

Budget 1999-2000

S.No.	Budget Announcement	Status Of Implementation
1.	<p>Para 10: A Watershed Development Fund will be established with NABARD to cover 100 priority districts within 3 years. The Central Government will provide necessary matching assistance to NABARD.</p>	<p>A Watershed Development Fund with a total corpus of Rs.200 crores has since been established at NABARD with the objective of integrated Watershed Development in 100 priority districts through participatory approach.</p> <p>ACTION COMPLETED.</p>
2.	<p>Para 10: In order to promote farmer participation in water management, the Centre will provide a one time management subsidy and recurring assistance over an initial period of 3 years to all registered Water Users Associations, linked to incremental water rate collection. This will supplement the States' own contribution.</p>	<p>In order to promote farmers participation in Water Management, one time functional grant is already being provided to registered and functional Water Users' Associations since 1.4.1996 in the proportion of Rs.225/-: Rs.225/-: Rs.50/ by Central Government, State Government and Farmers' Associations respectively.</p> <p>It is proposed that the scheme in its present form should continue during the remaining period of 9th plan and action to restructure it for the 10th Plan may be taken in consultation with Planning Commission.</p> <p>Another Centrally Sponsored Scheme on Participatory Irrigation Management in major/medium/minor irrigation projects not covered under the Centrally Sponsored Command Area Development Programme has been conceived, which has been agreed to in principle by the Planning Commission. However, as the scheme is linked with restructuring of the ongoing CAD Programme, it has been decided to take further action on it during the 10th Plan.</p> <p>A model Act on Participatory Irrigation Management which contained a legal and organisational framework for involving Water Users' Associations in irrigation water management has also been circulated to all the States. Some States have carried out the amendments in their Irrigation Acts.</p> <p>The scheme formulated for the purpose is under finalisation.</p>
3.	<p>Para 11: The corpus of Rural Infrastructure Development Fund (RIDF V) will be raised from Rs.3,000 crore to Rs.3,500 crore. The repayment period is also being extended from five to seven years. The scope of RIDF will also be widened to allow lending to Gram Panchayats, Self-Help Groups and other eligible organisations for implementing village level infrastructure projects.</p>	<p>The RIDF V has been set up with a corpus of Rs.3,500 crores. The repayment period has also been extended. NABARD has also earmarked funds for lending to Panchayats and SHGs.</p> <p>ACTION COMPLETED.</p>
4.	<p>Para 11: The Kisan Credit Card Scheme coverage to increase from six lakh to twenty lakh farmers in the coming year.</p>	<p>The target of 20 lakh Kisan Credit Cards for the year 1999-2000 has been achieved.</p> <p>ACTION COMPLETED.</p>

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5.	Para 11: To strengthen and restructure the Regional Rural Banks a provision of Rs.168 crore to be made for recapitalisation of RRBs.	Budget provision of Rs.168 crores was made and the same has been released. ACTION COMPLETED.
6.	Para 11: NABARD and SIDBI to redouble their efforts to ensure coverage of at least 50,000 Self-Help Groups during the course of the year.	The target of 50,000 SHGs for the year 1999-2000 has been achieved. ACTION COMPLETED.
7.	Para 11: To augment the flow of credit for food and agro-processing industries, lending by banks to this sector will be treated as priority sector lending.	Instructions have been issued to treat agro-processing industry as priority sector for lending purposes. ACTION COMPLETED.
8.	Para 12: A new credit-linked capital subsidy scheme for construction of cold storages and godowns is proposed to be introduced. This scheme, which will be implemented by the Ministry of Agriculture with the help of NABARD, will help create additional cold storage capacity of 12 lakh tonnes and will rehabilitate and modernise 8 lakh tonnes of existing units over the next few years. We also propose to create 4.5 lakh tonnes of onion storage capacity.	Scheme has been operationalised since January 2000. ACTION COMPLETED.
9.	Para 13: Fragmentation of agricultural land holdings undermines productive use of land. Some States have lagged behind in attending to this important task of land reforms. To accelerate reforms in this direction, the Central Government will provide special financial assistance to States, which undertake this task.	A National Level Committee (NLC) has been constituted under the Chairmanship of Secretary, Rural Development to evaluate the progress of consolidation of land holdings and to look into the matters pertaining to updation of survey data/record of rights and cadastral maps through technological upgradation. During the first meeting of National Level Committee, it was decided to constitute a Sub-Committee to assist this Committee. Administrative Staff College of India (ASCI), Hyderabad had been assigned a study on consolidation of holdings and computerisation of land records in ten States. ASCI has carried out spot study of the detailed progress of consolidation and computerisation of land records in ten States. It has submitted its final report which is being examined by the Ministry of Rural Development. The National Level Committee on consolidation of holdings will decide the future course of action shortly.
10.	Para 15: The on-going schemes for the development of degraded and wastelands will be reoriented to permit local Self Help Groups and the landless poor, specially Scheduled Castes, Scheduled Tribes and Other Backward Classes, to develop and utilize such lands in each village. The whole programme will be based on participatory management with the Gram Panchayat having a pivotal role. During 1999-2000, we will earmark a total amount of Rs.50 crore to take up this scheme on an experimental basis in those States that are prepared to put in a matching contribution.	The Guidelines for Watershed Development provide for participation of Self-Help Groups, landless poor, especially, Scheduled Castes, Scheduled Tribes and Backward classes to develop the waste lands on watershed basis in the village areas. However, to give them more focussed and broad based participation and greater role to Gram Panchayats, the Guidelines for Watershed Development are being reformulated. During 1999-2000, the D/Land Resources has released a sum of Rs.83 crores in IWDP for Watershed Development.
11.	Para 16: A National Programme for Rural Industrialisation (NPRI) will be introduced with the mission to set up 100 rural clusters every year to give a boost to rural industrialisation.	During 1999-2000, the Khadi & Village Commission (KVIC) identified 50, Small Industries Development Bank of India (SIDBI) 25 and National Bank for Agriculture & Rural Development (NABARD) 15 clusters for development. Out of them KVIC has

