लगाया गया था जो इस प्रकार है:—

	(करोड़ रुपए)
निगम कर	1304.00
आयकर	125.00
ब्याज कर	535.00
व्यय कर	150.00
धनकर	25.00
सीमा-शुल्क	−510.59
संघ उत्पाद शुल्क	988.18
जोड़	2616.59

3. आयकर और संघ उत्पाद शुल्क के संबंध में बजट प्रस्तावों में से राज्यों के हिस्से का अनुमान क्रमशः 97.00 करोड़ रुपए और 514.37 करोड़ रुपए लगाया गया था।

4. तदनुसार उपरोक्त राशि में से केन्द्र के राजस्व में 2005.22 करोड़ रुपए की निवल वृद्धि होने का अनुमान लगाया गया था। राजस्व खाते में 13853.98 करोड़ रुपए का घाटा होने का अनुमान था। कुल अनुमानित बजट घाटा 7718.97 करोड़ रुपए का था।

5. वित्त विधेयक, 1991 में किए गए और संशोधनों का उपरोक्त प्राप्ति अनुमानों पर कोई निवल प्रभाव नहीं पड़ेगा।

6. 1991-92 के लिए अनुदानों की मांगें बिना किसी संशोधन के स्वीकृत कर दी गई थीं। परिणामतः राजस्व खाते में अनुमानित घाटे और बजट घाटे में कोई परिवर्तन नहीं हुआ है।

श्रीमती जानकी कठपालिया, अपर सचिव (बजट)

MINISTRY OF FINANCE

(Department of Economic Affairs)

NOTIFICATION

New Delhi, the 26th November 1991

File F.2(171) -B (CDN) 91 -The Annual Financial Statement as presented to Parliament on the 24th July, 1991 is now published in its final form for general information.

2. The proposals in the Budget for 1991-92 were estimated to yield Rs. 2616.59 crores in 1991-92 as follows:—

	(In crores of rupees)
Corporation tax	1304.00
Taxes on income	125.00
Interest tax	535.00
Expenditure tax	150.00
Wealth tax	25.00
Customs	—510.59
Union Excise duties	988.18
Total	2616.59

3. The States's share out of the proposals in the Budget relating to Income tax and Union Excise duties was estimated at Rs. 97.00 crores and Rs. 514.37 crores respectively.

4. The net accretion to the Centre's Revenue out of the above was accordingly estimated at Rs. 2005.22 crores. The deficit on Revenue Account was estimated at Rs. 13853.98 crores. The budgetary deficit was estimated at Rs. 7718.97 crores.

5. The further modifications made to the Finance Bill, 1991 do not have any net effect on the above receipt estimates.

6. The Demands for Grants for 1991-92 were voted without modification. Consequently there is no change in the estimated deficit on Revenue Account and in the Budgetary deficit.

SMT. JANAKI KATHPALIA, Addl. Secy. (Budget)

केन्द्रीय सरकार

का

1991-92

का

वार्षिक वित्तीय विवरण

ANNUAL FINANCIAL STATEMENT

OF THE

CENTRAL GOVERNMENT

FOR

1991-92

(जैसा अंतिम रूप में स्वीकृत किया गया)

(As finally adopted)

नई दिल्ली, 26 नवम्बर, 1991

New Delhi, the 26th November, 1991

के. पी. गीताकृष्णन,

वित्त सचिव

भारत सरकार

K.P. Geethakrishnan,

Finance Secretary

Government of India

विषय-सूची

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(करोड़ रुपए)
(In crores of Rupees)

		मुख्य शीर्ष Major Head	वास्तविक Actual 1989-90	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92
क. कर राजस्व	A. TAX REVENUE					
(क) आय और व्यय पर कर	(a) Taxes on Income and Expenditure		5895 80	7522.69	7864.52	9061 09
निगम-कर	Corporation Tax	0020	4728.92	6089.00	6350.00	6704 00
निगम कर के अतिरिक्त आय पर कर	Taxes on Income other than Corporation Tax	0021	1087.84	1361.69	1439.52	1587.09
ब्याज कर	Interest Tax	0024	3.94	0.00	0.00	535.00
आय और व्यय पर अन्य कर	Other Taxes on Income and Expendture	0028	75.10	72.00	75.00	235.00
(ख) सम्पत्ति और पूंजी लेन देनों पर कर	(b) Taxes on Property and Capital Transactions:		190.84	187.50	195.50	266.30
सम्पदा शुल्क	Estate Duty	0031	4.27	3.50	3.50	2.30
धन पर कर	Taxes on Wealth	0032	178.51	175 00	190.00	255.00
दान-कर	Gift Taxe	0033	8.06	9.00	2.00	9.00
(ग) वस्तुओं और सेवाओं पर कर	(c) Taxes on Commodities and Services :		40658.79	46625.15	45561.50	53066.22
सीमा शुल्क	Customs	0037	18036.13	21460.38	20800 00	25899.41
संघ उत्पाद शुल्क*	Union Excise Duties	0038	22406 30	24951.96	24500.00	26887.81
वस्तुओं और सेवाओं पर अन्य कर और शुल्क	Other Taxes and Duties* on Commodities and Services	0045	216.36	212.81	261.50	279.00
(घ) संघ राज्य क्षेत्रों का कर	(d) Taxes of Union territories		968.68	1205.85	1174.01	1361.43
जोड़—कर-राजस्व	Total—Tax Revenue		47714.11	55541.19	54795.53	63755 04
ख. कर-भिन्न राजस्व	B. NON-TAX REVENUE					
(क) राजकोषीय सेवाएं	(a) Fiscal Services		840.84	565.22	667.83	1117.63
करेंसी, सिक्का-निर्माण और टकसाल	Currency, Coinage and Mint	0046	266.13	251.50	273 24	295.59
अन्य राजकोषीय सेवाएं	Other Fiscal Services	0047	574.71	313.72	394.59	822.04
(ख) ब्याज प्राप्तियां, लाभांश और लाभ	(b) Interest Receipts Dividends and Profits		9189.24	10239.98	10352.29	11975.94
ब्याज प्राप्तियां	Interest Receipts	0049	8473.62	9519.09	9572.74	11008.82
राज्यों और संघ राज्य क्षेत्रों की सरकारों से ब्याज	Interest from State and Union Territory Governments		4424.24	5593.00	5592.53	6808.22
रेलवे से ब्याज	Interest from Railways		782.61	932.00	927.00	1037.00

*वर्ष 1991-92 के बजट अनुमानों में 514.37 करोड़ रुपए की राशि शामिल नहीं है, जो कि बजट प्रस्तावों में राज्यों के हिस्से की राशि है ।

*Excludes Rs. 514.37 crores in Budget Estimates 1991-92 bring the share of states out of the Budget proposals.

विवरण 1—भारत की समेकित निधि—राजस्व खाता—प्राप्तियां

STATEMENT I—CONSOLIDATED FUND OF INDIA—REVENUE ACCOUNT—RECEIPT

(करोड़ रुपये)
(In crores of Rupees)

		मुख्य शीर्ष Major Head	वास्तविक Actual 1989-90	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92
दूरसंचार से ब्याज	Interest from Tele-Communications		180.37	198.00	203.62	224.67
अन्य ब्याज प्राप्तियां	Other Interest Receipts		3078.76	2796.09	2849.59	2938.93
लाभांश और लाभ	Dividends and Profits	0050	715.62	720.89	779.55	967.12
(ग) अन्य कर-भिन्न राजस्व	(c) Other Non-Tax Revenue :					
(i) सामान्य सेवाएं	(i) General Services:		1460.90	1608.49	1692.61	1859.08
लोक सेवा आयोग	Public Service Commission	0051	3.32	3.25	3.65	3.65
पुलिस	Police	0055	160.34	146.08	161.06	168.07
पूर्ति और निपटान	Supplies and Disposals	0057	30.38	31.65	30.02	12.40
लेखन सामग्री और मुद्रण	Stationery and Printing	0058	18.35	29.00	29.53	27.82
लोक निर्माण कार्य	Public Works	0059	21.16	27.80	28.80	31.16
अन्य प्रशासनिक सेवाएं	Other Administrative Services	0070	77.39	77.66	82.40	84.00
पेंशनें और अन्य सेवा—निवृति लाभों के संबंध में अंशदान और वसूलियां	Contributions and Recoveries towards Pension & Other Retirement benefits	0071	50.75	33.66	36.73	39.91
विविध सामान्य सेवाएं	Miscellaneous General Services	0075	737.27	852.08	883.18	1035.41
रक्षा सेवाएं	Defence Services		361.94	407.31	437.24	456.66
थल-सेना	Army	0076	215.84	215.31	236.84	226.10
नौ-सेना	Navy	0077	20.75	24.00	24.00	24.00
वायु-सेना	Air Force	0078	59.63	61.00	67.00	66.00
आयुध कारखाने	Ordnance Factories	0079	65.72	107.00	109.40	140.56
(ii) सामाजिक सेवाएं :	(ii) Social Services:		301.13	308.02	330.68	337.46
शिक्षा, खेल, कला और संस्कृति	Education, Sports, Art and Culture	0202	3.34	12.44	10.35	12.51
चिकित्सा और लोक स्वास्थ्य	Medical & Public Health	0210	11.02	9.74	10.08	10.30
परिवार कल्याण	Family Welfare	0211	4.74	11.20	9.50	10.50
आवास	Housing	0216	13.95	22.61	18.02	18.21
शहरी विकास	Urban Development	0217	0.00	0.01	0.01	0.01
सूचना और प्रचार	Information and Publicity	0220	18.22	19.38	18.34	19.51
प्रसारण	Broadcasting	0221	244.17	230.00	262.00	264.00
श्रम और रोजगार	Labour and Employment	0230	0.70	0.75	0.77	0.77
सामाजिक सुरक्षा और कल्याण	Social Security and Welfare	0235	4.83	1.89	1.61	1.65
अन्य सामाजिक सेवाएं	Other Social Services	0250	0.16	0.00	0.00	0.00

विवरण 1–भारत की समेकित निधि–राजस्व खाता––प्राप्तियां

STATEMENT I—CONSOLIDATED FUND OF INDIA—REVENUE ACCOUNT—RECEIPTS

(करोड़ रुपए)
(In crores of Rupees)

		मुख्य शीर्ष Major Head	वास्तविक Actual 1989-90	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92
(iii) आर्थिक सेवाएं	(iii) Economics Services:		17840.66	18574.09	18118.04	20195.46
कृषि कार्य	Crop Husbandry	0401	2.09	0.68	6.32	3.01
पशु पालन	Animal Husbandry	0403	2.70	2.70	3.05	2.90
डेरी विकास	Dairy Development	0404	80.91	88.85	88.85	93.29
मीन उद्योग	Fisheries	0405	9.24	0.86	0.87	1.10
वानिकी और वन्य जीवन	Forestry & Wild Life	0406	2.27	2.70	2.70	2.70
खाद्य भंडारण और भांडागारण	Food Storage and Warehousing	0408	2.76	2.07	4.73	3.18
अन्य कृषि कार्यक्रम	Other Agricultural Programmes	0435	3.14	2.92	3.01	3.51
वृहद और मध्यम सिंचाई	Major & Medium Irrigation	0701	3.90	5.10	3.65	5.10
लघु सिंचाई	Minor Irrigation	0702	0.41	0.42	0.42	0.45
विद्युत	Power	0801	154.90	239.12	165.44	517.00
पेट्रोलियम	Petroleum	0802	2689.93	522.91	513.35	522.13
ऊर्जा के गैर-पारम्परिक स्रोत	Non-Conventional Sources of Energy	0810	0.16	0.13	0.03	0.01
ग्रामोद्योग और लघु उद्योग	Village and Small Industries	0851	4.07	3.81	5.31	5.34
उद्योग	Industries	0852	107.79	197.15	120.35	204.76
अलौह धातु खनन तथा धातुकर्म उद्योग	Non-Ferrous Mining & Metallurgical Industries	0853	5.57	1.13	1.08	0.93
अन्य उद्योग	Other Industries	0875	31.29	30.00	40.00	40.00
पत्तन और दीप स्तम्भ	Ports and Lighthouses	1051	23.18	24.10	24.38	24.50
नौवहन	Shipping	1052	1.03	0.99	1.05	1.06
नागर विमानन	Civil Aviation	1053	1.10	0.65	0.65	0.65
सड़कें और पुल	Roads and Bridges	1054	25.59	30.00	30.00	30.00
अन्य संचार सेवाएं	Other Communication Services	1275	4.13	4.76	5.15	4.90
परमाणु ऊर्जा अनुसंधान	Atomic Energy Research	1401	5.80	5.89	6.51	6.67
अन्य वैज्ञानिक अनुसंधान	Other Scientific Research	1425	11.34	9.94	10.05	10.31
पर्यटन	Tourism	1452	0.16	0.00	0.00	0.00
विदेश व्यापार और निर्यात संवर्धन	Foreign Trade and Export Promotion	1453	40.87	30.97	184.21	37.12
नागरिक पूर्ति	Civil Supplies	1456	0.01	0.00	0.00	0.00
अन्य सामान्य आर्थिक सेवाएं	Other General Economic services	1475	41.32	43.63	44.53	47.12
रेलवे बजट के अनुसार रेलवे का राजस्व	Railway Revenue as per Railway Budget		11041.27	12408.04	12382.35	13702.72