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		<p>launched the programme in 12, SIDBI in 6 and NABARD in 12 clusters during the year.</p> <p>During 2000-2001, KVIC is developing 65 clusters, SIDBI 14 clusters and NABARD 10 clusters. KVIC has launched the programme in 34 clusters, SIDBI in 4 and NABARD in 7 clusters.</p>
12.	<p>Para 17: The Targeted Public Distribution System does not adequately cover the indigent senior citizens who have no income of their own and none to take care of them in the village. To provide food security to such persons, a new scheme "Annapurna" will be launched in 1999-2000.</p>	<p>The Scheme has been started w.e.f. 1st April, 2000. Rs. 87.03 crores have been released to about 27 States. Funds to the other States are proposed to be released after they take steps to implement the Scheme.</p>
13.	<p>Para 17: The Central Government will provide funds to such Gram Panchayats that come forward with their own contribution to set up primary health care facilities in their respective areas. This will match similar assistance from the concerned State Government.</p>	<p>Many State Governments have not agreed to the proposed cost sharing formula of 40:40:20 between the Centre, State & Panchayati Raj Institutions. They have suggested that this scheme may be pursued as a 100% centrally sponsored scheme.</p>
14.	<p>Para 17: To provide an elementary school in every habitation, which does not have one within a radius of 1 km, an Education Guarantee Scheme will be implemented at the national level.</p>	<p>The revised scheme of NEF named as Education Guarantee Scheme and Alternative and Innovative Education (EGS&AIE) has since been approved. The guidelines for the new scheme are being finalised and would be circulated to all States/UTs. This scheme would be implemented as a part of the Sarva Shiksha Abhiyan (SSA).</p>
15.	<p>Para 17: The existing scheme of Jawahar Rozgar Yojana will be modified to ensure that all funds are placed at the disposal of Gram Panchayats for creation of rural infrastructure. The modified scheme will be called "Gram Samridhi Yojana".</p>	<p>JRY has been restructured, streamlined and renamed as Jawahar Gram Samridhi Yojana (JGSY) with effect from 1.4.1999. Central Assistance to the extent of Rs.1689 crores was released during 1999-2000. ACTION COMPLETED.</p>
16.	<p>Para 17: To ensure that the funds under the wage employment schemes are spent with the active involvement of the elected Panchayati Raj institutions, it is proposed that while 80% of funds would be released to implementing agencies as per normal procedure, the remaining 20% will be released as an incentive only if the State has put in place elected and empowered Panchayati Raj institutions.</p>	<p>The Employment Assurance Scheme (EAS) is the only wage employment programme of the Ministry and in the revised guidelines, a provision has been incorporated that 20% of the budgeted amount would be released as an incentive only if the State has put in place elected and suitably empowered PRIs.</p> <p>Introducing the provision of 20% central share as an incentive is not required in case of Jawahar Gram Samridhi Yojana (JGSY) as it is an infrastructure scheme and is implemented through Gram Panchayats.</p>
17.	<p>Para 17: The plethora of self-employment programmes for the rural poor will be merged into a single programme called "Swaran Jayanti Gram Swa-Rozgar Yojana", which will have greater participation of the Gram Panchayats.</p>	<p>Scheme started on April 1, 1999. All the earlier programmes akin to this scheme have been discontinued. Central assistance to the extent of Rs.946.76 crores was released under the new scheme in 1999-2000. ACTION COMPLETED.</p>
18.	<p>Para 17: To ensure integrated provision of shelter, sanitation and drinking water, we propose to launch a comprehensive "Samagra Awas Yojana", which will embrace existing programmes including Indira Awas Yojana.</p>	<p>The Samagra Awas Yojana started in 26 blocks of 25 States and 1 UT in 1999-2000. Rs.2.67 crores was released during the financial year for implementation of 11 proposals. ACTION COMPLETED.</p>

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19.	<p>Para 19: To develop the primary and secondary market for housing mortgages, it is necessary to simplify the present legal provisions for foreclosure and transfer of property. I propose to make necessary changes in the foreclosure laws in the housing sector through amendments in the National Housing Bank Act.</p>	<p>NHB (Amendment) Bill has since been passed by both the Houses of Parliament. ACTION COMPLETED.</p>
20.	<p>Para 19: To enhance the availability of banking funds to the housing sector, RBI will be advising scheduled commercial banks to lend up to 3% of their incremental deposits for housing finance.</p>	<p>Instructions in this regard have been issued. ACTION COMPLETED.</p>
21.	<p>Para 19: The target of National Housing Bank for implementing the Golden Jubilee Rural Housing Finance Scheme to increase from 1 lakh to 1.25 lakh dwelling units during 1999-2000.</p>	<p>The target of 1.25 lakhs dwelling units as per budget announcements has been fixed and achieved by banks and HFCs etc. ACTION COMPLETED.</p>
22.	<p>Para 19: The National Housing Bank has proposed a scheme, which entails a reduction in the interest rates for small borrowers. The scheme will be available in towns where Urban Land (Ceiling and Regulation) Act is not applicable. We will provide necessary support to NHB for this purpose. The details of the scheme would be announced by NHB.</p>	<p>The Scheme, as formulated by NHB was examined. NHB have been advised to bring out certain modifications in the scheme.</p>
23.	<p>Para 20: To accord tax-free status to a limited amount of municipal bonds issued each year.</p>	<p>Finance Act, 2000 exempts interest income from specified bonds to be issued by Municipal Authorities. ACTION COMPLETED.</p>
24.	<p>Para 22: The Industries (Development and Regulation) Act will be reviewed and amended so that the primary focus is shifted to development of industry rather than its regulation.</p>	<p>Administrative Ministries are being consulted to know whether they are administering any rules, regulations or Acts which, inter alia, provide a mandatory provision for a license for manufacture of certain items.</p> <p>Confederation of Indian Industry (CII) has also given certain suggestions for consideration.</p>
25.	<p>Para 23: We need to shift our focus from curbing monopolies to promoting competition. Government has decided to appoint a Committee to examine this range of issues and propose a modern Competition Law suitable for our conditions.</p>	<p>A Committee was appointed to study the need for modern Competition Law and the Committee report was submitted to Honorable Prime Minister on 22.5.2000. Pursuant to the recommendations of the Committee, a concept bill on the subject was circulated for comments from all concerned. The comments have been received and the matter is under consideration.</p>
26.	<p>Para 25: The Technology Upgradation Fund Scheme has been approved by the Government and will become operational from April 1999. For the next five years it will provide a substantial interest incentive of 5% on loans availed by textile units from financial institutions and banks. It will cover weaving, knitting, processing and finishing units, garment manufacturing, cotton ginning and processing and the jute industry. The scheme is being extended to include the spinning industry also.</p>	<p>The scheme is operational since April 1, 1999. The IDBI, SIDBI and IFCI have been appointed nodal agencies under the scheme. They have also co-opted a number of financial institutions, nationalised banks, State Financial Corporations and co-operative banks etc. to provide wider reach to the industry. ACTION COMPLETED.</p>
27.	<p>Para 26: I propose to introduce a new integrated handloom promotion scheme, Deen Dayal Hathkargha</p>	<p>The Deen Dayal Hathkargha Pratsahan Yojana has been approved in August, 2000. The Scheme was</p>

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	Protshahan Yojana which would encourage processing facilities, new design inputs to weavers and opening new avenues for marketing of handloom fabrics.	formally launched by the Hon'ble PM on 30.8.2000. It would be in operation for a period of 7 years i.e. 2000-2001 to 2006-2007. ACTION COMPLETED.
28.	Para 29: The limit for composite loans for SSI, which currently is Rs.2 lakh will be increased to Rs.5 lakh.	Reserve Bank has issued necessary instructions to banks. ACTION COMPLETED.
29.	Para 29: SSI units to have aggregate turn over of Rs.5 crore instead of Rs.4 crore. Working capital limit would be fixed at 20% of the annual turnover.	Reserve Bank has issued circular to commercial banks. ACTION COMPLETED.
30.	Para 29: To increase the outreach of banks to the tiny sector, lending by banks to non banking finance companies or other financial intermediaries for purposes of on-lending to the tiny sector is being included within the definition of priority sector for bank lending.	ACTION COMPLETED.
31.	Para 31: Our research institutions have the capacity to evolve new vaccines that will revolutionise the medical and health systems. We propose to set up a Technology Mission on vaccines to provide a focus to the effort.	The Technology Mission on Vaccines has been set up in December, 1999. Further follow up action is on. ACTION COMPLETED.
32.	Para 32: To coordinate policies, research, documentation and legal protection of the country's rights in the area of bio-diversity, a National Bio-resources Board (NBB) will be set up under the Chairmanship of the Minister of Science and Technology.	The National Bio-resources Development Board has been set up under the Chairmanship of Minister (Science & Technology). Further follow up action is being taken. ACTION COMPLETED.
33.	Para 33: To introduce a Bill in the current session of Parliament to make certain amendments in the Recovery of Debts due to Banks and Financial Institutions Act to strengthen its provisions.	The Recovery of Debts due to Banks and Financial Institutions Act, 1993 has been amended and notified in the Official Gazette on 27.03.2000. ACTION COMPLETED.
34.	Para 33: To set up Settlement Advisory Committees so that chronic cases, specially those relating to the small sector, are settled in a timely and speedy manner. RBI will be issuing necessary guidelines to the banks in this regard.	ACTION COMPLETED.
35.	Para 34: The existing scheme of export credit in foreign currency will be revamped to make available pre-shipment and post-shipment credit at internationally competitive rates and bring about major simplification of procedures. RBI will separately announce the details.	ACTION COMPLETED.
36.	Para 34: Studies show that our exporters are handicapped by high transaction costs related to foreign trade licensing, tax procedures and the banking system.	A High Powered Committee under the Chairmanship of Revenue Secretary was constituted to go into the problems faced by exporters in the form of high transaction costs related to foreign trade licensing, tax procedures and banking system. The Committee was mandated to suggest measures and make recommendations for reduction of transaction costs
	A high powered committee under the Revenue Secretary would go into this problem and make	

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	concrete recommendations for reduction in such transaction costs within three months.	and for improving implementation process. The Committee has submitted its report. The same has been approved and sent to concerned Departments for follow up action.
		The High Powered Committee has been converted into High Powered Standing Committee (HPSC). The various agencies/ Deptts. that have to take follow up action on the recommendations of the High Powered Committee are required to submit periodical Action Taken Reports (ATRs) to the HPSC indicating the status of implementation of the various recommendations concerning them.
37.	<p>Para 34: A new Gold Deposit Scheme is to be introduced. Selected banks will be permitted to accept gold deposits and issue interest bearing certificates or bonds which, on maturity, can be reclaimed in gold.</p> <p>The interest on the gold deposit bonds/ certificates will be exempt from Income Tax and the value of assets deposited in the gold deposit scheme will be exempt from Wealth Tax. Furthermore, any capital gains made on these gold bonds/certificates through trading or at redemption will also be exempt.</p> <p>State Governments will be urged to consider exempting movement of gold covered under the scheme from octroi, sales tax, stamp duty and similar levies. The scheme will not enjoy amnesty.</p> <p>The Reserve Bank will take necessary steps to implement the scheme.</p>	<p>The Government has notified the Gold Deposit Scheme on 14th September, 1999. Subsequently, the scheme has been implemented by the Reserve Bank of India (RBI). As on 9th February 2001 the scheme is operated by six banks, namely, the State Bank of India, Corporation Bank of India, Indian Overseas Bank, Allahabad Bank, Canara Bank and Bank of Nova Scotia.</p> <p>The interest on the deposit certificates is exempt from income tax, the appreciation in gold is exempt from capital gains tax and deposits are free from wealth tax.</p> <p>Notification to exempt Gold Bonds from stamp duty has been issued on 6.11.2000.</p> <p>ACTION COMPLETED.</p>
38.	<p>Para 34: We shall extend the facility of automatic approval for investment up to 100% by NRIs/OCBs for all items, except those which attract notified FDI equity caps, or compulsory licensing or public sector reservation under the Industrial Policy or are reserved for the small scale sector.</p>	ACTION COMPLETED.
39.	<p>Para 34: Securities and Exchange Board of India (SEBI) to work out the modalities for open trading terminals abroad.</p>	ACTION COMPLETED.
40.	<p>Para 34: The existing RBI approval mechanism for NRI investment in Indian mutual funds will be simplified to a post-facto reporting mechanism.</p>	<p>An enabling notification has been issued by the RBI.</p> <p>ACTION COMPLETED.</p>
41.	<p>Para 35: With a view to modernising the debt market and introducing paperless trading in this segment also, Government proposes to abolish stamp duty on transfer of debt instruments within the depository mode.</p>	<p>Necessary amendment has been made in the Indian Stamp Act, 1899 by substituting Section 8A relating to Securities not liable to stamp duty, through the Finance Bill, 2000.</p> <p>ACTION COMPLETED.</p>
42.	<p>Para 36: To institute a National Award for Excellence in Corporate Governance.</p>	ACTION COMPLETED.