विवरण 1—भारत की समेकित निधि—राजस्व खाता—प्राप्तियां

STATEMENT 1—CONSOLIDATED FUND OF INDIA—REVENUE ACCOUNT—RECEIPTS

(करोड़ रुपये)
(In crores of Rupees)

		मुख्य शीर्ष Major Head	वास्तविक Actuals 1989-90	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92
डाक प्राप्तियां	Postal Receipts	1201	702.59	972.00	900.00	960.00
दूरसंचार प्राप्तियां	Telecommunication Receipts	1225	2841.14	3942.57	3570.00	3965.00
ग. सहायता—अनुदान और अंशदान	C. GRANTS-IN-AID AND CONTRIBUTIONS		754.18	807.73	822.06	868.14
विदेशी अनुदान सहायता	External Grant Assistance	160[illegible]	664.87	684.57	732.29	714.28
सहायता सामग्री और उपस्कर	Aid Materials and Equipment	1606	89.31	123.16	89.77	153.86
संघ राज्य क्षेत्रों का कर-भिन्न राजस्व	Non-Tax Revenue of Union territories		122.48	123.95	137.81	140.51
जोड़—कर-भिन्न राजस्व	TOTAL—NON-TAX REVENUE		30509.43	32227.48	32121.32	36494.22
जोड़—राजस्व प्राप्तियां	TOTAL-REVENUE RECEIPTS		78223.54	87768.67	86916.85	100249.26
अग्रेनीत (देखिए पृष्ठ 7)	Carried over (see page 14)					
प्राप्तियों से अधिक भुगतान (राजस्व घाटा)	Excess of Disbursements over Receipts (Revenue Deficit)		11914.18	13031.36	17584.78	13853.98
जोड़	TOTAL :		90137.72	100800.03	104501.63	114103.24

विवरण 1—भारत की समेकित निधि—राजस्व खाता—भुगतान

STATEMENT I-CONSOLIDATED FUND OF INDIA—REVENUE ACCOUNT—DISBURSEMENTS

(करोड़ रुपए)
(In crores of Rupees)

		मुख्य शीर्ष Major Head	वास्तविक Actual 1989-90	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92
क. सामान्य सेवाएं	A. GENERAL SERVICES		34933.16	38939.97	41605.37	46980.31
(क) राज्य के अंग	(a) Organs of State		460.82	363.97	364.39	515.84
संसद	Parliament	2011	22.37	26.19	28.55	29.59
राष्ट्रपति, उप-राष्ट्रपति आदि	President, Vice President, etc.	2012	3.05	2.84	3.58	3.42
मंत्रिपरिषद	Council of Ministers	2013	14.60	13.63	13.61	12.01
न्याय प्रशासन	Administration of Justice	2014	12.40	14.20	14.81	15.70
चुनाव	Elections	2015	182.83	64.14	59.51	200.00
लेखा परीक्षा	Audit	2016	225.57	242.97	244.33	255 12
(ख) राजकोषीय सेवाएं	(b) Fiscal Services		1111 49	1133.17	1202.07	1473.08
(i) कर संग्रह	(i) Tax Collection		493.93	574.36	582.34	659.99
आय और व्यय पर करों का संग्रह	Collection of Taxes on Income and Expenditure	2020	190.83	203.62	213.49	229.07
सम्पदा शुल्क, धन कर और दान कर का संग्रह	Collection of Estate Duty, Taxes on Wealth and Gift Tax	2031	19 56	22.17	23.29	25.00
सीमा-शुल्क	Customs	2037	149.33	170.63	181.68	212.32
संघ उत्पाद-शुल्क	Union Excise Duties	2038	133.93	177.65	163.59	190.25
वस्तुओं और सेवाओं पर अन्य कर और शुल्क	Other Taxes and Duties on Commodities and Services	2045	0.28	0.29	0.29	3.35
(ii) अन्य राजकोषीय सेवाएं	(ii) Other Fiscal Sercices		617.62	558.81	619.73	813.09
करेंसी, सिक्का-निर्माण और टकसाल	Currency, Coinage and Mint	2046	190.27	231.83	250.63	272.11
अन्य राजकोषीय सेवाएं	Other Fiscal Services	2047	427.35	326.98	369.10	540.98
(ग) ब्याज संदाय और ऋण परिशोधन	(c) Interest Payment and Servicing of Debt		17756.94	20850.00	21850.00	27450.00
ब्याज संदाय	Interest Payments	2049	17756.94	20850.00	21850.00	27450.00
(घ) प्रशासनिक सेवाएं	(d) Administrative Services		2071.24	2349.91	2717.47	2687.08
लोक सेवा आयोग	Public Service Commission	2051	15.46	17.52	19.67	19.89
सचिवालय-सामान्य सेवाएं	Secretariat-General Services	2052	207.30	255.56	237.42	268.90
पुलिस	Police	2055	1297.94	1393.97	1580.61	1757.57
पूर्ति और निपटान	Supplies and Disposals	2057	18.15	18.32	18.20	17.85

विवरण 1—भारत की समेकित निधि—राजस्व खाता—प्राप्तियां

STATEMENT I-CONSOLIDATED FUND OF INDIA—REVENUE ACCOUNT—RECEIPTS

(करोड़ रुपए)
(In crores of Rupees)

		मुख्य शीर्ष Major Head	वास्तविक Actuals 1989-90	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92
लेखन सामग्री और मुद्रण	Stationery and Printing	2058	62.15	50.67	44.47	56.62
लोक निर्माण कार्य	Public Works	2059	88.56	97.11	90.81	107.05
वैदेशिक कार्य	External Affairs	2061	266.69	283.57	595.67	308.37
अन्य प्रशासनिक सेवाएं	Other Administrative Services	2070	114.99	233.19	130.62	150.83
(ङ.) पेंशन और विविध सामान्य सेवाएं	(e) Pensions and Miscellaneous General Services		2976.32	2887.50	4021.76	3258.87
पेंशन और अन्य सेवानिवृत्ति लाभ	Pensions and other Retirement Benefits	2071	2219.28	1997.35	2167.25	2298.24
विविध सामान्य सेवाएं	Miscellaneous General Services	2075	757.04	890.15	1854.51	960.63
(च) रक्षा सेवाएं	(f) Defence Services		10556.35	11355.42	11449.68	11595.44
रक्षा सेवाएं--थल सेना	Defence Services—Army	2076	7605.08	8125.46	8201.84	8305.23
रक्षा सेवाएं--नौ सेना	Defence Services—Navy	2077	836.14	901.00	850.00	916.06
रक्षा सेवाएं--वायु सेना	Defence Services—Air Force	2078	1938.81	2078.76	2139.74	2120.96
रक्षा सेवाएं--आयुध कारखाने	Defence Services—Ordnance Factories	2079	176.32	250.20	258.10	253.19
ख. सामाजिक सेवाएं	B. SOCIAL SERVICES		2740.47	3310.77	3246.03	3739.74
सामान्य शिक्षा	General Education	2202	712.60	816.28	842.31	904.24
तकनीकी शिक्षा	Technical Education	2203	257.14	300.74	303.25	333.63
खेलकूद और युवा सेवाएं	Sports and Youth Services	2204	81.11	78.68	72.26	87.13
कला और संस्कृति	Art and Culture	2205	90.23	113.47	103.83	125.23
चिकित्सा और लोक स्वास्थ्य	Medical and Public Health	2210	281.76	346.65	338.13	391.70
परिवार कल्याण	Family Welfare	2211	66.08	64.90	78.82	85.57
जलपूर्ति और सफाई	Water Supply and Sanitation	2215	77.66	145.25	128.17	118.78
आवास	Housing	2216	69.61	89.88	80.46	97.97
शहरी विकास	Urban Development	2217	5.11	7.48	7.18	11.87
सूचना और प्रचार	Information and Publicity	2220	69.39	84.63	83.60	92.72

विवरण 1—भारत की समेकित निधि–राजस्व खाता—भुगतान

STATEMENT I-CONSOLIDATED FUND OF INDIA-REVENUE ACCOUNT-DISBURSEMENTS

(करोड़ रुपये)
(In crores of Rupees)

		मुख्य शीर्ष Major Head	वास्तविक Actual 1989-90	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92
प्रसारण	Broadcasting	2221	495.36	555.12	551.08	655.10
अनुसूचित जातियों, अनुसूचित जनजातियों और अन्य पिछड़े वर्गों का कल्याण	Welfare of Scheduled Castes, Scheduled Tribes and other Backward classes	2225	6.95	18.45	19.59	29.48
श्रम तथा रोजगार	Labour & Employment	2230	264.12	312.03	285.61	352.97
सामाजिक सुरक्षा और कल्याण	Social Security and Welfare	2235	235.96	345.89	320.61	419.32
पोषाहार	Nutrition	2236	2.14	3.51	3.08	3.82
अन्य सामाजिक सेवाएं	Other Social Services	2250	1.45	1.50	1.50	1.57
सचिवालय-सामाजिक सेवाएं	Secretariat-Social Services	2251	23.80	26.31	26.55	28.64
ग. आर्थिक सेवाएं	C. ECONOMIC SERVICES		32973.39	35413.33	34488.44	35355.16
(क) कृषि तथा संबद्ध क्रियाकलाप	(a) Agriculture and Allied Activities		4101.03	4868.96	5657.54	6226.98
कृषि कार्य	Crop Husbandry	2401	905.75	827.47	901.01	1243.61
भूमि तथा जल सुरक्षण	Soil and Water Conservation	2402	4.70	7.09	5.84	9.98
पशु पालन	Animal Husbandry	2403	11.11	12.80	14.29	14.22
डेरी विकास	Dairy Development	2404	151.45	145.02	101.43	134.16
मीन उद्योग	Fisheries	2405	16.07	24.31	20.84	27.84
वानिकी तथा वन्य जीवन	Forestry and Wild Life	2406	29.99	52.14	44.53	58.60
बागान	Plantations	2407	49.70	57.00	57.98	69.42
खाद्य भंडारण तथा भाण्डागारण	Food, Storage and Warehousing	2408	2634.70	2366.52	2614.30	2741.89
कृषि अनुसंधान तथा शिक्षा	Agricultural Research and Education	2415	252.28	325.70	318.56	363.53
कृषि वित्तीय संस्थाएं	Agricultural Financial Institutions	2416	21.49	19.49	52.49	34.83
सहकारिता	Co-operation	2425	17.36	23.49	18.39	19.65
अन्य कृषि कार्यक्रम	Other Agricultural Programmes	2435	6.43	1007.93	1507.88	1509.25
(ख) ग्रामीण विकास	(b) Rural Development		2470.48	2510.02	399.93	415.26
ग्रामीण विकास के विशेष कार्यक्रम	Special Programmes for Rural Development	2501	348.96	377.21	356.66	355.57
ग्रामीण रोजगार	Rural Employment	2505	2099.91	2100.16	13.11	13.82
भूमि सुधार	Land Reforms	2506	0.17	2.21	2.21	8.71
अन्य ग्रामीण विकास कार्यक्रम	Other Rural Development Programmes	2515	21.44	30.44	27.95	37.16

विवरण 1—भारत की समेकित निधि—राजस्व खाता—भुगतान
STATEMENT I-CONSOLIDATED FUND OF INDIA-REVENUE ACCOUNT-DISBURSEMENTS

(करोड़ रुपये)
(In crores of Rupees)

		मुख्य/शीर्ष Major Head	वास्तविक Actuals 1989-90	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92
(ग) विशेष क्षेत्र कार्यक्रम	(c) Special Areas Programmes		7.33	15.07	13.55	15.97
उत्तर-पूर्वी क्षेत्र	North Eastern Areas	2552	7.33	15.07	13.55	15.97
(घ) सिंचाई और बाढ़ नियंत्रण	(d) Irrigation and Flood Control		81.37	101.79	92.26	164.24
बृहद और मध्यम सिंचाई	Major and Medium Irrigation	2701	31.41	41.67	37.19	55.07
लघु सिंचाई	Minor Irrigation	2702	29.88	34.56	32.62	57.58
कमान क्षेत्र विकास	Command Areas Development	2705	0.17	0.20	0.18	2.20
बाढ़ नियंत्रण और जल निकासी	Flood Control and drainage	2711	19.91	25.36	22.27	49.39
(ङ) ऊर्जा	(e) Energy		851.48	916.87	933.71	1119.62
विद्युत	Power	2801	565.99	618.87	652.99	796.29
पैट्रोलियम	Petroleum	2802	111.87	100.00	89.81	100.00
कोयला और लिग्नाइट	Coal and Lignite	2803	116.23	129.02	127.27	135.30
ऊर्जा के गैर-पारम्परिक स्रोत	Non-Conventional Sources of Energy	2810	57.39	68.98	63.64	88.03
(च) उद्योग और खनिज	(f) Industry and Minerals		5676.07	4685.34	5232.01	4525.38
ग्रामोद्योग और लघु उद्योग	Village and Small Industries	2851	312.48	404.40	388.99	483.96
उद्योग	Industries	2852	5077.09	4024.23	4386.61	3760.34
अलौह धातु खनिज तथा धातुकर्म उद्योग	Non-ferrous Mining and Metallurgical Industries	2853	126.18	133.52	135.90	123.99
अन्य उद्योग	Other Industries	2875	36.04	37.99	33.33	36.99
उद्योगों और खनिजों पर अन्य परिव्यय	Other outlays on Industries and Minerals	2885	124.28	85.20	287.18	120.10
(छ) परिवहन	(g) Transport		12329.69	13069.64	13003.51	14408.51
रेलवे बजट के अनुसार व्यय	Expenditure as per Railway Budget		11041.27	12408.04	12382.35	13702.72
पत्तन तथा दीपस्तम्भ	Ports & Light Houses	3051	65.76	67.30	59.39	63.20
नौवहन	Shipping	3052	33.63	42.85	42.06	50.64
नागर विमानन	Civil Aviation	3053	22.36	26.74	24.25	23.59
सड़कें और पुल	Roads and Bridges	3054	195.52	210.19	194.65	228.78
सड़क परिवहन	Road Transport	3055	611.77	3.90	3.70	1.75
अन्तर्देशीय जल परिवहन	Inland Water Trasport	3056	115.70	20.00	8.89	13.97
अन्य परिवहन सेवाएं	Other Transport Services	3075	243.68	290.62	288.22	323.86
(ज) संचार	(h) Communications		3840.00	5028.41	4647.73	5247.63
डाक सेवाएं	Postal Services	3201	965.59	1065.40	1059.38	1215.10
दूरसंचार	Telecommunications		2841.15	3942.57	3570.00	3965.00
दूरसंचार सेवाएं	Telecommunication Services	3225	1602.74	2070.00	1935.50	2253.33