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43.	Para 38: To set up a joint mechanism between SEBI and the Department of Company Affairs for taking stringent action against unscrupulous promoters who raise money from investors and misutilise them.	A Coordination and Monitoring Committee was setup with the representation from DCA and SEBI. The Committee has setup seven task forces including officials from SEBI, the DCA and the Stock Exchanges. The objective of the Task Force is to identify such defaulting companies and take action against them. In its meeting held on 1.6.2000, the Committee decided that the companies who are regular in filing their documents and had complied with all the requirements of listing agreement with SEBI and Stock Exchanges would be removed from the list of vanishing companies.
44.	Para 39: To abolish four Secretary-level posts through a process of merger and rationalisation of Central Government departments. This will take effect on April 1, 1999.	ACTION COMPLETED.
45.	Para 39: To carry this process forward in a systematic way towards reducing the role and the administrative structure of the Government, to constitute an Expenditure Reforms Commission headed by an eminent and experienced person.	The Expenditure Reforms Commission has been constituted vide resolution dated 28 th February 2000. ACTION COMPLETED.
46.	Para 39: I propose to initiate a system of Zero Base Budgeting.	Based on a circular issued by Secretary Expenditure on 9.11.1999, task force on ZBB has been constituted in most Ministries/Departments. The Central Monitoring Group has completed review of ZBB for 50 Departments in the Government.
47.	Para 39: To promote transparency and curb the growth of contingent government liabilities, Government has decided to establish a Guarantee Redemption Fund with an initial corpus of Rs.50 crore. I encourage all State Governments to set up similar Funds.	A sum of Rs.50 crore was allocated in 1999-2000 for transfer to Guarantee Redemption Fund. Further an amount of Rs.125 crore has been allocated in the year 2000-01. ACTION COMPLETED.
48.	Para 41: In 1999-2000, Rs.10,000 crores would be raised through the disinvestment programme.	As against the target of raising Rs.10,000 crore through disinvestment by sale of Government holding in various PSUs, about Rs. 1829.24 crores were raised through disinvestment in VSNL, GAIL, Modern Food Industries Ltd and BALCO (financial restructuring only) during 1999-2000.
	Government will be referring more PSEs to the Disinvestment Commission for its valued opinion.	Government had referred 72 PSEs to the Disinvestment Commission for advice, of which 8 were withdrawn. 6 PSEs were BIFR cases. ACTION COMPLETED.
49.	Para 42: Government would encourage marginally profit-making PSEs which need to reduce manpower to remain viable but do not have the resources to finance such rationalisation exercises to raise money from banks against Government guarantees and interest subsidy. Para 43: PSEs to issue bonds to the workers opting for VRS. Government will guarantee the repayment of such bonds and also reimburse fully the interest payments. RBI will be requested to issue necessary instructions to banks to accept bonds as collateral for loans to workers who may need assistance.	The Government has been encouraging issue of bonds by PSUs to the FIs/Banks/Institutions/ Public against Government guarantee for meeting the expenditure on VRS.

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1.	Para 10: All on-going schemes will be subjected to rigorous zero-base budgeting scrutiny. This exercise has been completed in 8 Departments. This process will be completed in a time bound manner in the remaining Departments.	Based on a circular issued by Secretary Expenditure on 9.11.1999, task force on ZBB has been constituted in most Ministries/Departments. The Central Monitoring Group has completed review of ZBB for 50 Departments in the Government.
2.	Para 10: The manpower requirements of Govt. Deptts. will be reassessed by reviewing the norms for creation of posts. Fresh recruitment in Govt. Deptts. and institutions will be limited to minimum essential needs.	An Expenditure Reforms Commission has been constituted to go into this issue.
3.	Para 10: The scheme for redeployment of surplus staff will be made more effective and will provide facilities for retraining. A VRS Scheme will also be introduced for staff in the surplus pool.	The Expenditure Reforms Commission has, inter alia, examined this issue and given its recommendations, which are under examination in the Department of Administrative Reforms & Public Grievances..
4.	Para 10: All subsidies will be reviewed with a view to bringing in cost-based user charges wherever possible.	A comprehensive list of user charges within the purview of the Government of India is being prepared with a view to examining the feasibility of their revision in line with economic costs. Finance Minister has written to the Ministers in charge of Ministries/ Departments for which the Expenditure Reforms Commission had submitted its report, so that action for implementation of the recommendations may be taken at the earliest.
5.	Para 10: No new autonomous institutions will be created without approval of the cabinet. Budgetary support to autonomous institutions will be reviewed and they will be encouraged to maximise generation of internal resources.	Cabinet approval is now being insisted upon for creating new autonomous bodies. This is also included in the Expenditure Reforms Commission's terms of reference.
6.	Para 10: A portion of the disinvestment proceeds will be earmarked for retiring Govt. debt. An initial provision of Rs.1,000 crore has been made in the budget for this purpose.	ACTION COMPLETED.
7.	Para 11: The objective of down sizing Government will be pursued and a road map will be prepared for the purpose. For medium term management of the fiscal deficit, a strong institutional mechanism will be provided through a FISCAL RESPONSIBILITY ACT.	A Bill has been introduced in Lok Sabha.
8.	Para 14: The corpus of RIDF VI will be increased to Rs.4,500 crore this year and interest charged on this lending will be reduced by half a percent.	RBI has issued orders dated 30 th June, 2000 constituting RIDF-VI. ACTION COMPLETED.
9.	Para 14: In FM's last budget announcement NABARD and SIDBI were asked to cover 50,000 Self-Help Groups to develop micro enterprises. NABARD was to link 50,000 such groups to banks during the 1999-2000. NABARD and SIDBI will cover an additional one lakh Groups during 2000-2001.	As per progress reports received from NABARD and SIDBI upto 31.12.2000, NABARD had linked 51,789 SHGs while SIDBI had linked 11,096 SHGs with the banks. Thus total groups covered were 62,885.
10.	Para 14: To give further boost to the micro finance	NABARD has created the fund with a contribution of

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	programme, a micro finance development fund will be created in NABARD with a start up contribution of Rs.100 cores from RBI, NABARD, banks and others.	Rs.40 crores from its own resources. ACTION COMPLETED.
11.	Para 14: Over time, problems have developed in the cooperative system mainly because of excessive bureaucratization and the overlapping jurisdiction of State Governments and NABARD. Some State Governments have already taken legislative action to promote genuinely cooperative institutions. For rural credit, clear delineation of the supervisory role of RBI and NABARD on banking matters is essential. To promote these two prerequisites for a more vibrant rural cooperative credit system, it is proposed to establish a fund in NABARD, the details of which will be worked out in the light of forthcoming recommendations of Capoor Committee earlier constituted by Government. In the meantime, RBI would advise the banks to accord priority to the credit needs of those cooperatives, which are entirely controlled by user-members and managed by them prudently.	Capoor Committee Report has been received and is being processed. Conference of State Cooperative Ministers and Secretaries has been held where this report was discussed.
12.	Para 14: Cooperative banks, Regional Rural Banks and Commercial Banks together have so far issued more than 50 lakh Kisan Credit Cards to the farmers. NABARD and Commercial Banks will be asked to redouble their promotional efforts so as to issue an additional 75 lakh Kisan Credit Cards by March 2001.	As per progress reports received, upto 31.12.2000 PSBs, RRBs and Cooperative Banks together had issued 49.51 lakh cards.
13.	Para 14: Due to our efforts at recapitalizing RRBs, 158 RRBs are posting operating profits. Out of these, 48 RRBs have been able to wipe out their accumulated losses. In view of the importance of the RRBs in rural financing, this programme of strengthening the RRBs will be continued.	An outlay of Rs.200 crores could be provided under Plan out of general savings which are anticipated.
14.	Para 16: A National Commission on Land Use Policy comprising of experts in the relevant fields will be set up to examine the various aspects and make appropriate recommendations to Govt.	Action has been initiated for constitution of National Commission on Land Use Policy.
15.	Para 19: The National Literacy Mission will be revamped so that the literacy rate can be raised to 75% by the year 2005.	Approval for revamped NLM has been obtained and the new scheme has been launched.
16.	Para 19: Our objective is to provide drinking water facilities in all rural habitations in the next five years. It is proposed to cover around 60,000 habitations and 30,000 schools in 2000-01.	State-wise targets have been fixed. As per the latest information furnished by the States/UTs, 2,779 Not Covered habitations, 25,891 Partially Covered habitations and 3,089 rural schools have been covered with drinking water supply facilities during the year 2000-2001.
17.	Para 20: Under the new scheme "Pradhan Mantri Gramodaya Yojana", Central Assistance will be provided to States for implementing specific projects. The concerned Ministries of the Central Govt will lay down the guidelines and monitor the implementation of these programmes. The erstwhile Basic Minimum Services scheme will be merged with the new Scheme.	A lump sum provision of Rs.5000 crore has been made for PMGY. Out of this, Rs.2500 crore have been allocated to Rural Roads and the remaining Rs.2500 crore for programmes like Primary Health, Primary Education, Shelter, Drinking Water and Nutrition.

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		<p>The PMGY (Rural Roads) has been operationalised. In this regard, a programme namely Pradhan Mantri Gram Sadak Yojana with the objective of providing road connectivity through good all-weather roads to all rural habitations with a population of more than 1000 persons by the year 2003 and those with a population of more than 500 persons by the year 2007, has been launched on 25th December, 2000 and necessary guidelines on PMGSY have been issued to all the States/UTs.</p> <p>The guidelines for Rural Shelter, have been circulated to all the States/UTs.</p> <p>The guidelines for deployment and utilisation of funds in the sector of primary health care, have also been circulated to all the States on 21st July, 2000.</p> <p>Revised (simplified) guidelines for rural drinking water supply scheme have since been issued to all the States/UTs on 3.11.2000. The first six-monthly instalment of Additional Central Assistance for implementation of PMGY has been released to the States.</p> <p>The guidelines for Primary Education Sector have been circulated to all the States.</p>
18.	Para 21: Under the Indira Awas Yojana, it is proposed to provide more than 12 lakh houses for the people below poverty line.	Min of Rural Development has confirmed that IAY target for the current year is 12.44 lakh units.
19.	Para 21: For families with an annual income below Rs.32,000 per annum, assistance will be provided for the construction of 1 lakh houses under the credit-cum-subsidy scheme.	Min of Rural Development has confirmed that target for the credit-cum-subsidy scheme is 1.09 lakh units for the current year.
20.	Para 21: The National Housing Bank (NHB) will provide refinance to banks and housing finance companies for construction of 1.5 lakh houses under Golden Jubilee Rural Housing Finance Scheme.	Targets to various banks have been distributed by National Housing Bank. Against three quarterly targets of 1,03,500, achievement upto December 2000 is 78,095.
21.	Para 21: An amount of Rs.100 crore will be released to HUDCO during 2000-01 to provide equity support. HUDCO will thus be able to leverage these funds and raise further resources to facilitate and provide finance for the construction of about 9 lakh houses in the rural areas in 2000-01.	Rs.100 crore has been released as equity share to HUDCO for 2000-01.
22.	Para 22: Janashree Bima Yojana will be introduced under which beneficiaries will have cover of Rs.20,000 in case of natural death, Rs.50,000 in case of accidental death or total permanent disability and Rs.25,000 for partial permanent disability due to accident.	The Janashree Bima Yojana was formally launched by the LIC of India on 10 th August, 2000. ACTION COMPLETED.
23.	Para 23: Govt will set up a Task Force under an eminent person to review all existing legislation and Govt schemes pertaining to the role of women in the national economy.	A Task Force on Women and Children has been set up under the Chairmanship of Deputy Chairman, Planning Commission.