विवरण 1—भारत की समेकित निधि—राजस्व खाता—भुगतान

STATEMENT I-CONSOLIDATED FUND OF INDIA-REVENUE ACCOUNT-DISBURSEMENTS

(करोड़ रुपये)
(In crores of Rupees)

		मुख्य शीर्ष Major Head	वास्तविक Actuals 1989-90	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92
सामान्य राजस्व को लाभांश	Dividends to General revenues	3230	180.37	198.00	203.62	224.67
दूरसंचार अधिशेष से विनियोग	Appropriations from Telecommunication Surplus	3231	1058.03	1674.57	1430.88	1487.00
उपग्रह प्रणाली	Satellite Systems	3252	2.78	13.27	8.73	56.96
अन्य संचार सेवाएं	Other Communication Services	3275	30.49	7.17	9.62	10.57
(झ) विज्ञान, प्रौद्योगिकी और पर्यावरण	(i) Science Technology and Environment		1039.86	1218.45	1135.22	1324.17
परमाणु ऊर्जा अनुसंधान	Atomic Energy Research	3401	199.99	241.64	230.84	261.34
अन्तरिक्ष अनुसंधान	Space Research	3402	290.24	324.73	300.05	343.02
समुद्र विज्ञान अनुसंधान	Oceanographic Research	3403	28.09	35.82	33.80	38.61
अन्य वैज्ञानिक अनुसंधान	Other Scientific Research	3425	417.83	488.07	458.69	543.87
पारिस्थितिकी तथा पर्यावरण	Ecology and Environment	3435	103.71	128.19	111.84	137.33
(ञ) सामान्य आर्थिक सेवाएं	(j) General Economic Services		2576.08	2998.78	3372.98	1907.40
सचिवालय-आर्थिक सेवाएं	Secretariat-Economic Services	3451	105.17	125.57	125.30	135.78
पर्यटन	Tourism	3452	48.78	60.34	55.95	63.84
विदेश व्यापार और निर्यात संवर्धन	Foreign Trade and Export Promotion	3453	2119.01	2401.74	2810.97	1355.51
जनगणना, सर्वेक्षण तथा सांख्यिकी	Census, Surveys and Statistics	3454	71.05	198.37	182.83	190.36
मौसम विज्ञान	—Meteorolgy	3455	38.24	43.33	41.40	44.28
नागरिक पूर्ति	Civil Supplies	3456	16.63	10.98	10.98	16.47
अन्तर्राष्ट्रीय वित्तीय संस्थाएं	International Financial Institutions	3466	0.24	0.25	0.28	0.35
अन्य सामान्य आर्थिक सेवाएं	Other General Economic Services	3475	176.96	157.70	145.27	100.81
घ. सहायता अनुदान और अंशदान	D-GRANTS-IN-AID AND CONTRIBUTIONS		18146.31	21808.41	23816.57	26591.16
राज्य सरकारों को सहायता अनुदान	Grants in aid to State Governments	3601	8643.97	11308.93	13067.34	15106.63
संघ राज्य क्षेत्रों की सरकारों को सहायता अनुदान	Grants in aid to Union Territory Governments	3602	69.52	114.35	105.40	121.07
संघ उत्पाद शुल्कों के राज्यों के हिस्से की अदायगी	Payment of States' share of Union Excise Duties	3603	9310.11	10188.37	10414.43	11175.47

विवरण 1—भारत की समेकित निधि—राजस्व खाता—भुगतान
STATEMENT I—CONSOLIDATED FUND OF INDIA-REVENUE ACCOUNT-DISBURSEMENT

(करोड़ रुपये)
(In crores of Rupees)

		मुख्य शीर्ष Major Head	वास्तविक Actuals 1990-91	बजट Budget 1990k-91	संशोधित Revised 1990-91	बजट Budget 1991-92
अन्य देशों के साथ तकनीकी व आर्थिक सहयोग	Technical and Economic Cooperation with other countries	3605	120.46	190.16	222.80	181.39
सहायता सामग्री तथा उपस्कर	Aid Materials and Equipment	3606	2.25	6.60	6.60	6.60
संघ राज्य क्षेत्रों का भुगतान	Disbursements of Union territories		1344.39	1327.55	1345.22	1436.87
जोड़—राजस्व भुगतान	TOTAL-REVENUE DISBURSEMENTS		90137.72	100800.03	104501.63	114103.24
भुगतान से अधिक राजस्व (अधिशेष)	Excess of Revenue over Disbursements (Surplus)	—	..	..	..	..
जोड़	TOTAL		90137.72	100800.03	104501.63	114103.24

विवरण 1—भारत की समेकित निधि—पूंजी खाता—प्राप्तियां

STATEMENT I-CONSOLIDATED FUND OF INDIA-CAPITAL ACCOUNT-RECEIPTS

(करोड़ रुपए)
(In crores of Rupees)

		मुख्य शीर्ष Major Head	वास्तविक Accounts 1989-90	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92
क. लोक ऋण	A. PUBLIC DEBT					
केन्द्रीय सरकार का आन्तरिक ऋण	Internal Debt of Central Government	6001				
बाजार उधार	Market Loans		8043.71	8988.00	8988.00	8918.00
91 दिवसीय राजकोषीय हुंडियां	91 Days Treasury Bills		107195.43	122205.85	89358.00	82718.78
अन्य	Others		3520.30	2342.60	4500.32	7491.37
जोड़—केन्द्रीय सरकार का आन्तरिक ऋण	Total-Internal Debt of Central Government		118759.44	133536.45	102846.32	99128.15
विदेशी ऋण	External Debt	6002	4443.22	5384.66	5669.15	6543.80
जोड़—लोक ऋण	TOTAL-PUBLIC DEBT		123202.66	138921.11	108515.47	105671.95
ख. उधारों और अग्रिमों की वसूलियां	B. RECOVERIES OF LOANS AND ADVANCES					
राज्य सरकारें	State Governments		3349.21	3937.29	4795.85	4152.74
संघ राज्य क्षेत्रों की सरकारें	Union Territory Governments		6.77	10.00	18.58	17.40
विदेशी सरकारें	Foreign Governments		88.86	372.25	787.62	1202.92
अन्य उधार और अग्रिम	Other Loans and Advances		2015.11	1365.65	1492.99	1405.29
जोड़—उधारों और अग्रिमों की वसूलियां	TOTAL-RECOVERIES OF LOANS AND ADVANCES		5459.95	5685.19	7095.04	6778.35
ग. अन्य प्राप्तियां	C. OTHER RECEIPTS		0.48	0.00	0.00	2500.00
जोड़—पूंजी खाते की प्राप्तियां	TOTAL CAPITAL ACCOUNT RECEIPTS		128663.09	144606.30	115610.51	114950.30
राजस्व प्राप्तियां (पृष्ठ 3 से आगे लाया गया)	REVENUE RECEIPTS (brought forward from page 7)		78223.54	87768.67	86916.85	100249.26
जोड़—भारत की समेकित निधि—प्राप्तियां	TOTAL-CONSOLIDATED FUND OF INDIA RECEIPTS		206886.63	232374.97	202527.36	215199.56

विवरण 1—भारत की समेकित निधि पूंजी खाता—भुगतान

STATEMENT I-CONSOLIDATED FUND OF INDIA-CAPITAL ACCOUNT-DISBURSEMENTS

(करोड़ रुपए)
(In crores of Rupees)

		मुख्य शीर्ष Major Head	वास्तविक Accounts 1989-90	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92
क. सामान्य सेवाओं का पूंजी खाता	A. CAPITAL ACCOUNT OF GENERAL SERVICES		4526.85	5304.07	5203.94	5743.87
करेंसी, सिक्का निर्माण और टकसाल	Currency, Coinage and Mint	4046	18.72	103.53	49.09	96.25
अन्य राजकोषीय सेवाएं	Other Fiscal Services	4047	122.86	165.78	147.49	156.18
लेखन सामग्री और मुद्रण	Stationery and Printing	4058	4.26	4.10	4.90	3.80
लोक निर्माण कार्य	Public Works	4059	150.72	193.51	230.94	239.18
अन्य प्रशासनिक सेवाएं	Other Adminis-trative Services	4070	2.33	2.26	1.26	3.94
विविध सामान्य सेवाएं	Miscellaneous General Services	4075	6.19	33.00	32.70	33.30
रक्षा सेवाएं	Defence Services	4076	4221.77	4801.89	4737.56	5211.22
ख. सामाजिक सेवाओं का पूंजी खाता	B. CAPITAL ACCONT OF SOCIAL SERVICES		321.00	388.96	301.31	405.56
शिक्षा, खेल, कला और संस्कृति	Education, Sports, Art and Culture	4202	7.53	35.78	26.67	10.89
चिकित्सा और लोक स्वास्थ्य	Medical and Public Health	4210	19.62	5.99	5.01	4.29
परिवार कल्याण	Family Welfare	4211	0.13	0.08	0.15	0.15
जल पूर्ति तथा सफाई	Water Supply and Sanitation	4215	1.50	2.00	2.00	5.00
आवास	Housing	4216.	97.76	135.09	121.97	166.51
शहरी विकास	Urban Development	4217	10.61	12.00	12.00	18.50
सूचना और प्रचार	Information and Publicity	4220	3.26	5.35	4.41	4.20
प्रसारण	Broadcasting	4221	174.25	183.54	118.22	168.14
अनुसूचित जातियों, अनुसूचित जनजातियों और अन्य पिछड़े वर्गों का कल्याण	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	4225	3.00	8.00	8.00	18.00
सामाजिक सुरक्षा और कल्याण	Social Security and Walfare	4235	1.21	1.13	0.54	1.05
अन्य सामाजिक सेवाएं	Other Social Services	4250	2.13	0.00	2.34	8.83
ग. आर्थिक सेवाओं का पूंजी खाता	C. CAPITAL ACCOUNT OF ECONOMIC SERVICES		8364.55	8177.49	8097.22	10416.37
(क) कृषि और सम्बद्ध क्रियाकलापों का पूंजी खाता	(a) Capital Account of Agriculture and allied activities		45.46	65.09	53.59	75.04
कृषि कार्य	Crop Husbandry	4401	8.34	12.44	8.67	12.07

विवरण 1—भारत की समेकित निधि—पूंजी खाता—भुगतान
STATEMENT I-CONSOLIDATED FUND OF INDIA-CAPITAL ACCOUNT-DISBVRSEMENTS

(करोड़ रुपए)
(In crores of Mupees)

		मुख्य शीर्ष Major Head	वास्तविक Accounts 1989-90	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92
भूमि तथा जल संरक्षण	Soil and Water Conservation	4402	0.90	0.80	0.72	0.95
पशुपालन	Animal Husbandry	4403	1.87	4.14	3.04	3.15
डेरी विकास	Dairy Development	4404	1.21	2.10	1.57	2.24
मीन उद्योग	Fisheries	4405	0.41	4.81	1.09	5.74
वानिकी अर वन्य जीवन	Forestry and Wild Life	4406	2.33	2.61	3.08	5.61
खाद्य भंडारण और भांडागारण	Food. Storage and Warehousing	4408	24.36	32.73	30.27	34.05
कृषि वित्तीय संस्थाओं में निवेश	Investment in Agricultural Financial Institutions	4416	6.00	5.25	4.95	11.00
सहकारिता	Co-operation	4425	0.04	0.21	0.20	0.23
(ख) ग्रामीण विकास का पूंजी खाता	(b) Capital Account of Rural Development		0.00	0.30	0.27	0.50
अन्य ग्रामीण विकास कार्यक्रम	Other Rural Development Programmes	4515	0.00	0.30	0.27	0.50
(ग) विशेष क्षेत्र कार्यक्रमों का पूंजी खाता	(c) Capital Account of Special Areas Programmes		88.36	118.88	120.89	113.94
उत्तर-पूर्वी क्षेत्र	North Eastern Areas	4552	88.36	118.88	120.89	113.94
(घ) सिंचाई और बाढ़ नियंत्रण का पूंजी खाता	(d) Capital account of Irrigation and Flood Control		8.09	4.20	4.85	4.73
वृहद और मध्यम सिंचाई	Major and Medium Irrigation	4701	7.80	2.00	3.05	4.23
लघु सिंचाई	Minor Iririgation	4702	0.01	0.20	0.20	0.50
बाढ़ नियंत्रण	Flood Control	4711	0.28	2.00	1.60	0.00
(ङ) ऊर्जा का पूंजी खाता	(e) Capital Account of Energy		2607.44	3055.64	2936.65	2366.92
विद्युत परियोजनाएं	Power Projects	4801	2003.65	2503.39	2400.06	2002.59
पेट्रोलियम	Petroleum	4802	10.74	0.00	0.17	0.00
कोयला और लिग्नाइट	Coal and Lignite	4803	589.75	547.00	532.00	360.00
ऊर्जा के गैर-पारम्परिक स्रोत	Non-Conventional Sources of Energy	4810	3.30	5.25	4.76	4.33
(च) उद्योग और खनिज का पूंजी खाता	(f) Capital Account of Industry and Minerals		1152.06	971.13	853.94	866.74
ग्रामोद्योग और लघु उद्योग	Village and Small Industries	4851	10.13	14.29	14.29	27.48
लोहा और इस्पात उद्योग	Iron & Steel Industries	4852	55.55	9.65	10.10	16.30
अलौह धातु खनन और धातुकर्म उद्योग	Non-ferrous Mining & Metallurgical Industries	4853	181.61	40.90	102.28	18.45