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24.	Para 27: The requirement of providing collateral security is a major bottleneck to the flow of bank credit to very small units. RBI has recently issued instructions to dispense with the collateral requirement for loans up to Rs.1 lakh. The limit will be further increased for the tiny sector from Rs.1 lakh to Rs.5 lakh.	RBI has issued necessary instructions to Public Sector Banks vide letter dated 3 rd March, 2000. Data on loans provided by public sector banks upto Rs.25000, Rs.1 lakh and Rs.5 lakhs separately will be collected by RBI on quarterly basis. ACTION COMPLETED.
25.	Para 27: To promote credit flow to small borrowers, the composite loans limit under the composite loan scheme of SIDBI and Banks will be increased from Rs.5. lakh to Rs.10. lakh.	RBI has issued necessary instructions in this regard vide their letter dated 3.3.2000. Data on composite loans provided by SIDBI by refinance/direct finance and banks up to Rs. five lakhs, ten lakhs separately is to be collected on quarterly basis. Subsequently on the basis of Group of Ministers decision, composite loan limit has been further raised from Rs.10 lakhs to Rs.25 lakhs vide RBI circular dated 10.10.2000. ACTION COMPLETED.
26.	Para 27: The Public Sectors Banks will be asked to accelerate their programme of SSI branches to ensure that every district and SSI clusters within district are served by at least one specialized SSI bank branch.	RBI has issued necessary instructions to Public Sector Banks vide their letter dated 3 rd March, 2000. RBI has been asked to allocate specific target to Public Sector Banks to open specialized SSI branch in every district and SSI clusters by 31.12.2000. ACTION COMPLETED.
27.	Para 27: To improve the quality of the banking services, SSI branches will be asked to obtain ISO certification.	RBI has since written to Public Sector Banks to obtain ISO certification in respect of SSI branches vide their letter dated March 3, 2000. ACTION COMPLETED.
28.	Para 27: Credit Guarantee Scheme for SSI for which a provision of Rs.100 crore has been made in the budget, will be implemented through SIDBI and will cover loans up to Rs.10 lakh from the banking sector. The guaranteed loans will be securitised and will be tradeable in the secondary debt market.	This scheme has been launched in August, 2000. ACTION COMPLETED.
29.	Para 28: SIDBI operates the National Equity Fund Scheme under which equity support is provided for projects up to Rs.15 lakh. To further help SSI entrepreneurs, this limit will be raised from Rs.15 lakh to Rs.25 lakh.	SIDBI has raised the project cost ceiling under the National Equity Fund Scheme to Rs.50 lakhs. ACTION COMPLETED.
30.	Para 29: The operation of Technology Development Modernization Fund Scheme being administered by SIDBI for assisting technology development and modernization of SSI units is being extended by another three years.	SIDBI has informed that the TDMF scheme has been extended for three more years. ACTION COMPLETED.
31.	Para 30: For intensifying marketing efforts, the KVIC will introduce a common brand name for its products and also set up a professionally managed marketing company for domestic as well as export marketing.	So far as brand promotion is concerned, the KVIC has already launched two brand names 'Khadi' and 'Sarvodaya' for Khadi and Village Industry products. So far as setting up of a professionally managed Marketing Company for domestic as well as export marketing is concerned, the proposal is under examination.

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32.	Para 32: Tax regime liberalized for venture capital funds (VCFs) to encourage knowledge based industries. SEBI will be single point nodal agency for registration and regulation of both domestic and overseas VCFs.	ACTION COMPLETED.
33.	Para 33: 100% income tax exemption for investor protection funds of stock exchanges.	ACTION COMPLETED.
34.	Para 34: It is proposed to further liberalise the policy for acquisition of companies abroad to enable Indian Corporates, knowledge based sectors to grow rapidly and lay the foundation for Indian Multinationals in areas where we have comparative economic advantage. For acquisition in other sectors too, it is proposed to increase the ceiling under the automatic route from existing US\$15 million to US\$50 million for Indian corporates and beyond this, through approval by the Committee on Overseas Investment.	Press release announcing the guidelines issued on 23.3.2000. ACTION COMPLETED. The overseas investment guidelines have been amended vide a Gazette Notification dated 7 th April, 2000 increasing the ceiling under the automatic route from existing US\$ 15 mn. to US\$ 50 mn. for Indian corporates and beyond this, through approval by the Committee on Overseas Investments. ACTION COMPLETED.
35.	Para 35: Enhancement in the limit for aggregate Portfolio Investment by FIIs under the Special Procedure from the existing 30% to 40%.	Necessary Press Note to give effect to the announcement has been issued on 01.03.2000. ACTION COMPLETED.
36.	Para 38: Modernisation of the Patent Office and the Trade Mark Register is long overdue. Government have sanctioned a modernisation project of Rs.75 crore for the Patent Office and we will strive to remove all impediments for early implementation of this project.	The Govt. has approved a plan for taking up modernisation of patent offices located in Calcutta (head office), Chennai, Delhi and Mumbai at the cost of Rs 75.59 crores. Due to Calcutta High Court judgment, it was decided to take up one of the activities in Nov 1999, namely, clearance of backlog of patent applications and an appeal was also filed before the Division Bench of Calcutta High court. Mission from World Intellectual Property Organisation is also being consulted on the modalities of taking up backlog clearance activities. The project for strengthening the infrastructure of Trade Marks Registry under the 9 th Five Year Plan has been approved by the Government with an allocation of Rs.5 crores. The major component of the project, which is the pivotal feature, relates to the liquidation of backlog of applications at TMR which was scheduled to be liquidated by the end of the Ninth Five Year Plan period. Follow up action is in progress.
37.	Para 39: To facilitate the process of meeting the minimum capital adequacy norms set by RBI and to enable the banks to expend their operations, Government have decided to accept the recommendations of the Narasimham Committee on banking sector reforms for reducing the requirement of minimum shareholding by Government in nationalised banks to 33% without changing the public sector character of banks. It is proposed to bring about necessary changes in the legislative provisions to accord necessary flexibility and autonomy to the Boards of the banks.	Bill on amendments to the Banking Companies (Acquisition and Transfer of Undertakings) Act 1970/ 1980 has been introduced in the Parliament.

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38.	<p>Para 40: The report of the Working Group on restructuring weak public sector banks had suggested the constitution of a Financial Restructuring Authority (FRA). It has been decided to have a modified version of the FRA. Thus, in respect of any bank which is considered to be weak or potentially weak, the statutes governing public sector banks would be amended to provide for supersession of the Board of Directors on the basis of recommendations of the RBI and constitution of a FRA for such bank, comprising experts and professionals. The amendments would also enable the FRA to exercise special powers including all the powers of the Board of the bank.</p>	Bill has been introduced in the Parliament.
39.	<p>Para 41: Government will not close down any public sector bank. It has been decided to consider recapitalisation of the weak banks to achieve the prescribed capital adequacy norm, provided a viable restructuring programme acceptable to the Government as the owner and the RBI as the regulator is made available by the concerned bank.</p>	Three weak public sector banks have submitted their restructuring plans to Government. A four member committee headed by Deputy Governor, RBI was constituted to examine the restructuring plans and give recommendations regarding the nature and quantum of assistance. Committee's report has been received and is being examined.
40.	<p>Para 42: Government propose to set up four more DRTs at Mumbai and one more DRTs each at Calcutta, Delhi and Chennai to facilitate expeditious adjudication and recovery of dues of banks and financial institutions.</p>	The Ordinance regarding amendments to DRT Act has since been replaced by an Act. Earlier it was decided to set up four new DRTs at Mumbai, but now it has been decided to have two new DRTs at Mumbai and one each at Aurangabad and Nagpur. Besides, three more DRTs, one each at Delhi, Kolkata and Chennai, are also being set up. Presiding Officers for all the new DRTs have been selected and the offers sent to them. All the seven DRTs will be notified as soon as they join.
41.	<p>Para 43: Based on the recommendations of the Working Groups constituted by RBI to examine modalities for sharing credit related information on borrowers, a Credit Information Bureau will be established.</p>	The joint venture company that will run the Bureau has been set up by the SBI in collaboration with HDFC, Dunn & Bredstreet and Transunion. Supporting legislation is being drafted and is likely to be introduced in the monsoon session of the Parliament.
42.	<p>Para 44: In the fast changing world of modern finance, it has become necessary to accord greater operational flexibility to the RBI for conduct of monetary policy and regulation of the financial system. Accordingly, proposals for amending the relevant legislation will be brought to Parliament.</p>	RBI has sent proposals for amendments to the Banking Regulation Act and RBI Act. These are under examination.
43.	<p>Para 45: To facilitate development of the Govt. Debt market, the legislative framework needs to be strengthened and modernised through a Govt. Securities Act which will replace the old Public Debt Act, 1944.</p>	In August 1998, the Cabinet approved the proposal to seek consent of State Governments to pass a resolution in their legislatures authorising the Parliament to legislate on the subject of Public Debt (as applicable to both Centre and States). Accordingly, the State Governments were requested to pass the required resolution. 23 States have done so and the subject is being pursued with the remaining States.
44.	<p>Para 46: To enable the Industrial Investment Bank of India, the only Calcutta based development financial institution, to improve its viability and profitability by</p>	The Government of India is subscribing to preference capital of IBI to the tune of Rs.100 crores. The amount has been approved in RE 2000-2001.

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	diversifying and extending its business, Government will subscribe to the preference capital of the company.	
45.	Para 47: Over the past 3 years RBI has taken a number of measures for strengthening the regulation of NBFC sector with a view to ensuring that only financially sound and well-run NBFCs are permitted to accept public deposits. It is proposed to bring a new Bill in the Parliament which will strengthen the hands of depositors in situations of malafide or fraudulent actions of NBFCs.	Bill has been introduced in the Parliament.
46.	Para 48: Infrastructure services remain a key bottleneck to rapid and sustained growth of our economy. We will be moving ahead with programmes for corporatisation of public sector service providers in the areas of telecommunication, ports and airports during the course of the coming year.	<p>The airports at Bangalore, Goa, Hyderabad, Guwahati, Amritsar, Ahmedabad and the New Cochin airport at Nedumbassary have been declared as international airports vide notification dated 23.5.2000.</p> <p>Bharat Sanchar Nigam Limited has since come into existence w.e.f. 1.10.2000.</p> <p>Steps have been taken to initiate the process of phased corporatisation of the major ports. A recently commissioned new major port at Ennore near Chennai has been corporatised.</p>
47.	Para 49: The Prime Minister has announced a major initiative for road development, the National Highway Development Project (NHDP). The cost of the project is estimated at around Rs.54,000 crore. In my earlier budgets, I had announced the levy of cess of one rupee per litre on petrol and diesel and a substantial part of this is expected to be available for funding the NHDP. To further augment resources, for commercially viable components of this project, I shall have something more to say in Part B of my speech.	Central Road Fund Act 2000 has since come into force.
	Para 142: To provide a more focused incentive for infrastructure development, the existing provisions 54 EA and 54 EB will be deleted and replaced with a new provision, whereby tax exemption from capital gains would be available only if investment is made in bonds to be issued by National Bank for Agriculture and Rural Development (NABARD) and the National Highways Authority of India (NHAI). These bonds will have a lock-in-period of five years and their proceeds will be used for providing finance to the agricultural sector and for the National Highway Development Project (NHDP).	<p>The NHAI Bond issue has been subscribed for Rs.500 crores and the issue was closed on 5th October, 2000.</p> <p>NABARD has launched the Bond issue on 28th September 2000 and hopes to mobilise over Rs 1000 crores by 31st March 2001.</p>
48.	Para 50: The plan outlay for the Central PSUs in the power sector has been increased from Rs.7,626 crore to Rs.9,194 crore. For commissioning of high priority projects by SEBs/State generating companies, a provision of Rs.300 crore has also been made for subsidizing interest on loans from Power Finance Corporation.	<p>Tehri Hydro-electric Project is being executed by THDC – a joint Venture of the GOI and Govt. of Uttar Pradesh with equity in the ratio of 3:1. The construction activities of the Project are going on smoothly and as per the revised commissioning schedule, the 4 units of the project are likely to be commissioned by December, 2002.</p> <p>Nathpa Jhakri Hydro- Electric Project in Himachal Pradesh (HP) is being executed by NJPC, a Joint</p>