विवरण 1–भारत की समेकित निधि–पूंजी खाता–भुगतान
STATEMENT I—CONSOLIDATED FUND OF INDIA-CAPITAL ACCOUNT-DISBURSEMENTS

(करोड़ रुपए)
(In crores of Rupees)

		मुख्य शीर्ष Major Head	वास्तविक Accounts 1989-90	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92
सीमेंट और धातु-भिन्न खनिज उद्योग	Cement and Non-metallic Mineral Industries	4854	37.25	32.00	28.80	15.00
उर्वरक उद्योग	Fertilizer Industries	4855	102.77	3.37	26.37	2.00
रसायन और औषध उद्योग	Chemical and Pharma-ceutical Industries	4857	11.52	0.00	0.00	4.00
इंजीनियरी उद्योग	Engineering Industries	4858	156.34	122.06	59.16	64.60
दूरसंचार और इलेक्ट्रानिकी उद्योग	Telecommunication and Electronic In-dustries	4859	33.86	26.70	30.97	39.95
उपभोगक्ता उद्योग	Consumer Industries	4860	97.43	127.10	108.83	95.98
परमाणु ऊर्जा उद्योग	Atomic Energy Industries	4861	328.09	481.20	365.52	411.73
अन्य उद्योग	Other Industries	4875	1.46	3.10	2.29	4.24
उद्योग और खनिज पर अन्य पूंजीगत परिव्यय	Industries and Minerals	4885	136.05	110.76	105.33	167.01
(छ) परिवहन का पूंजी खाता	(g) Capital Account of Transport		2392.15	2278.28	2372.69	2399.22
रेलवे	Railways	5002	1773.36	1694.00	1587.00	1694.00
पत्तन तथा डीपस्तंभ	Ports & Light Houses	5051	5.21	15.00	9.40	9.98
नौवहन	Shipping	5052	89.43	2.45	193.63	6.50
नागर विमानन	Civil Aviation	5053	8.60	3.71	3.47	16.80
सड़कें और पुल	Roads and Bridges	5054	486.65	532.90	554.81	641.84
अन्तर्देशीय जल परिवहन	Inland Water Transport	5056	15.00	17.62	13.10	17.50
अन्य परिवहन सेवाएं	Other Transport Services	5075	13.90	12.60	11.28	12.60
(ज) संचार का पूंजी खाता	(h) Capital Account of Communications		222.40	85.45	111.87	83.09
डाक सेवाएं	Postal Services	5201	28.55	47.60	35.62	56.90
दूरसंचार सेवाएं	Telecommunication Services	5225	259.46	25.43	60.00	14.00
उपग्रह प्रणाली	Satellite system	5252	—65.61	12.42	16.25	12.19
(झ) विज्ञान, प्रौद्योगिकी तथा पर्यावरण का पूंजी खाता	(i) Capital Account of Science, Technology and Environment		131.63	166.19	142.82	190.40
परमाणु उर्जा अनुसंधान	Atomic Energy Research	5401	47.91	61.39	55.87	71.83
अन्तरिक्ष अनुसंधान	Space Research	5402	58.93	83.15	65.03	95.83
समुद्र वैज्ञानिक अनुसंधान	Oceanographic Re-search	5403	2.71	6.80	5.26	6.88
अन्य वैज्ञानिक और पर्यावरणात्मक अनुसंधान	Other Scientific and Environmental Research	5425	22.08	14.85	16.66	15.86

विवरण I—भारत की समेकित निधि—पूंजी खाता—भुगतान

STATEMENT I—CONSOLIDATED FUND OF INDIA—CAPITAL ACCOUNT—DISBURSEMENTS

(करोड़ रुपए)
(In crores of Rupees)

		मुख्य शीर्ष Major Head	वास्तविक Accounts 1989-90	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92
(ञ) सामान्य आर्थिक सेवाओं का पूंजी खाता	(j) Capital Account of General Economic Services		1716.96	1432.33	1499.65	4315.79
पर्यटन	Tourism	5452	15.35	20.82	18.64	25.30
विदेश व्यापार और निर्यात संवर्धन	Foreign Trade and Export Promotion	5453	9.88	14.65	11.65	13.57
मौसम विज्ञान	Meteorology	5455	14.85	21.75	17.70	25.85
सामान्य वित्तीय और व्यापारिक संस्थाओं से निवेश	Investments in General Financial and Trading Institutions	5465	739.37	722.65	755.86	718.00
अन्तर्राष्ट्रीय वित्तीय संस्थाओं में निवेश	Investments in International Financial Institutions	5466	916.00	637.65	680.74	3514.85
अन्य सामान्य आर्थिक सेवाएं	Other General Economic Services	5475	21.51	14.81	15.06	18.22
संघ राज्य क्षेत्रों के भुगतान	Disbursements of Union Territories		187 39	295 03	269.33	380 90
जोड़ राजस्व खाते के बाहर का पूंजी व्यय	TOTAL—CAPITAL EXPENDITURE OUTSIDE THE REVENUE ACCOUNT		13399.79	14165.55	13871.80	16946.70
लोक ऋण	PUBLIC DEBT					
केन्द्रीय सरकार का आन्तरिक ऋण	Internal Debt of Central Government	6001				
बाजार उधार	Market Loans		639.49	987.72	987.72	1418.18
91-दिवसीय राजकोष हुंडियां	91 Days Treasury Bills		96284.11	115000.00	80000.00	75000.00
अन्य	Others		3140.98	1831.93	3699.60	4478.48
जोड़—केन्द्रीय सरकार का आंतरिक ऋण	Total—Internal Debt of Central Government		100064.58	117819.65	84687.32	80896.66
विदेशी ऋण	External Debt	6002	1847.85	2050.94	2180.90	3252.32
जोड़—लोक ऋण	TOTAL—PUBLIC DEBT		101912.43	119870.59	86868.22	84148.98

विवरण I--भारत की समेकित निधि--पूंजी खाता--भुगतान

STATEMENT I—CONSOLIDATED FUND OF INDIA—CAPITAL ACCOUNT—DISBURSEMENTS

(करोड़ रुपए)
(In crores of Rupees)

		मुख्य शीर्ष Major Head	वास्तविक Accounts 1989-90	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1999-92
उधार और अग्रिम	LOANS AND ADVANCES					
क. सामाजिक सेवाओं के लिए ऋण	A. LOANS FOR SOCIAL SERVICES		21.20	34.28	27.09	48.38
शिक्षा, खेल, कला और संस्कृति	Education, Sports, Art and Culture	6202	0.50	0.50	0.50	0.50
परिवार कल्याण	Family Welfare	6211	1.55	0.02	2.12	0.75
जल पूर्ति और सफाई	Water Supply and Sanitation	6215	0.00	2.00	0.00	0.00
आवास	Housing	6216	19.14	30.00	23.00	45.50
सूचना और प्रचार	Information and Publicity	6220	0.00	1.50	1.35	1.40
सामाजिक सुरक्षा और कल्याण	Social Security and Welfare	6235	0.01	0.06	0.02	0.03
अन्य सामाजिक सेवाएं	Other Social Services	6250	0.00	0.20	0.10	0.20
ख. आर्थिक सेवाओं के लिए ऋण	B. LOANS FOR ECONOMIC SERVICES		4679.13	3434.53	3972.83	3338.50
(क) कृषि और संबद्ध क्रियाकलापों के लिए उधार	(a) Loans for Agriculture and allied activities		325.41	424.16	244.65	318.56
कृषि कार्य	Crop Husbandry	6401	4.00	0.00	0.00	0.01
डेरी विकास	Dairy Development	6404	15.20	35.00	35.00	50.00
मीन उद्योग	Fisheries	6405	5.70	0.10	0.02	0.50
बागान	Plantations	6407	9.90	9.00	8.53	11.00
कृषि वित्तीय संस्थाएं	Agricultural Financial Institutions	6416	171.04	235.00	61.00	90.00
सहकारिता	Co-operation	6425	119.57	145.06	140.10	167.05
(ख) विशेष क्षेत्र कार्यक्रमों के लिए उधार	(b) Loans for Special Area Programme		2.50	10.79	12.30	10.76
उत्तर-पूर्वी क्षेत्र	North Eastern Areas	6552	0.95	2.79	3.50	0.76
वृहद और मध्यम सिंचाई	Major and Medium Irrigation	6701	0.00	6.00	7.00	8.00
कमान क्षेत्र विकास	Command Area Development	6705	1.55	2.00	1.80	2.00
(ग) ऊर्जा के लिए उधार	(b) Loans for Energy		1611.16	973.97	935.41	869.48
विद्युत परियोजनाएं	Power Projects	6801	708.16	474.37	462.87	400.82
पेट्रोलियम	Petroleum	6802	165.00	150.00	150.00	180.00
कोयला और लिग्नाइट	Coal and Lignite	6803	738.00	349.00	322.00	288.00
ऊर्जा के गैर-पारम्परिक स्रोत	Non-Conventional Sources of Energy	6810	0.00	0.60	0.54	0.66

विवरण 6—भारत की समेकित निधि—पूंजी खाता—भुगतान

STATEMENT I—CONSOLIDATED FUND OF INDIA—CAPITAL ACCOUNT—DISBURSEMENTS

(करोड़ रुपए)

(In crores of Rupees

		मुख्य शीर्ष Major Head	वास्तविक Accounts 1989-90	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92
(घ) उद्योग और खनिजों के लिए उधार	(d) Loans for Industry & Minerals		2206.78	1577.55	2303.78	1825.00
ग्रामोद्योग और लघु उद्योग	Village and Small Industries	6851	270.01	268.95	250.63	271.30
लोहा और इस्पात उद्योग	Iron and Steel Industries	6852	758.46	457.88	748.25	473.02
अलौह धातु खनन और धातुकर्म उद्योग	Non-ferrous Mining & Metallurgical Industries	6853	7.05	1.58	1.58	1.35
सीमेंट और धातु-भिन्न खनिज उद्योग	Cement and Non-metallic Mineral Industries	6854	0.00	40.00	36.00	35.00
उर्वरक उद्योग	Fertilizer Industries	6855	129.03	132.07	128.27	92.40
पेट्रो-रसायन उद्योग	Petro-Chemical Industries	6856	56.05	0.00	0.00	9.80
रसायन उद्योग	Chemicals Industries	6857	15.52	4.10	5.09	7.60
इंजीनियरी उद्योग	Engineering Industries	6858	237.04	167.40	202.43	189.83
दूरसंचार और इलेक्ट्रानिकी उद्योग	Telecommunication and Electronic Industries	6859	16.96	30.55	25.68	22.65
उपभोक्ता उद्योग	Consumer Industries	6860	370.01	212.18	195.48	160.66
परमाणु उर्जा उद्योग	Atomic Energy Industries	6861	1.42	0.00	0.00	0.00
अन्य उद्योग	Other Industries	6875	49.97	25.67	25.67	2.05
उद्योग और खनिज को अन्य ऋण	Other Industries and Minerals	6885	295.26	237.17	684.70	559.34
(ङ) परिवहन के लिए उधार	(e) Loans for Transport		573.00	444.37	470.75	309.64
रेलवे	Railways	7002	5.16	57.15	54.78	0.00
पत्तन और दीप स्तम्भ	Ports and Light Houses	7051	139.41	87.10	104.48	138.98
नौवहन	Shipping	7052	223.86	107.00	80.00	36.28
नागर विमानन	Civil Aviation	7053	7.40	1.30	1.30	11.03
सड़क परिवहन	Road Transport	7055	92.50	127.10	175.01	103.25
अन्तर्देशीय जल परिवहन	Inland Water Transport	7056	16.50	17.72	15.18	17.60
अन्य परिवहन सेवाएं	Other Transport Services	7075	88.17	47.00	40.00	2.50
(च) दूरसंचार के लिए उधार	(f) Loans for Communications		45.46	0.00	0.00	0.00
अन्य दूर संचार सेवाए	Other Communication services	7275	45.46	0.00	0.00	0.00
(छ) विज्ञान, प्रोद्योगिकी तथा पर्यावरण के लिए उधार	(g) Loans for Science, Technology and Environment		0.14	0.65	0.65	1.70
अन्य वैज्ञानिक अनुसंधान	Other Scientific Research	7425	0.14	0.65	0.65	1.70

विवरण I—भारत की समेकित निधि—पूंजी खाता—भुगतान

STATEMENT I—CONSOLIDATED FUND OF INDIA—CAPITAL ACCOUNT—DISBURSEMENTS

(करोड़ रुपए)
(In crores of Rupees)

		मुख्य शीर्ष Major Head	वास्तविक Accounts 1989-90	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92
(ज) सामान्य आर्थिक सेवाओं के लिए उधार	(h) Loans for General Economic Services		4.68	3.04	5.29	3.36
पर्यटन	Tourism	7452	2.55	0.10	0.10	1.10
अन्य सामान्य आर्थिक सेवाएं	Other General Economic Services	7475	2.13	2.94	5.19	2.26
ग. अन्य उधार	C. OTHER LOANS		12265.63	12664.21	15875.03	16483.81
राज्य सरकारों को उधार और अग्रिम	Loans and Advances to State Governments	7601	11278.96	12004.11	14393.15	14993.06
संघ राज्य क्षेत्रों की सरकारों को उधार और अग्रिम	Loans and Advances to Union Territory Governments	7602	31.74	42.91	46.16	54.10
विदेशी सरकारों को अग्रिम	Advances to Foreign Governments	7605	776.39	404.34	1237.99	1213.99
सरकारी कर्मचारियों आदि को उधार	Loans to Government Servants etc.	7610	175.76	209.80	194.89	219.60
विविध उधार	Miscellaneous Loans	7615	2.78	3.05	2.84	3.06
संघ राज्य क्षेत्रों को उधार	Loans of Union territories		313.94	358.71	343.97	443.86
जोड़—उधार और अग्रिम	TOTAL—LOANS AND ADVANCES		17369.90	16491.73	20218.92	20314.55
जोड़—पूंजीगत व्यय	TOTAL—CAPITAL EXPENDITURE		132682.12	150527.87	120958.94	121410.23
जोड़—भारत की समेकित निधि भुगतान	TOTAL—CONSOLIDATED FUND OF INDIA—DISBURSEMENTS		222819.84	251327.90	225460.57	235513.47

विवरण 1क—भारत की समेकित निधि पर "भारित" भुगतान
STATEMENT IA—DISBURSEMENTS "CHARGED" ON THE CONSOLIDATED FUND OF INDIA

(करोड़ रुपए)
(In crores of Rupees)

		मुख्य शीर्ष Major Head	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92
संसद	Parliament	2011	0.16	0.17	0.16
राष्ट्रपति, उपराष्ट्रपति आदि	President, Vice President, etc.	2012	2.60	3.32	3.15
न्याय प्रशासन	Administration of Justice	2014	14.36	16.09	17.75
लेखा परीक्षा	Audit	2016	4.78	5.09	5.47
आय और व्यय पर करों का संग्रह	Collection of Taxes on Income and Expenditure	2020	0.02	0.02	0.02
सीमा शुल्क	Customs	2037	0.01	0.26	0.26
केन्द्रीय उत्पाद शुल्क	Union Excise Duties	2038	0.13	0.43	0.55
करेंसी, सिक्का निर्माण और टकसाल	Currency, Coinage and Mint	2046	0.01	0.02	0.06
अन्य राजकोषीय सेवाएं	Other Fiscal Service	2047	0.05	0.07	0.11
ब्याज संदाय	Interest Payments	2049	20850.00	21850.00	27450.00
लोक सेवा आयोग	Public Service Commission	2051	12.02	13.33	13.33
सचिवालय सामान्य सेवाएं	Secretariat-General Services	2052	0.04	0.05	0.05
पुलिस	Police	2055	0.38	0.69	0.65
पूर्ति और निपटान	Supplies and Disposals	2057	0.30	0.30	0.30
लेखन-सामग्री और मुद्रण	Stationery and Printing	2058	0.01	0.01	0.00
लोक निर्माण कार्य	Public Works	2059	4.00	2.33	0.23
विदेश कार्य	External Affairs	2061	0.01	0.01	0.01
अन्य प्रशासनिक सेवाएं	Other Administrative Service	2070	0.01	0.02	0.01
पेंशन और अन्य सेवानिवृत्ति लाभ	Pension and other Retirement Benefits	2071	3.06	3.23	3.52
विविध सामान्य सेवाएं	Miscellaneous General Services	2075	0.01	0.01	0.01
रक्षा सेवाएं-थल सेना	Defence Services—Army	2076	2.11	2.27	2.48
रक्षा सेवाएं-नौ सेना	Defence Services—Navy	2077	0.20	0.20	0.20
रक्षा सेवाएं-वायु सेना	Defence Services—Air Force	2078	0.13	0.13	0.19
आयुध कारखाने	Ordnance Factories	2079	1.30	1.30	1.30
सामान्य शिक्षा	General Education	2202	0.05	0.35	0.05
चिकित्सा तथा लोक स्वास्थ्य	Medical and Public Health	2210	0.03	0.03	0.03
आवास	Housing	2216	6.97	5.92	4.19
सूचना और प्रचार	Information and Publicity	2220	0.02	0.01	0.01
प्रसारण	Broadcasting	2221	0.02	0.02	0.02
श्रम और रोजगार	Labour and Employment	2230	0.01	0.02	0.01
सामाजिक सुरक्षा और कल्याण	Social Security and Welfare	2235	0.05	0.06	0.09
कृषि कार्य	Crop Husbandry	2401	0.01	0.03	0.03
खाद्य, भंडार और भांडागारण	Food, Storage and Warehousing	2408	0.10	0.10	0.10
वृहद और मध्यम सिंचाई	Major and Medium Irrigation	2701	0.01	0.01	0.01
लघु सिंचाई	Minor Irrigation	2702	0.01	0.01	0.01
ग्रामोद्योग और लघु उद्योग	Village and Small Industries	2851	5.00	5.00	5.00
उद्योग	Industries	2852	1.19	1.26	26.12
अलौह धातु खनन और धातुकर्म उद्योग	Non ferrous Mining and Metallurgical Industries	2853	0.05	0.05	0.05

विवरण 1–भारत की समेकित निधि—राजस्व खाता—भुगतान

STATEMENT IA-DISBURSEMENTS 'CHARGED, ON CONSOLIDATED FUND OF INDIA

(करोड़ रुपए)
(In crores of Rupees)

		मुख्य शीर्ष Major Head	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92
सड़क परिवहन	Road Transport	3055	0.30	0.40	0.40
डाक सेवाएं	Postal Services	3201	0.01	0.01	0.01
दूरसंचार सेवाएं	Telecommunication Services	3225	0.30	0.30	0.20
परमाणु ऊर्जा अनुसंधान	Atomic Energy Research	3401	0.00	0.02	0.02
अंतरिक्ष अनुसंधान	Space Research	3402	0.01	0.01	0.01
जनगणना सर्वेक्षण और सांख्यिकी	Census Surveys and Statistics	3454	0.00	0.08	0.04
नागरिक पूर्ति	Civil Supplies	3456	0.01	0.04	0.04
राज्य सरकारों को सहायता-अनुदान	Grants in aid to State Governments	3601	3577.08	3503.16	3584.29
संघ उत्पाद शुल्क में राज्य के हिस्से की अदायगी	Payments of States' Share of Union Excise Duties	3603	10188.37	10414.43	11175.47
करेंसी, सिक्का निर्माण और टकसाल	Currency, Coinage and Mint	4046	0.02	0.02	0.02
लोक निर्माण कार्य	Public Works	4059	0.16	1.23	0.20
रक्षा सेवाएं	Defence Services	4076	6.35	6.35	6.45
शिक्षा, खेलकूद कला और संस्कृति	Education, Sports, Art and Culture	4202	0.50	0.59	0.00
चिकित्सा और लोक स्वास्थ्य	Medical and Public Health	4210	0.00	0.17	0.00
आवास	Housing	4216	2.17	2.90	4.27
शहरी विकास	Urban Development	4217	26.00	16.00	16.30
प्रसारण	Broadcasting	4221	0.10	0.16	0.20
सामाजिक सुरक्षा और कल्याण	Social Security and Welfare	4235	0.00	0.03	0.00
कृषि कार्य	Crop Husbandry	4401	0.06	0.06	0.06
पशु पालन	Animal Husbandry	4403	0.00	0.02	0.00
बाढ़ नियंत्रण परियोजनाएं	Flood Control Projects	4711	0.23	0.17	0.10
ग्रामोद्योग और लघु उद्योग	Village and Small Industries	4851	0.00	0.10	0.00
लोहा और इस्पात उद्योग	Iron & Steel Industries	4852	0.05	0.05	0.05
सड़कें और पुल	Roads and Bridges	5054	0.03	0.68	0.04
दूरसंचार सेवाएं	Telecommunication Services	5225	0.01	0.01	0.01
अंतरिक्ष अनुसंधान	Space Research	5402	0.02	0.02	0.02
केन्द्रीय सरकार का आन्तरिक ऋण	Internal Debt of Central Government	6001	117819.65	84687.32	80896.66
विदेशी ऋण	External Debt	6002	2050.94	2180.90	3252.32
राज्य सरकारों को उधार और अग्रिम	Loans and Advances to State Governments	7601	12004.11	14393.15	14993.06
कुल जोड़	GRAND TOTAL		166585.70	137120.60	141465.77

विवरण II—भारत की आकस्मिकता निधि—निवल
STATEMENT II-CONTINGENCY FUND OF INDIA-NET

(करोड़ रुपए)
(In crores of Rupees)

		मुख्य शीर्ष Major Head	वास्तविक Actual 1989-90	बजट Budget 1990-91	संशोधित Revsed 1990-91	बजट Budget 1991-92
आकस्मिकता निधि	CONTINGENCY FUND	8000	—	—	—	—

विवरण III—भारत का लोक खाता—प्राप्तियां
STATEMENT III-PUBLIC ACCOUNT OF INDIA-RECEIPTS

(करोड़ रुपए)
(In crores of Rupees)

		वास्तविक Actual 1989-90	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92
क. अल्प बचतें, भविष्य निधियां, आदि	A. SMALL SAVINGS, PROVIDENT FUNDS ETC.	30871.02	28272.81	34120.14	32304.55
(क) अल्प बचतें	(a) Small Savings	16225.21	14400.00	17270.00	17720.00
(ख) भविष्य निधियां	(b) Provident Funds	3508.28	3191.40	3830.00	4080.00
(i) राज्य भविष्य निधियां	(i) State Provident Funds	2584.55	2541.40	2820.00	3000.00
(ii) लोक भविष्य निधियां	(ii) Public Provident Funds	924.23	650.00	1010.00	1080.00
(ग) अन्य खाते	(c) Other Accounts:	11137.02	10681.41	13020.14	10504.55
(i) डाक बीमा और जीवन वार्षिक निधि	(i) Postal Insurance and Life Annuity Fund.	147.99	170.64	181.32	218.29
(ii) अन्य मदें	(ii) Other Items	10989.03	10510.77	12838.82	10286.26
ख आरक्षित निधियां	B. RESERVE FUNDS	4306.64	5356.58	5032.45	5297.37
(क) सब्याज आरक्षित निधियां	(a) Reserve Funds bearing Interest	3878.80	5026.01	4714.81	5021.03
(i) रेलवे निधियां	(i) Railway Funds	2758.52	3256.83	3215.77	3456.23
(ii) दूर संचार निधियां	(ii) Telecommunication Funds	1093.86	1714.86	1471.79	1532.90
(iii) अन्य आरक्षित निधियां	(iii) Other Reserve Funds	26.42	54.32	27.25	31.90
(ख) निर्ब्याज आरक्षित निधियां	(b) Reserve Funds not bearing interest	427.84	330.57	317.64	276.34
(i) केन्द्रीय सड़क निधि	(i) Central Road Fund	9.81	9.06	9.80	9.80
(ii) राष्ट्रीय राजपथ स्थायी पुल शुल्क निधि	(ii) National Highways Permanent Bridges Fee Fund	12.00	11.25	12.00	12.00

विवरण III—भारत का लोक खाता—प्राप्तियां
STATEMENT III-PUBLIC ACCOUNT OF INDIA-RECEIPTS

(करोड़ रुपए)
(In crores of Rupees)