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		Venture Public Sector Undertaking. Construction activities are going on.
		A provision of Rs.300 crore has been made in the budget of Ministry of Power for the Accelerated Generation & Supply Programme for providing interest subsidy on the loans given by PFC for specified schemes. Government has already approved the continuation of this scheme till the end of the 9 th Plan.
49.	Para 51: In order to give a fillip to the reform process in the power sector, and for undertaking investments on renovation and modernisation of old and inefficient plants and for strengthening the distribution system, a new scheme for providing assistance to State utilities will be introduced. Under the scheme additional Central Plan assistance of Rs.1,000 crore will be provided to State and Union Territory Governments.	The Scheme for accelerated power development programme has been approved by the Government on 30.11.2000. Implementation has begun.
50.	Para 52: Central Government support for securitisation of SEB overdues to the Central Sector Power and Coal Utilities will be linked to reforms in the operation of SEBs.	The Ministry of Power is in the process of finalising the scheme of securitisation.
51.	Para 53: Government has approved the undertaking of a detailed feasibility study and environmental impact assessment of the Sethu Samudram Ship Canal Project at a total cost of Rs.4.8 crore. Necessary provision has been made in the budget.	The proposal is under consideration.
52.	Para 56: Govt. will put in place mechanisms to raise resources from the market against the security of the assets of those PSUs which are sick and not capable of being revived. These funds will be used to provide an adequate safety net to workers and employees of these PSUs.	Action has been initiated in this regard.
53.	Para 57: Government equity in all non-strategic PSUs will be reduced to 26% or less and the interests of the workers will be fully protected.	The Government has decided on disinvestment of more than 30 PSUs and subsidiaries of PSUs and disinvestment process has started.
54.	Para 58: Priority is being given for development of infrastructure, specially airports, railways, power and national highways so as to remove the sense of isolation perceived in many parts of the North-East.	Civil Aviation: As per MOU signed with North East Council (NEC), the total estimated cost of projects to be implemented by Airports Authority of India in the North East Region is Rs.557.83 crores.
		Power: After interaction with the State Governments, the scope for capacity addition in Central Sector Projects for 9 th , 10 th and 11 th plan period and beyond has been identified for implementation.
		Railways: The Jogighopa-Guwahati new line has been completed and commissioned. Work is being progressed on Kumarghat-Agartala new line on top priority. The gauge conversion of Siliguri-New Bongaigaon and Lumding-Silchar is also being progressed on priority. Gauge conversion of Makum-Dangri and Amguri-Tuli would be completed in year

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		<p>2001-2002. Gauge conversion of Bhairabhi-Kathakal and Silchar-Jiribum has been sanctioned. Construction of a new line from New Mainaguri to Jogighopa has been sanctioned and preliminary arrangements are being made for starting the work. Final location survey for the new bridge on the river Brahmaputra at Bogibheel has made good progress and further action for obtaining the requisite clearances would be taken once the cost is firmed up and the project report becomes available.</p> <p>Roads: An amount of Rs.250.80 crore has already been earmarked for development of National Highways in North-East Region and Sikkim out of total plan allocation of Rs.2508.00 crore i.e. 10% of plan allocation.</p>
55.	<p>Para 58: To provide more facilities for vocational education, 50 more ITIs and 446 Computer Information Centres would be established in the North-Eastern States within the next two years.</p>	<p>The EFC considered the North Eastern States (NES) package and approved setting up of 22 new ITIs, strengthening/ modernisation of 35 existing ITIs. Approval of CCEA being obtained.</p> <p>The Ministry of Information Technology has taken up a Project for setting up Community Information Centers (CICs) at all 486 block headquarters of seven North-Eastern States and Sikkim. The Pilot Project for setting up CICs in 30 blocks of the North Eastern States and Sikkim at sites selected by the State Government has since been completed and CICs have been commissioned. The Planning Commission has tentatively agreed to provide funds of Rs. 67 crores for the project which may be provided while formulating budget proposals for financial year 2001-2002.</p>
56.	<p>Para 59: For realising the potential for agricultural and horticultural development in the North-East, schemes for minor irrigation and horticulture will be encouraged. A Technology Mission for horticultural development in the North-Eastern States will also be launched.</p>	<p>Planning Commission has approved the proposal. Follow up action is being taken.</p>
57.	<p>Para 69: To encourage greater efficiency of fertilizer units, some rationalisation of the Retention Price Scheme, including capping of capital related charges, will be implemented from 2000-01. The Ministry of Chemicals and Fertilizers will also bring out a road map for phasing out the Retention Price Scheme in the medium term.</p>	<p>Recommendations of the Expenditure Reforms Commission are under consideration of the Government.</p>
58.	<p>Para 159: The rate of tax on dividends distributed by domestic Companies will be increased from 10% to 20%.</p>	<p>ACTION COMPLETED.</p>
59.	<p>Para 160: The rate of tax on income distributed by debt oriented mutual funds and UTI to be increased from 10% to 20%.</p>	<p>ACTION COMPLETED.</p>
60.	<p>Para 162: An Expert Committee will be constituted to consider the revision of the tax rate for the life insurance sector and to bring necessary amendments based on its recommendations during the course of the year.</p>	<p>An Expert Committee was constituted by the Department of Revenue, Ministry of Finance on 20th April 2000 to examine the matter. The Committee has submitted its report, which is under examination.</p>