		वास्तविक Actuals 1989-90	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92
(iii) खान कल्याण निधियां	(iii) Mines Welfare Funds	9.02	11.93	0.00	0.00
(iv) चीनी विकास निधि	(iv) Sugar Development Fund	155.19	141.35	141.35	111.05
(v) रेलवे सुरक्षा निर्माण कार्य निधि	(v) Railway Safety Works Fund	3.21	3.21	3.08	3.08
(vi) अन्य प्रारक्षित निधियां	(vi) Other Reserve Funds	238.61	153.77	151.41	140.41
ग. जमाराशियां और अग्रिम	C. DEPOSITS AND ADVANCES	21821.46	12812.07	14989.67	15307.72
(क) सब्याज जमाराशियां	(a) Deposits bearing interest:	3227.06	2866.34	3176.75	3178.91
(i) राष्ट्रीय रक्षा कोष	(i) National Defence Fund	4.92	4.97	5.02	5.25
(ii) परिवार पेंशन व जीवन बीमा निधि आदि	(ii) Family Pension-cum-Life Assurance Fund, etc.	719.96	939.65	996.93	1123.40
(iii) अन्य जमा राशियां	(iii) Other Deposits	2502.18	1921.72	2174.80	2050.26
(ख) निर्ब्याज जमाराशियां	(b) Deposits not bearing Interest:	13520.08	9945.73	11812.92	12128.81
(i) सिविल जमाराशियां	(i) Civil Deposits	8386.96	7409.11	7945.75	8138.94
(ii) स्थानीय निधियों की जमाराशियां	(ii) Deposits of Local Funds	10.06	10.00	15.00	14.00
(iii) अन्य जमाराशियां	(iii) Other Deposits	5123.06	2526.62	3852.17	3975.87
(ग) अग्रिम	(c) Advances	5074.32	0.00	0.00	0.00
घ. उचंत और विविध	D. SUSPENSE AND MISCELLANEOUS:	111.63	0.00	0.00	0.00
उचंत खाते निवल	Suspense Accounts (Net)		0.00	0.00	0.00
चैक और बिल (निवल)	Cheques and Bills (Net)		0.00	0.00	0.00
विभागीय शेष (निवल)	Departmental Balances (Net)	109.74	0.00	0.00	0.00
रोकड़ शेष निवेश	Cash Balance Investment		0.00	0.00	0.00
अन्य	Others	1.89	0.00	0.00	0.00
ड. प्रेषित रकमें	E. REMITTANCES:	267.11	0.00	0.00	0.00
(i) मनीआर्डर	(i) Money Orders	4.81	0.00	0.00	0.00
(ii) अन्यप्रेषित रकमें	(ii) Other Remittances	262.30	0.00	0.00	0.00
जोड़-लोक खाता प्राप्तियां	TOTAL-PUBLIC ACCOUNT RECEIPTS	57377.86	46441.46	54142.26	52909.64
कुल जोड़ (I+II+III)	GRAND TOTAL—(I+II+III)	264264.49	278816.43	256669.62	268109.20
रोकड़ शेष	CASH BALANCE	1145.93	50.18	1465.19	51.50
जोड़	TOTAL	265410.42	278866.61	258134.81	268160.70

विवरण III—भारत की समेकित निधि—पूंजी खाता—भुगतान
STATEMENT III—PUBLIC ACCOUNT OF INDIA—DISBURSEMENTS

(करोड़ रुपए)
(In crores of Rupees)

		वास्तविक Accounts 1989-90	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92
क. अल्प बचतें, भविष्य निधियां आदि	A. SMALL SAVINGS, PROVIDENT FUNDS ETC.	12335.14	12325.09	14904.80	14256.40
(क) अल्प बचतें	(a) Small Savings	8267.06	9400.00	9990.00	10510.00
(ख) भविष्य निधियां	(b) Provident Funds:	1776.04	1611.40	1930.00	2020.00
(i) राज्य भविष्य निधियां	(i) State Provident Funds	1468.54	1411.40	1620.00	1700.00
(ii) लोक भविष्य निधियां	(ii) Public Provident Funds	307.50	200.00	310.00	320.00
(ग) अन्य खाते	(c) Other Accounts:	2292.04	1313.69	2984.80	1726.40
(i) डाक बीमा और जीवन वार्षिकी निधि	(i) Postal Insurance and Life Annuity Fund.	39.42	45.81	42.42	47.44
(ii) अन्य मदें	(ii) Other Items	2252.62	1267.88	2942.38	1678.96
ख. प्रारक्षित निधियां	B. RESERVE FUNDS	3996.54	4967.41	4790.32	4990.11
(क) सब्याज प्रारक्षित निधियां	(a) Reserve Funds bearing Interest	3653.07	4657.40	4479.88	4652.73
(i) रेलवे निधियां	(i) Railway Funds	2593.43	2982.83	3049.10	3165.83
(ii) दूरसंचार निधियां	(ii) Telecommunication Funds	1057.93	1674.57	1430.78	1486.90
(iii) अन्य प्रारक्षित निधियां	(iii) Other Reserve Funds	1.71	0.00	0.00	0.00
(ख) निर्ब्याज प्रारक्षित निधियां	(b) Reserve Funds not bearing interest	343.47	310.01	310.44	337.38
(i) केन्द्रीय सड़क निधि	(i) Central Road Fund	9.12	9.00	9.80	9.80
(ii) राष्ट्रीय राजपथ स्थायी पुल शुल्क निधि	(ii) National Highways Permanent Bridges Fee Fund	1.00	0.00	12.00	12.00
(iii) खान कल्याण निधियां	(iii) Mines Welfare Funds	6.22	0.00	0.84	6.04
(iv) चीनी विकास निधि	(iv) Sugar Development Fund	124.72	140.00	110.00	110.00
(v) रेलवे सुरक्षा निर्माण कार्य निधि	(v) Railway Safety Works Fund	0.68	2.25	4.25	6.25
(vi) अन्य प्रारक्षित निधियां	(vi) Other Reserve Funds	201.73	158.76	173.55	193.29
ग. जमाराशियां और अग्रिम	C. DEPOSITS AND ADVANCES	23941.52	10196.13	12927.62	13349.41
(क) सब्याज जमाराशियां	(a) Deposits bearing interest:	2428.95	1795.58	1655.82	1690.54
(i) राष्ट्रीय रक्षा कोष	(i) National Defence Fund	3.37	0.50	0.25	0.50
(ii) परिवार पेंशन एवं जीवन बीमा निधि, आदि	(ii) Family Pension-cum-Life Assurance Fund, etc.	0.00	89.65	103.43	111.80
(iii) अन्य जमा राशियां	(iii) Other Deposits	2425.58	1705.43	1552.14	1578.24

विवरण III—भारत की समेकित निधि—पूंजी खाता—भुगतान
STATEMENT III—PUBLIC ACCOUNT OF INDIA—DISBURSEMENTS

(करोड़ रुपए)
(In crores of Rupees)

		वास्तविक Accounts 1989-90	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92
(ख) निब्याज जमाराशियां	(b) Deposit not bearing Interest:	16034.23	8400.55	11271.80	11658.87
(i) सिविल जमाराशियां	(i) Civil Deposits	7990.88	7564.71	8223.45	8115.31
(ii) स्थानीय निधियों की जमाराशियां	(ii) Deposits of Local Funds	8.67	10.00	15.00	14.00
(iii) अन्य जमाराशियां	(iii) Other Deposits	8034.68	825.84	3033.35	3529.56
(ग) अग्रिम	(c) Advances	5478.34	0.00	0.00	0.00
घ. उचंत और विविध	D. SUSPENSE AND MISCELLANEOUS:	202.42	0.00	0.00	0.00
उचंत खाते (निवल)	Suspense Accounts (Net)	92.27	0.00	0.00	0.00
चैक और बिल (निवल)	Cheques and Bills (Net)	31.37	0.00	0.00	0.00
विभागीय शेष (निवल)	Departmental Balance (Net)	0.00	0.00	0.00	0.0
रोकड़ शेष निवेश	Cash Balance Investment	11.66	0.00	0.00	0.00
अन्य	Others	67.12	0.00	0.00	0.00
ङ प्रेषित रकमें	E. REMITTANCES:	650.10	0.00	0.00	0.00
(i) मनीआर्डर	(i) Money Orders	11.90	0.00	0.00	0.00
(ii) अन्य प्रेषित रकमें	(ii) Other Remittances	638.20	0.00	0.00	0.00
जोड़—लोक खाता भुगतान	TOTAL—PUBLIC ACCOUNT DISBURSEMENTS	41125.72	27488.63	32622.74	32595.92
कुल जोड़— (I+II+III)	GRAND TOTAL (I+II+III)	263945.56	278816.53	258083.31	268109.39
रोकड़ शेष	CASH BALANCE	1464.86	50.08	51.50	51.31
जोड़	TOTAL	265410.42	278866.61	258134.81	268160.70

बिना विधान मंडल वाले संघ राज्य क्षेत्रों की प्राप्तियां और व्यय
RECEIPTS AND EXPENDITURE OF UNION TERRITORIES WITHOUT LEGISLATURE

प्राप्तियां RECEIPT	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92	व्यय EXPENDITURE	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92
	(करोड़ रुपए) (Rs. in crores)				(करोड़ रुपए) (Rs. in crores)		
दिल्ली DELHI							
कर राजस्व Tax Revenue	1116.76	1070.17	1250.23	राजस्व व्यय Revenue Expenditure	951.74	940.48	1004.06
कर भिन्न राजस्व Non Tax Revenue	27.69	30.48	30.56	पूंजी व्यय Capital Expenditure	161.21	137.54	177.57
				उधार और अग्रिम Loans and Advances	355.91	340.84	440.37
जोड़ Total	1144.45	1100.65	1280.79	जोड़ Total	1468.86	1418.86	1622.00
चंडीगढ़ CHANDIGARH							
कर राजस्व Tax Revenue	74.09	79.73	84.51	राजस्व व्यय Revenue Expenditure	124.06	137.58	134.94
कर भिन्न राजस्व Non Tax Revenue	49.91	55.05	56.01	पूंजी व्यय Capital Expenditure	28.77	23.67	30.08
				उधार और अग्रिम Loans and Advances	1.15	1.75	2.34
जोड़ Total	124.00	134.78	140.52	जोड़ Total	153.98	163.00	167.36
अंदमान और निकोबार द्वीप समूह ANDAMAN AND NICOBAR ISLANDS							
कर राजस्व Tax Revenue	2.75	2.00	2.00	राजस्व व्यय Revenue Expenditure	123.90	138.71	148.44
कर भिन्न राजस्व Non Tax Revenue	24.07	25.19	25.19	पूंजी व्यय Capital Expenditure	81.99	84.09	137.80
				उधार और अग्रिम Loans and Advances	0.49	0.58	0.46
जोड़ Total	26.82	27.19	27.19	जोड़ Total	206.38	223.38	286.70
दादरा और नगर हवेली DADRA AND NAGAR HAVELI							
कर राजस्व Tax Revenue	0.96	1.20	1.21	राजस्व व्यय Revenue Expenditure	14.80	13.05	15.18
कर भिन्न राजस्व Non Tax Revenue	17.06	17.16	18.72	पूंजी व्यय Capital Expenditure	6.43	6.81	14.51
				उधार और अग्रिम Loans and Advances	0.48	0.45	0.47
जोड़ Total	18.02	18.36	19.93	जोड़ Total	21.71	20.31	30.16

बिना विधान मंडल वाले संघ राज्य क्षेत्रों की प्राप्तियां और व्यय
RECEIPTS AND EXPENDITURE OF UNION TERRITORIES WITHOUT LEGISLATURE

प्राप्तियां RECEIPTS	बजट Budget 1990-91 (करोड़ रुपए) (Rs. in crores)	संशोधित Revised 1990-91	बजट Budget 1991-92	व्यय EXPENDITURE	बजट Budget 1990-91 (करोड़ रुपए) (Rs. in crores)	संशोधित Revised 1990-91	बजट Budget 1991-92
लक्षद्वीप LAKSHADWEEP							
कर राजस्व Tax Revenue	0.06	0.09	0.08	राजस्व व्यय Revenue Expenditure	35.55	36.96	37.79
				पूंजी व्यय Capital Expenditure	10..19	9.12	10.01
कर भिन्न राजस्व Non Tax Revenue	2.03	2.60	2.69	उधार और अग्रिम Loans and Advances	0.52	0.18	0.13
जोड़ Total	2.09	2.69	2.77	जोड़ Total	46.26	46.26	47.93
दमन और दीव DAMAN AND DIU							
कर राजस्व Tax Revenue	11.23	20.82	23.40	राजस्व व्यय Revenue Expenditure	18.67	15.19	17.03
				पूंजी व्यय Capital Expenditure	6.44	8.10	10.93
कर भिन्न राजस्व Non Tax Revenue	3.19	7.33	7.34	उधार और अग्रिम Loans and Advances	0.16	0.17	0.09
जोड़ Total	14.42	28.15	30.74	जोड़ Total	25.27	23.46	28.05
सारांश SUMMARY							
कर राजस्व Tax Revenue	1205.85	1174.01	1361.43	राजस्व व्यय Revenue Expenditure	1268.72	1281.97	1357.44
				पूंजी व्यय Capital Expenditure	295.03	269.33	380.90
कर भिन्न राजस्व Non Tax Revenue	123.95	137.81	140.51	उधार और अग्रिम Loans and Advances	358.71	343.97	443.86
जोड़ Total	1329.80	1311.82	1501.94	जोड़ Total	1922.46	1895.27	2182.20

1991-92 में केन्द्रीय सरकार के रेलवे राजस्व और व्यय का बजट

BUDGET of the Railway Revenue and Expenditure of the Central Government for 1991-92

रेल मंत्रालय
(रेलवे बोर्ड)
MINISTRY OF RAILWAYS
(Railway Board)
दिनांक 26 नवम्बर, 1991
Dated the 26th November, 1991

एन० राधाकृष्णन,
वित्तिय अधीक्षक, रेलवे
N. RADHAKRISHANAN,
Financial Commissioner, Railways

विषय सूची
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1. Statement of the Revenue of the Central Government from Railways

(हजार रुपयों में)
(In thousands of rupees)

राजस्व के शीर्ष Heads of Revenue	लेखा Accounts 1989-90	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92 फरवरी, 1991 में यथा प्रस्तुत As presented in Feb. 1991	बजट Budget 1991-92 अब यथा प्रस्तावित As now proposed
1002 और 1003—राजस्व प्राप्तियां 1002 & 1003 – Revenue Receipts					
यात्री—ऊंचे दर्जे Passenger – Upper Classes	333,89,37	381,71,00	407,00,00	420,00,00	462,00,00
यात्री—दूसरा दर्जा Passenger – Second Class	2335,02,20	2733,29,00	2723,00,00	2804,00,00	3031,00,00
जोड़—यात्री यातायात से आमदनी TOTAL – Passenger Earnings	2668,91,57	3115,00,00	3130,00,00	3224,00,00	3493,00,00
कोचिंग यातायात से अन्य आमदनी Other Coaching Earnings	313,30,55	334,00,00	350,00,00	342,00,00	369,00,00
माल यातायात से आमदनी Goods Earnings	7624,49,43	8424,00,00	8380,00,00	8884,00,00	9222,00,00
अन्य फुटकर आमदनी Sundry Other Earnings	226,35,33	207,00,00	226,00,00	235,00,00	255,00,00
जोड़—आमदनी TOTAL – Earnings	10833,06,88	12080,00,00	12086,00,00	12685,00,00	13339,00,00
उचंत Suspense	(—)93,65,44	(—)20,00,00	(—)48,00,00	(—)20,00,00	(—)20,00,00
£*भारतीय रेलों की सकल यातायात प्राप्तियां £*Gross Traffic Receipts of Indian Railways	10739,41,44	12060,00,00	12038,00,00	12665,00,00	13319,00,00
£इसमें मेट्रो रेलवे, कलकत्ता शामिल है £Includes Metro Railway, Calcutta	2,67,76	3,25,00	3,10,00	3,25,00	3,25,00
*इसमें चालित लाइनों की आमदनी शामिल है *Includes earnings of worked lines	25,51	25,25	31,37	31,10	31,00

2. केन्द्रीय सरकार के राजस्व से रेलवे पर किये गये व्यय का विवरण

2. Statement of the Expenditure on Railways met from the Revenue of the Central Government

(हजार रुपयों में)
(In thousands of rupees)

व्यय के शीर्ष Heads of Expenditure	लेखा Accounts, 1989-90	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92 फरवरी, 1991 में यथा प्रस्तुत As presented in Feb. 1991	बजट Budget 1991-92 अब यथा प्रस्तावित As now proposed
बी (सी) (iii)—रेलवे—व्यय					
B(c)(iii)—RAILWAYS—EXPENDITURE					
3002 और 3003—संचालन व्यय—					
3002 & 3003—Working Expenses—					
(1) £साधारण संचालन व्यय					
£Ordinary Working Expenses	* 7444,72,71	8241,00,00	8241,00,00	9270,00,00	9180,00,00
(2) मूल्यह्रास आरक्षित निधि में विनियोग					
Appropriation to Depreciation Reserve Fund	1715,00,00	1950,00,00	1950,00,00	2050,00,00	2000,00,00
(3) पेंशन निधि में विनियोग					
Appropriation to Pension Fund . .	728,00,00	900,00,00	900,00,00	1000,00,00	1050,00,00
*3001 ए और बी—भारतीय रेलवे—नीति निर्धारण, निदेशन, अनुसंधान और अन्य विविध संगठन					
*3001 A & B—Indian Railways—Policy Formulation, Direction Research and other Misc. Organisations	70,42,00	81,79,00	94,35,00	88,72,00	88,72,00
दुर्घटना क्षतिपूर्ति, संरक्षा एवं यात्री सुविधा निधि में विनियोग					
Appropriation to Accident Compensation, Safety and Passenger Amenities Fund	59,71,59	67,75,00	65,00,00	67,00,00	67,00,00
3004—चालू लाइन निर्माण—राजस्व					
3004—Open Line Works—Revenue . . .	41,32,26	50,00,00	50,00,00	48,00,00	45,00,00
3005—सामान्य राजस्व को भुगतान					
3005—Payments to General Revenues—					
**(1) सामान्य राजस्व को लाभांश—					
**Dividend to General Revenues . . .	782,60,83	905,67,28	900,79,39	498,79,39	1010,79,39
(2) यात्री किराया कर के बदले भुगतान					
Payment in lieu of Passenger Fare Tax .	23,12,00	23,12,00	23,12,00	23,12,00	23,12,00
(3) रेल संरक्षा निर्माण निधि में अंशदान					
Contribution to Railway Safety Works Fund	3,08,61	3,20,72	3,08,61	3,08,61	3,08,61
जोड़—अग्रेणीत					
TOTAL—Carried Forward	10868,00,00	12222,04,00	12227,35,00	13048,72,00	13467,72,00
*इसमें निम्नलिखित शामिल हैं—					
*Includes—					
राजस्व से रेलवे पेंशन निधि में विनियोग					
Appropriation from Revenue to Railway Pension Fund	5,00,00	5,00,00	5,00,00	5,00,00	5,00,00
चालित लाइनों को भुगतान					
Payments to Worked Lines	11,54	11,22	26,74	14 50	15,00
सहायता प्राप्त कम्पनियां					
Subsidised Companies	..	..	..	..	..
**इसमें देय लाभांश की वे रकमें शामिल नहीं हैं जिन्हें 'आस्थगित लाभांश दायिता लेखे' में अंतरित कर दिया गया है					
**Figures exclude amounts due as dividend, but transferred to 'Deferred Dividend Liability Accounts'	..	..	..	512,00,00	..
£इसमें मेट्रो रेलवे, कलकत्ता शामिल है					
£Includes Metro Railway, Calcutta . . .	7,93,27	8,24,00	8,19,00	9,22,00	9,22,00

1. रेलवे से केन्द्रीय सरकार के राजस्व का विवरण—(समाप्त)

1. Statement of the Revenue of the Central Government from Railways—(Concld.)

(हजार रुपयों में)
(In thousands of rupees)

राजस्व के शीर्ष Heads of Revenue	लेखा Accounts, 1989-90	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92 फरवरी, 1991 में यथा प्रस्तुत As presented in Feb. 1991	अब यथा प्रस्तावित As now proposed
रेलवे—राजस्व **RAILWAYS—REVENUE**					
पृष्ठ 2 से अग्रेणीत Brought forward from page 2 . . .	10739,41,44	12060,00,00	12038,00,00	12665,00,00	13319,00,00
बी (सी) (iii)—भारतीय रेलें— B(c)(iii)—Indian Railways—					
1001—भारतीय रेलें विभिन्न प्राप्तियां 1001—Indian Railways Miscellaneous Receipts—					
(1) सहायता प्राप्त कम्पनियों से अन्य प्राप्तियां Other Receipts from Subsidised Companies	3,33	4,00	4,00	5,00	5,00
(2) रेल भर्ती बोर्ड Railway Recruitment Boards	1,22,26	56,00	47,00	58,00	58,00
(3) विविध प्राप्तियां Miscellaneous receipts . .	8,27,03	1,44,00	3,22,00	1,98,00	1,98,00
(4) यात्री यातायात पर अधिप्रभार से प्राप्तियां Receipts from surcharge on passenger traffic	59,71,59	67,25,00	65,00,00	67,00,00	67,00,00
(5) लाभांश राहतों तथा अन्य रियायतों के तौर पर सामान्य राजस्व से आर्थिक सहायता Subsidy from General Revenues towards dividend reliefs and other concessions	232,60,32	278,75,00	275,62,00	314,11,00	314,11,00
जोड़—विविध प्राप्तियां TOTAL—MISCELLANEOUS RECEIPTS . .	301,84,53	348,04,00	344,35,00	383,72,00	383,72,00
जोड़—प्राप्तियां TOTAL—RECEIPTS	11041,25,97	12408,04,00	12382,35,00	13048,72,00	13702,72,00

2. केन्द्रीय सरकार के राजस्व से रेलवे पर किये गये व्यय का विवरण—(समाप्त)

2. **Statement of the Expenditure on Railway met from the Revenue of the Central Government—(Concld.)**

(हजार रुपयों में)
(In thousands of rupees)

व्यय के शीर्ष Heads of Expenditure	लेखा Accounts, 1989-90	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92 फरवरी, 1991 में यथा प्रस्तुत As presented in Feb. 1991	बजट Budget 1991-92 अब यथा प्रस्तावित As now proposed
पृष्ठ 3 से अग्रेणीत Brought forward from page 3	10868,00,00	12222,04,00	12227,35,00	13048,72,00	13467,72,00
3006—रेलवे अधिशेष से विनियोग— 3006—Appropriation from Railway Surplus—					
(1) रेलवे राजस्व आरक्षित निधि में विनियोग Appropriation to Railway Revenue Reserve Fund	..	..	..	—	..
(2) रेलवे विकास निधि में विनियोग Appropriation to Railway Development Fund	173,25,97	186,00,00	155,00,00	..	235,00,00
(3) 1978-79 और इसके आगे की अवधि से संबंधित आस्थगित लाभांश Deferred Dividend in respect of period from 1978-79 onwards	..	..	..	—	..
जोड़—व्यय TOTAL—EXPENDITURE	11041,25,97	12408,04,00	12382,35,00	13048,72,00	13702,72,00

3. रेलवे अधिशेष का वितरण

3. Distribution of Railways' Surplus

(हजार रुपयों में)
(In thousands of rupees)

व्यय के शीर्ष Heads of Expenditure	लेखा Accounts, 1989-90	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92 फरवरी, 1991 में यथा प्रस्तुत As presented in Feb. 1991	बजट Budget 1991-92 अब यथा प्रस्तावित As now proposed
अधिशेष Surplus	173,25,97	186,00,00	155,00,00	..	235,00,00
8117—रेलवे विकास निधि 8117—Railway Development Fund	173,25,97	186,00,00	155,00,00	..	125,00,00
3005—1978-79 के बाद की आस्थगित लाभांश दायिता का भुगतान 3005—Payment of Post-1978-79 Deferred Dividend Liability	...	...	...	...	..
8116—रेलवे राजस्व आरक्षित निधि 8116—Railway Revenue Reserve Fund	...	...	...	...	..
3007—विकास निधि के लिए सामान्य राजस्व से लिये गये ऋणों तथा उस पर ब्याज की अदायगी 3007—Repayment of loan taken from General Revenues for Development Fund and interest on loan	...	...	...	...	110,00,00

४. रेलवे पर केन्द्रीय सरकार के निर्माण व्यय का विवरण

4. Statement of the Works Expenditure of the Central Government on Railways

(हजार रुपयों में)
(In thousands of rupees)

व्यय के शीर्ष Heads of Expenditure	लेखा Accounts, 1989-90	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92 फरवरी, 1991 में यथा प्रस्तुत As presented in Feb. 1991	बजट Budget 1991-92 अब यथा प्रस्तावित As now proposed
सी (एफ)—पूंजी C(f)—Capital—					
*रेलवे पूंजी जिसकी पूर्ति राजस्व से नहीं की जाती— *Railway Capital not met from Revenue—					
5002 और 5003 —रेलों का निर्माण-कार्य 5002 & 5003—Construction of Railways	1773,35,97	1694,00,00	1587,00,00	1169,00,00	1694,00,00
जे—आरक्षित निधि— J—Reserve Funds—					
निर्माण व्यय जिसकी पूर्ति रेलवे निधियों से की जाती है— Works Expenditure met from Railway Funds—					
8115—मूल्यह्रास आरक्षित निधि 8115—Depreciation Reserve Fund	1564,30,27	1820,00,00	1877,00,00	1891,00,00	1887,00,00
8117—विकास निधि 8117—Development Fund	127,37,01	186,00,00	155,00,00	140,00,00	125,00,00
बी (सी) (iii)—राजस्व B(c)(iii)—Revenue—					
3004—चालू लाइन निर्माण—राजस्व 3004—Open Line Works—Revenue	41,32,26	50,00,00	50,00,00	48,00,00	45,00,00
8121—दुर्घटना क्षतिपूर्ति, संरक्षा एवं यात्री सुविधा निधि 8121—Accident Compensation, Safety and Passenger Amenities Fund	55,88,63	80,00,00	77,00,00	72,00,00	74,00,00
@कुल जोड़ @GRAND TOTAL	3562,24,14	3830,00,00	3746,00,00	3320,00,00	3825,00,00
*इसमें महानगर परिवहन परियोजनाओं और सर्कुलर रेलवे, कलकत्ता का खर्च शामिल है। *Includes expenditure on Metropolitan Transport Projects and Circular Railway, Calcutta	103,53,43	120,00,00	125,41,62	110,00,00	165,00,00
@इसमें भारतीय रेल वित्त निगम द्वारा चल-स्टाक में निवेश के लिए बाजार से लिया जाने वाला ऋण शामिल नहीं है by Indian Railway Finance Corporation for investment in Rolling Stock	1000,00,00	1170,00,00	1170,00,00	1500,00,00	1500,00,00

क—रेलवे मूल्यह्रास आरक्षित निधि
A—RAILWAY DEPRECIATION RESERVE FUND

(हज़ार रुपयों में)
(In thousands of rupees)

	लेखा Accounts, 1989-90	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92		लेखा Accounts, 1989-90	बजट Budget 1990-91,	संशोधित Revised 1990-91	बजट Budget 1991-92
*प्रारंभिक शेष *Opening Balance	520,09,95	803,50,76	725,74,23	867,90,55	मूल्यह्रास आरक्षित निधि से विनियोग Appropriation from Depreciation Reserve Fund	1564,30,27	1820,00,00	1877,00,00	1887,00,00
मूल्यह्रास आरक्षित निधि में विनियोग Appropriation to Depreciation Reserve Fund	(क) (a) 1730,74,50	(ख) (b) 1969,00,00	(ग) (c) 1969,00,00	(घ) (d) 2020,00,00	इतिशेष Closing Balance	725,74,23	1009,57,81	867,90,55	1061,63,55
मूल्यह्रास आरक्षित निधि पर ब्याज Interest on Depreciation Reserve Fund	39,20,05	57,07,05	50,16,32	60,73,00					
जोड़: TOTAL :	2290,04,50	2829,57,81	2744,90,55	2948,63,55	जोड़ TOTAL	2290,04,50	2829,57,81	2744,90,55	2948,63,55

*इसमें 1-4-1950 से ली गयी भारत की रियासती रेलों के 7,83,93 (अनंतिम) शामिल हैं।

(क) इसमें चित्तरंजन रेल इंजन कारखाना (1,57,54), डीजल रेल इंजन कारखाना (3,11,00), सवारी डिब्बा कारखाना (4,50,00), पहिया एवं धुरा संयंत्र (4,84,64) तथा रेल सवारी डिब्बा कारखाना (1,71,32) से संबंधित कारखाना निर्माण उचंत लेखे के नाम खाते के 15,74,50 शामिल हैं।

(ख) इसमें चित्तरंजन रेल इंजन कारखाना (1,93,00), डीजल रेल इंजन कारखाना (3,74,00) और सवारी डिब्बा कारखाना (5,25,00), पहिया एवं धुरा संयंत्र (5,72,00) रेल सवारी डिब्बा कारखाना (2,36,00) से संबंधित कारखाना निर्माण उचंत लेख के नाम खाते के 19,00,00 शामिल हैं।

(ग) इसमें चित्तरंजन रेल इंजन कारखाना (1,93,00), डीजल रेल इंजन कारखाना (4,31,00), सवारी डिब्बा कारखाना (5,50,00), पहिया एवं धुरा संयंत्र (6,00,00) तथा रेल सवारी डिब्बा कारखाना (1,26,00) से संबंधित कारखाना निर्माण उचंत लेखे के नाम खाते के 19,00,00 शामिल हैं।

(घ) इसमें चित्तरंजन रेल इंजन कारखाना (2,00,00), डीजल रेल इंजन कारखाना (4,40,00), सवारी डिब्बा कारखाना (6,60,00), पहिया एवं धुरा संयंत्र (6,60,00) और रेल सवारी डिब्बा कारखाना (2,36,00) से संबंधित कारखाना निर्माण उचंत लेख के नाम खाते के 22,00,00 शामिल हैं।

*Includes 7,83,93 (provisional) on account of Indian State Railways taken over from 1-4-1950

(a) Includes 15,74,50 debitable to Workshop Manufacture Suspense Account—CLW (1,57,54), DLW (3,11,00) ICF (4,50,00) W&AP (4,84,64 and RCF (1,71,32)
(b) ,, 19,00,00 .. .. (1,93,00) .. (3,74,00) .. (5,25,00) .. .. (5,72 00) .. (2,36,00)
(c) ,, 19,00,00 .. .. (1,93,00) .. (4,31,00) .. (5,50,00) .. .. (6,00,00) .. (1,26,00)
(d) ,, 20,00,00 .. .. (2,00,00) .. (4,00,00) .. (6,00,00) .. .. (6,00,00) .. (2,00,00)

ख—रेलवे राजस्व आरक्षित निधि
B—RAILWAY REVENUE RESERVE FUND.

(हजार रुपयों में)
(In thousands of rupees)

	लेखा Accounts, 1989-90	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92
आरंभशेष Opening Balance	(क) (a) 58,73	(क) (a) 62,61	(क) (a) 61,36	(क) (a) 64,28
रेलवे राजस्व आरक्षित निधि में विनियोग— Appropriation to Railway Revenue Reserve Fund—				
(1) राजस्व अधिशेष Revenue Surplus	..	..	..	..
(2) निवेश आदि से लाभांश Dividend from investment etc.	28	40	40	40
(3) सामान्य राजस्व से ऋण Loan from General Revenues	..	..	..	..
रेलवे राजस्व आरक्षित निधि पर ब्याज Interest on Railway Revenue Reserve Fund	2,35	2,60	2,52	2,71
जोड़ TOTAL	61,36	65,61	64,28	67,39

	लेखा Accounts, 1989-90	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92
रेलवे राजस्व आरक्षित निधि से विनियोग — Appropriation from Railway Revenue Reserve Fund for—				
(1) पूंजी परिशोधन के लिए (i) Amortising Capital	—	..	..	..
(2) पूरे लाभांश के भुगतान के उद्देश्य से शुद्ध राजस्व में कमी को पूरा करने के लिए (ii) Making good the short-fall in Net Revenue for payment of full dividend	—		..	..
(3) ऋणों की अदायगी के लिए (iii) Repayment of loans	—		..	..
(4) ऋणों पर ब्याज के लिए (iv) Interest on loans				
इतिशेष Closing Balance	(क) (a) 61,36	(क) (a) 65,61	(क) (a) 64,28	(क) (a) 67,39
जोड़ TOTAL	61,36	65,61	64,28	67,39

(क) इसमें शाखा लाइन कम्पनियों के हिस्सों में निवेश और उन्हें दिये गये ऋणों के 22.80 लाख रुपये शामिल हैं।

(a) Includes Rs. 22.80 lakhs on account of investments in shares of and loans to Branch Line Companies.

ग—रेलवे विकास निधि
C—RAILWAY DEVELOPMENT FUND

(हजार रुपयों में)
(In thousands of rupees)

	लेखा Accounts, 1989-90	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92		लेखा Accounts, 1989-90	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92
प्रारंभिक शेष Opening Balance	27	..	1	..					
विकास निधि में विनियोग— Appropriation to Development Fund—					विकास निधि से विनियोग— Appropriation from Development Fund for—				
(1) राजस्व अधिशेष Revenue Surplus	173,25,97	186,00,00	155,00,00	235,00,00	(1) विकास संबंधी कार्यों के लिए Development Works	127,37,01	186,00,00	155,00,00	125,00,00
(2) सामान्य राजस्व से ऋण Loan from General Revenues	5,15,53	57,14,79	54,78,01	..	(2) ऋणों पर ब्याज के लिए Interest on loans	51,04,76	57,14,79	54,78,02	52,00,00
					(3) ऋणों की अदायगी के लिए Repayment of loans	..	..	..	58,00,00
विकास निधि पर ब्याज Interest on Development Fund	1	..	..	..	अंतिम शेष Closing Balance	1	..	..	..
जोड़ TOTAL	178,41,78	243,14,79	209,78,02	235,00,00	जोड़ TOTAL	178,41,78	243,14,79	209,78,02	235,00,00

घ—रेलवे पेंशन निधि
D—RAILWAY PENSION FUND

(हजार रुपयों में)
(In thousands of rupees)

	लेखा Accounts, 1989-90	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92		लेखा Accounts, 1989-90	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92
अवशेष Opening Balance	†59,98,35	14,17,22	†13,29,52	56,67,89					
पेंशन निधि में विनियोग Appropriation to Pension Fund	††(क) (a) 742,59,18	(ख) (b) 915,00,00	(ग) (c) ††917,12,78	(घ) (d) 1065,00,00	पेंशन निधि से विनियोग Appropriation from Pension Fund	791,65,52	835,00,00	875,94,67	963,00,00
पेंशन निधि पर ब्याज Interest on Pension Fund	2,30,44	3,52,12	2,20,26	6,99,00	इतिशेष Closing Balance	13,22,45	97,69,34	56,67,89	165,66,89
जोड़ TOTAL	804,87,97	932,69,34	932,62,56	1128,66,89	जोड़ TOTAL	804,87,97	932,69,34	932,62,56	1128,66,89

† 1957 से पहले के जिन रेल कर्मचारियों ने पेंशन संबंधी सेवा-निवृत्ति लाभों के लिए संबंधित उपांत वित्तीय वर्षों की समाप्ति से पहले अपना विकल्प दिया था, उनका भविष्य निधि में जमा सरकारी अंशदान के राजकीय रेलवे भविष्य निधि से अन्तरण के फलस्वरूप 1989-90 में 7,08,16 हजार रुपए और संशोधित अनुमान, 1990-91 में 7,07 हजार रुपए शामिल हैं।

†† 1957 से पहले जिन रेल कर्मचारियों ने पेंशन संबंधी सेवा-निवृत्ति लाभों के लिए संबंधित वित्तीय वर्षों की समाप्ति से पहले अपना विकल्प दिया था, उनकी भविष्य निधि में जमा सरकारी अंशदान के राजकीय रेलवे भविष्य निधि से अन्तरण के फलस्वरूप 1989-90 में 29,15 हजार रुपये और संशोधित अनुमान 1990-91 में प्रस्तावित 2,12,78 हजार रुपये शामिल हैं।

(क) इसमें चित्तरंजन रेल इंजन कारखाना (3,25,00) डीजल रेल इंजन कारखाना (1,35,00), सवारी डिब्बा कारखाना (3,38,00), पहिया एवं धुरा संयंत्र (30,00), डीजल कल पुर्जा कारखाना (12,03) और रेल सवारी डिब्बा कारखाना (90,00) से संबंधित कारखाना निर्माण उचंत लेखे के नाम खाते के 9,30,03 शामिल हैं।

(ख) इसमें चित्तरंजन रेल इंजन कारखाना (3,56,00), डीजल रेल इंजन कारखाना (1,48,00), सवारी डिब्बा कारखाना (3,16,00), पहिया एवं धुरा संयंत्र (30,00), डीजल कल पुर्जा कारखाना (50,00) और रेल सवारी डिब्बा कारखाना (1,00,00) से संबंधित कारखाना निर्माण उचंत लेखे के नाम खाते के 10,00,00 शामिल हैं।

(ग) इसमें चित्तरंजन रेल इंजन कारखाना (3,56,00), डीजल रेल इंजन कारखाना (1,48,00), सवारी डिब्बा कारखाना (3,00,00), पहिया एवं धुरा संयंत्र (28,00), डीजल कल पुर्जा कारखाना (42,00) और रेल सवारी डिब्बा कारखाना (1,26,00) से संबंधित कारखाना निर्माण उचंत लेखे के नाम खाते के 10,00,00 शामिल हैं।

(घ) इसमें चित्तरंजन रेल इंजन कारखाना (3,46,00), डीजल रेल इंजन कारखाना (1,44,00), सवारी डिब्बा कारखाना (2,90,00), पहिया एवं धुरा संयंत्र (28,00), डीजल कल-पुर्जा कारखाना (42,00) और रेल सवारी डिब्बा कारखाना (1,50,00) से संबंधित कारखाना निर्माण उचंत लेखे के नाम खाते के 10,00,00 शामिल हैं।

† Includes Rs. 7,08,16 thousand in 1989-90 and 7,07 thousand in RE 1990-91 by transfer from State Railway Provident Fund of the accumulated Government contribution to the Provident Fund of pre-1957 staff who had elected the pensionary form of retirement benefits before the close of the respective penultimate financial years.

†† Includes Rs. 29,15 thousand in 1989-90 and 2,12,78 thousand proposed in R.E. 1989-90 by transfer from the State Railway Provident Fund of the accumulated Government contribution to the Provident Fund of pre-1957 staff who elected the pensionary form of retirement benefits before the close of the respective financial years.

			CLW	DLW	ICF	WAP	DCW	RCF
(a)	Includes 9,30,03 debitable to Workshop Manufacture Suspense Account—		(3,25,00)	(1,35,00)	(3,38,00)	(30,00)	(12.03)	(90,00)
(b)	..	10,00,00	(3,56,00)	(1,48,00)	(3,16,00)	(30,00)	(50,00)	(1,00,00)
(c)	..	10,00,00	(3,56,00)	(1,48,00)	(3,00,00)	(28,00)	(42,00)	(1,26,00)
(d)	..	10,00,00	3,46,00)	(1,44,00)	(2,90,00)	(28,00)	(42,00)	(1,50,00)

ङ.—रेल दुर्घटना क्षतिपूर्ति, संरक्षा एवं यात्री सुविधा निधि
E—RAILWAY ACCIDENT COMPENSATION, SAFETY AND PASSENGER AMENITIES FUN

(हजार रुपयों में)
(In thousands of rupees)

	लेखा Accounts, 1989-90	बजट Budget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92
अथशेष Opening Balance	42,62,43	36,53,60	48,70,41	29,79,59
दुर्घटना क्षतिपूर्ति, संरक्षा एवं यात्री सुविधा निधि में विनियोग Appropriation to Accident Compensation, Safety and Passenger Amenities Fund	59,71,59	67,25,00	65,00,00	67,00,00
दुर्घटना क्षतिपूर्ति, संरक्षा एवं यात्री सुविधा निधि पर ब्याज Interest on Accident Compensation, Safety and Passenger Amenities Fund	2,82,71	1,80,84	2,47,09	1,48,00
जोड़ TOTAL	105,16,73	105,59,44	116,17,50	98,27,59

	लेखा Accounts, 1989-90	जट udget 1990-91	संशोधित Revised 1990-91	बजट Budget 1991-92
दुर्घटना क्षतिपूर्ति, संरक्षा एवं यात्री सुविधा निधि से निम्नलिखित के लिए विनियोग— Appropriation from Accident Compensation, Safety and Passenger Amenities Fund for—				
(1) दुर्घटना क्षतिपूर्ति Accident Compensation	57,69	4,68,00	9,37,91	6,83,50
(2) संरक्षा-कार्य और यात्री सुविधाएं Safety works and Passenger amenities	55,88,63	80,00,00	77,00,00	74,00,00
इतिशेष Closing Balance	48,70,41	20,91,44	29,79,59	17,44,09
जोड़ TOTAL	105,16,73	105,59,44	116,17,50	98,27,59

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